

Your tax bill explained . . .

Your total taxes due is the result of multiplying the ASSESSED VALUE OF YOUR PROPERTY, also known as your valuation times the TAX RATE.

$$\text{\$ YOUR TOTAL TAX BILL} = \text{ASSESSED VALUE OF YOUR PROPERTY} \times \text{TAX RATE}$$

Example: if the municipal assessment of your property is \$100,000.00 and the tax rate is \$30.00 per \$1,000.00 of assessed valuation, the math to calculate your property tax bill is 100.00 X 30.0 which equals \$3,000.00.

The TAX RATE is essentially calculated by taking the total of MUNICIPAL EXPENSES and dividing them by the TOTAL ASSESSED VALUE OF ALL PROPERTY in the City.

$$\text{TAX RATE} = \text{MUNICIPAL EXPENSES} \text{ Divided By } \text{TOTAL ASSESSED VALUE OF ALL PROPERTY}$$

The ASSESSED VALUE OF YOUR PROPERTY is calculated by State certified assessors who use standard methods to determine the probable Market Value of your property. Because the real-estate market changes over time, the City's Assessing Model, which calculates the value of all properties in the City, must be updated to reflect current property sale prices. The real-estate market rises and falls like the ocean tides ... but over much greater time spans (years vs. hours). The market in Berlin has been depressed (at low-tide!) for literally decades.

The City of Berlin has one of the highest TAX RATES in the State. Fundamentally, this is because the City has some of the lowest PROPERTY VALUES in the State. Low property values and a depressed real-estate market are a function of the economy.

The GOOD NEWS is that the tide has started to come in! Over the last year, property sales have shown a marked, undeniable increase in price. Sale prices are higher than they were a year ago and there is less supply of residential housing. A reduction in supply due to demand, helps to increase market prices which in turn increase assessed values.

Because of the increasing property market, the City undertook a statistical update of its assessing model in October of 2018. This update uses the property sales of the last year to recalibrate residential property values in the City. As a result of this update, the overall property values, excluding utilities, went up approximately \$24,000,000. This is a 9.5% increase. Economically, this is great news for the City. A rising tide floats all boats. However, the tide has just begun to come in and it will be some time before we can reduce the tax rate substantially. Nonetheless, this tax bill is calculated with a tax rate of \$39.27 per thousand dollars of valuation. This is less than the \$39.89 tax rate that was projected during the municipal budgeting process.

What does this update mean for you?

Each time there is an update, there may be multiple factors that are considered in adjusting the assessing model depending on the scope of the update. These include, but are not limited to: characteristics of neighborhoods, property age, property size, property type and how recent sales apply to all these categories. As an example, if market sales show that single family ranches are selling at higher prices, the model will be adjusted accordingly. The final result is that although the overall City valuation has increased, your individual valuation may have decreased, increased or not changed. Therefore, your final tax bill may have decreased, increased or not changed. If you have any questions regarding your bill, please contact Bryan Chevarie at 752-5245 in the Berlin Assessing Department.

In closing, this insert is intended to provide taxpayers with a basic knowledge of how your property tax bill is calculated. Should you wish to gain a greater understanding, the NH Department of Revenue Administration (NH DRA) has a very accessible and user friendly website including a Manual for Selectmen, Assessors and Taxpayers. The manual can be found at:

www.revenue.nh.gov/mun-prop/property/documents/asb-manual.pdf

OTHER RELEVANT NOTES:

- 1- The frequency of NH real property tax billing is restricted by NH State Statute, it is currently allowed up to twice annually. This is what the City follows.
- 2- The tax year in NH begins on April 1st.
- 3- The assessed valuation(s) of real properties located in the City of Berlin are approved by the Berlin Board of Assessors, who oversee work being completed on an ongoing basis by private assessing contractor(s).
- 4- The City of Berlin's tax rate is set annually by the Mayor and Council with parameters from the NH Dept. of Revenue.
- 5- The City budget is the aggregate total of all individual City department budgets.
- 6- Taxpayers who feel that their assessed valuation is higher than it should be have the opportunity to submit an application for a Tax Abatement. Abatement applications may be picked up at City Hall, 168 Main Street, Assessing Department. The taxpayer's window of opportunity for submitting an Application for a Tax Abatement begins when your second tax bill is mailed. You have two months from the time of the mailing of the second tax bill to submit your completed application to the City of Berlin, attention, Berlin Board of Assessors.
- 7- If you feel that the assessed value of your property is reasonably accurate and that the City of Berlin's budget is too high, then you should attend the Berlin Mayor and Council department budget meetings and/or public hearing on the budget. The City publishes the dates for these sessions in the Public Meetings Calendar of the City's website at:

<https://www.berlinnh.gov/calendar-by-event-type/16/month/2019-03>