

## Property Taxes — Deep Dive (Election Lens)

Portsmouth Municipal Election — **November 4, 2025**

Updated: **2025-10-03** • Estimated read: **10–12 min**

### Purpose and how to use this document

This Deep Dive expands on the Quick Glance and Backgrounder to give budget-watchers and civic nerds a more complete picture of **how property taxes work in Portsmouth**. It explains the legal framework, lays out the nuts and bolts of revaluations and appeals, places Portsmouth's tax burden in the regional context, and unpacks the interlocking fiscal pressures that shape the city's budget. Use this guide to understand both the mechanics and the policy choices behind your tax bill.

### Legal and governance framework

Property taxes are the **primary revenue source** for New Hampshire municipalities. Unlike many states, New Hampshire has **no broad-based income or general sales tax**, so cities and towns rely heavily on the property tax to fund schools, police, fire, roads, libraries and other local services. State law (RSA 75:8-a) requires a full **revaluation** at least every five years to ensure assessments reflect current market values. Portsmouth's City Council adopts an operating and non-operating budget each spring. After non-tax revenues (fees, charges, state aid) are subtracted, the remaining amount—the **tax levy**—is divided by the total assessed value to set the **tax rate**.

The **New Hampshire Department of Revenue Administration (DRA)** reviews the budget, applies adjustments for county and state education taxes, and certifies the final tax rate each fall. This centralized role ensures fairness and compliance with state law. Portsmouth is a **Dillon-Rule** city: the Council may only exercise powers specifically granted by state law. That means property-tax policy is bounded by state requirements; local officials cannot, for example, impose new types of taxes or skip the five-year revaluation cycle.

### A deeper look at the revaluation process

Revaluations ensure the tax base tracks market conditions. Portsmouth's 2024 full statistical revaluation followed these phases:

- **Data collection and verification.** Contractors from Vision Government Solutions updated the physical data for each parcel (square footage, year built, renovations). Every property is visited at least once during the five-year cycle to check for permits or unreported changes.
- **Market analysis.** Assessors analyse recent **arm's-length sales** to identify pricing trends by neighbourhood and property type. Because Portsmouth's market is dynamic, the analysis includes separate models for single-family homes, condos,

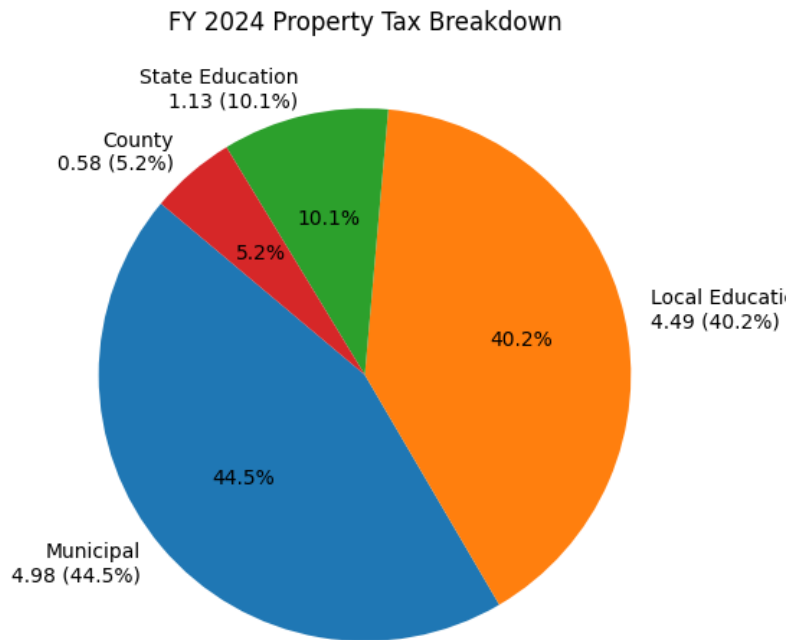
multi-family properties and commercial parcels.

- **Valuation modelling.** Using the sales data and property characteristics, the assessors calibrate statistical models to estimate **April 1 market value** for each parcel. The models adjust for location, size, age and condition to treat similar properties consistently.
- **Field review and quality control.** Assessors review the preliminary values on the ground, checking for obvious outliers and data errors. This stage is crucial to catch anomalies before values are released.
- **Notices, informal hearings and appeals.** Property owners receive notice of their new assessment and may schedule an informal hearing to correct errors. After the tax rate is set, owners who still believe their value is incorrect may file a **formal abatement** request (due March 1) with the Assessing Office. If unsatisfied, they may appeal to the **Board of Tax and Land Appeals** or the **Rockingham County Superior Court** by September 1.

Because the 2024 revaluation followed a pandemic-era property-market boom, many homeowners saw **50–70 % increases** in assessed value. However, as explained in the Backgrounder, the **tax rate fell** (from \$16.13 to \$11.18 per \$1,000 of value) because the levy did not rise in proportion to the new valuations. Revaluation redistributes the tax burden based on current values; it does **not** raise additional revenue for the City.

## Detailed breakdown of where your tax dollars go

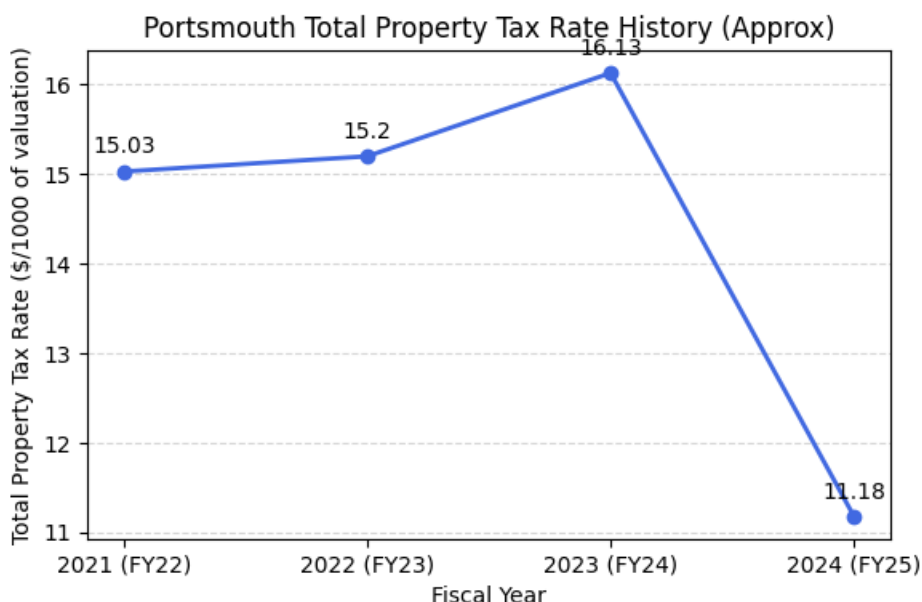
Figure 1 — How a property-tax dollar is allocated (FY 2024)



### *FY 2024 property tax breakdown by category*

*Figure 1.* Each **\$1,000 of assessed value** generates **\$11.18** in tax. **Municipal services** (police, fire, public works, library, social services) account for about **\$4.98** per \$1,000; **local education** (Portsmouth Public Schools) takes **\$4.49**; **state education** (the statewide property tax for education aid) accounts for **\$1.13**; and **Rockingham County** requires **\$0.58**. The municipal and school portions are set by Portsmouth's budget, while the state and county portions are mandated by law.

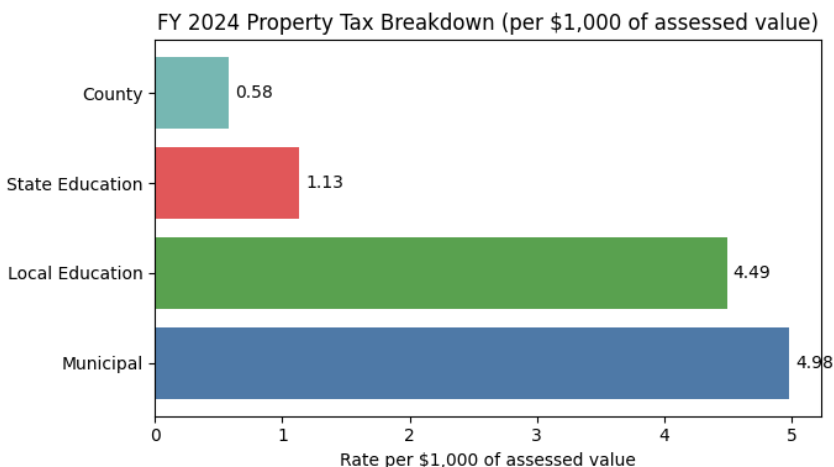
**Figure 2 — Recent tax-rate history**



*Portsmouth total property tax rate history (approximate)*

Figure 2. Portsmouth's tax rate rose gradually from the mid-2000s, reflecting both budget growth and modest property-value increases. In FY 2022, the rate dropped significantly after a partial revaluation reset assessed values upward. The FY 2024 full revaluation lowered the rate further to \$11.18 per \$1,000, while assessments jumped, keeping overall revenues stable. The dashed line (if shown) represents equalized rates used for statewide comparisons.

**Figure 3 — Tax rate components as a bar chart (FY 2025)**



*Tax rate components per \$1,000 of value*

Figure 3. The same information as the pie chart presented in bar form. It highlights that municipal and local education spending together make up roughly 85 % of the property-tax

bill. Small adjustments to county or state education portions have little impact on your final tax bill because they account for about 15 % combined.

## Equalization and statewide context

Because revaluations occur at different times across New Hampshire, the DRA **equalizes** each municipality's assessed values to 100 % of market value. Equalization ensures fair sharing of county and state education taxes and allows apples-to-apples comparisons of tax rates. Portsmouth's **equalized rate** has long been among the lowest for cities of comparable size because the city's high property values spread the tax levy across a large base. In FY 2022 the equalized rate was about **\$11.73 per \$1,000**, lower than Manchester (\$15.86), Nashua (\$14.29) and Concord (\$18.00). Even after the 2024 revaluation, Portsmouth's equalized rate remains relatively modest.

### Equalized rates compared (FY 2022)

To put Portsmouth's rate in context, the table below compares **equalized tax rates** for several New Hampshire cities. Equalized rates are calculated annually by the Department of Revenue Administration and reflect taxes per \$1,000 of true market value. A lower rate indicates that a city's large tax base allows it to raise needed revenue at a lower cost to each taxpayer.

City	Equalized rate (per \$1,000)
<b>Portsmouth</b>	<b>11.73</b>
Nashua	14.29
Manchester	15.86
Concord	18.00

These figures come from the FY 2022 Popular Annual Financial Report and DRA equalization tables. Rates fluctuate slightly year to year, but Portsmouth consistently ranks among the most competitive.

## Deeper dive into costs, obligations and drivers

### Where the money goes

The **municipal** portion (\$4.98) funds core services and programs:

- **Public safety (police & fire).** Contracts, staffing and equipment account for the largest share of municipal spending. Public safety is essential and largely governed by collective-bargaining agreements.
- **Public works and infrastructure.** Road maintenance, snow removal, wastewater operations (some funded by enterprise fees) and solid waste disposal rely on the general fund.

- **General government.** Includes administration, planning, finance, legal, human resources and IT services.
- **Community services.** Library, recreation, welfare assistance and support for arts and cultural venues.
- **Capital outlay and debt service.** The City must pay principal and interest on bonds for capital projects (schools, sewers, buildings) and replace vehicles and equipment. Debt service is capped by Council policy at 10 % of the budget.

The **local education** portion (\$4.49) funds the Portsmouth School Department, which serves about 2,600 students. Costs include teacher salaries, transportation, special education, curriculum, athletics, and facility maintenance. The city receives some state adequacy aid, but local taxes pay the majority of school expenses.

The **state education tax** (\$1.13) is set by the legislature to help fund state adequacy aid. It raises about \$363 million statewide. Each town's share is based on equalized property values; if a town raises more than its obligation, the "excess" remains with the municipality (Portsmouth does not currently raise excess).

The **county tax** (\$0.58) funds Rockingham County's services, including the nursing home, jail, sheriff's department and administrative offices. The county tax rate is set by county commissioners and apportioned by equalized property values.

### Long-term pressures and drivers

**Demographic and market trends.** Portsmouth's desirability has driven home prices upward, increasing assessed values and shifting more tax burden onto residential owners relative to commercial properties. An aging population creates pressure for tax relief programs, while younger households may struggle with high housing and tax costs.

**State education funding debate.** New Hampshire relies heavily on local property taxes to fund schools. Lawsuits (Claremont, ConVal) argue that the state's education funding formula is unconstitutional; if courts or lawmakers force changes, the balance between local and state taxes could shift significantly.

**County obligations.** Rising costs for the county nursing home and jail increase the county tax rate. Municipalities have little control over these expenses.

**Infrastructure and climate resilience.** Sea-level rise and aging infrastructure require capital investments. Bonds for seawalls, drainage and building upgrades add to debt service, which is funded through property taxes.

**Policy changes.** Proposals for a local option sales or hotel tax have surfaced periodically but have not advanced; statewide property-tax caps and school funding reforms are debated in the legislature. Each of these could alter Portsmouth's fiscal landscape.

## Appeals, abatements and relief programs

The abatement process begins after final tax bills are issued. Property owners who believe their assessment is too high must file an **abatement application** with the Assessing Office by **March 1** following the final bill. The assessor has until **July 1** to respond. If the owner is unsatisfied, they may file an appeal with the **Board of Tax and Land Appeals** or the **Rockingham County Superior Court** by **September 1**. Appeals focus on whether the assessment reflects market value; budget questions are separate.

In addition to abatements, Portsmouth offers a range of **exemptions and credits** (veterans, elderly, disabled, blind, low-income deferrals). Applications are usually due by **April 15**. These programs reduce taxable value or provide credits but do not reduce the total levy; the cost is spread among other taxpayers.

### Common relief programs

Portsmouth administers a variety of **statutory credits and exemptions** to ease the burden on specific groups. The table below summarises key programs. Eligibility criteria (age, service record, income and asset limits) are set by state law and local ordinance; contact the Assessing Office for details. Note that credits **reduce the tax owed**, while exemptions **reduce the assessed value** used to calculate the bill.

Program	Who qualifies	What it does	Amount (FY 2024)
<b>Standard &amp; optional veterans credit</b>	Honorably discharged veterans who served at least 90 days, including certain National Guard and Reserve members	Credit against the tax bill	<b>\$750</b>
<b>All veterans credit</b>	Honorably discharged veterans who have not already received another veteran credit	Credit against the tax bill	<b>\$750</b>
<b>Surviving spouse credit</b>	Surviving spouses of veterans who died in service or from service-connected causes	Credit against the tax bill	<b>\$2,000</b>
<b>Service-connected total disability credit</b>	Veterans with a 100 % service-connected disability rating	Credit against the tax bill	<b>\$4,000</b>
<b>Combat service credit</b>	Veterans with documented combat service	Credit against the tax bill	<b>\$500</b>
<b>Elderly exemption</b>	Residents aged 65 or older who meet income and asset limits	Exempts a portion of assessed value; amount varies by age band	Up to <b>\$170,000</b> in value

Program	Who qualifies	What it does	Amount (FY 2024)
<b>Disabled exemption</b>	Residents who are permanently disabled and meet income and asset limits	Exempts a portion of assessed value	Similar to elderly exemption
<b>Blind exemption</b>	Residents certified as legally blind	Exempts a portion of assessed value	<b>\$15,000</b>
<b>Low-income tax deferral</b>	Homeowners aged 65+ with limited income and substantial equity	Allows taxes to be deferred at 5 % interest until sale or death	Up to <b>85 %</b> of equity

All applications for credits and exemptions are due by **April 15** each year. Credits and exemptions apply to the next billing cycle.

### Payment schedule and interest charges

Portsmouth issues property-tax bills **twice per year**. The first bill (based on one-half of the prior year's rate) is due in **early December**, and the second bill (using the new rate) is due in **early June**. Partial payments are accepted. Under state law, interest accrues on late payments: **8 %** annual interest on the first bill until July 1; **14 %** thereafter and on the second bill. Unpaid first-bill balances are secured by a **tax lien** in late August; after two years the City may deed the property, although it generally works with owners to avoid foreclosure.

### Sample tax calculation

To see how the tax formula works in practice, consider a median-valued single-family home assessed at **\$480,000** in FY 2024. With a rate of **\$11.18 per \$1,000**, the tax is calculated as:

$$(\$480,000 \div 1,000) \times \$11.18 = 480 \times \$11.18 = \$5,366.40$$

If the homeowner qualifies for the **standard veterans credit** (\$750), the bill would be reduced to **\$4,616.40**. An elderly exemption would lower the assessed value; for example, a \$100,000 exemption would reduce the taxable value to \$380,000, yielding a bill of **\$4,248.40** before any credits.

### Scenario analysis: what could change

#### Scenario A — Rising values, stable levy

If property values continue to rise but the City holds spending roughly flat, assessments will increase while the tax rate falls. Your bill could still go up if your property appreciates faster than the city average. The municipal share of the budget would likely remain similar



(45 % schools, 35 % municipal, 15 % state/county). Pressure for relief programs may intensify.

### Scenario B — State funding reform shifts school costs

If the legislature adopts a more progressive education funding model (e.g., statewide income or sales tax), local education taxes could decline. Portsmouth could see the **state education** portion rise and **local education** portion fall. The net effect depends on how much aid the city receives versus pays. A large shift would reduce the property-tax burden but could be accompanied by new state taxes.

### Scenario C — Revenue diversification and spending restraint

The City could pursue additional fee-based revenue (e.g., parking, permitting) and modest spending cuts. These measures would slow the growth of the levy. However, because salaries and benefits drive costs, meaningful reductions could affect services. Councilors sometimes explore regionalization or partnerships (e.g., shared dispatch) to lower costs without reducing service quality.

### Key indicators to watch

- **Equalization ratio.** Measures the assessed value relative to market value. A ratio above 100 % indicates assessments exceed market values; below 100 % means assessments lag the market. Staying near 100 % ensures fairness and avoids large jumps at revaluation.
- **Tax levy vs. total assessed value.** Shows how much revenue must be raised relative to the size of the tax base. A stable or declining levy-to-value ratio suggests restraint.
- **Median property tax bill as a share of median household income.** Indicates affordability. Rising values can push this ratio higher even if rates fall.
- **Appeal volume and outcomes.** Tracks how many abatements are filed and granted, providing insight into accuracy of assessments.
- **Share of levy by category.** Watching shifts between municipal, school, state and county shares can indicate emerging cost pressures.

### Key terms

**Assessment.** Value assigned to a property for tax purposes based on market value as of April 1.

**Equalized value/rate.** State-adjusted measure that brings all municipalities to 100 % of market value for comparison.

**Levy.** Total amount of property tax revenue required to fund the budget after subtracting non-tax revenues.

**Rate per \$1,000 of value.** The factor applied to assessed value to determine the tax owed. A rate of \$11.18 means a \$500,000 home pays  $500 \times \$11.18 = \$5,590$ .

**Abatement.** Formal request to reduce a property assessment filed after the final bill; must be filed by March 1.

**Exemption/Credit.** Reductions in taxable value or tax bill for eligible veterans, elderly, disabled, blind, or other qualifying taxpayers.

### Sources

- **City of Portsmouth – FY 2025 property tax rate press release.** Announces the new rate, explains the revaluation impact and appeal deadlines.
- **2024 Full Statistical Revaluation FAQ (Assessing Office).** Explains state mandates, five-year cycles, data collection and appeal process.
- **Popular Annual Financial Report (FY 2022).** Details the tax levy formula, equalisation, property tax timeline, and comparative equalized rates.
- **New Hampshire Department of Revenue Administration.** Provides equalized rate tables, education funding formulas and county tax apportionment.
- **Portsmouth City budget and financial reports.** Show spending by department and capital plan.