

## THE LONG TERM EFFECT OF COMMERCIAL DEVELOPMENT ON A TOWN'S TAX RATE

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In 2003, I wrote a report that compared the long-term effects of a town's tax rate if that town increased its commercial base. The eight towns that I selected were Canaan, Dorchester, Enfield, Grafton, Hanover, Lebanon, Lyme and Orange.

Each of these towns had and still has a distinct demographic and social make-up. One of the towns is an Ivy League college town, another town is a commercial/retail hub town, several towns are bedroom communities, and others are low-density rural towns.

The 2003 report covered most of the years from 1970 to 2000. This updated report covers the years from 1970 to 2010, except for the years 1971, 1973, 1975 and 1977. Prior to 1978, the NH Department of Revenue only collected data every other year. Therefore, I was unable to add those years to this report.

As you can see from the data, the previous trend of the town with the highest commercial tax base (Lebanon) still has the highest Full Value Tax Rate, and the towns with low to little commercial development tend to have a low Full Value Tax Rate. The one town that still is a bit of an outlier is Hanover. Hanover does have a larger commercial tax base than most of the other towns, but it also has an Ivy League College.

With Dartmouth College being located within the Town of Hanover, the value of the average house in Hanover will be higher than the same house located in most if not all of the other towns. This housing value advantage allows Hanover to tax at a lower rate than the other towns, thus offsetting the cost normally associated with higher commercial development.

I have also noticed that there seems to be a tipping point in a town's tax rate when that town's population reaches a certain point. Of the eight towns in this report, the three towns with a population over 2,000 are in the top half of the chart for a number of years with a ranking of four or greater. The other towns have a low to very low population and have a lower Full Value Tax Rate. Once again, Hanover is the exception to the rule.

The source for the data in this report was the NH Department of Revenue, the NH Office of Energy and Planning, and the Economic and Labor Market Information Bureau.

**Percent Residential:** Percent of tax revenue collected from residential property.

**Percent Commercial:** Percent of tax revenue collected from commercial property.

**Percent Other:** Percent of tax revenue collected from undeveloped land.

**Median income:** divides the income distribution into two equal groups, one having incomes above the median, and other having incomes below the median.

**Family:** A group of two or more people who reside together and who are related by birth, marriage, or adoption.

<b>1970</b>	<b>Canaan</b>	<b>Dorchester</b>	<b>Enfield</b>	<b>Grafton</b>	<b>Hanover</b>	<b>Lebanon</b>	<b>Lyme</b>	<b>Orange</b>
Population	1,923	141	2,345	370	8,494	9,725	1,112	103
Percent residential	68%	52%	71%	68%	79%	81%	63%	70%
Percent commercial	0%	0%	0%	0%	0%	6%	0%	1%
Percent other	32%	48%	29%	32%	21%	13%	37%	29%
Median Family Income	X	X	X	X	X	X	X	X
<b>1980</b>								
<b>1980</b>	<b>Canaan</b>	<b>Dorchester</b>	<b>Enfield</b>	<b>Grafton</b>	<b>Hanover</b>	<b>Lebanon</b>	<b>Lyme</b>	<b>Orange</b>
Population	2,456	244	3,175	738	9,119	11,134	1,289	197
Percent residential	57%	54%	56%	76%	69%	73%	51%	50%
Percent commercial	0%	0%	0%	0%	1%	4%	0%	0%
Percent other	43%	46%	44%	24%	30%	23%	49%	50%
Median Family Income	\$15,957	\$15,625	\$17,776	\$15,338	\$30,482	\$19,231	\$19,352	\$20,000

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**Percent Commercial:** Percent of tax revenue collected from commercial property.

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**Family:** A group of two or more people who reside together and who are related by birth, marriage, or adoption.

<b>1990</b>	<b>Canaan</b>	<b>Dorchester</b>	<b>Enfield</b>	<b>Grafton</b>	<b>Hanover</b>	<b>Lebanon</b>	<b>Lyme</b>	<b>Orange</b>
Population	3,045	392	3,979	923	9,212	12,183	1,496	237
Percent residential	92%	100%	92%	100%	82%	61%	92%	100%
Percent commercial	8%	0%	8%	0%	18%	39%	8%	0%
Median Family Income	\$34,336	\$31,250	\$38,645	\$29,821	\$65,488	\$40,745	\$50,563	\$36,528
<b>2000</b>								
<b>Population</b>	<b>3,319</b>	<b>353</b>	<b>4,618</b>	<b>1,138</b>	<b>10,850</b>	<b>12,568</b>	<b>1,679</b>	<b>299</b>
Percent residential	94%	100%	92%	99%	80%	45%	92%	100%
Percent commercial	6%	0%	7%	1%	20%	55%	8%	0%
Median Family Income	\$46,339	\$42,292	\$53,631	\$41,875	\$99,158	\$52,133	\$64,531	\$40,625
<b>2010</b>								
<b>Population</b>	<b>3,909</b>	<b>335</b>	<b>4,582</b>	<b>1,340</b>	<b>11,260</b>	<b>13,151</b>	<b>1,716</b>	<b>331</b>
Percent residential	93%	100%	93%	99%	77%	60%	95%	98%
Percent commercial	7%	0%	7%	1%	23%	40%	5%	2%
Median Family Income	\$61,825	\$83,125	\$81,475	\$53,250	\$129,135	\$75,291	\$92,232	\$65,833

## THE FULL VALUE TAX RATE PER \$1,000, BY TOWN, PER YEAR

**FROM: 1970 to 2010**

### Full Value Tax Rate:

The Full Value Tax Rate is the tax rate if all of the properties are assessed at 100% fair market value. (The actual tax rate for any given year may be different than the Full Value Tax Rate.)

### Rank:

The Rank is a comparison between each town's Full Value Tax Rate.

A town with a rank of one has the highest Full Value Tax Rate for that year.

A town with a rank of eight has the lowest Full Value Tax Rate for that year.

Year	1970		1971		1972		1973	
Town	Tax Rate	Rank	Tax Rate	Rank	Tax Rate	Rank	Tax Rate	Rank
Canaan	\$ 32.40	3	X	X	\$ 28.10	3	X	X
Dorchester	\$ 23.30	6	X	X	\$ 16.60	6	X	X
Enfield	\$ 29.80	4	X	X	\$ 28.80	2	X	X
Grafton	\$ 20.20	7	X	X	\$ 15.20	7	X	X
Hanover	\$ 33.30	1	X	X	\$ 31.10	1	X	X
Lebanon	\$ 33.00	2	X	X	\$ 25.60	4	X	X
Lyme	\$ 27.60	5	X	X	\$ 17.30	5	X	X
Orange	\$ 13.70	8	X	X	\$ 11.00	8	X	X

**FULL VALUE TAX RATE PER \$1,000, BY TOWN, PER YEAR CONTINUED;**

<b>Year</b>	<b>1974</b>		<b>1975</b>		<b>1976</b>		<b>1977</b>	
<b>Town</b>	<b>Tax Rate</b>	<b>Rank</b>	<b>Tax Rate</b>	<b>Rank</b>	<b>Tax Rate</b>	<b>Rank</b>	<b>Tax Rate</b>	<b>Rank</b>
Canaan	\$ 16.60	5	X	X	\$ 20.20	6	X	X
Dorchester	\$ 17.20	4	X	X	\$ 22.50	2	X	X
Enfield	\$ 19.80	3	X	X	\$ 20.80	4	X	X
Grafton	\$ 15.10	7	X	X	\$ 17.20	7	X	X
Hanover	\$ 26.90	1	X	X	\$ 22.40	3	X	X
Lebanon	\$ 25.10	2	X	X	\$ 26.60	1	X	X
Lyme	\$ 16.20	6	X	X	\$ 20.30	5	X	X
Orange	\$ 7.70	8	X	X	\$ 7.40	8	X	X
<b>Year</b>	<b>1978</b>		<b>1979</b>		<b>1980</b>		<b>1981</b>	
<b>Town</b>	<b>Tax Rate</b>	<b>Rank</b>	<b>Tax Rate</b>	<b>Rank</b>	<b>Tax Rate</b>	<b>Rank</b>	<b>Tax Rate</b>	<b>Rank</b>
Canaan	\$ 22.40	3	\$ 18.70	4	\$ 23.20	2	\$ 17.50	6
Dorchester	\$ 8.60	8	\$ 11.10	8	\$ 16.90	6	\$ 11.70	7
Enfield	\$ 22.30	4	\$ 19.00	3	\$ 20.60	3	\$ 21.80	2
Grafton	\$ 16.80	6	\$ 12.90	7	\$ 13.00	8	\$ 18.10	4
Hanover	\$ 25.20	2	\$ 19.60	2	\$ 17.88	4	\$ 19.10	3
Lebanon	\$ 27.00	1	\$ 23.60	1	\$ 24.90	1	\$ 24.70	1
Lyme	\$ 19.60	5	\$ 14.60	5	\$ 16.10	7	\$ 18.10	4
Orange	\$ 14.60	7	\$ 13.50	6	\$ 17.20	5	\$ 17.90	5

**FULL VALUE TAX RATE PER \$1,000, BY TOWN, PER YEAR CONTINUED;**

<b>Year</b>	<b>1982</b>		<b>1983</b>		<b>1984</b>		<b>1985</b>	
<b>Town</b>	<b>Tax Rate</b>	<b>Rank</b>	<b>Tax Rate</b>	<b>Rank</b>	<b>Tax Rate</b>	<b>Rank</b>	<b>Tax Rate</b>	<b>Rank</b>
Canaan	\$ 21.90	4	\$ 28.78	1	\$ 26.62	1	\$ 25.77	2
Dorchester	\$ 20.60	6	\$ 17.33	8	\$ 19.53	8	\$ 16.56	8
Enfield	\$ 26.20	1	\$ 22.42	5	\$ 25.22	3	\$ 24.26	3
Grafton	\$ 16.40	8	\$ 23.44	4	\$ 25.12	4	\$ 17.32	6
Hanover	\$ 20.80	5	\$ 19.28	7	\$ 20.25	6	\$ 18.14	5
Lebanon	\$ 24.10	2	\$ 26.05	2	\$ 25.59	2	\$ 26.34	1
Lyme	\$ 18.60	7	\$ 19.95	6	\$ 21.66	5	\$ 18.77	4
Orange	\$ 22.10	3	\$ 24.77	3	\$ 20.08	7	\$ 16.92	7
<b>Year</b>								
<b>Year</b>	<b>1986</b>		<b>1987</b>		<b>1988</b>		<b>1989</b>	
<b>Town</b>	<b>Tax Rate</b>	<b>Rank</b>	<b>Tax Rate</b>	<b>Rank</b>	<b>Tax Rate</b>	<b>Rank</b>	<b>Tax Rate</b>	<b>Rank</b>
Canaan	\$ 26.50	1	\$ 24.00	1	\$ 23.34	1	\$ 19.88	3
Dorchester	\$ 20.06	5	\$ 18.94	6	\$ 21.22	2	\$ 21.12	1
Enfield	\$ 21.63	4	\$ 21.84	3	\$ 19.99	4	\$ 17.97	4
Grafton	\$ 19.54	6	\$ 19.24	5	\$ 19.72	5	\$ 14.78	8
Hanover	\$ 17.36	7	\$ 16.92	7	\$ 14.87	6	\$ 15.60	7
Lebanon	\$ 22.74	2	\$ 22.26	2	\$ 20.30	3	\$ 19.98	2
Lyme	\$ 17.12	8	\$ 16.65	8	\$ 14.22	8	\$ 16.72	5
Orange	\$ 21.74	3	\$ 19.90	4	\$ 14.83	7	\$ 15.94	6

**FULL VALUE TAX RATE PER \$1,000, BY TOWN, PER YEAR CONTINUED;**

<b>Year</b>	<b>1990</b>		<b>1991</b>		<b>1992</b>		<b>1993</b>	
<b>Town</b>	<b>Tax Rate</b>	<b>Rank</b>	<b>Tax Rate</b>	<b>Rank</b>	<b>Tax Rate</b>	<b>Rank</b>	<b>Tax Rate</b>	<b>Rank</b>
Canaan	\$ 24.26	1	\$ 27.83	1	\$ 27.56	1	\$ 32.16	1
Dorchester	\$ 20.48	3	\$ 19.35	6	\$ 20.22	6	\$ 26.63	3
Enfield	\$ 16.23	7	\$ 19.59	5	\$ 22.78	4	\$ 23.80	6
Grafton	\$ 19.01	4	\$ 22.55	3	\$ 23.78	3	\$ 24.97	4
Hanover	\$ 18.18	5	\$ 18.74	7	\$ 19.38	8	\$ 19.97	8
Lebanon	\$ 23.91	2	\$ 25.41	2	\$ 27.32	2	\$ 29.19	2
Lyme	\$ 16.45	6	\$ 20.73	4	\$ 21.72	5	\$ 23.99	5
Orange	\$ 13.43	8	\$ 17.53	8	\$ 19.47	7	\$ 21.37	7
<b>Year</b>								
<b>Year</b>	<b>1994</b>		<b>1995</b>		<b>1996</b>		<b>1997</b>	
<b>Town</b>	<b>Tax Rate</b>	<b>Rank</b>	<b>Tax Rate</b>	<b>Rank</b>	<b>Tax Rate</b>	<b>Rank</b>	<b>Tax Rate</b>	<b>Rank</b>
Canaan	\$ 31.90	1	\$ 33.45	2	\$ 31.97	1	\$ 34.11	1
Dorchester	\$ 30.19	2	\$ 34.65	1	\$ 21.89	6	\$ 21.01	8
Enfield	\$ 26.70	5	\$ 30.89	3	\$ 29.14	3	\$ 27.47	3
Grafton	\$ 26.82	4	\$ 27.96	5	\$ 29.81	2	\$ 27.01	4
Hanover	\$ 20.29	8	\$ 20.74	8	\$ 20.35	8	\$ 20.59	7
Lebanon	\$ 29.20	3	\$ 29.63	4	\$ 27.71	4	\$ 28.66	2
Lyme	\$ 23.14	6	\$ 22.56	7	\$ 20.93	7	\$ 21.86	6
Orange	\$ 22.38	7	\$ 23.49	6	\$ 23.31	5	\$ 23.67	5

**FULL VALUE TAX RATE PER \$1,000, BY TOWN, PER YEAR CONTINUED;**

<b>Year</b>	<b>1998</b>		<b>1999</b>		<b>2000</b>		<b>2001</b>	
<b>Town</b>	<b>Tax Rate</b>	<b>Rank</b>	<b>Tax Rate</b>	<b>Rank</b>	<b>Tax Rate</b>	<b>Rank</b>	<b>Tax Rate</b>	<b>Rank</b>
Canaan	\$ 33.81	1	\$ 21.23	5	\$ 21.28	4	\$ 21.84	5
Dorchester	\$ 20.44	7	\$ 16.54	8	\$ 19.80	7	\$ 22.58	3
Enfield	\$ 26.26	4	\$ 20.47	7	\$ 22.46	2	\$ 21.03	6
Grafton	\$ 28.93	2	\$ 22.48	2	\$ 19.40	8	\$ 26.56	2
Hanover	\$ 19.73	8	\$ 21.26	3	\$ 20.37	6	\$ 18.75	8
Lebanon	\$ 28.20	3	\$ 26.26	1	\$ 27.40	1	\$ 30.02	1
Lyme	\$ 23.40	5	\$ 21.90	4	\$ 22.11	3	\$ 22.50	4
Orange	\$ 22.68	6	\$ 20.72	6	\$ 21.09	5	\$ 20.97	7
<b>Year</b>	<b>2002</b>		<b>2003</b>		<b>2004</b>		<b>2005</b>	
<b>Town</b>	<b>Tax Rate</b>	<b>Rank</b>	<b>Tax Rate</b>	<b>Rank</b>	<b>Tax Rate</b>	<b>Rank</b>	<b>Tax Rate</b>	<b>Rank</b>
Canaan	\$ 21.68	3	\$ 21.29	3	\$ 19.94	2	\$ 17.95	3
Dorchester	\$ 23.13	2	\$ 21.27	4	\$ 24.56	1	\$ 18.46	2
Enfield	\$ 20.14	6	\$ 16.44	8	\$ 16.99	5	\$ 17.11	5
Grafton	\$ 21.54	4	\$ 19.05	5	\$ 14.64	7	\$ 13.28	7
Hanover	\$ 16.36	8	\$ 16.54	7	\$ 13.38	8	\$ 12.65	8
Lebanon	\$ 20.43	5	\$ 21.33	2	\$ 19.64	3	\$ 19.74	1
Lyme	\$ 18.84	7	\$ 17.91	6	\$ 18.32	4	\$ 15.63	6
Orange	\$ 24.34	1	\$ 25.56	1	\$ 16.82	6	\$ 17.33	4

**FULL VALUE TAX RATE PER \$1,000, BY TOWN, PER YEAR CONTINUED;**

<b>Year</b>	<b>2006</b>		<b>2007</b>		<b>2008</b>		<b>2009</b>	
<b>Town</b>	<b>Tax Rate</b>	<b>Rank</b>	<b>Tax Rate</b>	<b>Rank</b>	<b>Tax Rate</b>	<b>Rank</b>	<b>Tax Rate</b>	<b>Rank</b>
Canaan	\$ 17.88	4	\$ 20.25	1	\$ 21.41	2	\$ 20.38	2
Dorchester	\$ 19.55	2	\$ 18.34	5	\$ 17.49	5	\$ 19.64	3
Enfield	\$ 17.54	6	\$ 17.72	7	\$ 17.28	6	\$ 17.52	6
Grafton	\$ 15.36	7	\$ 19.33	3	\$ 16.85	7	\$ 18.59	4
Hanover	\$ 13.51	8	\$ 14.48	8	\$ 14.22	8	\$ 15.31	8
Lebanon	\$ 18.99	3	\$ 18.77	4	\$ 22.13	1	\$ 23.22	1
Lyme	\$ 17.63	5	\$ 17.92	6	\$ 18.25	3	\$ 17.55	5
Orange	\$ 20.75	1	\$ 19.93	2	\$ 17.97	4	\$ 17.46	7
<b>Year</b>	<b>2010</b>							
<b>Town</b>	<b>Tax Rate</b>	<b>Rank</b>						
Canaan	\$ 20.34	3						
Dorchester	\$ 20.71	2						
Enfield	\$ 20.12	4						
Grafton	\$ 19.00	7						
Hanover	\$ 16.35	8						
Lebanon	\$ 22.37	1						
Lyme	\$ 19.06	6						
Orange	\$ 19.74	5						

**NUMBER OF TIMES THE TOWN WAS RANKED ONE THROUGH EIGHT  
THE TOTAL NUMBER OF YEARS IS THIRTY SEVEN**

	<b>Top Half</b>					<b>Bottom Half</b>			
<b>Rank</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>		<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>
Canaan	14	6	8	4		3	2	0	0
Dorchester	3	7	4	2		3	8	3	7
Enfield	1	3	9	9		5	6	3	1
Grafton	0	4	3	9		4	3	10	4
Hanover	3	2	3	1		3	3	7	15
Lebanon	13	14	5	4		1	0	0	0
Lyme	0	0	2	6		12	9	5	3
Orange	3	1	3	3		6	6	9	6

**NUMBER OF YEARS THE TOWN WAS IN THE TOP HALF OF THE RANKING AND  
NUMBER OF YEARS THE TOWN WAS IN THE BOTTOM HALF OF THE RANKING**

<b>Town</b>	<b>Top Half</b>	<b>Bottom Half</b>		<b>Town</b>	<b>Top Half</b>	<b>Bottom Half</b>		
<b>Alphabetical Order</b>				<b>Ranking Order</b>				
Canaan	32	5		Lebanon	36	1		
Dorchester	16	21		Canaan	32	5		
Enfield	22	15		Enfield	22	15		
Grafton	16	21		Dorchester	16	21		
Hanover	9	28		Grafton	16	21		
Lebanon	36	1		Orange	10	27		
Lyme	8	29		Hanover	9	28		
Orange	10	27		Lyme	8	29		