

Assessing Standards Board
Public Forum
(Pursuant to RSA 21-J:14-b VI.)

Notes – Accepted as written

DATE: November 17, 2022

TIME: 4:00 p.m.

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

BOARD MEMBERS

Senator James Gray	<i>Municipal Official, Towns >3,000</i>
Senator Kevin Cavanaugh (<i>E</i>)	Robert Edwards, Municipal Official, <3,000
Representative Peter Schmidt (<i>E</i>)	David Marazoff, NHAAO, At-Large Member
Representative Tony Piemonte (<i>E</i>)	Loren Martin, NHAAO, Towns, <3,000
Betsey Patten, Public Member, Chair	Joe Lessard, NHAAO, Towns >3,000
Robert Gagne, NHAAO, City Official	Tom Thomson, Public Member (<i>E</i>)
Sam Greene, NHDRA Commissioner, Designee	<i>Vacant, Public Member</i>
Jim Wheeler, Municipal Official, City, Designee (<i>E</i>)	

Mr. Gagne convened the public forum to receive general comment on ratio study procedures at 4:00 p.m.

Mr. Gagne stated the Equalization subcommittee has met and discussed changing the threshold for reporting value changes from \$3,000 to \$5,000. A suggestion was made to use a percentage difference rather than a value amount. Linda Kennedy, of the DRA, was not in favor of using a percentage because it would create more work for her staff. Mr. Gagne stated that he spoke with Patrick Santoso of Axiomatic, and he suggested it would not be difficult to add into the equalization process if a value changes more than a certain percentage, the record could be flagged for a comment. The committee will move in that direction to determine what that percentage would be and with the current value difference, he believes a percentage change of 1 or 2 percent would be reasonable.

Public Comment

Jim Michaud asked if the Board has discussed incorporating the Equalization Manual into administrative rule. Mr. Gagne replied they had not. There is a proposed LSR (2023-0222) for this purpose and Mr. Michaud was inquiring where it might have come from. Mr. Gagne confirmed it did not come from the ASB. Mr. Michaud suggested that if it is not in rule, how can it be enforced and maybe that was the reason for the LSR, to provide enforcement. There were a few other comments including the process is working well, there have not been any court cases that have called the equalization process out and that this is early in the process and more information is needed to determine whether additional discussion is needed.

Steve Hamilton agreed using a percentage to determine value changes was appropriate due to the range of values. As a starting point, he suggested looking at the current median assessed value in the State and determine what percentage the \$5,000 represents. He added that Linda Kennedy from DRA could provide that information.

Mr. Hamilton stated he would like to see the manual's process of adjusting for personal property revised to provide a more defined way to make an adjustment. He listed several reasons why the PA-34 is not a reliable or consistent source of information: the forms are received for approximately only 1/3 of sales occurring in the State, they are largely filled out by paralegals or legal-aides of closing companies and buyers sign it as one of the many closing documents and the statutory enforcement authority to fine non-filers of the form, to his knowledge, has never been used. For these reasons, he feels the process of making an adjustment to the selling price of a property

because the buyer declares personal property was involved and provides the value of that personal property, that the process should be looked at and more thought given to continue it.

One suggestion he would make is to remove a sale that involves or claims personal property was involved when there is a statistically significant sample of sales available. In this case, removing the sale from the sample is a harmless change.

Mr. Gagne suggested determining significant personal property is difficult. Right now, the equalization process does not allow adjustments for concessions which are frequent and sometimes substantial, which he agrees with. Because information is just as difficult to determine for the value of personal property, he suggested not adjusting for the value of personal property. Mr. Hamilton felt the effect would be same as ignoring concessions and no more detrimental for statistically significant samples. However, it is the smaller samples that provide the challenge because every sale is needed.

Scott Bartlett raised the point that the real estate transfer tax reflects the price that was paid for the real estate and does not include other value such as personal property or business value. It was stated that the CD-57 is a form the DRA receives for sales that does separate out the real estate value from other value however assessors do not have access to this form or information. The lack of quality information on the PA-34 forms received was also mentioned questioning the worth of the document.

Mr. Hamilton stated it is on the smaller samples that it will be impractical to exclude sales with personal property as part of the consideration. What might be more appropriate is to better define the process of how the adjustment is calculated by the Department when simply using the value on the form might not be practical. He suggested creating a process to both define the steps the Department should take to verify the personal property information, such as contacting the buyer or using a verifiable 3rd source, and then providing that information and source for the documentation of the adjustment. This would improve the process by excluding the influence, when practical and when impractical to exclude, having a more defined way to make an adjustment.

Mr. Gagne clarified this would occur when it is a significant contribution, excluding snowblowers or lawnmowers and appliances, or in the case where a condo sells and the seller will leave the furnishing if the buyer wants them, type of situation.

Mr. Hamilton agreed. He added that the influence is not important as long as there are significant samples in the study because the reliance is on the median ratio and not another calculated measure of central tendency like the weighted mean or the average.

No further comment was received. Mr. Gagne closed the public forum at 4:22 p.m.

Respectfully submitted,

Stephanie Martel, ASB Clerk
Municipal and Property Division
NH Department of Revenue Administration

All meetings are recorded and available upon request.

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

Telephone: (603) 230-5096
Facsimile: (603) 230-5947
Web: www.revenue.nh.gov
E-mail: asb@dra.nh.gov

In person at:
109 Pleasant Street, Concord

In writing to:
NH Department of Revenue
Assessing Standards Board
PO Box 487
Concord, NH 03302-0487