

Assessing Standards Board
Subcommittee to Review Assessment Review Standards

Approved as amended

DATE: January 27, 2023

TIME: 11:00 a.m.

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

SUBCOMMITTEE MEMBERS

(E) Excused

Robert Edwards, Chair
Loren Martin
Joe Lessard

Betsey Patten
Sam Greene
Bob Gagne (E)

MEMBERS of the PUBLIC

No public in attendance.

Mr. Edwards convened the meeting at 11:00 a.m.

Minutes

Mr. Lessard *motioned to accept the minutes of the December 9, 2022, meeting*; Ms. Patten *seconded the motion*. No discussion. Mr. Edwards called the motion to approve the minutes of December 9, 2022, as written. *Motion passed unanimously.*

Overview of Subcommittee

The Standards for Monitoring of Local Assessment Practices, adopted by the Assessing Standards Board (ASB) and employed by the Department of Revenue (DRA), are a measure to determine the degree to which assessments of a municipality achieve compliance with applicable statutes and rules. The standards were established to address six assessment areas identified in RSA 21-J:11-a. This review is required of a community at least once within a 5-year period although may be performed more often.

The purpose of this subcommittee is to review the results of the previous 5-year cycle and determine whether or not changes might be needed to assist municipalities in achieving better compliance with the assessing practices and standards. Mr. Greene provided information to the subcommittee for review and discussion that included a list of questions utilized in the review of each assessment area, challenges the DRA faces in their review and suggested recommendations.

Standard III. A. 1. and 2. Level and Uniformity of Assessments

Standards

- III.A.1. Median Ratio – between 0.90 – 1.10, with a 90% confidence interval
- III.A.2. Coefficient of Dispersion (COD) – less than 20.0
- III.E.1.and 2. Price-Related Differential (PRD) – between .98 -1.03

It was noted that the standard for these statistics is almost always met because in most cases, the review is performed in the year of a revaluation. It might be more common for this standard not to be met if the assessment review were performed in a year that a revaluation was not conducted.

The DRA recommends no changes to the measures in this standard.

There was additional discussion about Standard E. relating to number 2. This was not a standard but, rather part of the ratio criteria. It was suggested that E.2. be removed and the language added to the introductory paragraph. **The following change was suggested:**

E. The DRA shall determine that assessments of various types of properties are reasonably proportional to other types of properties within the municipality. ***No ratio shall be calculated by the DRA for a particular stratum unless a minimum of 8 sales are available in that stratum. If no ratio has been calculated, the sales will not be collapsed into another stratum.*** [±]

1. By determining that the municipality's median ratios with a 90% confidence level for the following 3 strata are within 5% of the overall median ratio (point estimate):

- a. Improved residential up to and including 4-family units;
- b. Improved non-residential; and,
- c. Unimproved property.

~~2. No ratio shall be calculated by the DRA for a particular stratum unless a minimum of 8 sales are available in that stratum. If no ratio has been calculated, the sales will not be collapsed into another stratum.~~

~~32. The DRA shall calculate the municipality's price related differential (PRD). The PRD shall be between .98 and 1.03, inclusive, with a 90% confidence level.~~

Also relating to Standard E., was the question why the PRD, a statistic, was separated from Standard III. A. It was suggested that E.1. and 2. be incorporated into Standard III.A.

The following is the suggested change:

A. Level of assessments and uniformity of assessments are within acceptable ranges as established by the ASB by considering, where appropriate, an assessment-to-sales-ratio study conducted by the DRA for the municipality.

1. The DRA shall determine if the median ratio falls between 0.90 and 1.10, inclusive, with a 90% confidence interval in the year of the review.

2. The DRA shall determine if the overall coefficient of dispersion (COD) for the municipality's median ratio is not greater than 20.0 without the use of a confidence interval.

3. The DRA shall determine that assessments of various types of properties are reasonably proportional to other types of properties within the municipality. *No ratio shall be calculated by the DRA for a particular stratum unless a minimum of 8 sales are available in that stratum. If no ratio has been calculated, the sales will not be collapsed into another stratum.*[~~2~~]

[~~4~~]a. By determining that the municipality's median ratios with a 90% confidence level for the following 3 strata are within 5% of the overall median ratio (point estimate):

~~1~~i. a. Improved residential up to and including 4-family units;

~~2~~ii. b. Improved non-residential; and,

~~3~~iii. Unimproved property.

[~~3~~]b. The DRA shall calculate the municipality's price related differential (PRD). The PRD shall be between .98 and 1.03, inclusive, with a 90% confidence level.

Standard III. B. 1.–5. Assessment practices substantially comply with applicable statutes and rules

- **III.B.1. Public Records**

The DRA inquires whether or not specific documents are made available to the public. There was some concern expressed about who the DRA asks the questions to within a municipal office as responsibilities of office positions vary and turnover is common. The DRA recognizes that municipalities have varying procedures for requests for documents and right-to-know requests and the answer may vary depending on the employee asked. While the assessment review is a measure of current practices, it also serves as an important educational tool for the municipalities and their personnel.

Based on the results of this standard, **the DRA is recommending that two sub-categories be added under B.1. to further clarify the standard, as follows:**

- a. Public records, including but not limited to, property record cards, tax maps, data collection manuals, sales analysis pertaining to assessment values, USPAP report, property inventory warrants, and inventory forms, if applicable, are available to the public upon request.
- b. Confidential records, including but not limited to, all original or copies of documents are returned to the applicant, worksheets used to summarize statutory requirements are kept in a non-public file, PA-29, Permanent Application for Property Tax Credit/Exemption (is a public record but identifying and financial information must be redacted), and the retention of original, confidential documents are kept secure until the final disposition of the application.

A lengthy discussion followed about the veterans' tax credit and the required documentation. The standard requires that all credit applications be reviewed at least once every assessment review cycle (or 5-years). To receive this credit, an applicant must supply documentation that he or she meets the various requirement(s) of the credit to which a DD-214, a confidential document, is commonly provided. There

has been inconsistent interpretation of RSA 72:34, which requires all documentation submitted by the applicant be returned to the applicant after a decision is made on an application. There has been some interpretation that this statute was applicable to financial information only and so the DD-214 was commonly kept on file so it did not have to be requested from the applicant every 5-years. Having this document at the town office, even if securely locked up, results in this standard not being met.

Ms. Martin expressed frustration with the requirement of RSA 72:34 II., that documents must be returned to the applicants and concern about reviewing documentation someone else completed. If a veteran was incorrectly qualified years ago, by not having the documentation to review, she cannot verify and correct it. She feels having to request the same document from veterans for each review is inconvenient and frustrating for them. As long as the documents are securely locked up, the intent of the law is being followed. It is the retention period of the documents that is an issue.

It was pointed out that the law is clear, that all documents provided by the applicant must be returned to them and that it is the applicant's responsibility to provide materials, when requested. Mr. Greene noted that the DRA provides a sample worksheet that municipalities may use to document the qualifying information and keep on file so that confidential documents may be returned to the applicant. A sample document is available from the DRA to send to individuals receiving a credit to attest that the requirements are being met for the applicant to continue receiving the credit. For this particular standard, the attestation by the applicant and signed qualification worksheet by a municipal official that the file has been reviewed, results in this standard being met. Ms. Martin agreed the worksheets are helpful but that does not alleviate mistakes that might previously have been made.

After some minor wordsmithing of the DRA's recommendation, the following proposed change to Standard B.1., to add two sub-categories a. and b., is as follows:

- a. Public records, including but not limited to, property record cards, tax maps, data collection manuals, sales analysis pertaining to assessment values, USPAP report, property inventory warrants, and inventory forms, if applicable, are available to the public upon request.
- b. Confidential records, including but not limited to, all original or copies of documents are returned to the applicant, worksheets used to summarize statutory requirements are kept in a non-public file, PA-29, Permanent Application for Property Tax Credit/Exemption (is a public record but identifying and financial information must be redacted), and the retention of original, confidential documents are kept secure until the final disposition of the application.

- **III. B.2. Revised Inventory (Field work)**

The revised inventory is a process to make sure property record cards reflect assessments as of April 1. These properties may be identified by building permits or new construction and are also known as pickups. There was some concern expressed by Ms. Martin that the DRA review, which may take place months after the contractor has completed their work, does not accurately consider the changes as of April 1 but instead the day they visit the property, which results in errors being incorrectly attributed to the contractor. Mr. Greene stated that he understands the issue and that he does continue to remind and educate his staff about this.

There was a brief discussion about the difficulty for the DRA in getting the most relevant information from the towns for this review and how this might be improved. Ms. Martin suggested requesting the listing history which would include all changes to the property including permits and new construction

and can easily be generated from the CAMA system. A list of subdivisions, lot line adjustments and merges would need to come from the municipality as they are not noted in the CAMA system. Building permits may be problematic because they may contain changes that require a note on a property record card but not a visit, such as a new septic system. It was added that this is a review to make sure data changes are reflected on property record cards and does not consider value.

The DRA is not recommending a changes to this Standard.

- **III.B.3. Revised Inventory (Questionnaire)**

The DRA asks questions to ensure the municipality has methods in place to:

1. Reflect values as of April 1
2. Document property changes
3. Make applicable changes to property assessments
4. Comply with RSA 75:8

The DRA also encourages the municipality to communicate information and changes amongst the individual departments and the assessor to ensure the most accurate data is known and available.

The DRA is not recommending a change to this Standard.

Next Meeting

Friday, February 3, 2023, at 11:00 a.m. at the DRA

Mr. Lessard *motioned to adjourn*; Mr. Greene *seconded the motion*.

Mr. Edwards adjourned the meeting at 1:01 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:

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