

## Tax Rates

The Department of Revenue Administration (**DRA**) is charged with determining the tax rates annually for all municipalities in accordance with Revised Statutes Annotated (**RSA**) 21-J:34-:37. RSA 41:15. The final step in the process, the meeting with the DRA representative to certify the tax rates, is a familiar annual ritual for selectmen but an enormous amount of work is required to get there.

The DRA gathers many reports and copies of documents from the cities, towns, school districts and counties concerning their budgets and related governmental proceedings for the year. (RSA 21-J:34. N.H. Admin. Code, Rev. 510). DRA also requires reports from cities and towns of the value of taxable property. The DRA confirms the validity of the appropriations and accuracy of the reports and computes the tax rates for cities and towns, including rates for the taxes to be collected for the appropriations made by local school districts, counties and cooperative school districts, and for the state education tax.

The municipal tax rate is relatively straightforward. The appropriations voted by the town less revenue from all other sources is the amount of money that must be raised by property taxes. That sum is divided by the total local assessed property value. The tax rate is expressed in terms of dollars of tax per \$1,000 of valuation.

The local school district tax rate is more complicated because it is based on the amount of money that must be raised by local property taxes over and above the amount credited to the school district by the state education property tax and other revenue sources. Currently, the DRA is directed to set the state education tax rate at a level sufficient to generate revenue of \$363 million statewide from property taxes. RSA 76:3. The process of setting county, state education and cooperative school district tax rates involves “equalization” of property values among the municipalities.