

Town of Bridgewater Selectman's Newsletter 2021

It has been some time since our last newsletter and, coupled with many newcomers to the community, we think it practical to reintroduce ourselves and the workings of the community.

Board of Selectmen in Bridgewater: The Board consists of 3 elected officials whose primary responsibilities are the executive (fiduciary) functions of the Town. Among other duties, they also act as external liaison to outside agencies such as Federal, State, County and the local school district (SAU 4). (About 65% of your property tax bill goes out of Town!)

We are a long standing board. All the members of the Board have served multiple terms. Terry Murphy has served since 1977, Skip Jenness since 1985 and Hank Woolner since 1998. This has always been the tradition. Former members served equally long terms. Unfortunately, with longevity comes endings. Sad news. Hank Woolner departed this world this past November. He will be memorialized for his service at the spring town meeting.

New Selectperson. We are delighted to announce that Ms. Amy Cunningham has been appointed to fill out the remainder of Hank Woolner's term. Amy has a background in sales & marketing and moved full-time to town some years ago. She has been member of the Planning Board. We look forward to her continued contributions to the Select Board and the Town

New Face at Town Hall. After 15 years of assisting the selectmen with their day to day functions, Kathy Gickas decided to seek other endeavors, in April of 2019. The Selectmen wish her well in all that she does.

Julie Converse, from Bristol was seeking part-time employment and became aware of our need. She contacted us and began employment as the Administrative Assistant at the Town.

Julie has always been a "numbers" person taking 4 years of Accounting in high school and going on to obtain her bachelor's degree in Accounting from Southern NH University. She has worked for a non-profit Credit Union, a business forms distributor and for a non-profit public entity risk pool. Having this knowledge, Julie has assisted the Town through two audits and has begun the 2020 audit already.

The select-board serve as the town's chief executive body. They have overall responsibility for the general operations of town government. The select-board, of course, has unique statutory powers to administer the operations of a town, including authority to "manage the prudential affairs of the town" (a fiduciary role).

"Prudential affairs is a 17th Century New England term meaning "..... Matters of local administration judged to be manageable by the exercise of prudence and discretion, and dealt with separately from those matters which may involve legislation, legal action, etc." It is unique to New England.

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DIVISIONS: One unique aspect to Bridgewater is our Districts. Effectively, the town has three divisions:

● ***The Town (Division I)***

● Executive

- ◆ Selectman (Terry Murphy, Skip Jenness, Amy Cunningham) 744-5055
- ◆ Administrative Assistant. (Julie Converse) 744-5055
- ◆ Town Clerk (Colleen Kenny) 968-7911
- ◆ Treasurer (Peggy Petraszewski) 744-5055 (PS She has been serving since 2014)
- ◆ Tax Collector (Kathy Vestal) 968-9670
- ◆ Planning & Zoning Boards (Chairs: Mike Capsalis, Steve Williams) 744-5055
- ◆ Conservation Commission (Jon Martin) 744-5055

● Public Safety

- ◆ Police (George Hill) 744-6745
- ◆ Fire (Donald Atwood) 744-6047
- ◆ EMS (Jake Fogarty) 744-6047
- ◆ Highway (Arnold "Buck" Cate) 744-6039

(Please see the Town Report for all the others who make the Town a pleasant place to live)

● ***Bridgewater – Hebron Village District (Division II)***

A long time ago New England towns had many small schools. Eventually, they were closed and consolidated as transportation improved. In 1965, the Newfound towns came together and formed a cooperative school district. The communities of Bridgewater and Hebron came together in 1999 and developed a creative and unique approach to funding and construction of a school building to service the northern district towns. This also addressed a major problem facing SAU4 at the time with school overcrowding which is no longer the case. School enrollments have declined significantly over the last decade. At that time, the children spent 1-1/2 hours to be bussed to school in Bristol

We created a political subdivision incorporating the physical boundaries of both towns to create a Special Purpose Village District. To date, no other community in New England has been able to duplicate this accomplishment with respect to schools. Coupled with the efforts of teachers and staff, it has had an amazing impact at all levels. As we stated at the time, it was to benefit, not only the children, but the community at large. Varied programs for adults and kids alike are carried out at the school. It has become a center for excellence for all.

The Bridgewater-Hebron Village District owns the school building and leases the facility to the Newfound Area School District (SAU4) for one dollar a year. In turn, they (SAU 4) are responsible for supplying teachers and staff for the education of the students. BHVD maintains

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the facility. We are landlords and partners. BHVD cannot make education policy. Towns are prohibited from that function. Education policy is the sole responsibility of the school board. Each spring, you vote for your town's representation to the SAU 4 school board (Currently Mike O'Malley) which represents 7 member towns (Alexandria, Bristol, Bridgewater, Danbury, Hebron, Groton and New Hampton). Since the village school debt for the building construction is paid off, the "carrying cost" represents about 2% of your tax rate or about \$0.18 cents. The budget covers maintenance costs plus a reserve for contingencies. The annual meeting is the 2nd Tuesday of April.

● *HB Refuse District. (Division III)*

Prior to 1976, when you went to the local "dump", you threw **everything** into a pile that was eventually burned in the open. The ash and residue were bulldozed and the cycle repeated. For most towns, the operational budget was the lowest item for the community and required very little oversight. How times have changed! The solid waste budget in most communities is increasingly becoming very expensive, complicated and regulated.

In 1976, the State of NH banned open burning. The town meeting voters of both towns chose to setup a refuse district comprised of the Towns of Hebron and Bridgewater. Hebron closed its existing dump, and the new district purchased the current land in Bridgewater, constructed a building, and installed its first incinerator coupled with an ash and C&D landfill. Over time, as new state and federal regulations were promulgated, solid waste cost became more expensive. For us, the costs during the period 1976-2000 were relatively flat. In 2000, the State insisted that we bring all the programs up to new EPA standards. As we were already committed to a large bond issue with the BHVD school as well as new state property tax (donor town!), we agreed to resolving the issues by 2004.

In 2012, Hebron voted to leave the District while continuing to pay their share for the bond issue and accepted 50% future liability for any pollution that might develop on the site such as groundwater problems etc. **(There are currently no such complications to date on the site)** The annual meeting for the H-B Refuse is in December. Check the papers and bulletin boards for date and time.

There are very few landfills left in NH. There used to be 270 landfills in NH. Every town had a trash site (AKA "The Dump"). Currently, there are now only 3 private, for profit, landfills remaining in NH. No community wants to site a new landfill. (NIMBY) (Not In My Back Yard). Existing landfill space is in decline. Landfills across the US are also in sharp decline and states are trying to imposing fees to discourage trash importing. Trash from other states is coming into this state exacerbating this problem. The Interstate Commerce Clause (Article I, Section 8, Clause 3) of the US Constitution prohibits States from obstructing commerce across state lines, This includes trash coming from other states. In addition, there are a number of bills in the legislature establishing a moratorium on the creation of new landfills. In short, you cannot simply ship your waste problems away from your community. Most towns don't want the hassle

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nor invest in capital infrastructure. They simply want to toss the trash into a dumpster and let someone else deal with the issue. In our opinion, that has always been “penny wise and pound foolish” Bottom line – Everyone wants clean air and water. Fewer disposal options and other issues (China's closing its borders for recycling goods etc.) means increased cost pressures.

Taxes & Finances. The town finances continue to be in excellent shape. We have no long term debt and our overall indebtedness is less than \$165,000. We continue to have one of the lowest tax rates in NH.

We have had a few questions about the recent town wide property revaluation. For example,

“I checked a comparable assessment on a house in another Town, to my house. It was considerably lower than mine. How come?” Assessments in Bridgewater are based on a number of factors. Age of the dwelling, obsolescence factors, types of heating, number of bedrooms, location and what a similar property sold for in Bridgewater. (Among many, many other factors) That type of comparison across towns is difficult. We reassessed in 2020 to bring values to 98% of market value in Bridgewater. Another town's property assessment may have been done 4 years earlier and valuations are currently at 78% of fair market values for that town. The State Constitution and the DRA require reassessment to be done every 5 years to adjust to market factors. Given the current economic factors coupled with very low interest rates, Covid-19 exit from cities, it is truly a “sellers' market.” In 2019 we went from a stable valuation of 94% of market to 82% in one year! This phenomenon impacted all towns in NH. Ultimately, property values in Bridgewater rose from a range of 25% to 45% over the prior year.

The 2019 tax rate was reduced from \$9.98 to \$8.56. The Town portion of the tax rate was reduced by \$-0.41 to absorb a significant, unexpected increase in the Grafton County tax rate. That decrease on the municipal side was temporary and helped the “bounce!”

Other: One matter that has “stung” NH communities this year was the substantial reduction of utility assessment values, Public utilities (Eversource, NH Electric, Phone and other utilities) brought a class action suit against all municipalities that have utility equipment in their community. (Poles, rights of way, substations etc. are taxable property by State law) We use a specialist in determining those utility assessments.

The NH Municipalities joined together to defend their methods of assessing. The NH Legislature, NH Business Association and the NH Municipal Association joined the fray as well. In short, legislation was introduced and courts battles were waged. The end results was a substantial change in the state utility assessing methodology. At least in Bridgewater, the Board believes the claim of overreach was not founded. Some municipalities did not use exacting methods. The utilities claim that their property values were too high and was partially responsible for high utility rates. In short, the utilities prevailed. The NH Department of Revenue has a new method for utility assessing. The resulting utility tax base declined shifting costs to the residential base. If you follow the claims of the utilities, you should see a lower electric bill. It is

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extremely unlikely you will see a decline in your electric bill. It's complicated!! (Remember that electric deregulation was going to be the "best thing to reduce your electric rate!)

Tax Warning/Concerns, on SWEP and Donor Town (Next newsletter in Late Feb)

Understanding the Bridgewater, NH Tax Rate:

Tax	Bridgewater
Town Services (Municipal)	\$3.00
Newfound School District ** Add this with State Ed Cost = Newfound School Costs SAU4	\$1.57
Village School District	\$0.18
State Education Tax ** See above comment	\$1.97
Grafton County Tax	\$1.84
2020 Tax Rate	\$8.56 *

*** One of the lowest in the State and the lowest in the Lakes Region.**

Town Services (Municipal):

Refer to basic services that residents of a town expect the town government to provide in exchange for the taxes which citizens pay. Basic city services may include administrative, employees, refuse, streets, public library, school, fire department, police, ambulance, and other health department issues and transportation. Town governments often operate or contract for additional utilities like electricity, gas and internet.

Newfound School District: SAU4

The district area includes Bristol, Alexandria, Bridgewater, Danbury, Groton, Hebron, and New Hampton.

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School Buildings and Grades Serviced.

- Newfound Regional High School (Bristol) 9-12
- Newfound Memorial Middle School (Bristol) 6-8
- Bristol Elementary School (Bristol) 1-5
- Bridgewater-Hebron Village Elementary School (Bridgewater) Pre-k, K
(Facility leased to SAU4)
- Danbury Elementary School (Danbury) 1-5
- New Hampton Community Elementary School (New Hampton) 1-5

Quick overview of how the school district money is spent:

The largest share of the general fund, is allocated to employee/staff salaries and benefits. Debt service costs includes principal and interest payments. That costs include any elementary, middle school additions and high school renovations. School administration and operations, contains the administrative, maintenance, and custodial services as well as transportation costs.

Additionally, the annual budget is used to educate students, transport them to and from schools, provide them breakfast and lunch, and maintain school buildings and grounds. It funds special education programs and other programs such as alternative education programs. It is used to pay teachers and support staff, provide their health and retirement benefits and support additional training. Essentially, most costs are associated with labor.

Village School District

Bridgewater-Hebron Village School is a part of the Newfound Area School District for grades Pre K, K-5. The Facility and Grounds are managed by the Village District. The Village District also supplied all of the furniture as well.

State Education Tax (State Wide Education Property Tax)

This system is extremely complicated. We will have much more to say on this matter in our next newsletter. Suffice to say, there are a number of legislative bills in Concord that could impact our community. We are actively involved in joining together with other like communities to educate the lawmakers in the over reliance on the property tax system.

In every New Hampshire property tax bill, there are two line items that fund the local school district: the **statewide education property tax (SWEPT) plus the local education tax**. Since 1999, every town and city in New Hampshire has been required to apply SWEPT to eligible properties in their municipalities. Because the state doesn't cover the entire cost of our public schools, most towns and cities must raise additional funds through a local education tax to make

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up the difference. Because we are small, we do not use all those funds. That is used, effectively to offset our cost to meet the state definition of an "adequate education" There are many bills in the Legislature to require that "excess SWEP monies" be refunded to the State.More next newsletter end of February.

Grafton County Tax

The Grafton County Complex is located on Dartmouth College Highway in North Haverhill, New Hampshire. Buildings include the Grafton County Courthouse, Grafton County Nursing Home, Grafton County Administrative Building, Grafton County Farm, Grafton County Department of Corrections and the Biomass Plant.

County government has an executive branch consisting of three elected County Commissioners who jointly serve as the County's chief executive, and four elected department heads: the County Attorney, Sheriff, Register of Deeds, and Treasurer. The legislative branch of county government consists of all State Representatives from the county (27 in Grafton County); this is called the County Legislative Delegation; this Delegation adopts an annual county budget which raises revenues and appropriates funds for county departments and programs. Grafton County has a budget of \$48,527,310 for Fiscal Year 2021 with \$26,972,548 to be raised by property taxes. (Reference: <https://www.co.grafton.nh.us>)

A Primer on Property Taxes

When you purchase a home, you are liable to pay property taxes on it. ... The governing body of the area, whether it be federal, local, state, or municipal, levies these taxes. The amount you pay in property taxes depends on the value of the house and the land on which it's built. When property taxes were instituted, property equaled wealth. In an agricultural times, more land produce income. That is not true today. There is a greater disconnect between property value taxes and ability to pay. **New Hampshire** is known as a **low-tax state**. But while the state has no personal income tax and no sales tax, it has the fourth-highest **property tax** rates of any U.S. state, with an average effective rate of 2.05%. Consequently, the median annual **property** tax payment here is \$5,768.

How is Property Tax Calculated?

The property tax is typically determined by multiplying the value of the property (determined by local assessment) by a tax rate (determined by town): Property tax bill = value of the property x tax rate.

Here's what goes into determining the two components of your tax bill?

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1) Property Values (Land and Buildings)

- Assessors who work for the local taxing authority track the value of every piece of land and real estate in a taxing district, such as a city or town.

They maintain databases of local property values and real estate sales in Town of like property.

- Your home's assessed value will likely be less than its market value. By how much less will vary by location.
- Towns may have many ways to detect changes in your home's value, including inspections, permit applications from a remodeling project, reports from neighbors or regular updates. It starts with **Marshall and Swift Building Cost Data** which is considered the gold standard of building cost data. That is adjusted to our area in the State. That is used to determine building values only. Other factors come into play such as year built, square footage, types of heating and many more factors.

2) Tax Rate

- Real estate tax rates are often based on the "millage rate," where one mill is equal to one-thousandth of a dollar. Your tax rate might not be expressed as a percentage, but rather as some number of mills.
- For example, if the local property tax rate on homes is 15 mills, homeowners pay \$15 in tax for every \$1,000 in assessed home value. Accordingly, a house with a \$200,000 assessed value would be taxed \$3,000.

Is there a “view tax” or a “waterfront tax? Absolutely not. What primarily drives property values is market demand.

The Equalization Process explained:

Some municipalities may be assessing property close to market value, while others may be assessing above or below market value, all of which is permissible in a five year period. However, to ensure that public taxes shared by municipalities, such as the state education tax, cooperative school district taxes and county taxes, are reasonably apportioned among municipalities. This is accomplished by the annual equalization process conducted by the Department of Revenue Administration (DRA) through which each town's assessed values are adjusted to reflect proportionality to other towns.

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This process involves a detailed study of:

1. Property sales throughout the state.
2. A comparison of those sales with the local property assessments.
3. An adjustment of the local assessed value up or down to achieve proportionality.

The result is called the equalized assessed value.

Once the equalized value of property in each municipality has been determined, those shared taxes can be allocated based upon each municipality's proportionate share. For example, if the equalized value of the property in a particular municipality represents 15 percent of the total equalized property value in the entire county, then that municipality would be apportioned 15 percent of the county taxes to be raised. Once the dollar amount of that municipality's share of the county tax is known, the local assessed value is used to determine the tax rate and how much each individual property owner must pay.

How the State can impact your local tax rate

For example the **current use program** was established in 1973 with the intent to preserve open space. Developers were buying farms and woodlots and subdividing them for house lots, changing views and local character forever. **(We are not advocating eliminating or modifying CU. It's an example of a State program that shifted tax burdens,)**

Voters approved a constitutional amendment in 1968 that allowed land to be taxed on the value of its current use, not its market value. At the time, some municipalities were taxing open space on its potential as building lots forcing farmers and timberland owners to reassess their livelihoods. The argument was and is, farmland, animals and forests do not use town services so it is a fair trade.

Today more than half of the state's land is in current use, which has a far greater impact on rural communities than cities. In essence, the current-use program effectively shifted the tax burden from large landowners to the other property owners in their communities.

Exceptions

When Eversource spent over \$400 million on a mercury scrubber at its coal-fired power plant in Bow, that town's tax base did not increase by \$400 million. Remember, utility equipment is subject to property taxation. Current use and pollution control facilities are big numbers for the communities impacted. The State exempts those aforementioned items from taxation!! In

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addition, many towns and cities have a lengthy list of exemptions and property tax breaks that may not be large— **but shift the cost of property taxes to an another group of taxpayers. Residential Taxpayers.** (In addition, Eversource has recently convinced the Public Utility Commission to have the electric rate payers reimburse that amount back to Eversource since the sold the generating facility – Go figure!!!)

Lawmakers have introduced more than a dozen bills this year that would impact property taxes in any number of ways both to the good and the not so good.

People equate a low property tax rate that the community is “rich” Remember, there is **disconnect between property value and income to pay the bill.** In addition, the higher the tax rate, the more likely the assessed value of the property is lower because property demand is lower in that community. Their tax bill would likely be lower. We are not advocating a particular type of system. Over the years the State has downloaded more work onto the Towns increasing their cost. They also send fewer dollars to support that shift.

It's complicated!!

Hope this was helpful. Be safe,

Sincerely

Terence Murphy

Maurice Jenness

Amy Cunningham

Town of Bridgewater – Select Persons