

***Town of Groton Selectmen's Office
754 North Groton Road
Groton, NH 03241
(603)744-9190 phone
(603)744-3382 fax
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November 17, 2020

Dear Groton Tax Payer,

We are anticipating many questions regarding the recent increase in the town's tax rate for 2020. Therefore, we would like to take this opportunity to explain how the tax rate is set and where the increase has come from.

The tax rate is calculated by the New Hampshire Department of Revenue Administration in October or November of each year. Basically, the total appropriations for the town, school, and county minus revenues are divided by the total property assessments to come up with the tax rate. The rate consists of 4 portions:

1. **TOWN RATE**: This is what covers town services. The total appropriated is the operating budget and special warrant articles less any revenue from grants, capital reserve or surplus funds, yield taxes, land use change taxes, motor vehicle payments, etc.
2. **LOCAL SCHOOL RATE**: This is the Newfound SAU appropriations raised through the school district's budget process less state education grants and state education taxes.
3. **STATEWIDE EDUCATION TAXES**: This is the statewide property tax and the rate is set by the state.
4. **COUNTY RATE**: This is the amount appropriated by the County for services such as the Sheriff's Department, County nursing home, and corrections facility.

The total of all four categories is the final tax rate on the fall tax bill. The tax rate is multiplied by your property's assessed value to calculate your tax due. The first billing of each year is based upon the previous year's tax rate and appropriations.

The 2020 tax rate breakdown (compared to 2019) is as follows:

1. Town portion went from \$2.07 to \$3.81, an **increase** of \$1.74.
2. Local school went from \$8.00 to \$7.96, a **decrease** of \$0.04.
3. State education tax went from \$3.62 to \$3.79, an **increase** of \$0.17.
4. County tax went from \$3.14 to \$2.60, a **decrease** of \$0.54.
5. The overall tax rate went from \$16.83 to \$18.16, an **increase** of \$1.33.

The reason for the increase of the \$1.74 for the Town's portion is due to the increase in the budget for 2020, which was voted on at the Town Meeting in March 2020. This budget included the NBRC grant for the road work on Sculptured Rocks Road and the USDA Truck grant that the Town applied for and was awarded. Although the Town doesn't pay for the entire portion of these projects, the State is required to show the entire amount in our budget. However, the state also shows the grant portions in our revenues, which did offset this. Another reason the Town's portion increased is that the Town did not have as much money in the fund balance to apply to the tax rate as it has had in the past. The main reason for this is that in 2019 the Town raised \$183,821 for the Town's portion of the grant match for the culverts on Sculptured Rocks Road. Due to the July 2019 storm, this culvert project was not done in 2019. Therefore, those funds had to be reserved to do the work in 2020, because it was budgeted in 2019 and not 2020, and these funds were reserved from the fund balance that we use to apply funds to reduce the tax rate.

The Town cannot manipulate the local, state or county portions of the tax rate. These three totaled \$14.35 of the \$18.16 tax rate.

We encourage all Groton residents to become more active in the local school budgeting process and encourage the residents to contact the Superintendent's office with any questions or concerns related to the school at (603)744-5555.

Please contact the Select Board's Office at (603)744-9190 with any questions or concerns about your property assessment, local spending, etc. Office hours are Monday – Thursday, 8:00 am – 4:00 pm.

Sincerely,

Groton Select Board

