Assessing Standards Board
Equalization Manual Subcommittee Meeting

Approved as written

DATE: January 12, 2018

LOCATION: NH Department of Revenue Administration – Conference Room 334, 109 Pleasant Street Concord

SUBCOMMITTEE MEMBERS
Robert Gagne, Chair, Steve Hamilton, Paul Brown, David Marazoff, Linda Kennedy, Representative Mark Proulx (Excused)

MEMBERS of the PUBLIC
Jim Michaud, Skip Sansoucy, Loren Martin, Robert Edwards, Charelle Lucas

Chair Gagne opened the meeting at 1:10 p.m.

Discussion ensued pertaining to Asb 303.01 (b)(3), relative to the threshold, which is currently $1,000, for requiring an explanation when value changes from one year to the next. The explanation is used to help determine which year’s assessment most appropriately reflects the sold property, which is important for equalization because the ratio for each sale affects the overall calculated statistics in a community and makes sure the calculated statistics reflect all property, not just the sale properties. The consensus was to see the figure raised from $1,000. The use of a percentage versus a threshold was briefly discussed. A suggestion was made to have a guideline to help limit the number of questions asked by DRA and would be helpful to those doing the work. After additional discussion the committee agreed to recommend the following to the full Board:

Recommendation: Increase the threshold for an explanation for changes from $1,000 to $2,500. (The manual references are below)

- 3.03.01 Reporting Municipal Assessment Information (Page 19)
  (b)(3) Explanation of changes in assessments, greater than [$1,000] $2,500, between the prior year and current year;

- 3.05.04 Determination of assessment to be used (Page 27)
  (c) If the assessment has changed more than [$1,000] $2,500, an explanation for the change is required.

6.05.03 Equalization of Modified Assessed Valuation (Page 48)

Mr. Hamilton briefly summarized the current process for calculating the total market value estimate of communities using the DRA allocated value. Given the way that the municipalities have been assessing property differently than the unit valuation allocated value and the concern that has been expressed in a number of the decisions on the difference between the locally assessed value used for taxation and the value used for the equalization procedure, he believes it is appropriate to change the platform from utilizing DRA’s apportioned value estimate to using what the municipalities estimate of value is. This would be effective for the 2018 equalization process.
Mr. Sansoucy clarified the DRA, at this time, removes the municipality’s value and replaces it with the unit method allocated value for equalization and this method that has been in effect for 40 years give or take will be changed to use the local value reported on the MS-1. Mr. Hamilton replied yes.

Mr. Michaud expressed concern this change would have a significant impact on both the county and cooperative school districts in 2018; budgets have been completed and tax rates estimated or in the process of being estimated, and the communities need to be made aware. Mr. Hamilton replied this has been requested by the municipalities and will reflect the values that are being billed at the local level. There will be some communities whose apportionment will increase and others that will decrease. Mr. Michaud stated the communities will need to be noticed on this and analysis completed. Mr. Hamilton explained there will be plenty of notice. This discussion is the beginning of the road that would be effective to equalize values as of April 1, 2018, a process that does not begin until October of 2018 and apportionments of County allocations will not occur until 2019. This is very prospective. This change in process would need to be recommended by this committee and then approved by the full Board and if that happens, sufficient notice will be given to the communities.

Discussion ensued about the current structure and deficiencies including towns and cities using DRA values or less are being penalized by the cities and towns using the higher values because they are paying higher county taxes than they should be; and tax rate calculations are based on the values the towns reports and are collecting taxes on those values, but the DRA value is being used for equalization creating inequity in the amount to be collected for county taxes. A brief discussion followed about what value will be reported on the 2018 MS-1, how that utility value is equalized and then calculated as part of a town’s total equalized value.

The question was raised how this might affect cooperative school districts. Mr. Hamilton stated they choose how they are going to allocate when they are organized. A brief discussion followed. The timeline was briefly discussed to understand the timing for notice to communities would be October, November and December of 2018 to prepare 2019 budgets. Mr. Hamilton added the communities have an opportunity to appeal their determination of the total equalized value. If they use their own value, however, they would in effect be appealing their own value.

Mr. Gagne asked if there was a way to provide a dollar impact. Mr. Hamilton stated the department has made these impact calculations in the past and will make those data points available. Once the analysis is complete, it can be applied to the county apportionment, the department can calculate the percentage of the value of the county for each community and from there the relative change in the apportionment could be calculated.

Recommendation: Under 6.05.03, remove “or utilities” from (a) and add the word “or” after current use; delete the language in (c) and “Rescinded and a date; and change “three” to “two” components in (d).

- **6.05.03 (a) **The modified assessed value of all land and buildings is equalized by applying the current year’s equalization ratio. The modified assessed value divided by current equalization ratio = equalized assessed value for all land and buildings not including current use[1] or conservation restriction assessment [or utilities].

- **(c) **The modified assessed value of utilities:

  1. The DRA annually appraises electric, gas, oil and pipeline utilities to determine the 100% value of the utility. It is the DRA appraised value that is included in “equalized assessed value” and “total equalized valuation” for municipalities.

  2. The adoption of RSA 83-F on April 29, 1999, included water utilities in the definition of utilities. For those utilities that the DRA does not conduct an appraisal for, the municipality’s modified assessed value of the utility is divided by the current year’s ratio to calculate the equalized value of that utility. Rescinded, date
• (d) The DRA inventory adjustment is the sum of the differences between the assessed values and equalized values of the three two components of modified assessed value described above.

Mr. Edwards, who lives in the ConVal Regional School District which represents nine towns, asked if the schools will be notified if this change happens. Mr. Hamilton stated the school districts can be added to the list of those notified.

Mr. Brown confirmed the debt limits threshold includes utilities so that may change for some communities. Mrs. Kennedy replied that will increase if the total equalized value increases.

**Recommendation:** Under 6.05.08, delete “in accordance with RSA 83-F”.

**6.05.08 Total Equalized Valuations Not Including Utility Value and Equalized Railroad Taxes** (Page 49-50)

The sum of the equalized assessed value, equalized value of payments in lieu of taxes. The 50 equalized value of utilities assessed [in accordance withRSA 83-F] and equalized railroad monies assessed in accordance with RSA 82 is not included in this figure.

A suggestion was made to review all references to Standard 6 and verify if the references are appropriate or should be removed. Mrs. Kennedy also stated the forms and documents will be updated. Mr. Gagne asked if the DRA could put a report together or manual changes for the full Board. Mr. Hamilton stated that would be prepared before the next ASB meeting.

A decision was made to reschedule the meeting scheduled for February 9, 2018, at 1:00 p.m. to 9:00 a.m. so the subcommittee could meet to review the changes and prepare to present to the full Board at 9:30 a.m.

Chair Gagne adjourned the meeting at 2:23 p.m.

Respectfully submitted,
Stephanie Derosier

Municipal and Property Division
NH Department of Revenue Administration

All meetings are recorded and are available upon request.

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

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