

# New Castle NH

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

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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 New Castle, 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.”<sup>1</sup> 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 New Castle taxpayers if SWEPT were administered in a constitutional manner.

### Properties in New Castle

In 2023 there were 610 properties in New Castle. 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>2</sup>

**Table 1: Properties by Type 2023**

Type of Property	Properties	Property Value	% of Taxable Property
Residential	555	\$972,822,579	90.0%
Commerical/Industrial	16	\$106,728,700	9.9%
Utility	5	\$1,809,700	0.2%
Exempt	34	\$77,035,200	
Total	610	\$1,158,396,179	100.0%

Of the 610 properties, 555 were residential properties. Those represented 90% of the value of all taxable property in 2023.

<sup>1</sup> Claremont School District v. Governor 142 N.H. 462 (1997).

<sup>2</sup> CAMA file for 2023. Property values are local assessed values.

Of the commercial/industrial properties, the Wentworth-by the Sea hotel was assessed at \$81,575,900, representing more than 75% of all commercial properties in New Castle.

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 555 residential property tax bills, 451 were sent to New Castle addresses. Unlike some other Coalition 2.0 towns, the vast majority of these properties are primary residences of people who actually live in New Castle”

**Table 2: Residential Properties 2023**

Billing Address	Residential Properties	Residential Property Value	Percent of Residential Property Value	Average Value
NH - New Castle zip code	451	\$781,229,379	80.3%	\$1,732,216
NH - other zip codes	49	\$85,247,800	8.8%	\$1,739,751
Other states/international	55	\$106,345,400	10.9%	\$1,933,553
Total	555	\$972,822,579	100.0%	\$1,752,833

The average value of these residential properties in New Castle is well over \$1.7 million.

Of the 555 residential properties, 127 were listed with either direct waterfront access or deeded waterfront access. The waterfront properties have an average assessed value of over \$3.1 million.

**Table 3: Waterfront Residential Property 2023**

Row Labels	Residential Properties	Residential Property Value	Average Value
Waterfront	122	\$388,789,791	\$3,186,802
Waterfront Access	5	\$13,051,300	\$2,610,260
No Access	428	\$570,981,488	\$1,334,069
Grand Total	555	\$972,822,579	\$1,752,833

New Castle residences often sell for prices far higher than their locally assessed valuation. A property at 33 Riverview Road assessed at \$966 thousand sold for \$2.175 million in June. A condo residence at 30 Ducks Heads assessed at \$1.923 million sold for \$3.5 million in March.<sup>3</sup>

<sup>3</sup> [https://www.estate.com/NH/New\\_Castle/sold](https://www.estate.com/NH/New_Castle/sold)

## School Taxes

For school year 2023-24, New Castle property tax payers paid \$1,604,891 in SWEPT. Of that amount, only \$204,702 was necessary to provide an “adequate education” as defined by the State. Thus, New Castle taxpayers paid \$1,400,189 in “excess” SWEPT which their school district used for education that the State defined as beyond “adequate.”

As shown in Table 4, the New Castle tax rate for schools in 2023 was \$1.76 per \$1,000 in value (\$0.27 local plus \$1.49 SWEPT).<sup>4</sup>

**Table 4: 2023 Tax Rate Impact**

2023 Tax	Locally Stated 2023 Tax	
	Actual 2023	With Excess SWEPT Sent to State
Local Education	\$0.27	\$0.27
SWEPT	\$1.49	\$1.49
Excess SWEPT Offset		\$1.30
Total	\$1.76	\$3.06

If the excess \$1,400,189 had been sent to the state to ensure that SWEPT was administered in a constitutional manner, New Castle 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.

In that case, as shown in Table 4, the local rate for schools in 2023 would have had to increase by \$1.30.

### 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.

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<sup>4</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.

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 New Castle would have increased by \$0.94 to raise the \$1,400,189.

**Table 5: 2023 Equalized Tax Rates**

2023 Equalized Tax	Equalized 2023 Tax Rate	
	Actual 2023	With Excess SWEPT Sent to State
Local Education	\$0.19	\$0.19
SWEPT	\$1.08	\$1.08
Excess SWEPT Offset		\$0.94
<b>Total</b>	<b>\$1.27</b>	<b>\$2.21</b>

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

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

Municipality	2023 Equalized Tax Rate for Schools
New Castle (Actual)	\$1.27
New Castle (Excess SWEPT sent to State)	\$2.21
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 \$1.27 to \$2.21 if excess SWEPT is no longer retained locally? As noted above, the vast majority of property owners are residents with homes with average assessed values that exceed \$1.7 million and often sell for much more

The self-described “luxury hotel,” the Wentworth by the Sea, also benefits from the way that SWEPT is administered in a manner that violates the NH constitution.

When the details are revealed, it becomes apparent that New Castle's participation in efforts to maintain the unconstitutional status quo is principally protecting the interests of wealthy owners of expensive homes.

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	996	US Bureau of the Census
2 2023 November Registered Voters	997	NH Secretary of State
3 2022-23 Students (ADM/R)	48	Department of Education
4 2022-23 Equalized Value per Pupil	\$25,055,786	Department of Education
5 2022-23 Spending per Pupil (Newfound District)	41,753.80	Department of Education
6 2023 Number of Properties	610	Department of Revenue Administration
7 2023 Statewide Education Property Tax (SWEPT)	\$1,604,891	Department of Education
8 2023-24 Cost of Adequate Education	\$204,702	Department of Education
9 2023 Excess SWEPT	\$1,400,189	Calculated
10 2023 Local Valuation with Utilities	\$1,075,448,379	Department of Revenue Administration
11 2023 Local Valuation without Utilities	\$1,073,638,679	Department of Revenue Administration
12 2023 Local Education Tax Rate	\$0.27	Department of Revenue Administration
13 2023 SWEPT Tax Rate	\$1.49	Department of Revenue Administration
14 2023 Equalized Local Education Tax Rate	\$0.19	Department of Revenue Administration
15 2023 Equalized SWEPT Tax Rate	\$1.08	Department of Revenue Administration
16 2023 Equalized Valuation with Utilities	\$1,490,161,131	Department of Revenue Administration
17 2023 Equalized Valuation without Utilities	\$1,487,654,622	Department of Revenue Administration