

Hebron NH

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

Doug Hall 8/12/2024

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. A few towns that retain excess SWEPT, including Hebron, are members of the Coalition Communities 2.0, an advocacy group that continues to argue against the Constitution’s provision that all state taxes must be “equal in valuation and uniform in rate throughout the State.” They oppose the idea of sending excess SWEPT to the State for redistribution to other communities.

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

Properties in Hebron

In 2023 there were 919 properties in Hebron. 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).¹

Table 1: Properties by Type 2023

Type of Property	Properties	Property Value	% of Taxable Property
Residential	840	\$396,031,804	97.0%
Commercial/Industrial	5	\$6,021,371	1.5%
Utility	4	\$6,234,800	1.5%
Exempt	70	\$38,686,000	
Total	919	\$446,973,975	

Of the 919 properties, 840 were residential properties. Those represented 97% of the value of all taxable property in 2023.

¹ CAMA file for 2023. Property values are local assessed values.

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 these residential properties is displayed in Table 2.

Among the 840 residential property tax bills, only 324 were sent to Hebron addresses. 43.6% of the residential properties had billing addresses outside of New Hampshire, the bulk of them in Massachusetts. As shown in Table 2, 58.7% of residential property value was billed to addresses outside of Hebron.

Table 2: Residential Properties 2023

Billing Address	Residential Properties	% of Residential Properties	Residential Property Value	% of Residential Property Value	Average Value
NH - Hebron Zip Code	324	38.6%	\$163,542,336	41.3%	\$504,760
NH - Other Zip Codes	150	17.9%	\$55,274,973	14.0%	\$368,500
Massachusetts	225	26.8%	\$113,262,624	28.6%	\$503,389
CT-ME-RI-VT	43	5.1%	\$25,231,422	6.4%	\$586,777
Other States	91	10.8%	\$38,313,736	9.7%	\$421,030
International/Unknown	7	0.8%	\$406,713	0.1%	\$58,102
Total	840	100.0%	\$396,031,804	100.0%	\$471,466

Of the 840 residential properties, 316 were listed with either direct waterfront access or deeded waterfront access. These waterfront properties constitute more than 60% of all of the property value in Hebron.

Table 3: Waterfront Residential Property 2023

Residential Properties	Properties	Residential Property Values	% of Residential Property Value
Waterfront	193	\$193,825,328	48.9%
Waterfront Access	123	\$50,116,500	12.7%
No Access	524	\$152,089,976	38.4%
Grand Total	840	\$396,031,804	100.0%

The 316 waterfront residential properties have high property values. Who owns those properties? Table 4 shows billing addresses for them. Only 96 have the tax bill sent to Hebron. 70% of the waterfront and waterfront access properties have property tax bills sent to someplace other than Hebron. More go to Massachusetts addresses than to Hebron itself.

Table 4: Waterfront Residential Property 2023

Waterfront Residential Property	Properties	Residential Property Value	Average Value
Waterfront			
NH - Hebron	65	\$69,862,774	\$1,074,812
NH - Other	38	\$25,161,782	\$662,152
Massachusetts	56	\$60,357,900	\$1,077,820
Other States	34	\$38,442,872	\$1,130,673
Total	193	\$193,825,328	\$1,004,276
Waterfront Access			
NH - Hebron	31	\$13,615,500	\$439,210
NH - Other	19	\$7,818,600	\$411,505
Massachusetts	48	\$20,391,000	\$424,813
Other States	25	\$8,291,400	\$331,656
Total	123	\$50,116,500	\$407,451
Combined Waterfront & Waterfront Access			
NH - Hebron	96	\$83,478,274	\$869,565
NH - Other	57	\$32,980,382	\$578,603
Massachusetts	104	\$80,748,900	\$776,432
Other States	59	\$46,734,272	\$792,106
Total	316	\$243,941,828	\$771,968

These 316 waterfront residential properties consist of more than 60% of the taxable property value in Hebron and thus would pay 60% of any additional amount paid to the Education Trust Fund under a constitutional SWEPT.

School Taxes

For school year 2023-24, Hebron property tax payers paid \$590,518 in SWEPT. Of that amount, only \$242,278 was necessary to provide an “adequate education” as defined by the State. Thus, Hebron taxpayers paid \$348,240 in “excess” SWEPT which their school district used for education that the State defined as beyond “adequate.”

As shown in Table 5, the Hebron tax rate for schools in 2023 was \$2.36 per \$1,000 in value (\$0.89 local plus \$1.47 SWEPT).²

² 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

Table 5: 2023 Tax Rate Impact

2023 Tax	Locally Stated 2023 Tax	
	Actual 2023	With Excess SWEPT Sent to State
Local Education	\$0.89	\$0.89
SWEPT	\$1.47	\$1.47
Excess SWEPT Offset		\$0.85
Total	\$2.36	\$3.21

If the excess \$348,240 had been sent to the state to ensure that SWEPT was administered in a constitutional manner, Hebron voters would have had to raise an equivalent amount as part of the local education tax to provide its share of support to its school district, the Newfound Area School District.³

In that case, as shown in Table 5, the local rate for schools in 2023 would have had to increase by only \$0.85.

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 6 shows that the 2023 equalized tax rate for schools in Hebron would have increased by \$0.60 to raise the \$348,240.

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.

³ As one of seven towns that are part of the Newfound Area School District, Hebron voters acting alone could not reduce the school district's budget.

Table 6: 2023 Equalized Tax Rates

2023 Equalized Tax	Equalized 2023 Tax Rate	
	Actual 2023	With Excess SWEPT Sent to State
Local Education	\$0.63	\$0.63
SWEPT	\$1.04	\$1.04
Excess SWEPT Offset		\$0.60
Total	\$1.67	\$2.27

Table 7 compares how the resulting equalized tax rate in 2023 would compare to the actual equalized rates for schools in other municipalities that year.

Table 7: 2023 School Tax Rate Comparisons

Municipality	2023 Equalized Tax Rate for Schools
Hebron (Actual)	\$1.67
Hebron (Excess SWEPT sent to State)	\$2.27
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	\$11.12

So whose equalized school property tax rates are being protected against rising from \$1.67 to \$2.27 if excess SWEPT is no longer retained locally? As shown in Table 2, nearly half of the property owners actually live outside of New Hampshire.

Among those who do live in Hebron on waterfront property, the average 2023 locally assessed residential property value exceeds \$1,000,000.

When the details are revealed, it becomes apparent that Hebron's participation in efforts to maintain the unconstitutional status quo is principally protecting the interests of wealthy owners of second homes and very high value primary residences, many of whom don't even live in this state.

For example, 56 Massachusetts residents own direct waterfront homes in Hebron, with an average assessed value of \$1,077,820. On average in 2023 these property owners would have paid \$3,460 in school taxes instead of the actual average of \$2,545

Residents throughout our state who are paying \$8, \$10, or \$15 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	655	US Bureau of the Census
2 2023 November Registered Voters	572	NH Secretary of State
3 2022-23 Students (ADM/R)	48	Department of Education
4 2022-23 Equalized Value per Pupil	\$9,303,191	Department of Education
5 2022-23 Spending per Pupil (Newfound District)	\$19,773	Department of Education
6 2023 Number of Properties	918	Department of Revenue Administration
7 2023 Statewide Education Property Tax (SWEPT)	\$590,518	Department of Education
8 2023-24 Cost of Adequate Education	\$242,278	Department of Education
9 2023 Excess SWEPT	\$348,240	Calculated
10 2023 Local Valuation with Utilities	\$408,647,491	Department of Revenue Administration
11 2023 Local Valuation without Utilities	\$402,412,691	Department of Revenue Administration
12 2023 Local Education Tax Rate	\$0.89	Department of Revenue Administration
13 2023 SWEPT Tax Rate	\$1.47	Department of Revenue Administration
14 2023 Equalized Local Education Tax Rate	\$0.63	Department of Revenue Administration
15 2023 Equalized SWEPT Tax Rate	\$1.04	Department of Revenue Administration
16 2023 Equalized Valuation with Utilities	\$576,237,764	Department of Revenue Administration
17 2023 Equalized Valuation without Utilities	\$567,661,698	Department of Revenue Administration