How does Lyme determine my property tax bill??

Lyme divides its budget amount (for schools, roads, and other town programs) across the assessed value of all the properties in town. This assessed value determines the amount of property tax paid: higher-assessed properties pay a larger share.

In 2022, the budget of $9.8 million is divided by the total valuation of the town - $407 million. This gives a Tax Rate of $24.07 per thousand. Every property’s tax bill is then computed by multiplying its assessed value (in thousands of dollars) by $24.07 to get the 2021 tax bill.

What’s this “revaluation process”?

NH requires towns to re-value the properties every five years (or more). The objective is to be sure that each property reflects its “fair market value” compared to the other properties.

There are just over 1,000 properties in Lyme. 78 are tax-exempt because they are owned by federal, state, or local governments or non-profit organizations.

These properties are too numerous to value in a single year, so the Select Board has contracted with a private assessor look at one-fourth of the properties every year (as well as any new construction in that year), and to use the fifth year to “catch up” and ensure that the previous four years’ valuations match up to current “market value” of new sales.

How does Revaluation change my property tax?

If the only factor impacting the property value was inflation, then the increase in town-wide value would be shared proportionately across all properties. Or if the amount to be raised in taxes remained the same while the total town value increased, the calculated Tax Rate required would be lower. And if the Town needed to raise more money (increased its budget), the Tax Rate would increase.

In 2021, the town valuation went up by about 15%, and the town is spending about 4% more money. If all properties increased the same amount, you would expect your property tax to increase by about 4%.

However, in 2021 the wide variation in individual property’s taxes appears to be troubling. Many properties increased much more than the average, with no clear explanation. This has the effect of shifting the property tax burden onto those properties.

Why does this matter?

* First off, it obviously matters to the individual property owner. Their taxes increased a great deal more than the average. The Town owes them an explanation for this large increase, and if they file for an abatement, they may get the tax reduced.
* Second, the increased appraisal continues for the next five years, meaning that taxpayer will continue to pay a higher amount until the next revaluation.
* Most importantly, we observe a pattern that modestly-priced homes saw the largest increases, while higher-value homes saw smaller increases, or even decreases.
* This appears to be an unfair shift of the tax burden onto the lower price homes, which arguably are least able to afford the increase.

What can be done?

As noted above, if you feel your taxes are incorrect, you can file for an abatement. This is a formal request to the Select Board to review your assessment, which they may (or may not) grant. The deadline for an abatement (rebate) of the tax you paid in last year is March 1, 2022.

The variation in tax increases (and decreases) doesn’t seem to follow any pattern. There is a meeting with the Select Board on Thursday February 10th to ask if they are aware of this seeming unfairness. You are invited to attend.

2021 was a fairly complicated year for Lyme property taxes. Typically, the tax rate is primarily driven by the voter approved budgets each year.  Those budgets are offset by various revenues and then divided by the total valuation of all property in town to come up with a tax rate that is then applied to each individual property value to generate a tax bill. Historically, because Lyme does not see much new development, and valuations do not chase individual sales each year, the annual increase in town value hovers in the .75 -1.5% range.  When budgets increase by 2-8% the result is a higher property tax rate each year.

In order to "catch up" with inflationary factors impacting property values, New Hampshire requires municipalities re-value property inventory at least every five years.  The objective of this revaluation or "reassessment" is to adjust the values of property in town to reflect their "ad valorem" or market value in an effort to equitably (fairly) distribute the property tax burden. When the calculated tax rate is applied to each individual property, no property tax payer should be burdened with more than their fair share of taxes required to pay the town expenses.

While this seems rather simple, in reality it is rather complicated these days, for many reasons. Of the 1,059 properties in Lyme, 78 are not taxed because they are either owned by federal, state or local governments or non-profit organizations. The 3 utility properties are valued separately and not used to calculate the state portion of the school tax.  The remaining 978 properties are far too many for the members of the select board to be able to value appropriately despite their state requirement to do so.  So, the select board contracts with a professional assessor or company to perform this task on their behalf.

Typically, because it is not practical to review all 978 properties in a given year, the task is divided into quarters. The individual inventory of one quarter of the properties in town is to be reviewed each year, in addition to any new construction that year. The value placed on that updated inventory is based on the values established by the latest town-wide re-assessment.  Then, in accordance with state law, in the fifth year, the values assigned to inventory is updated to reflect the most recent actual "arms-length" or market sales that occurred.

In 2021, both things happened. Lyme's budget increased by about $400,000 - a 4% increase. That was offset by the increase total value of properties in Lyme of about 15.08%.  This resulted in a 9.71% decrease in the overall tax rate from $26.66 (in 2020) to $24.07 last year. If your property valuation had stayed the same relative to all other properties, you should expect a 4% increase in your taxes.