

Tax Rate Information You Should Know

When the tax rate is set each year, it is the final result of the work of 4 distinct entities - Town, Local School, State School, and County. Perhaps understanding the process will clarify some of the misconceptions about it.

The process of establishing the tax rate actually begins early in the year. Both the Selectmen (Town) and School Board are actively working on their own budgets at this time. Both budgets present anticipated expenses and anticipated revenues, with the resulting difference to be raised by taxation. Both the School and the Town present their proposed budgets at Public Hearings in late January/early February where discussion about the proposed expenditures is welcomed and questions are answered. At each Budget Hearing the expected impact to taxpayers is presented in writing.

Actual voting on each budget takes place at 2 separate meetings. The School District Meeting is usually held in early March; Town Meeting is the second Saturday in March. At each meeting the proposed budgets are presented, questions are entertained, amendments are made, and voting takes place. It is the vote at these 2 independent meetings that has the greatest impact on our tax rate, and historically, attendance at both meetings is poor.

Revenues are reviewed in the early fall and revisions to what was earlier reported are sent to the State (who already has both school and town budgets). The State, after review of revenues and approved appropriations, and in combination with information from the County and other data from the State, sets our tax rate.

Your total tax due is calculated by the assessed value of your property (divided by 1000) x tax rate. For example, if you own a house valued at \$250,000, to calculate your **total tax** this year:

$$\begin{aligned} \$250,000 \text{ divided by } 1000 &= \$250 \text{ (tax is per thousand of value)} \\ \$250 \text{ multiplied by the current tax rate} &= \text{total tax for the year} \end{aligned}$$

It is also important to understand why the second tax bill is often larger than the first bill each year. When the July bill is sent out, we do not know what the tax rate will be. The first bill might be considered a “down payment” on the actual bill which will come at the end of the year. The first bill is generally about ½ of the bill that was received the previous November. If the current tax rate is larger than the previous year’s rate, the total tax owed will be more than the previous year. The “down payment” made on the total tax due will be less than ½ of what is due. The December bill will be larger than the July bill.

Keep in mind that the School District and Town operate as separate entities. The Selectmen have no influence in the budget prepared by the School Board other than that of any other registered voter in the Town; each Selectman along with all registered voters may attend the School District Meeting and cast one vote. The same is true of the School Board’s influence in the Town budgeting process.

The 2 entities not yet highlighted are the State School and County. This year those 2 rates make up about 1/5 of the total tax rate. As a Town we do not have any influence, other than our vote at State elections, over those entities. But we do have the opportunity to voice our opinions and cast our vote at local elections and meetings.