

Newington 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. According to a ruling made in November 2023 by the Rockingham Superior Court (as well as prior decisions by the NH Supreme Court), 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, including Newington, 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.”

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

Properties in Newington

In 2023 there were 561 properties in Newington. 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

Property Type	Properties	Property Value	% of Property
			Value
Residential	342	\$216,178,554	19.9%
Commercial/Industrial	60	\$188,251,966	17.4%
Unclassified/Unknown/Other	147	\$330,348,091	30.5%
Utility	12	\$349,767,400	32.3%
Total	561	\$1,084,546,011	100.0%

The utility properties constitute the largest category by property value. The owners of those properties are identified in Table 2.

¹ CAMA file for 2023. All property values are locally assessed values.

Table 2: Utility Property Owners

Owner of Record	Number of Properties	Property Value
Public Service Co. of NH	2	\$58,851,100
GSP Newington LLC	2	\$65,975,800
Portland Natural Gas Transmission	1	\$168,500
Maritimes & Northeast Pipeline LLC	2	\$17,325,000
Essential Power Newington LLC	2	\$185,268,600
SEA-3 Inc.	1	\$15,805,900
Eastern Propane	1	\$0
Unitil Granite State Gas	1	\$6,372,500
Total	12	\$349,767,400

As noted in Table 1, 147 properties are not clearly classified. A review of those properties identified 61 that are almost certainly tax exempt and do not contribute property taxes directly to Newington. These 61 properties and their owners of record are shown in Table 3.

Table 3: Likely Tax Exempt Properties

Owner of Record	Number of Properties	Property Value
Great Bay National Wildlife Refuge	1	\$21,298,700
Newington, Town Church UCC	1	\$278,700
Holy Trinity Lutheran Church	1	\$2,008,700
Newington, Town of	27	\$26,331,160
Pease Development Authority	1	\$376,600
Pease Tradeport	18	\$71,815,690
Portsmouth, City of	1	\$3,777,300
State of New Hampshire	8	\$7,778,700
United States of America	3	\$3,948,300
Total	61	\$137,613,850

After removing these 61 properties, 86 remained as unclassified with a total value of \$192,734,241. The names of the owners include Sprague, Comcast, Tyco, Georgia-Pacific, Westinghouse, Wal-Mart Stores. Others are less well known, but almost all are clearly commercial or industrial in nature.

In Table 4 I have recharacterized the 147 properties in the unclassified category, listing 61 as exempt and adding 86 to the already labelled “commercial/industrial” category.

Table 4: Properties By Type After Recharacterizing Unclassified Properties

Property Type	Properties	Property Value	Property Value
Residential	342	\$216,178,554	22.8%
Commercial/Industrial	146	\$380,986,207	40.2%
Utility	12	\$349,767,400	36.9%
Total Taxable Value		\$946,932,161	100.0%
Likely Exempt	61	\$137,613,850	
Total	561	\$1,084,546,011	

Among the 342 residential properties, only 29 had no building and were simply vacant land. Of the 313 that had single or multifamily units built, the average value was \$666,935. More than half had a value exceeding \$616,650.

More than 75% of all taxable property value in Newington is commercial, industrial, or utility owned. 27 of those properties were each valued at more than \$5 million. Table 5 lists the owners and values of those properties.²

² Macy's East and May Department Stores each have two properties listed with the same value. While these may be duplicates they are in the file provided by DRA and we therefore cannot remove them.

Table 5: Owners of Properties Valued at \$5 million or More

Owner	Property Value
ESSENTIAL POWER NEWINGTON LLC	\$185,000,000
GSP NEWINGTON LLC	\$65,483,700
PUBLIC SERVICE NEW HAMPSHIRE	\$58,596,600
RPT CROSSINGS LLC	\$50,118,550
SPRAGUE OPERATING RESOURCES LLC	\$27,000,000
TYCO INTEGRATED CABLE SYSTEMS, INC	\$23,918,970
MARITIMES & NORTHEAST PIPELINE, LLC	\$16,981,900
25 PISCATAQUA DRIVE, LLC	\$16,891,600
SEA-3 INC	\$15,805,900
TYCO ELECTRONICS SUBSEA COMM LLC	\$12,923,800
GEORGIA-PACIFIC GYPSUM LLC	\$11,700,000
FOX RUN VENTURES LLC	\$11,550,000
MVC FOX RUN, LLC	\$9,780,600
SUB HOLDINGS LLC, PENNEY PROPERTY	\$7,683,200
GREAT BAY MARINE	\$7,405,550
MACY'S EAST, INC	\$7,268,700
MACY'S EAST, INC	\$7,268,700
WAL-MART STORES, INC. #2398	\$6,914,300
UNITIL GRANITE STATE GAS	\$6,372,500
25 NIMBLE PROPERTY OWNES, LLC	\$6,369,300
MAY DEPARTMENT STORES CO.	\$5,905,500
MAY DEPARTMENT STORES CO.	\$5,905,500
SPRAGUE OPERATING RESOURCES LLC	\$5,824,000
, FARLEY WHITE	\$5,570,900
ZERO WEST PARK RT	\$5,346,000
WESTINGHOUSE C E	\$5,218,880
A A & M INC.	\$5,071,600
Total	\$593,876,250

The total value of these 27 properties is \$593,876,250 which represents more than 62% of all taxable property value in Newington.

School Taxes

For school year 2023-24, Newington property tax payers paid \$1,108,887 in SWEPT. Of that amount, only \$323,972 was necessary to provide an “adequate education” as defined by the State. Thus, Newington taxpayers paid \$784,915 in “excess” SWEPT which their school district used for education that the State defined as beyond “adequate.” It is this practice that has been declared unconstitutional.

As shown in Table 6, the Newington tax rate for schools in 2023 was \$3.19 per \$1000 in value (\$1.33 local plus \$1.86 SWEPT).³

³ 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 tax year 2022, school year 2022-23, etc.

If the excess \$784,915 had been sent to the state to ensure that SWEPT was administered in a constitutional manner, Newington voters would have had to raise an equivalent amount as part of the local education tax to support its school budget expenses or they could have reduced those budget expenses by an amount equal to or less than the \$784,915 in excess SWEPT that they were now remitting to the State.

For the purpose of this analysis we assume that they would not reduce their budget. In that case, as shown in Table 6, the local rate for schools would have had to increase by only \$0.85.

Table 6: 2023 Tax Rate Impact

2023 Tax	Locally Stated 2023 Tax	
	Actual 2023	With Excess SWEPT Sent to State
Local Education	\$1.33	\$1.33
SWEPT	\$1.86	\$1.86
Excess SWEPT Offset		\$0.85
Total	\$3.19	\$4.04

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 most recently 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 country tax among towns. Table 7 shows that the 2023 equalized tax rate for schools in Newington would have increased by \$0.60 to raise the \$784,915.

Table 7: 2023 Equalized Tax Rates

2023 Equalized Tax	Equalized 2023 Tax Rate	
	Actual 2023	With Excess SWEPT Sent to State
Local Education	\$0.94	\$0.94
SWEPT	\$1.30	\$1.30
Excess SWEPT Offset		\$0.60
Total	\$2.24	\$2.84

Table 8 compares the resulting equalized tax rate of \$2.42 in 2022 would have compared to the actual equalized rates for schools in other municipalities.

Table 8: 2023 School Tax Rate Comparisons

Municipality	2023 Equalized Tax Rate for Schools
Newington (Actual)	\$2.24
Newington (SWEPT sent to State)	\$2.84
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 property taxes for schools are being protected from rising from \$2.24 to \$2.84 if excess SWEPT is no longer retained locally? As shown in Table 4, about 77% would be paid by commercial, industrial, and utility taxpayers. The remaining 23% will be paid by residential property owners (with properties averaging over \$630,000).

When these details are revealed, it becomes apparent that Newington’s participation in efforts to maintain the unconstitutional status quo is principally protecting the interests of major commercial, industrial, and utility businesses.

For example, Wal-Mart, with its store locally assessed at \$6,914,300 would have paid \$22,057 in state and local education property taxes under the current unconstitutional administration of SWEPT. With excess SWEPT remitted to the State, Wal-Mart would have paid \$27,933.

Residents throughout our state who are paying \$8, \$10, or \$15 tax rates for schools should be outraged that the legislature continues to let this happen.

Data Sources

Data Element	Amount	Source
1 2022 Population	811	US Bureau of the Census
2 2023 November Registered Voters	674	NH Secretary of State
3 2022-23 Students (ADM/R)	69	Department of Education
4 2022-23 Equalized Value per Pupil	\$18,465,459	Department of Education
5 2022-23 Spending per Pupil	\$32,250	Department of Education
6 2023 Number of Properties	561	Department of Revenue Administration
7 2023 Statewide Education Property Tax (SWEPT)	\$1,108,887	Department of Education
8 2023-24 Cost of Adequate Education	\$323,972	Department of Education
9 2023 Excess SWEPT	\$784,915	Calculated
10 2023 Local Valuation with Utilities	\$920,487,591	Department of Revenue Administration
11 2023 Local Valuation without Utilities	\$597,556,391	Department of Revenue Administration
12 2023 Local Education Tax Rate	\$1.33	Department of Revenue Administration
13 2023 SWEPT Tax Rate	\$1.86	Department of Revenue Administration
14 2023 Equalized Local Education Tax Rate	\$0.94	Department of Revenue Administration
15 2023 Equalized SWEPT Tax Rate	\$1.30	Department of Revenue Administration
16 2023 Equalized Valuation with Utilities	\$1,306,534,505	Department of Revenue Administration
17 2023 Equalized Valuation without Utilities	\$850,376,366	Department of Revenue Administration