

# Waterville Valley 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. A few of these towns that retain excess SWEPT, including Waterville Valley, 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 Waterville Valley taxpayers if SWEPT were administered in a constitutional manner.

### Properties in Waterville Valley

In 2023 there were 1,413 properties in Waterville Valley. Table 1 shows the number of properties and property values by type of property as reported by 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	1,322	\$480,049,167	96.4%
Commercial/Industrial	48	\$21,340,600	3.5%
Utility	2	\$3,386,800	0.1%
Exempt	41	\$43,390,700	
Total	1,413	\$548,167,267	

Fully 96% of the taxable property in Waterville Valley is residential. These include single family homes, condo units, multi-family units, and vacant residential land.

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

The 48 commercial/industrial properties have a value that is slightly more than \$21 million, only 3.5% of the total taxable valuation. The tax exempt properties belong to both the town and federal government.

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 Waterville Valley itself or in other locations in New Hampshire.

**Table 2: Residential Properties 2023**

Address for Property Tax Bills	Properties	Value of Residential Properties	% of Residential Property Value
NH - Waterville Valley	263	\$116,664,100	24.3%
NH - Other Zip Codes	168	\$44,267,900	9.2%
MA	689	\$256,774,274	53.5%
CT-RI,ME-VT	105	\$29,803,100	6.2%
Other US	92	\$31,129,493	6.5%
International	5	\$1,410,300	0.3%
Total	1,322	\$480,049,167	100.0%

Among residential properties, more than half of the billing addresses are in Massachusetts, while only a third are in New Hampshire. And of the 431 property tax bills sent to NH addresses, only 263 went to addresses in Waterville Valley itself. Those 263 properties represent only 20% of residential property owners in Waterville Valley, and their properties were valued at \$116,664,100. Outside of New Hampshire residential tax bills were sent to 27 different states as well as Canada, Japan, and Bermuda.

### **School Taxes**

For school year 2023-24, Waterville Valley property tax payers paid \$627,557 in SWEPT. Of that amount, only \$243,300 was necessary to provide an “adequate education” as defined by the State. Thus, Waterville Valley taxpayers paid \$384,257 in “excess” SWEPT which their school district used for education that the State defined as beyond “adequate.”

As shown in Table 3, the Waterville Valley tax rate for schools in 2023 was \$3.36 per \$1,000 in value (\$2.11 local plus \$1.25 SWEPT).<sup>2</sup>

**Table 3: 2023 Tax Rate Impact**

2023 Tax	Locally Stated 2023 Tax	
	Actual 2023	With Excess SWEPT Sent to State
Local Education	\$2.11	\$2.11
SWEPT	\$1.25	\$1.25
Excess SWEPT Offset		\$0.76
Total	\$3.36	\$4.12

If the excess \$384,257 had been sent to the state to ensure that SWEPT was administered in a constitutional manner, Waterville Valley 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 some amount equal to or less than the \$384,527 excess they would be 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 3, the local rate for schools in 2023 would have had to increase by only \$0.76.

**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 4 shows that the 2023 equalized tax rate for schools in Waterville Valley would have increased by \$0.56 to raise the \$384,257.

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<sup>2</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.

**Table 4: 2023 Equalized Tax Rate**

2023 Equalized Tax	Equalized 2023 Tax Rate	
	Actual 2023	With Excess SWEPT Sent to State
Local Education	\$1.55	\$1.55
SWEPT	\$0.92	\$0.92
Excess SWEPT Offset		\$0.56
Total	\$2.47	\$3.03

Table 5 compares how the resulting equalized tax rate in 2023 would compare to the actual equalized rates for schools in other municipalities that year.

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

Municipality	2023 Equalized Tax Rate for Schools
Waterville Valley (actual)	\$2.47
Waterville Valley (Excess SWEPT)	\$3.03
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 taxes are being protected against rising from \$2.47 to \$3.03 if excess SWEPT is no longer retained locally? As shown in Table 1, residential properties make up 96% of all property value and almost two thirds of the owners of those properties actually live outside of New Hampshire.

When these details are revealed, it becomes apparent that Waterville Valley’s participation in efforts to maintain the unconstitutional status quo is principally protecting the interests of wealthy owners of second homes, most of whom don’t even live in this state. For example, the Massachusetts owner of a summer condo in Waterville Valley with an equalized value of \$400,000 would have paid \$224 more in taxes in 2022 if taxes had been raised to comply with New Hampshire’s Constitution.

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

1	2022 Population	516	US Bureau of the Census
2	2023 November Registered Voters	446	NH Secretary of State
3	2022-23 Students (ADM/R)	50	Department of Education
4	2022-23 Equalized Value per Pupil	\$11,734,952	Department of Education
5	2022-23 Spending per Pupil (WV District)	\$30,283	Department of Education
6	2023 Number of Properties	1,409	Department of Revenue Administration
7	2023 Statewide Education Property Tax (SWEPT)	\$627,557	Department of Education
8	2023-24 Cost of Adequate Education	\$243,300	Department of Education
9	2023 Excess SWEPT	\$384,257	Calculated
10	2023 Local Valuation with Utilities	\$503,998,167	Department of Revenue Administration
11	2023 Local Valuation without Utilities	\$500,611,367	Department of Revenue Administration
12	2023 Local Education Tax Rate	\$2.11	Department of Revenue Administration
13	2023 SWEPT Tax Rate	\$1.25	Department of Revenue Administration
14	2023 Equalized Local Education Tax Rate	\$1.55	Department of Revenue Administration
15	2023 Equalized SWEPT Tax Rate	\$0.92	Department of Revenue Administration
16	2023 Equalized Valuation with Utilities	\$687,129,548	Department of Revenue Administration
17	2023 Equalized Valuation without Utilities	\$682,521,657	Department of Revenue Administration