

Chapter 7

Revaluations

Section 7.1 - Revaluations

The constitution and statutes of the State of New Hampshire require that [property](#) subject to a tax based on value be revalued at least every five years. [Mass appraisals](#) are conducted to complete a revaluation of all taxable property within a municipality in order to meet the legal requirement. A mass appraisal is the process of [valuing](#) all property by using standard methods and conducting various surveys. In this process, the [appraiser](#)(s) collect data characteristics or elements on every individual property; assign values to these elements in the form of value tables, correlate the value of these individual elements into a market value estimate for each property.



A good hockey player plays where the puck is. A great hockey player plays where the puck is going to be.
-Wayne Gretzky

[Market value](#) predictions in a mass appraisal are specific property value estimates. Success is not a specific or exact number for all properties, but rather a range of values around a measure of central tendency. In New Hampshire, acceptable ratios that determine success in a revaluation is a [median](#) assessment/[sale price](#) ratio between .90 and 1.10.

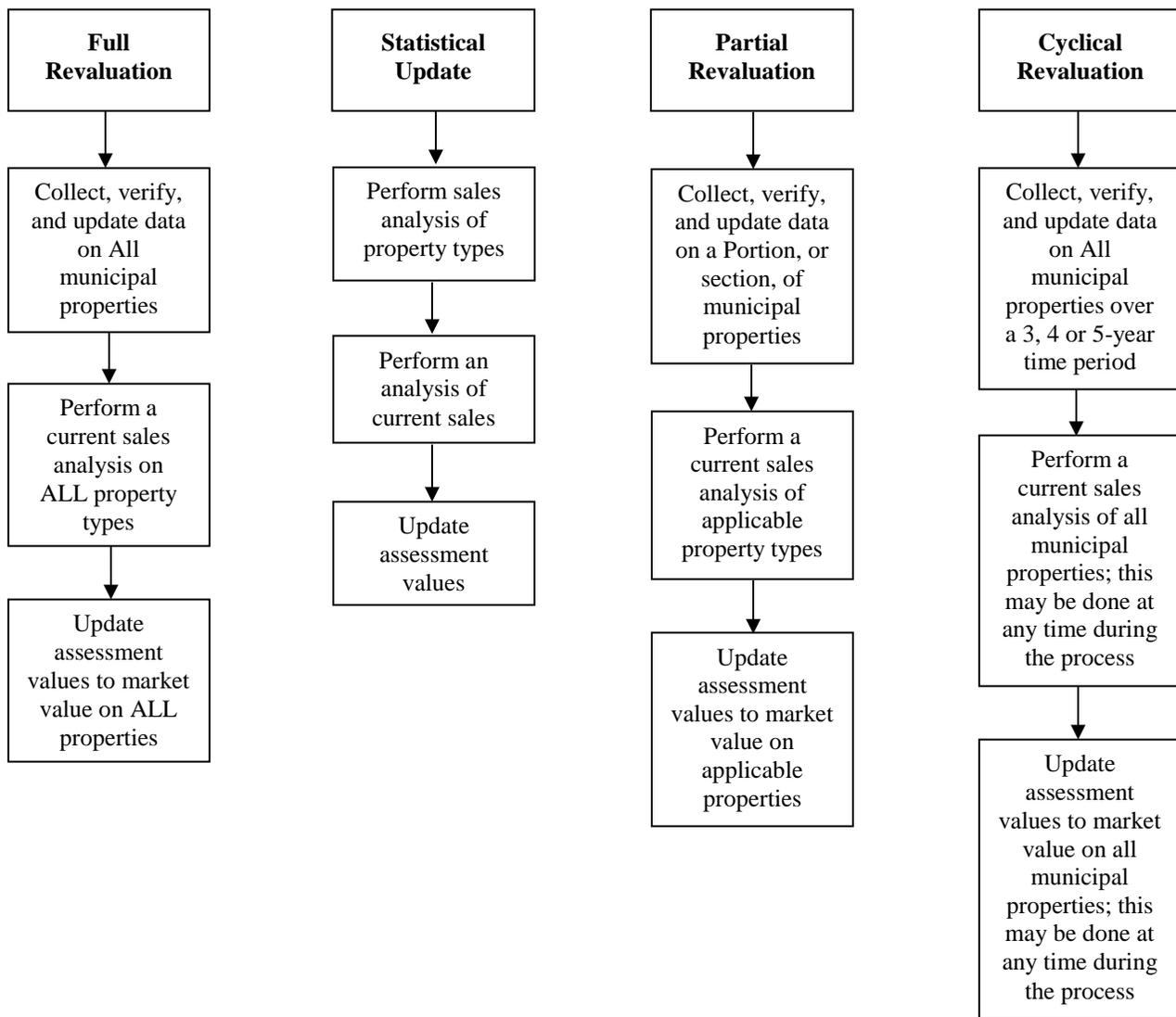
The New Hampshire Department of Revenue Administration (DRA) oversees each and every step of a revaluation. The DRA provides the services of one of its experienced appraisers to ensure that standard practices are employed and that acceptable results are attained. The DRA will issue a report that details the process and procedures that were utilized both in the conduct of the revaluation and their steps taken in monitoring its completion.

Section 7.2 - Types of Revaluation

There are four general types of revaluation activities:

- Full revaluation with a complete measure, listing and valuation of all taxable and nontaxable properties in a municipality with or without use of, or access to, existing or prior appraisal data;
- Partial revaluation with a specified portion of a municipality or any individual properties using either a full data collection effort completed with or without use of, or access to, existing or prior appraisal data or less than a complete data collection effort;
- Cyclical revaluation is a measure and list of all municipal properties within a three to five-year time period. Property [assessments](#) will be updated during the last year of measuring and listing property data, including the verification of all municipal [market](#) sales. This is the fastest growing revaluation work in New Hampshire and IS considered a Full revaluation once the entire process is complete; or
- A statistical update analyzing market sales throughout the entire municipality to identify and implement needed value changes to the affected areas or classes of property.

These can vary widely in cost and time required for completion.



Based on the quality of existing data, the quality of the [assessments](#) and the resources available to the town, the town may use the various methods above to maintain their schedule of values anew at least once every five years.

Section 7.3 - Completion Dates for Revaluations

There is a natural schedule for the completion of revaluations. These are target dates that are carefully defined in the revaluation contract. The most important of these dates are the date of valuation (April 1 of the tax year) and the date that a report of total valuation is due to the DRA. The report of total value is known as the MS-1, Summary Inventory of Valuation, and is due on September 1.

Informal review: A one on one interview between the taxpayer and assessor to review/correct the initially determined assessment information.

Most successful revaluations include significant public relations efforts, advance notice to taxpayers about their new values, and a process known as the *informal review*. The informal review

is a series of hearings with individual taxpayers where details about the valuations of their properties can be discussed with the revaluation company. These should be held in advance of both the filing of the MS-1 report and the final tax billing.

This gives both the [taxpayer](#) and the revaluation company the opportunity to identify and correct errors.

Section 7.4 – Why Revalue?

Besides the constitutional and statutory requirements, there are many beneficial aspects to completing a revaluation. The nature of the value of [real estate](#) is that values change, and the reality is it rarely changes for every property type at the same rate or for the same reasons. Basic fairness in property taxation requires that everyone pays based on the value of their property, and the revaluation resets all [property](#) to [market value](#). Also, this being a human activity, it is prone to errors. A revaluation provides the opportunity to correct these errors. There may also be valuable property that has not been included, either through omission from inventory forms, or the completion of non-permitted work. The collection of these additional features of property increases the accuracy of the total value of a municipality and will reduce the [tax burden](#) on all taxpayers and [abatement](#) requests.

Section 7.5 – Municipal Assessing Contracts

After a municipality has made a decision to proceed with a revaluation and has determined what type of revaluation is needed, the next step is to decide who is going to conduct that revaluation. A few municipalities may have in-house staff that conducts all of the work or the municipality may seek to hire the personnel required for the revaluation. In most cases, however, the municipality will contract with a [reappraisal](#) contractor to conduct their revaluation. If the municipality has an on-going relationship with a contractor they may choose to simply negotiate with that contractor for the revaluation. In many cases, however, the municipality may choose to broaden their search, and seek bids from a number of contractors.

In order to do this, the municipality should send out Requests for Proposals (RFP's) to available reappraisal contractors. The RFP should be in sufficient detail so that potential bidders can clearly understand exactly what services are being requested, and should clearly state when the deadline for bids is to be submitted. To assist with identifying potential bidders, the DRA maintains a list of all reappraisal contractors that are currently conducting business in New Hampshire. In addition, the appraisal personnel with DRA are available to assist municipalities, not only with a list of reappraisal contractors, but also with preparing the RFP and evaluating the bids for any differences in their content.

Information needed for an RFP includes the number and type of [parcels](#), identification of any special or unique properties to be valued, the date of the last revaluation, the date of the last measure and listing of all property characteristics, the current appraisal software system, the current hardware specifications, the type of revaluation, details of both interior and exterior data collection or verification requirements, informal hearing requirements, and completion date for the project.

Revaluation Contract: An agreement to complete a specified set of tasks between municipal officials and the revaluation contractor.

Once the RFPs are submitted, the municipality should carefully review each proposal, paying special attention to any differences in the proposed work to be performed, especially if a bid fails to address items specifically asked for in the RFP. During this evaluation process, DRA appraisal personnel are available to assist the municipality, either in explaining what proposed differences might mean to the quality of the revaluation or to assist with any meetings with bidders.

Following a thorough evaluation of all bids submitted, the municipality is then ready to sign a contract for the revaluation work. The DRA maintains sample contracts for all types of revaluations that cover all of the features of an ideal or preferred revaluation and municipalities are strongly urged to use these sample contracts as guidelines for their own. Contracts must be submitted to the DRA for review prior to signing, providing DRA 10-days to review. In the case of a BTLA or court-ordered revaluation, the contract must be approved by DRA before signing. Before implementation of the contract can begin, RSA 21-J:11 I, requires the municipality to submit a copy of the signed contract to DRA, along with the names and qualifications of all personnel being employed under the contract.

For additional detail concerning appraisal contracts, please see the DRA Rev 600 rules that are available on the DRA website at www.revenue.nh.gov.

Revaluation Specifications and Contract Considerations ⁷

- I. Outline for revaluation specifications
 - A. Instructions to bidders, including forms and format on which bid prices are to be submitted
 1. Receipt and opening of proposals and bids
 2. Submission of bids
 3. Right to reject bids
 4. Performance bond requirement
 5. Examination of facilities; responsibility of vendor to judge the condition of existing records
 6. Proposal outline and format to be followed in submitting proposal
 7. Requirements for identifying exceptions and clarifications
 - B. Schedule of key dates, including
 1. Issue date of request for bid (RFB) or request for proposal (RFP)
 2. Bidders' conference dates, requirements for questions to be submitted in writing, dates by which responses will be issued
 3. Dates during which vendor may schedule a site visit
 4. Proposal and bid due dates
 5. Dates during which the jurisdiction will schedule site visits, demonstrations, or vendor presentations
 6. Vendor selection date and contract award
 7. Statutory dates that must be met by the vendor for completing the revaluation
 - C. Background information for bidders
 1. Jurisdiction's computer configuration and specific needs
 2. Parcel counts
 3. Unique properties
 4. Availability of assessor's records
 5. Statutory requirements
 - D. Contract considerations
 1. Include standard contract terms (many of these are mandated by local ordinance)
 2. Specific contractual requirements, including
 - a) Deliverables
 - b) Acceptance of deliverables by jurisdiction
 - c) Payment terms
 - d) Penalties for late delivery, for example, liquidated damages
 - e) Retainage and provisions for release
 - f) Parcel overages and underages

⁷ International Association of Assessing Officers, Property Appraisal and Assessment Administration, 1990, (Chicago; IAAO), p. 475.

Contract Considerations continued

- II. Contract (work) specifications – summary of work to be done
 - A. Scope
 - B. Public relations
 - C. Personnel, behavior of employees
 - 1. Certification requirements
 - 2. Behavior of employees
 - D. Ownership of records
 - E. Responsibilities of parties (jurisdiction and contractor)
 - F. Cooperation
 - G. Specifics (technical work plan)
 - 1. Property record card (PRC)
 - 2. Unit costs
 - 3. Appraisal manuals to be used
 - 4. Valuation schedules to be developed
 - 5. Inspection requirements
 - a) Time of day
 - b) Number of callbacks (additional visits to property to contact property owner and conduct interior inspection)
 - c) Interior inspection requirements
 - 6. Land values
 - 7. Field review requirements
 - 8. Certification of values
 - 9. Property owner notification
 - 10. Informal reviews
 - 11. Defense of values
 - 12. Training of the assessor's staff
 - 13. Information to be provided by the jurisdiction
 - 14. CAMA considerations

Section 7.6 - DRA Monitoring

RSA 21-J:11, II, provides that the DRA will, at no [expense](#) to the municipality, monitor revaluations of property and supervise [appraisers](#) as follows:

- A. To assure that [appraisals](#) comply with all applicable statutes, rules and USPAP compliance..
- B. To assure compliance with the terms of the appraisal contract or agreement.
- C. To review the accuracy of appraisals by inspection, evaluation, and testing, in whole or in part, of data collected by the appraisers.
- D. To report to the governing body on the progress and quality of the municipality's appraisal process.

A key to the DRA being able to provide competent and complete monitoring assistance starts with participating in a joint pre-review meeting with the municipality and the [reappraisal](#) company to review in detail all of the work outlined in the contract to ensure that all parties have the same understanding of what that work product will be. This meeting should take place before the

reevaluation actually starts, and will help to ensure that the municipality is receiving what they understand they have contracted for, and will enable DRA to have a clear understanding of what they will be monitoring. This meeting will also be helpful in making sure the municipality and the company know what monitoring work will be performed and when, and what records and reports will be needed by the DRA to carry out their statutory responsibilities.

Following this important meeting, the DRA appraiser will begin their review. A sampling of data collection sheets will be made to evaluate the accuracy of the data being collected. As the data review is completed, details of the results will be sent to the appraisal contractor who then has 30 days to review and respond. After 30 days, the results will be reported in writing to the municipality. The DRA appraiser will also review and report on all of the documentation prepared by the appraisal company, and will attend the informal hearings following the reevaluation to observe how they are conducted. Finally, the DRA appraiser will prepare a comprehensive final report for the municipality that covers all stages of the reevaluation.

Monitoring Includes: A DRA review consists of a random sample of a property's physical information, informal hearings, sales data, USPAP report, and any other steps in the contract.

For more information about the monitoring process, please see the DRA Rev 603 rules that are available on the DRA website at www.revenue.nh.gov.

Section 7.7 - DRA Assessment Review Process

The DRA is required under RSA 21-J:3, XXVI, to review and report each municipality's assessments once within every five years. RSA 21-J:11-a,I, mandates that these reports reflect the degree to which assessments of a municipality achieve substantial compliance with applicable statutes and rules when considering the following:

- A. The level of assessments and [uniformity](#) of assessments are within acceptable ranges as recommended by the Assessing Standards Board by considering, where appropriate, an assessment to sales [ratio study](#) conducted by the Department for the municipality.
- B. Assessment practices substantially comply with applicable statutes and rules.
- C. Exemption and tax credit procedures substantially comply with applicable statutes and rules.
- D. Assessments are based on reasonably accurate data.
- E. Assessments of various types of properties are reasonably proportional to other types of properties within the municipality.
- F. For all reevaluations, including full reevaluations, partial reevaluations, cyclical reevaluations and statistical updates conducted on or after the April 1, 2006 [assessment year](#) by either an independent contractor or an in-house [assessor](#), a report based on the most recent edition of the [Uniform Standards of Professional Appraisal Practice](#) (USPAP) shall be produced, which is due on January 1, following the reevaluation year.

In carrying out this responsibility, the DRA relies on the standards established by the Assessing Standards Board in the above six areas. The details of these standards are set forth in Chapter 11 of this manual. Assessment review is completed once every (5) five years in each municipality in New Hampshire.

Early in the year, the DRA appraisal personnel will schedule a Pre-Assessment Review Meeting with each individual municipality. This meeting provides for a one-on-one explanation of the process with the selectmen, assessing personnel, contract [assessors](#), and other municipal officials. The meeting also provides an opportunity for the DRA to become familiar with the assessment records of the municipality, especially the [property record card](#). At that meeting arrangements are made for DRA to receive a copy of the municipality's database from which the DRA can obtain a random selection of properties to review for compliance with the various ASB standards.

As the various elements in the assessment review process become ready for review by DRA personnel, the DRA appraiser will schedule a visit at the municipality's convenience to review that particular element for compliance. This pattern is repeated until all of the elements have been reviewed.

Assessment Review: A review of assessment data to determine if it meets a specific set of ASB determined criteria.

Following completion of the review by the DRA appraiser, and after statistics from the annual [ratio study](#) used in the assessment review process are complete, a draft report itemizing each element of the assessment review process, the results of DRA's review, and DRA's recommendation for corrective action is sent to the municipality. The DRA appraiser will then contact the municipality to schedule a meeting, whereby the municipality and the DRA can review the preliminary results itemized in the draft report. This provides an opportunity for the municipality to review the results of the report and any DRA recommendations for corrective action, or to provide additional information that may alter the conclusions in the report. The municipality is then provided an opportunity to respond in writing to the DRA within 30 days. Those written comments are then incorporated into the final report. The final report is then sent to the municipality. A copy is also provided to the Assessing Standards Board. At that time, the report becomes a public document, available to anyone upon request. The final reports are also available on the DRA website at www.revenue.nh.gov.