

MINUTES OF THE
ASSESSING STANDARDS BOARD

Approved as Written

DATE: September 12, 2013

TIME: 9:30 a.m.

LOCATION: Department of Revenue, Training Room, 109 Pleasant Street Concord

BOARD MEMBERS:

Senator David Pierce ~ *Absent*
Representative Priscilla Lockwood
Len Gerzon, Public Member, Chairman ~ *Absent*
Robert J. Gagne, NHAAO, City, Vice-Chairman
Joseph Lessard, NHAAO, Towns >3,000
Marti Noel, NHAAO
Betsey Patten, Public Member
Vacant ~ Municipal Official, Towns >3,000

Senator Bette Lasky ~ *Absent*
Representative Peter Schmidt
Stephan Hamilton, NHDRA
Eric Stohl, Municipal Official, Towns <3,000
Todd Haywood, NHAAO, Towns <3,000
Thomas Thomson, Public Member
Vacant, Municipal Official, City ~ *Absent*

MEMBERS of the PUBLIC:

Linda Kennedy, NHDRA

Vice-Chairman Gagne convened the meeting at 9:41 a.m.

Introductions.

Minutes

Mr. Stohl *motioned to accept the minutes of August 15, 2013, as written*. Ms. Noel *seconded the motion*. Vice-Chairman Gagne called the motion to accept the minutes of August 15, 2013, as written. Representative Schmidt abstained. *All Others Approved*.

Manual Subcommittee Update

Ms. Noel stated she had spoken with Mr. Gerzon and he indicated the manual should be available within the next few weeks for the board members to review.

Equalization Subcommittee Update

Mr. Haywood clarified the amended definition being recommended is for the Equalization Manual which is used by the department and assessing professionals when conducting ratio studies and is independent of the language that will be used in the Reference Manual. He presented the full board with the following amended recommendation for the definition of sales chasing:

Sales chasing is the practice of using the sale of a property to trigger a reappraisal of that property at or near the selling price. If sales with such appraisal adjustments are used in a ratio study, the practice causes invalid uniformity results and causes invalid appraisal level results, unless similar unsold parcels are reappraised by a method that produces an appraisal level for unsold properties equal to the appraisal level of sold properties.

~~[(2) By extension,]~~ A [a]ny practice that causes the analyzed sample to misrepresent the assessment performance for the entire population is an example of sales chasing. A subtle, possibly inadvertent, variety of sales chasing may occur when the recorded property characteristics of sold properties are differentially changed relative to unsold properties. This potential is diminished when property characteristics are compared to a written objective standard (data collection manual).

Mr. Lessard *motioned to adopt this definition, as amended, for inclusion in the Equalization Manual*. Mr. Haywood *seconded the motion*. A discussion followed. Mr. Thomson clarified his request which was to review the language that would be inserted into the technical Equalization Manual and the Reference Manual used by municipalities and taxpayers. His concern, not having the suggested language for the Reference Manual available, is to make sure it coincides with this definition in a way that is understood by the lay person. Vice-Chairman Gagne indicated the first step to the process is to adopt the technical definition and then take that definition and explain it in the Reference Manual. It was commonly agreed it is important to have both. Mr. Hamilton restated the amended language for the definition of sales chasing:

Sales chasing is the practice of using the sale of a property to trigger a reappraisal of that property at or near the selling price. If sales with such appraisal adjustments are used in a ratio study, the practice causes invalid uniformity results and causes invalid appraisal level results, unless similar unsold parcels are reappraised by a method that produces an appraisal level for unsold properties equal to the appraisal level of sold properties.

Any practice that causes the analyzed sample to misrepresent the assessment performance for the entire population is an example of sales chasing. A subtle, possibly inadvertent, variety of sales chasing may occur when the recorded property characteristics of sold properties are differentially changed relative to unsold properties. This potential is diminished when property characteristics are compared to a written objective standard (data collection manual).

Vice-Chairman Gagne called the motion. *All Approved*.

Mr. Hamilton *motioned to recommend to the manual subcommittee inclusion of specific language within the Assessing Reference Manual that describes the sales chasing change to the Equalization technical Manual*. Mr. Thomson *seconded the motion*. Vice-Chairman Gagne called the motion. *All Approved*.

Mr. Haywood summarized the other discussion at the subcommittee meeting pertaining to the definitions of “qualified sale,” “arms-length transactions,” and “market sales,” comparing the IAAO definitions with those in the Equalization Manual and updating the manual with changes to the equalization process. The subcommittee has scheduled a work session on Friday, September 27, 2013, at 9:00 a.m. at DRA, to discuss and come up with recommendations to present to the full board at the next ASB meeting in October.

ASB Public Forum - NHMA Annual Conference

The ASB will hold its annual public forum at the NHMA Annual Conference in Manchester on Wednesday, November 6, 2013, beginning at 3:15 p.m. Notice will be sent to municipalities by e-mail, it will be posted on the department’s website and on the House and Senate Calendars.

Other

A brief discussion took place about the results of the current use portion of the 2011 Assessment Review submitted by Jim Michaud and the changes made to the Assessment Review process, effective for 2013. At the last meeting, it was suggested these results be made available to the Current Use Board members for review. Mr. Gerzon was going to submit a formal thank you letter to Mr. Michaud for his effort and request permission for

this information to be shared with the CUB. Mr. Gagne will follow-up with an e-mail request to Mr. Michaud and if permission is granted, the material will be forwarded to the CUB members prior to their next meeting.

Mr. Haywood asked for clarification pertaining to the change to the current use portion of assessment review and whether or not municipalities are required to supply maps of current use properties that the owners do not supply in order to meet the standard for current use. Mr. Hamilton indicated this standard pertains to level of the record-keeping of current use properties. It is ultimately the decision of each individual municipality how accurate they want their current use records to be and whether or not they want to put in the effort necessary, including creating missing maps of current use properties not supplied by landowners, to meet the assessment review standard or not. There is no penalty for owners who refuse to submit a map of their current use property and no penalty to the municipalities who do not meet the standard. However, it is the responsibility of the municipality and its assessing officials to have accurate records for every property, including current use.

Mr. Stohl inquired as to whether it was in fact a legislative charge to come up with penalties for sales chasing as indicated on the handout. Mr. Hamilton stated, pursuant to RSA 21-J:14-b, I, “(d) *The identification of practices which constitute sales-chasing and penalties to be adopted by the legislature regarding such practices.*” After a brief discussion, Representative Lockwood was asked to submit a placeholder LSR relative to the duties of the ASB under RSA 21-J:14-b, and the board will continue to work on the wording for the legislative content.

Task List

Mr. Hamilton stated the department is in the process of working on the Rev 600 rules and will be making a draft of the initial rules available to the board members, assessors and the public very soon and is planning to hold a public forum to hear comments.

Mr. Haywood suggested moving task number three (3.) Data availability down to the bottom of the list. After a brief discussion, Mr. Haywood ***motioned to move task number 3. Data availability, to the bottom of the list and move the remaining tasks up.*** Ms. Patten ***seconded the motion.*** Vice-Chairman Gagne called the motion. ***All Approved.***

Next Meeting

Friday, October 18, 2013, at 9:30 a.m. at DRA

Mr. Lessard ***motioned to adjourn.*** Ms. Noel ***seconded the motion.***

Vice-Chairman Gagne adjourned the meeting at 10:30 a.m.

Respectfully Submitted, Stephanie Derosier
NH Department of Revenue Administration – Municipal and Property Division

Documentation relative to the Assessing Standards Board may be submitted, requested or reviewed by:

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