

The reality of property tax rates and commercial industrial property

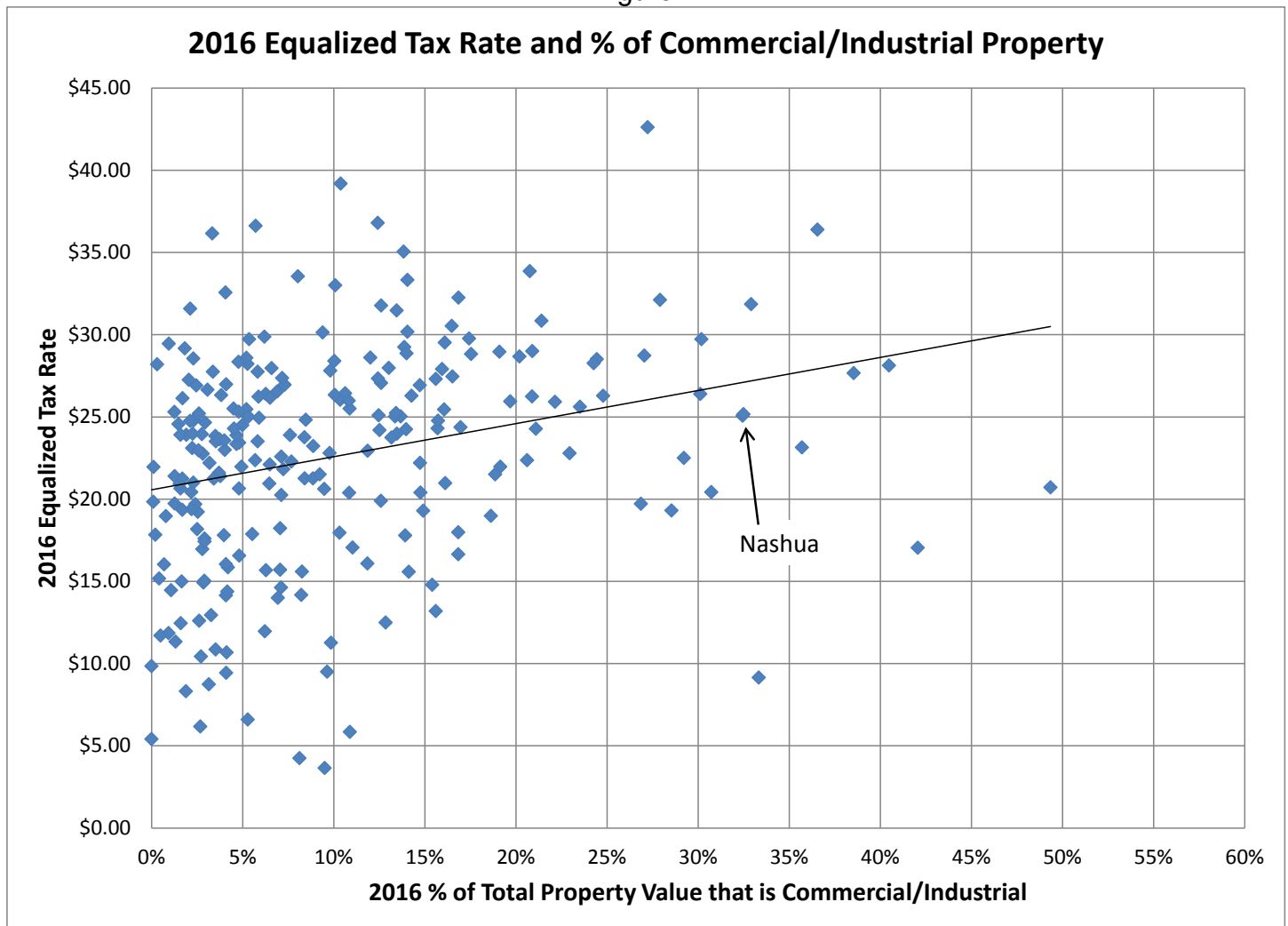
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There is much rhetoric that attracting businesses will reduce property taxes. On average, facts prove that not to be true. Just because someone hopes it to be true and repeats the mantra often, it does not make it true.

What are the facts?

Each of 239 New Hampshire municipalities is plotted as a dot in the Figure 1 scatter chart. As an example, an arrow points to Nashua. It's 2016 equalized tax rate was \$25.07 and 32.4% of its property was commercial/industrial.

Figure 1



There are clearly high tax and low tax communities within each grouping. Look for example at the great diversity in the vertical band between 10% and 15%.

A mathematically calculated trend line is also displayed which shows that, in general, towns with higher percentages of commercial/industrial property have higher tax rates, not lower rates.

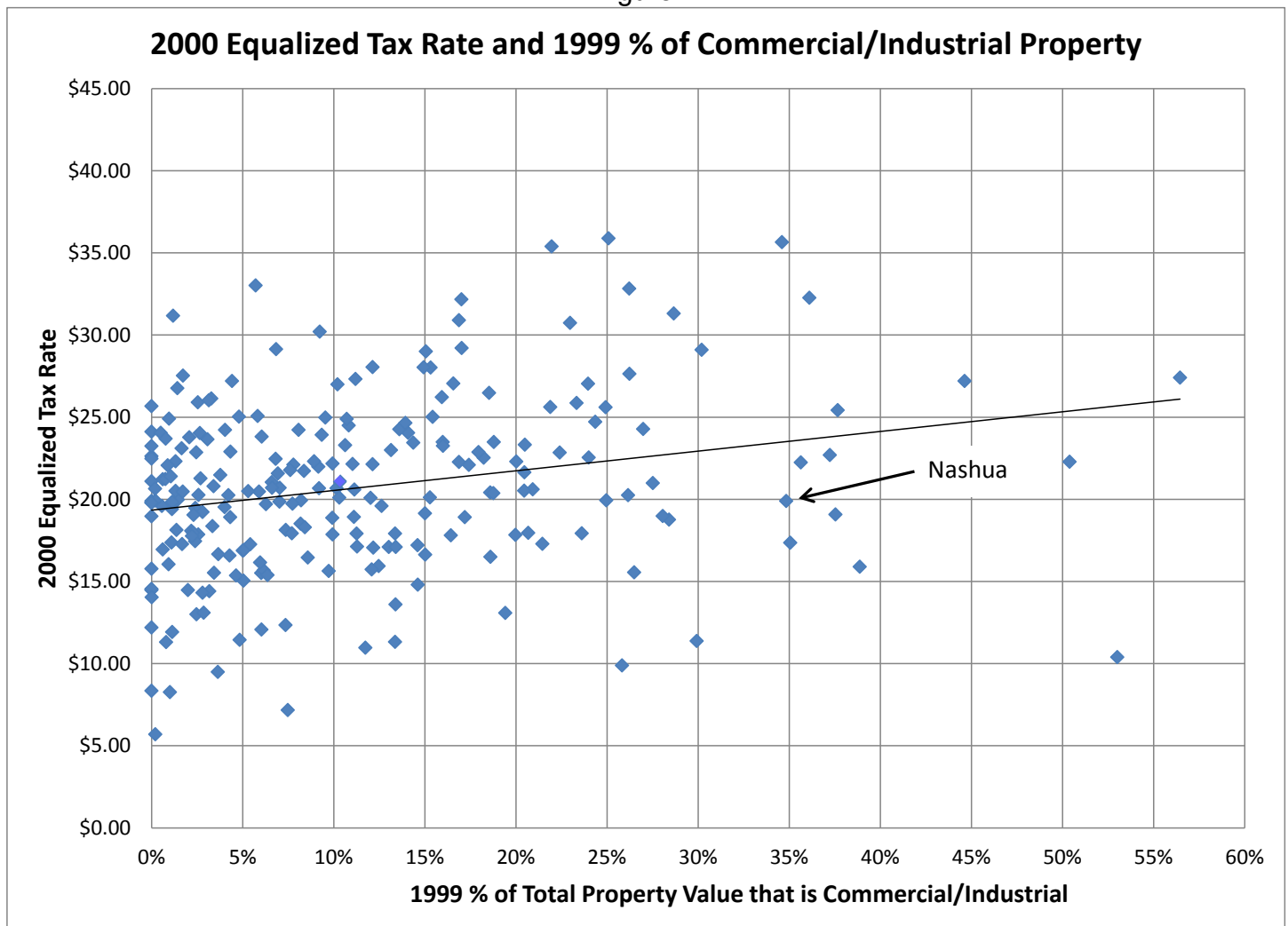
This can also be shown by grouping towns with similar percentages of commercial/industrial property as shown in Table 1.

Table 1
2016 Data

% Commercial Industrial Property (Range)	Number of Municipalities	Average Equalized Tax Rate
0.00%-4.99%	92	\$20.35
5.00%-9.99%	50	\$21.75
10.00%-14.99%	43	\$25.03
15.00%-19.99%	22	\$24.25
20.00% and higher	32	\$26.20

The general trend has been true for many years. The following chart displays 1999/2000 data.

Figure 2



It would be helpful in discussion of zoning and taxation if everyone set aside so-called common wisdom, tax ideology, and myth. Just look at the actual data. There are reasons why some towns have lower tax rates than others, but expanded commercial/industrial property is not one of them.

What characterizes towns with low tax rates?

Table 2 displays the 20 towns with equalized tax rates below \$12.00. Commercial/industrial property constitutes 15.2% of all property in these towns.

Table 2

TOWN NAME	2016 ACTUAL CTY TAX RATE	2016 OSP population estimates	Commercial /Industrial Property as % of Total Valuation	Commercial /Industrial + Utilities as % of Total Valuation
HART'S LOCATION	3.65	42	9.50%	12.10%
HALE'S LOCATION	4.25	-	8.12%	8.38%
SUCCESS	5.41	-	0.00%	0.19%
NEW CASTLE	5.85	963	10.88%	11.12%
WENTWORTH LOCATION	6.17	-	2.67%	4.02%
MILLSFIELD	6.60	-	5.28%	5.84%
HEBRON	8.32	621	1.89%	4.00%
MOULTONBOROUGH	8.74	4,085	3.14%	4.23%
NEWINGTON	9.15	781	33.32%	82.64%
BRIDGEWATER	9.43	1,091	4.09%	6.12%
BARTLETT	9.50	2,807	9.64%	10.40%
ODELL	9.85	-	0.00%	0.00%
TUFTONBORO	10.43	2,385	2.70%	4.11%
RYE	10.68	5,439	4.12%	4.44%
EATON	10.86	408	3.51%	4.48%
JACKSON	11.26	839	9.84%	10.36%
MONROE	11.34	792	1.31%	83.45%
GROTON	11.70	592	0.49%	15.45%
EASTON	11.85	265	0.93%	2.32%
ERROL	11.96	289	6.22%	20.48%

Hart's Location, Hale's Location, Success, Wentworth Location, Millsfield, and Odell: These have tiny populations; five so small that the Office of State Planning does not even provide an estimate. These can generally be characterized as unpopulated forestland.

New Castle: An island surrounded by the Piscataqua estuary with shorefront properties and views of the Atlantic. While 10.8% of its property is commercial/industrial, that is mostly the Wentworth by the Sea Marriott Hotel and Spa, originally built there in 1874.

Hebron: Population of about 625. Considerable frontage on Newfound Lake that is filled with many seasonal homes with high valuations.

Moultonborough: Miles of frontage on Lake Winnepesaukee, Squam Lake and other smaller lakes. Many seasonal homes with high valuation.

Newington: Frontage on the Great Bay estuary and Piscataqua River with access for cargo shipping. Includes the northern half of the Portsmouth International Airport (Pease). Schiller power station is a large part of the tax base. Has limited property for residential use; Numerous malls and stores have located there, partly because of low taxes while in immediate proximity to Portsmouth.

Bridgewater: Considerable frontage on Newfound Lake that is filled with many seasonal homes with high valuations.

Bartlett: Attitash Mountain Ski Area, Attitash Bear Peak Ski Resort, and many other tourist attractions. Seasonal homes, condo complexes, restaurants, and shops serve the seasonal population.

Tuftonborough: Miles of frontage on Lake Winnepesaukee as well as islands in the lake. Many seasonal homes with high valuation.

Rye: Six miles of Atlantic Ocean frontage. Many seasonal and year-round homes with high valuation.

Eaton: Year round population of about 400. Miles of frontage on the southern end of Conway Lake and contains three smaller lakes.

Jackson: Year round population of about 840. Wildcat Mountain Ski Area a couple miles to the north and Attitash Ski Area a couple miles to the south. Numerous hotels, inns, and condos.

Monroe: Population of about 800. Miles of frontage on the Connecticut River. The Comerford dam and hydropower generating station are a large portion of the town's tax base.

Groton: Population of about 600. Mostly forest land with almost no commercial/industrial property except the Groton Wind Power Project generating 48 megawatts on Tenney Mountain.

Easton: Population about 265. Mostly forest land with almost no commercial/industrial property.

Errol: Population about 300. Mostly forest land on the Maine border north of Berlin. Considerable frontage on Lake Umbagog, although most of it is in a state park and is undeveloped. Almost 15% of the tax base is electric utility property.

There are a few different ways a town can have a low tax rate: (1) be remote, forested, and almost unpopulated; (2) have miles of frontage on a major lake or the Atlantic Ocean; (3) host a major electric power generating station; (4) have a mountain large enough for a major ski area.

What characterizes towns with high tax rates?

Table 3 displays the 22 towns with equalized tax rates above \$30.00. On, average, commercial/industrial property constitutes 15.2% of all property in these towns.

Table 3

TOWN NAME	2016 ACTUAL CTY TAX RATE	Commercial/ Industrial as % of Total
CLAREMONT	\$42.62	27.23%
BERLIN	\$39.19	10.37%
NORTHUMBERLAND	\$36.80	12.42%
TROY	\$36.62	5.70%
KEENE	\$36.39	36.55%
MIDDLETON	\$36.16	3.32%
CHARLESTOWN	\$35.05	13.84%
ALLENSTOWN	\$33.86	20.76%
HOPKINTON	\$33.55	8.03%
HENNIKER	\$33.33	14.04%
JAFFREY	\$33.00	10.09%
BROOKLINE	\$32.56	4.05%
PITTSFIELD	\$32.25	16.84%
SOMERSWORTH	\$32.12	27.91%
GORHAM	\$31.85	32.90%
BENNINGTON	\$31.78	12.60%
SULLIVAN	\$31.58	2.12%
CANAAN	\$31.47	13.44%
PETERBOROUGH	\$30.84	21.40%
WINCHESTER	\$30.53	16.48%
MARLBOROUGH	\$30.18	14.05%
UNITY	\$30.13	9.39%

More than half of these towns and cities had old water powered mills that provided local employment in the 19th and early 20th centuries. Even if the old mill buildings have been re-purposed much local housing that was constructed for the mill workers is now aged and typically of lower assessed value than more recently constructed housing.

Claremont: (Sunapee Mills, Monadnock Mills, Claremont Machine Works, Home Mills, Sanford & Rossiter, Claremont Manufacturing Company)

Berlin: (Brown Company, Forest Fibre Company, White Mountain Pulp & Paper Company)

Northumberland: (Diamond International Papers)

Troy: (Troy Mills)

Allenstown: (China Mill)

Henniker: (K&C Company, Leather Board, Contoocook Valley Paper, Gage & Co.)

Jaffrey: (Jaffrey Mills)

Pittsfield: (Exeter Manufacturing Cotton Mill, Lancaster Shoe Company)

Somersworth: (Somersworth Machine Company, Great Falls Woolen Company)

Gorham: (Libby Mill)

Bennington: (Monadnock Paper Mills)

Peterborough: (White Mills, Peterborough Mills, Union Manufacturing Co.)

Winchester: (Ashuelot Woolen Mill, Ashuelot Warp Mill, Hampshire Woolen Co. Paper Service Co.)

Keene and Henniker: College properties are tax exempt while off campus rental housing for students tends to be older and less valuable housing stock.

(Tax data taken from Department of Revenue Administration tables. Population data taken from NH Office of State Planning table.)