



How Much Will That Add to the Tax Rate?

NH DRA “*Three Finger Rule*”

- A question often asked is “*How much will a particular item add to the tax rate?*”

- To provide a ballpark estimate of how much a certain item will cost on the tax rate, NH DRA came up with the “three-finger rule.”

- Taking the municipality’s prior year total assessed property value, and covering the right three digits with three fingers, provides an estimate of the amount of money that represents \$1.00 on the tax rate. Covering the next digit would represent ten cents (\$0.10) on the tax rate and covering one more digit would be a penny (\$0.01) on the tax rate. This works for estimating both a change in appropriations as well as a change in revenues.

- For example, in a municipality with \$1,500,000,000 of total assessed property value:
 - \$1,500,000 would be approximately \$1.00 on the tax rate
 - \$150,000 would be approximately \$.10 on the tax rate
 - \$15,000 would be approximately \$.01, on the tax rate



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Tax Rate Impact Worksheet FY2026 Brentwood NH

<input type="checkbox"/> FY2026 total assessed value (including utilities)	\$1,205,954,895
<input type="checkbox"/> \$1 addition to FY2026 tax rate (\$17.13)	\$1,205,954
<input type="checkbox"/> \$0.10 addition to FY2026 tax rate	\$120,595
<input type="checkbox"/> \$0.01 addition to FY2026 tax rate	\$12,059

- A \$50,000 appropriation is added to the operating budget ; the tax rate impact is calculated as follows:

$$\$50,000 \div \$1,205,954 = \$0.04 \quad \text{or new tax rate of } \$17.17$$

- A \$350,000 appropriation is added to the operating budget ; the tax rate impact is calculated as follows:

$$\$350,000 \div \$1,205,954 = \$0.29 \quad \text{or new tax rate of } \$17.42$$



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- A \$150,000 appropriation is reduced from the operating budget ; the tax rate impact is calculated as follows:

$$-\$150,000 \div \$1,205,954 = -\$0.12 \quad \text{or new tax rate of } \$17.01$$

- To convert from tax rate impact to average home (\$650K) tax bill impact, take the tax rate impact multiplied by \$650,000 and divide by \$1000.

$$\$0.04 \times \$650,000 \div \$1000 = \$27 \text{ tax increase on average home}$$

$$\$0.29 \times \$650,000 \div \$1000 = \$189 \text{ tax increase on average home}$$

$$-\$0.12 \times \$650,000 \div \$1000 = -\$81 \text{ tax increase (reduction) on average home}$$