

# Hale’s Location NH

## What would have been the tax impact if excess SWEPT had been paid to the State?

Doug Hall 8/13/2024

SWEPT is the acronym for New Hampshire’s Statewide Education Property Tax, one of the tax sources used to fund the State’s responsibility to provide an “adequate education” to all students. A ruling made in November 2023 by the Rockingham Superior Court (as well as prior decisions by the NH Supreme Court), held that SWEPT is not constitutional when municipalities or their school districts retain any amount in excess of the amount the State determines is needed for an “adequate education” for its students.

The purpose of this paper is to illustrate the effect on Hale’s Location taxpayers if SWEPT were administered in a constitutional manner.

### Properties in Hale’s Location

In 2023 there were 139 properties in Hale’s Location. Table 1 shows the number of properties and property values by type of property as contained in a file of the NH Department of Revenue Administration (DRA).<sup>1</sup>

**Table 1: Properties by Type 2023**

Property Type	Properties	Property Value	% of Taxable Property
Residential	135	\$76,051,800	91.5%
Commercial/Industrial	1	\$6,669,900	8.0%
Utility	1	\$389,800	0.5%
Exempt	2	\$1,043,500	
Total	139	\$84,155,000	

Fully 91% of the taxable property in Hale’s Location is residential. These include single family homes, and vacant residential land.

The one commercial/industrial property is the White Mountain Hotel and Resort, including the 9-hole golf course. One tax exempt property belongs to the town and one belongs to the federal government.

<sup>1</sup> CAMA file for 2023. Property values are local assessed values.

Tax bills are mailed to property owners. While billing addresses are not a direct measure of where the owners reside, they are a very good proxy for that, especially for residential properties. The number of billing addresses in other states and the value of those residential properties is displayed in Table 2. Within New Hampshire, the count is of billing addresses in Hale’s Location itself or in other locations in New Hampshire.

**Table 2: Residential Properties 2023**

Billing Address	Properties	Value of Residential Properties	% of Residential Property Value
NH - Hale's Location	83	\$45,974,400	60.5%
NH - Other	11	\$5,631,000	7.4%
Massachusetts	27	\$15,475,900	20.3%
Other	14	\$8,970,500	11.8%
total	135	\$76,051,800	100.0%

The addresses of about two thirds of residential taxpayers are in New Hampshire and 60% are in Hale’s Location itself. This indicates that most of these properties are probably year round primary residences.

There are 13 residential properties that did not yet have homes built on them in 2023 and one old cabin valued at only \$37,400. Of the 121 built homes, 98 have a local assessed value greater than \$500,000. The average assessed value was \$611,359.

**Table 3: Residential Properties by Value**

Property Values	Properties	Value of Residential Properties
Land Only	13	\$2,040,000
Less than \$100,000	1	\$37,400
\$100,000 - \$249,999	0	\$0
\$250,000-\$499,999	21	\$9,701,100
\$500,000-\$749,999	84	\$50,416,000
\$750,000-\$999,999	14	\$11,573,600
\$1,000,000+	2	\$2,283,700
TOTAL	135	\$76,051,800

Six homes were purchased in Hale’s Location between May 2023 and April 2024. They were purchased for an average of over \$1,250,000. The sale prices were \$2,392,700,

\$899,999, \$1,090,000, \$860,000, \$1,625,000, and \$775,000<sup>2</sup>. This is hardly a moderate income community.

## School Taxes

For school year 2023-24, Hale’s Location property tax payers paid \$138,680 in SWEPT. Of that amount, only \$4,100 was necessary to provide an “adequate education” as defined by the State.<sup>3</sup> Thus, Hale’s Location taxpayers paid \$134,580 in “excess” SWEPT. The tax situation in Hale’s Location is further complicated by the fact that the local school tax rate set by DRA was a NEGATIVE rate.

**Table 4: 2023 Tax Rate Impact**

2023 Tax	Locally Stated 2023 Tax	
	Actual 2023	With Excess SWEPT Sent to State
Local Education	-\$0.24	\$0.00
SWEPT	\$1.68	\$1.68
Excess SWEPT Offset		\$1.62
Total	\$1.44	\$3.30

The total amount of property taxes raised for schools in 2023 was \$119,027.

As shown in Table 4, the Hale’s Location tax rate for schools in 2023 was \$1.44 per \$1,000 in value (NEGATIVE \$0.24<sup>4</sup> local plus \$1.68 SWEPT).<sup>5</sup>

If the excess \$134,580 had been sent to the State to ensure that SWEPT was administered in a constitutional manner, Hale’s Location voters would have had to raise an equivalent amount for non-education services for which they had used the excess SWEPT. To raise the same amount to replace the funds sent to the State would have required a tax of \$1.62. Had that been done in 2023, tax payers in Hale’s Location would have paid a \$3.30 tax rate for schools.

<sup>2</sup> [https://www.homes.com/hales-location-nh/sold/?gclid=Cj0KCCQjwq86wBhDiARIsAJhuphkjLtVphO6Pggxc7ISTmDFOTcRsNIAZ6JIUul4ENmgq2xXB74OCIUaAja3EALw\\_wcB&gclid=aw.ds&ds\\_c=Homes\\_G\\_NH\\_National\\_DSA](https://www.homes.com/hales-location-nh/sold/?gclid=Cj0KCCQjwq86wBhDiARIsAJhuphkjLtVphO6Pggxc7ISTmDFOTcRsNIAZ6JIUul4ENmgq2xXB74OCIUaAja3EALw_wcB&gclid=aw.ds&ds_c=Homes_G_NH_National_DSA) accessed 4/8/2024

<sup>3</sup> There was only one student. The \$4,100 is not a typo.

<sup>4</sup> A negative tax rate gives back to taxpayers some of the money that they pay in the SWEPT tax.

<sup>5</sup> Tax years begin April 1 and are named for the year in which they begin but school years begin on July 1 and are named for the year in which they end. This can cause some confusion. In addition, some source data only becomes available later than other data. This analysis tries to be clear when the data is for tax year 2022, school year 2022-23, etc.

## Putting This Increase Into Perspective

Locally stated tax rates cannot be compared among municipalities because of differences in local valuation. For example, one town may have assessed values of all of its properties in the current year while another town may have done its assessments four years prior.

DRA annually calculates equalized values and rates for each town in order to be able to correctly allocate SWEPT and the county tax among towns. Table 5 shows that the 2023 equalized tax rate for schools in Hale's Location would have increased by \$1.31 to raise the \$134,580.

**Table 5: 2023 Equalized School Tax Rate**

2023 Equalized Tax	Equalized 2023 Tax Rate	
	Actual 2023	With Excess SWEPT Sent to State
Local Education	-\$0.17	\$0.00
SWEPT	\$1.18	\$1.18
Excess SWEPT Offset		\$1.14
<b>Total</b>	<b>\$1.01</b>	<b>\$2.32</b>

Table 6 compares how the resulting equalized tax rate in 2023 would compare to the actual equalized rates for schools in other municipalities.

**Table 6: 2023 School Tax Rate Comparisons**

Municipality	2023 Equalized Tax Rate for Schools
Hale's Location (Actual)	\$1.01
Hale's Location (Excess SWEPT Sent to State)	\$2.32
Charlestown	\$14.14
Derry	\$11.81
Hinsdale	\$14.98
Lisbon	\$10.90
Manchester	\$6.58
Milford	\$11.85
Nashua	\$7.65
Pembroke	\$12.62
Plymouth	\$11.20

So whose equalized school property tax rates are being protected against rising from \$1.01 to \$2.32 if excess SWEPT is no longer retained locally? As shown in tables

above, one hotel/golf course and 100 residences with local assessed values over \$500,000.

When these details are revealed, it becomes apparent that those advocating against making SWEPT a constitutional tax are principally protecting the interests of very wealthy individuals.

As one example, the owner of the house located at 31 Fairway Drive in Hale’s Location sold the property for \$1,625,000 on December 7, 2023. In 2022 its assessed value was \$661,400 and the property tax paid was \$2,318 (total of county, municipal, school and SWEPT).<sup>6</sup> Of that amount \$668 was the amount paid for schools (local plus SWEPT). Based on the property’s sale value, this was an effective tax rate for schools of only \$0.41.

Residents throughout our state who are paying \$8.00, \$10.00, or \$15.00 tax rates for their schools should be outraged that the legislature continues to let this happen.

## Data Sources

Data Element	Amount	Source
1 2022 Population	132	US Bureau of the Census
2 2023 November Registered Voters	148	NH Secretary of State
3 2022-23 Students (ADM/R)	5	Department of Education
4 2022-23 Equalized Value per Pupil	\$20,872,445	Department of Education
5 2022-23 Spending per Pupil	-	Department of Education
6 2023 Number of Properties	139	Department of Revenue Administration
7 2023 Statewide Education Property Tax (SWEPT)	\$138,680	Department of Education
8 2023-24 Cost of Adequate Education	\$4,100	Department of Education
9 2023 Excess SWEPT	\$134,580	Calculated
10 2023 Local Valuation with Utilities	\$83,111,500	Department of Revenue Administration
11 2023 Local Valuation without Utilities	\$82,721,700	Department of Revenue Administration
12 2023 Local Education Tax Rate	(\$0.24)	Department of Revenue Administration
13 2023 SWEPT Tax Rate	\$1.68	Department of Revenue Administration
14 2023 Equalized Local Education Tax Rate	(\$0.17)	Department of Revenue Administration
15 2023 Equalized SWEPT Tax Rate	\$1.18	Department of Revenue Administration
16 2023 Equalized Valuation with Utilities	\$118,272,019	Department of Revenue Administration
17 2023 Equalized Valuation without Utilities	\$117,717,538	Department of Revenue Administration

<sup>6</sup> <https://www.homes.com/property/61-fairway-dr-hales-location-nh/l4vte8tghe4hw/>, accessed 4/13/2024