

**Town of Candia
Board of Selectmen
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Memo

To: Board of Selectmen
From: Boyd Chivers
Date: October 25, 2021
RE: Tax Rate Discussion

Surplus funds in the amount of \$455,931 are now available to either reduce the tax rate or add to the unreserved fund balance. Our board now has several options; among them:

1. Adding the entire amount of \$455,931 to the fund balance will increase the reserve to 18.6% instead of the target of 11.5%. No decrease in the tax rate will be available.
2. Adding \$249,871 to fund balance will increase the reserve to 17%, the highest range recommended by DRA. This will make \$206,060 available for a reduction of \$.39 in property taxes.

I believe it is prudent to increase the unreserved fund balance amount from 11.5% to 18.6% because of a pending lawsuit wherein the Land Use Change Tax assessed against the purchasers at Candia Crossing has been challenged. One of the possible results of this lawsuit, should the plaintiff prevail on their contention that the statutory period for assessment has expired, would be a refund of the Land Use Change Taxes in excess of \$100,000 already paid and received by the Town. The 2021 tax rate projected by DRA, moreover, has already gone down \$.49 from \$20.04 to \$19.35.

In addition, the 2023 budget will include an ambulance service for which the town will pay the full amount. This will automatically increase the budget by at least the amount allocated for it in 2022: \$223,000. The fund balance policy could then be revisited to release funds from the unreserved fund balance to reduce the property tax impact of the ambulance service.