

Property Taxes — Backgrounder (Election Lens)

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

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[Important note: All things property tax and tax rate have the potential to get confusing because in each cycle the relevant “tax year” and “fiscal year” differ. For instance, the graphic illustrates the FY 2025 tax rate breakdown but that is the Tax Year 2024. The tax rate that will be set this fall is for Tax Year 2025 but will raise taxes to fund the Fiscal Year 2026 budget.]

What this document does

This Backgrounder builds on the **Quick Glance** by explaining how property taxes are determined, how revaluations work, and what the next Council will face. It shows where every property-tax dollar goes, summarises recent tax-rate history, and clarifies why the 2024 revaluation caused large assessment swings without increasing the City’s tax revenues. Use this guide to understand the basics before diving into the Deep Dive.

How property tax decisions get made

Portsmouth is a **Dillon-Rule** municipality: the City Council can only do what state law allows. Each spring the Council adopts an operating and non-operating budget. Once state and local non-tax revenues (like fees and intergovernmental aid) are subtracted, the remainder is the **tax levy**. The **New Hampshire Department of Revenue Administration (DRA)** sets the tax rate each fall using this levy and the City’s assessed property values. The formula for your bill is simple: **Assessment ÷ 1,000 × Tax Rate = Property Tax**.

State law (RSA 75:8-a) requires a full revaluation at least once every five years. Portsmouth’s last revaluation was in 2019; the 2024 revaluation (required but deferred during COVID) considered recent sales to estimate market values as of April 1, 2024. The revaluation increased the City’s total assessed value from **\$6.15 billion in 2019 to \$10.08 billion**. Because the levy did not rise proportionally, the **tax rate fell from \$16.13 to \$11.18 per \$1,000** of valuation.

Public input and appeals

Residents can weigh in on the budget at public hearings each spring and may file an **abatement** application if they believe their assessment is wrong. The deadline to file an abatement is March 1 following the notice of tax which is the December/first tax bill for Portsmouth. The assessor responds by **July 1**; appeals can be taken to the NH Board of Tax and Land Appeals or Rockingham County Superior Court by **September 1**. (Note: Portsmouth is one of only two municipalities where property taxes are billed “in arrears.” As a result, our December (or first) bill is half of the total bill. The second bill in the spring is simply the second half of the total tax. In other communities with twice per year billing,

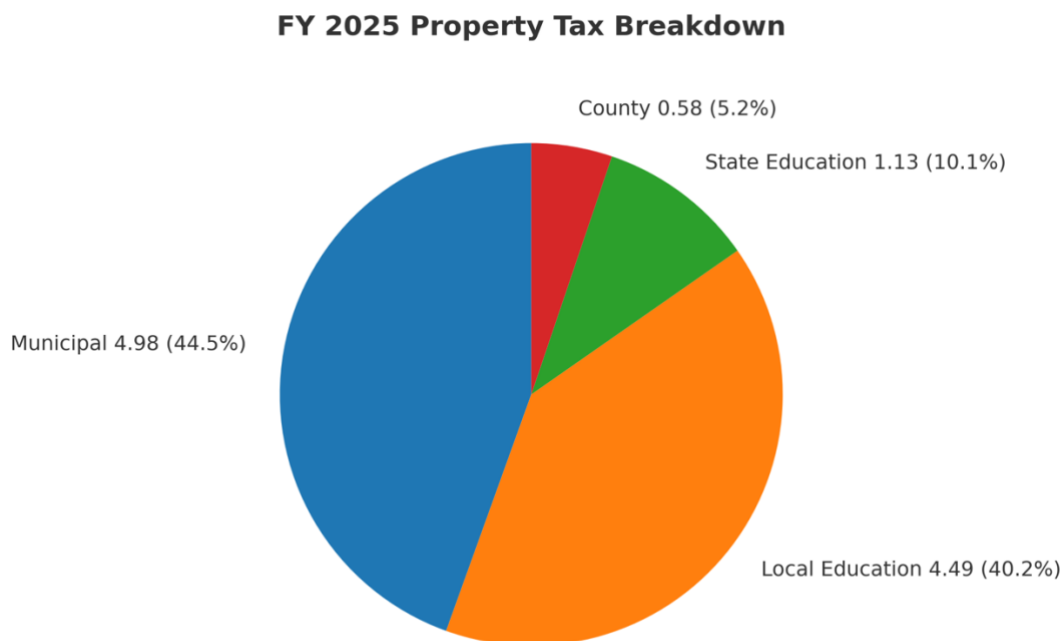
the spring bill is an estimate of half of the future tax bill, and the fall/winter bill is a clean-up of the total, minus the amount billed in spring.

What the next Council will face

- **Implementing the 2024 revaluation.** The City Assessor's Office oversees each revaluation and communicates why assessments changed as they might. Oversight is statutorily vested in the Assessor; the new Council will oversee the final year of the five-year revaluation cycle and must communicate clearly why assessments rose and the tax rate fell.
- **Budget pressure vs. tax relief.** Many residents want spending cuts to offset higher assessments, but about **45 % of the tax bill funds local schools** and another **10 %** goes to the **state education and county** levies, both largely outside Council control. Real savings require long-term adjustments in municipal services or state aid formulas.
- **Monitoring state policy.** Discussions in Concord about education funding and property-tax relief could shift obligations onto municipalities. Councilors should follow proposed changes and advocate for Portsmouth's interests.
- **Transparency and appeals.** Ensuring property owners understand the appeals process and deadlines helps maintain trust in the system.

Current conditions snapshot (FY 2025)

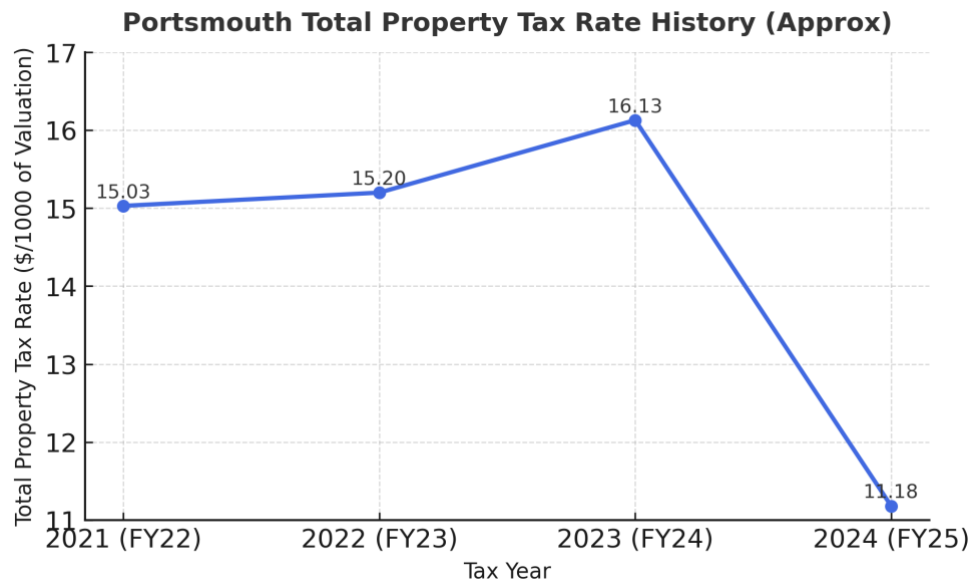
Where your tax dollars go (FY 2025)



FY 2025 property tax rate breakdown by category

Figure 1. The **\$11.18** property tax rate is divided among four purposes: **Municipal services** (~\$4.98), **Local education** (~\$4.49), **State education** (~\$1.13) and **County** (~\$0.58) per \$1,000 of assessed value. These figures sum to the total rate and reflect state-mandated apportionment.

Recent tax-rate history



Portsmouth total property tax rate history (approximate)

Figure 2. The total tax rate fell sharply after the 2024 revaluation. Earlier increases were driven by general budget growth and shifting state aid obligations. The City Council can influence the rate primarily through spending and use of fund balance; assessments reflect market conditions.

Interpretation and key drivers

- **Revaluation fairness.** Mass appraisal ensures all properties are assessed at market value, keeping the tax burden proportional. Large assessment increases do **not** automatically raise your bill; the rate adjusts to collect only what's budgeted.
- **Budget choices.** Property tax is the City's largest revenue source, providing 77% of General Fund revenues. Education accounts for roughly **45 %** of the tax levy; police, fire and general government for another **35 %**. Debt service, county tax, and state education make up the rest. Thus, large changes to the tax rate require changes to school or public-safety budgets or additional non-tax revenues.
- **State funding formulas.** The state funds its education aid formula with a statewide property tax and other general revenue. When state aid to schools falls, local education tax rates rise to compensate.

- **Economic factors.** Rising home prices increase assessed values. Interest rates and construction costs influence capital spending and debt service, affecting non-operating expenses. Inflation affects employee wages and benefits.

Constraints and opportunities

Mandates and fixed costs. The City must fund its share of **County** and **State education** taxes and cannot reduce those obligations. Debt service is also contractually obligated. Many municipal services (police, fire, public works) are essential and tied to collective-bargaining contracts.

Where tightening might occur. Smaller transfers (e.g., indoor pool, Prescott Park), some capital projects, and contingency funds offer limited flexibility. Expanding non-tax revenues (e.g., parking fees, grants) can offset the levy. State reform of education funding could shift more responsibility to the state, reducing local rates.

Understanding the revaluation process

Revaluations do more than adjust numbers on a notice. They follow a structured, state-defined sequence:

- **Data collection.** Verification of property data is not a state requirement and is usually a contractual arrangement that the municipality makes with their contractor.
- **Market analysis.** Recent arms-length sales are analysed to determine market trends by neighbourhood and property type. This step ensures assessments track local real-estate conditions rather than statewide averages.
- **Valuation.** Using the sales analysis and property data, assessors estimate market value as of April 1. Statistical models and mass-appraisal techniques help produce uniform assessments for thousands of parcels.
- **Field review and quality control.** Assessors review the results street by street and adjust obvious outliers. This helps catch data errors and unusual properties before notices go out. Field review is a contractual choice that a municipality makes and is not a state requirement
- **Notices and hearings.** If required by the municipality, property owners receive preliminary value notices and can request informal hearings to correct factual errors and discuss their preliminary value. Formal abatement applications follow if disagreements persist. This appeal process is protected by state law and ensures fairness for individual properties.

Because the 2024 revaluation followed these steps during a period of rapid price growth, many homeowners saw large increases in assessed value. However, as the Quick Glance explains, this did **not** increase the City's revenues; the tax rate fell proportionally. Revaluations keep the tax base fair by updating all properties to market value, so no one group pays more than its share.

Tax relief and exemptions

While the tax rate applies uniformly, state law and local ordinance provide relief for certain taxpayers. Portsmouth offers several **exemptions and credits**, including:

- **Veterans' credit.** Honorably discharged veterans (and certain surviving spouses) can receive a credit on their tax bill.
- **Elderly exemption.** Homeowners aged 65 or older with limited income and assets may qualify for an exemption that reduces the taxable portion of their property.
- **Disabled exemption.** Taxpayers who are totally and permanently disabled may also qualify for an exemption.
- **Blind exemption.** Residents certified as legally blind can receive an exemption.
- **Deferral for low-income elderly taxpayers.** In some cases, eligible seniors can defer a portion of their taxes until the property is sold.

Applications for these programs are typically due by **April 15** for the following tax year. Detailed eligibility rules are available from the City's Assessing Department. For homeowners who believe their property is over-assessed but who do not qualify for these exemptions, the **abatement** process described earlier remains the primary relief mechanism.

Equalised rates and statewide context

Because assessments are updated at different times across New Hampshire, the Department of Revenue Administration "equalises" values to 100 % of market value so that county and state education taxes can be apportioned fairly. The equalised rate allows comparisons across municipalities and is often lower than the local rate when assessments lag the market.

Portsmouth's equalised rate in **FY 2022** was about **\$11.73 per \$1,000** of value, the lowest among cities with populations over 20,000. This reflects the City's high property values relative to its tax levy. Even after the 2024 revaluation, Portsmouth's equalised tax rate remains lower than many neighbouring communities, though direct comparisons vary year to year depending on market trends and municipal budgets. The equalised rate underscores that Portsmouth funds a robust range of municipal services while keeping its tax burden relatively moderate compared to peers.

What to watch after swearing in

- **Budget hearings (spring).** The Council sets the FY 2027 budget; public input shapes spending levels and the resulting tax levy.
- **Tax rate setting (fall).** The DRA establishes the FY 2027 tax rate in November based on the adopted budget and updated assessments.
- **Abatement deadlines.** March 1 (abatement applications) and July 1 (assessor responses) are key dates for property owners disputing assessments.

- **State legislation.** Monitor proposed changes to the education funding formula, property tax caps, and relief programs.

Key terms

- **Revaluation (mass appraisal).** City-wide process of estimating current market value for every property, required at least once every five years.
- **Assessment.** Value assigned to a property for tax purposes, reflecting market conditions as of April 1 each year.
- **Tax rate.** The amount levied per \$1,000 of assessed value; set by the DRA after the budget is adopted.
- **Equalization.** Adjusting municipal values to 100 % of market value for statewide comparisons; used to apportion county and state education taxes.
- **Tax levy.** Total property tax dollars the City must raise to fund the budget after subtracting other revenues.
- **Abatement.** A request to reduce a property's assessed value; must be filed by March 1, following the notice of tax which is typically the December/first tax bill for Portsmouth.

Sources and further reading

- **City property tax rate release.** FY 2025 press release summarising the new \$11.18 rate, revaluation results and appeal deadlines.
- **2024 Full Statistical Revaluation Q&A.** City Assessing Office FAQ explaining the revaluation process, state mandates and fairness goals.
- **Popular Annual Financial Report (FY 2022).** Includes tax levy formula, equalisation explanation and property tax timeline.
- **NH DRA municipal tax rate tables.** Breakdown of municipal, local education, state education and county portions of the tax rate.