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Preface

This publication is a product of an Assessing Standards Board sub-committee, authorized by the Assessing Standards Board (ASB) and its Chair Representative Betsey Patten. Our charge was to create a manual that would be useful to the taxpayers and selectmen of New Hampshire. Each chapter is intended to be somewhat “freestanding” in order to make the manual user friendly. This accounts for a certain amount of repetition of topics and terminology. Additional copies of the manual can be purchased in hardcopy or CD version for a fee by calling the New Hampshire Department of Revenue at (603) 271-2687 or downloading and printing at home the most recent version at the department website: www.revenue.nh.gov/munc_prop/propertyappraisal.htm.

This project was a major undertaking that took over a year to research, write and edit. This manual breaks no new academic ground in property taxation. Rather, it serves as an approachable, reference tool geared to assist with the inherently complex task of property tax assessing. This reference manual will be updated on an annual basis. Along with the text, there is a substantial CD appendix attached for readers wishing to delve more deeply into a topic. Users are certainly encouraged to check out the various web links mentioned in the text, along with the Department of Revenue Administration web site. These links are all made available to enhance your understanding of New Hampshire’s property tax system.

At its core, this project was the result of a collaboration of dedicated professionals who volunteered their time and knowledge in the hope of shedding light on how the property tax works. We genuinely invite commentary from the public. This is your manual. We hope it serves you well. In that spirit, our responses to your input will result in constant improvements to this manual over time.

The ASB wishes to acknowledge and thank the following individuals for their hard work and dedication on this important undertaking. The expanded sub-committee consisted of Robert Boley, Len Gerzon, Sandi Gromoshak, Stephan Hamilton, Jim Michaud, Barbara Reid, and Eric Stohl.

The sub-committee wishes to further acknowledge our many dedicated contributors. In no particular order, they are Dawn Wirkkala, Sheila Burnette, John McSorley, Tom Holmes, Dave Gomez, Scott Bartlett, Cheryl Bolouk, Guy Petell, Angelo Marino, Lauren Elliot, Kathy Temchack, Eugene Reed, Gail Maloney, Scott Dickman, and Chuck Taylor. Many thanks to all.

The ASB must also thank the generous contribution by Gail Maloney, of © Gail Maloney Photography, all rights reserved, for the photography used for our cover art. We’d also like to thank Chuck Taylor of Trademark Graphic Design and Marketing for his generous contribution of graphic design for the cover and helpful layout advice.

Foreword

Here is the essence and challenge of this publication. How do you make a manual on property taxes comprehensible and compelling? How do you entice selectmen and taxpayers to actually

read and use a manual for a topic so painfully dry and deathly boring as property taxes? Okay, maybe “compelling” is a stretch for anything remotely related to property tax administration. We probably should settle for “just plain bearable”. But the sub-committee working on this manual is truly undaunted.

We take our inspiration from New Hampshire assessor Tom Holmes. Years ago he was asked to walk into a fourth grade classroom to talk about his work as a local tax assessor to the kids (and future taxpayers) of his municipality, Conway. Undaunted, this is how he approached it. No doubt he thought, “why not start at the beginning?”

This fable is an original story, spun from Tom’s imagination. It is affectionately known in the New Hampshire assessing community as the tale of Oog the Caveman. We are adopting it for our foreword because it speaks to the values of duty, service, and fairness as a good place for government to start.

All Hail Oog!

By Tom Holmes

Once upon a time, when people were almost brand new on the face of the earth, there was a tribe called “the people”. As far as they knew, they were the only folks around. They relied on each other for companionship and protection in the days when great beasts roamed the land hungry. It was a dangerous world.

For many generations, the people had wandered. They hunted and gathered fruits for food. As a result, their possessions were limited to whatever they could carry.

Eventually, they decided to settle down. They picked a place in a beautiful valley where the water was good and there was lots of fruit they could gather without roaming. In the fullness of time, they figured out how to make the trees and bushes bear more fruit. They learned how to crush seeds into flour and make bread. The people got healthier and happier.

Because they no longer had to carry everything they owned, they were able to make extra things to make their life easier. They made stone axes and wooden bowls and cups, clothes for when it got cold, and spears for hunting and nets to catch fish. Barely noticing, they ended up with lots of stuff, much more than they could ever hope to have carried in their old roaming days. The people were living a lot better.

Eventually they found the longer they lived in that beautiful place, the farther they had to go to hunt because they had caught most of the animals that lived nearby.

Now, in those days, the two most important jobs were to get enough food and make more people! Both jobs were very important but this meant the women stayed close to home to raise children and the men went off to hunt. It’s just the way things were, way back then.

But, one day, while all of the men were away on a long hunting trip, the people were invaded by some wanderers who took all their stuff. The people were very sad.

After some discussion, they decided some of the men, the best hunters, would go out to hunt and the rest would stay behind to keep the wanderers at bay and protect everyone's stuff. They could even train some of the women and older children to help defend the stuff. In turn, the women could teach the men about growing food and stuff-making. They decided those who remained in the village would be called "the protectors" and "the teachers".

But, there was a problem. How would those who stayed behind get meat to feed their families?

Again, after much debate, it was decided they should share in whatever the hunters brought back. At first the hunters rejected this idea saying they were the ones risking their lives in front of mastodons and saber toothed tigers and they should be able to keep what they get. The protectors and teachers argued they were also risking their lives defending the village and they and their families shouldn't have to starve just to protect everyone else's stuff. Then the hunters wanted to give them just some of the parts, hoping that would make them happy. But the protectors and teachers balked at this idea. It seemed no one could agree and the people might have to revert to their old, roaming ways.

Then, as if by magic, everyone turned and stared at this quiet fellow by the name of Oog.

Now Oog wasn't the best hunter. Truth be told, in most village functions, Oog was pretty average. Except for one thing – Oog was the fairest person among the people. Now by fair, I don't mean handsome or beautiful. I mean fair, as in impartial. It had become common knowledge. It seems whenever any of the people found themselves in a disagreement, they could always call on Oog to give his unbiased opinion no matter who was involved. In fact, somebody spoke up and reminded the people about the time Oog rightly sided against his own brother in a dispute involving a cooked lizard. Oog was all about fairness.

Yep, the more people thought about it, the more convinced they became they needed a fellow like Oog to decide who should get what. Even the hunters had to grudgingly admit that Oog would probably be very honest about it. The people voted to allow Oog to decide how much of each hunter's spoils should be given over to the protectors and teachers so that all of the families could eat.

Time did tell. The hunters went out, the hunters came back and Oog went about doing what he always did best. Sometimes there was grumbling, mostly for show, but everyone pretty much agreed that Oog was doing an excellent job. The wanderers could be seen every so often along the ridgelines, but when they saw the village constantly defended, they gave up trying to take stuff that didn't belong to them and went back to hunting. The people prospered.

And Oog it seems, by being fair and honest all of his life, had become ... the very first tax assessor.

The End

Dedication

This manual is dedicated to the memory of our colleague and friend Steve Tellier. Steve served as Chairman of the Board of Assessors for the City of Manchester and as a former member of the ASB. Steve more than likely, would have volunteered to work on this manual had his battle with cancer not gotten in the way.

Steven G. Tellier

February 14, 1958 – November 9, 2005

Afterglow

I'd like the memory of me to be a happy one,
I'd like to leave an afterglow of smiles when day is done.
I'd like to leave an echo whispering softly down the way,
Of happy times and laughing times, and bright and sunny days.
I'd like the tears of those who grieve to dry before the sun,
Of happy memories that I leave when life is done.

Steve would have chosen this verse, for he was someone that enjoyed life and always wanted everyone else to enjoy it with him.

Guy L. Petell, NHDRA

Chapter 1

Property Tax

History

History Preface – Section 1.1

1.1

When folks refer to the New Hampshire advantage, they often think about the fact that, unlike our immediate neighbors (and most other states), New Hampshire manages to pay for its government without a state income or sales tax. By default, that leaves the property tax as the major source of revenue in New Hampshire. **Historically rejecting “broad based” taxes, New Hampshire relies most heavily on the property tax to fund local services and public education.** The role of property taxes in New Hampshire is substantial. Given our state’s reliance on it, it is imperative that we in the tax assessing community get it right. This manual is offered to new Selectmen, Assessors, taxpayers and all those engaging in tax assessing work in our state. We hope you will deem it a useful tool and friendly resource to help you assess property fairly and equitably.

The “Claremont” NH School Funding Case

In most states, the method of funding for education has been a major legal issue. New Hampshire has been no exception. The Claremont Case was brought in the 1980’s when the City of Claremont and several other municipalities banded together to challenge the fairness of the funding of education in the state of New Hampshire. Their basic argument was that property poor municipalities were less able to fund an “adequate education” for their children than municipalities with a greater tax base. (In established state law, our constitution guarantees that the state is responsible for creating equity in the area of education.) The New Hampshire Supreme Court found a lack of equity and New Hampshire’s funding structure for education was ruled unconstitutional. Without going into great detail, several rounds of this legal challenge have ensued. On numerous occasions, the courts have ordered the legislature to change the system. The legislature has responded. However, our legislature’s response has been consistent in their resistance to the passage of any broad based taxes, like sales or income taxes to fund education. In 1999, the legislature passed the state property tax, RSA 76:3, as a response to Claremont II.

As the first ever statewide property tax was implemented, questions as to equity among jurisdictions emerged. The Court challenge, commonly known as the “Sirrell” case (named for the lead plaintiff Mayor Sirrell) was brought. In that case, a coalition of municipalities, including the City of Portsmouth, argued several issues. One of the major points they argued was that the system of taxation in New Hampshire was not equitably administered. In that case, Sirrell portrayed the State of New Hampshire as a place where individual cities and municipalities could tax as they pleased and revalue property when they pleased. The level of State oversight of the locally administered property tax came into question.

Technical measurements of the lack of equity between municipalities were presented for the Court to consider. The Superior Court found that the property tax, as administered at the time, in fact, was inequitable and declared it unconstitutional. On appeal, the state of New Hampshire basically argued that the system was basically sound, perhaps in need of some improvement, but not unconstitutional. In the end, the New Hampshire Supreme Court largely agreed with the State, reversing the lower Court’s decision in the Sirrell Case, while at the same time

acknowledging several of its harsher findings. They ordered the legislature to pass laws that would address specific inadequacies that the lower court had found.

Essentially, the Court's directions were to improve practices and enhance standardization. A re-organization of the New Hampshire Department of Revenue Administration (DRA) was directed. Around the same time, the Assessing Standards Board (ASB) and Equalization Standards Board (ESB) were created in 2001. The new laws revised the DRA's historic role of consultancy (that included providing revaluation services) and clarified the DRA's future role as monitor and administrator of assessing standards and practices. The ASB would be the body from which rules, guidelines and standards would be established. The DRA would now consult, audit and enforce property tax practices.

Positions on the ASB would be appointed by the Governor and approved by the Executive Council, drawing from experienced tax professionals and a knowledgeable cross section of the public (much like other state professional standards boards). Among its directives, the ASB was charged with creating rules, guidelines and standards. Further, the ASB was directed to create and maintain an Assessing Manual for local Selectmen and Assessors to use as a reference.

Section 1.2 – Introduction

1.2

New Hampshire's Constitution is the second oldest in the United States. Adopted June 2, 1784, it gives to the General Court the power to levy taxes. That body, also known as the New Hampshire House of Representatives and Senate, has in turn established laws that assigned property tax duties to local "selectmen", who make up the governing bodies of municipalities.

A public-spirited citizen, who successfully volunteers to run for the local Board of Selectmen, wakes up the day after the election to the fact he/she has shouldered a very great responsibility for the economic well being of his/her neighbors. This citizen is now a local assessor and will be responsible for all the tough decisions that assessing entails.

In many of the larger municipalities, Boards of Selectmen hire professional assessors (either as local officials or as private contractors) to do the work of assessing. City (and some towns) charters have shifted the assignment from the governing body to specific Boards of Assessors, which is permissible under state law. But the ultimate responsibility is where the founding fathers originally placed it; with the elected local official.

The Supreme Court has put a fine point on it. An assessor is a "public officer," who holds an important public trust. An assessor is not simply an agent of a community. The assessor must be established as an arbiter of fairness. Few things are more important to human beings than the respect of their families, their neighbors and their fellow citizens. Generally, respect is subject to the manner in which ones behaves. The property tax process is no different. Respect must be earned.

The public duty of assessors, which is to assign shares of the tax burden, is serious business. Processes must be well documented, transparent, credible, accurate and fair. The process

requires all of these attributes to establish the public's trust. The foundation of any sound property tax system, where opinions of value are cornerstones, are the ethical individuals with personal integrity who lend that integrity to the property tax system. By design, a healthy tax process has checks and balances, audits and accountability, in order to ensure the public that its trust of the property tax is well deserved.

If there is any single theme in this manual it is that the property tax must be fair, equitable and just if it and the people who administer it are to earn the public trust they have been given.

What follows next is, essentially, some background to the origins of the property tax, along with a discussion of methods, practices and resources for maintaining the professional property tax process that New Hampshire deserves.

Section 1.3 – History of Ad Valorem Taxation

1.3

A Long Tradition – Ancient Background

The origins of the property tax go back a long way. In the Old Testament, we read in II Kings, Chapter 23, Verse 35, “And Jehoiakim gave the silver and the gold to Pharaoh: but he taxed the land to give the money according to the commandment of Pharaoh; he exacted the silver and gold of the people of the land, of everyone, according to his taxation, to give it unto Pharaoh-nechok.”

Modern Background

Early agrarian societies required taxes be paid “in kind” as a percentage of the annual crop. Some civilizations even had tax caps limiting the maximum tax to a certain level of the crop. Classification was also an early tool, specifying different tax rates for different crops.

In the 1600's the Spaniards had developed two types of property taxes. The first was a one percent tax on the value of real estate. The second was a five percent tax on the selling price of a real estate transfer. England had a long history of taxing by the number of windows and chimneys in a building. Like the others mentioned, this also was an ad valorem tax of sorts since these attributes added to the value of buildings.

The early philosophers, out of whose ideas capitalism and the free enterprise system grew, were in agreement that the very purpose of government – its essential reason for being – was to protect and preserve life, liberty and property. New Hampshire's Constitution, founded on those early convictions, makes that eminently clear. The only variable in that foundation is property. We all have life, and should have liberty, both to the fullest degree. But we own property in varying amounts.

What, therefore, is more proper and fitting than that the share of money each of us is asked to contribute to government be proportionate to the share of property we expect government to preserve and protect?

In New Hampshire, the tax schedule in 1742 specified the following amounts of tax:

Land (within fence, meadows or marsh, moveable) 10 shillings per acre; oxen four years old and over, 3 pounds; steers, cows and heifers, 30-40 shillings if three years old; 20 shillings if two years old; yearlings, 10 shillings; horses three years and over, 3 pounds; swine one year and over, 10 shillings; sheep one year and over, exempt; double houses (two story), 10 shillings.

For more than 200 years, Adam Smith's four maxims of taxation have endured. He was the author of the landmark book "The Wealth of Nations" and is widely acknowledged as the founder of modern economics. Often referred to as Smith's "canons of taxation" the founding principles of taxation are:

1. Equality
2. Certainty
3. Convenience of payment
4. Economy in collection

According to contemporary tax scholar Arlo Woolery, the guiding principle of taxation is simply:

"For any tax, the cost of avoidance must be greater than the cost of compliance."

Tax policy and its administration, at its core, should reflect this.

Section 1.4 – History of New Hampshire Real Property Taxation **1.4**

Real property, or "estates," was the source of revenue in New Hampshire even in colonial times and was continued after the War for Independence as the new Constitution was adopted in 1784. The first state tax was collected as a levy upon municipalities in proportion to their own local inventories of property.

A constitutional amendment adopted by the people in 1902 allowed for the taxation of inheritances. The General Court's enactment of such a tax three years later marked the beginning of a state tax structure independent of the municipalities.

The State Tax Commission was established in 1911 and was the predominant taxing authority for both state and local taxes for many years.

The trend continued in 1923, as major changes were made in the way money was treated as “property.” It was no longer to be listed on local inventories, partly because citizens were less and less willing to admit their ownership of stocks and bonds. Municipal assessors had no effective way to discover such “property.” The state took over the task and imposed, instead, a state tax on interest and dividends.

The separation continued with the establishment of a meals and rooms tax in 1967. The state’s role was expanded in a special spring session of the General Court in 1970 when most personal property was exempted from the local tax in a far-reaching reform. Classes removed from the local rolls the following year were stock in trade, farm livestock and poultry, fuel pumps, mills and machinery. The state imposed, in place of them, a direct tax on business profits, from which a part of that revenue was promised to towns and cities to make up for the revenue lost from the elimination of the personal property tax.

Assessing Land and Improvements

The State Tax Commission, in the midst of this period of reform, mandated a procedural change that continues to have an effect on local assessors. Beginning in 1968, it required that land assessments be made and listed separately from improvements. It had full power to do so, since the courts ruled some time before that the Commission was “responsible for overseeing all assessing officials in the performance of their duties,” and was the highest “tax assessing authority.”

Taxpayer appeals had long been made only to the court system that, over time, took referring some cases back to the Tax Commission. A new law in 1955 provided for direct appeals by taxpayers to the Commission itself.

Constitutional amendments exempted standing wood and timber from the property tax base (in 1942) and allowed for the assessment of unimproved land at values indicated by its “current use” (in 1968). These amendments have produced further changes, which had to be incorporated into the evolving tax structure.

The Board of Taxation was established in 1973. This was the beginning of a quasi-judicial agency designed to handle taxpayer appeals. The State Tax Commission was abolished in 1978, and the Department of Revenue Administration was created. The appellate function continued to be modified. The Eminent Domain Commission, which had been created in 1971, and the Board of Taxation were merged in 1982 to create the Board of Tax and Land Appeals, as we know it today.

The Department of Revenue Administration was reorganized effective January 1, 1986. At that time, it was established that the Commissioner who heads the agency was ultimately the authority in charge of the property tax process. Assessors as “public officers” are under the

general supervision of the Commissioner. This broad authority was redefined in 1999 when the DRA ceased its role as a potential provider of local re-valuation services. Today the Commissioner is now in charge of the overall administration of the property tax, and for certifying the quality and uniformity of assessments.

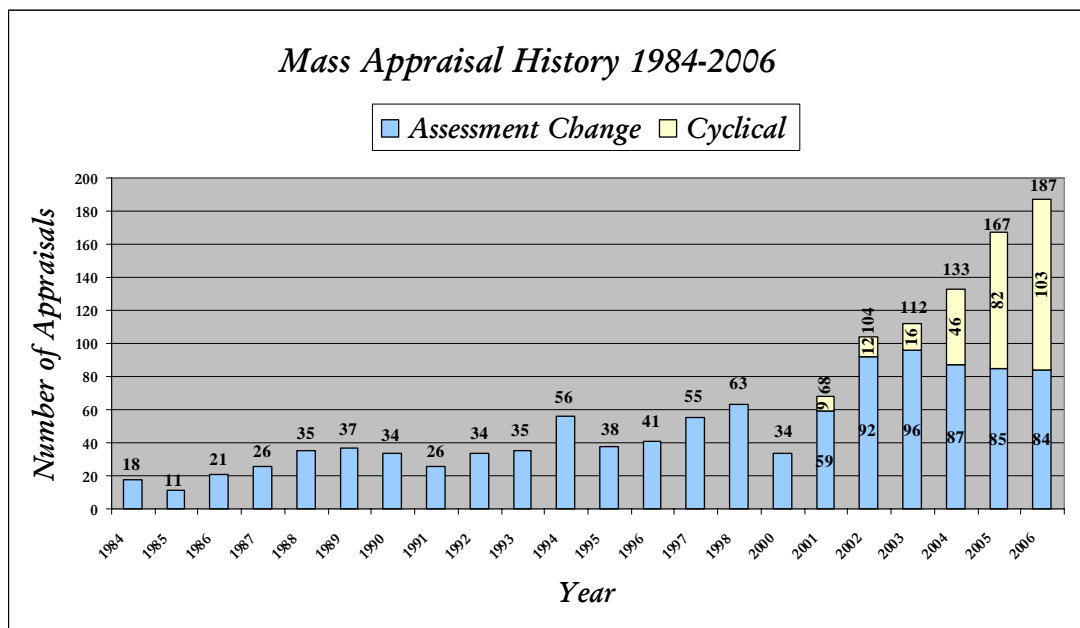
The Division of Property Appraisal within the DRA has broad responsibility for helping municipalities with the job of appraisal and for instructing local assessors. A Bureau within the Division is responsible for the sensitive task of equalization. It is part of the task of maintaining a standard yardstick, statewide, which becomes critical when county tax burdens are calculated and allocated to the municipalities.

Twentieth Century

It was early in this century when American economists and appraisers developed the outlines of appraisal theory, as it is known today. In 1934, the National Association of Assessing Officers was formed. Today it is known as the International Association of Assessing Officers (IAAO) since its members and the professional standards they represent are recognized around the world.

Scholars, in more recent years, have come up with new ideas on where to find and collect state/local revenue. Other states, counties and even municipalities have turned to drafts on the wealth stream and the flow of money – sales and income taxes, etc. – so that the role of the property tax in state/local government has fallen sharply. Nationally, until the early twenties, the property tax was providing 80% of such revenue throughout the United States. By the mid-fifties the tax was providing 45% of revenue and was down to 32% by 1994.

New Hampshire's proportion of property tax, for comparison, was 54% in 2006.



Section 1.5 – Department of Revenue Administration

1.5

The forerunner of the Department of Revenue Administration was the State Tax Commission. Established in 1911, this was, at that time, the predominant taxing authority for both state and local taxes. One important ruling involving the property tax was made in 1969 when the Tax Commission required that land assessments be made and listed separately from those of improvements.

The State Tax Commission was abolished in 1978, and the Department of Revenue Administration was substituted for it. The DRA as we know it today is the result of a further restructuring of the department effective January 1, 1986. An important feature in the new structure was that it clearly established the Commissioner as the individual in charge of the Department. Assessors, serving as “public officers,” are under the general supervision of the Commissioner.

The Division of Property Appraisal, under the leadership of a director, has broad responsibility for helping municipalities with all aspects of the property tax process. These include the “timber tax”, “gravel tax”, utilities, equalization, monitoring of revaluation, along with the review of appraisal practices once every five years. The equalization process analyzes 35,000 to 40,000 sales across the state in conjunction with the local values in order to establish an assessment to sales ratio. These results are used for both equalizing values between municipalities, and evaluating the quality of each municipality’s assessment program.

The Division of Municipal Services’ primary function is to set property tax rates and to provide technical assistance to municipal officials regarding budgeting, finance, and local tax collection.

Chapter 2

Assessor's Yearly

Calendar

Section 2.1 Introduction to Task Calendar & Due Dates

2.1

This calendar list is intended to serve as a guide for both municipalities and taxpayers alike as a reminder of the task and due dates that take place on a monthly basis. It is broken out into three categories; municipality due dates, municipality on-going tasks, and taxpayer due dates.

Municipality due dates are statutory task requirements for duties that need to be performed as of a specific date. This can include items like the last day for assessing officials to give the tax warrant to the tax collector; processing abatements, exemptions and credits; and filing documents with the New Hampshire Department of Revenue.

Municipality on-going tasks are things that occur naturally throughout the month, this can include items like deeds, building permits, applications for abatements, exemptions, credits, etc.

Taxpayer due dates include when items should be filed with their local municipalities, Board of Tax and Land Appeals, the New Hampshire Department of Revenue, etc.

Section 2.2 – Assessor’s and Taxpayer Task Calendar and Due Dates**2.2**

<u>January</u>	
Municipality Due Dates	
Date	Task
	No specific due dates
Municipality On-Going Tasks	
Monthly	Process abatements, exemptions and credits
Monthly	Process deeds and transfers, maintain sales book
Monthly	Process Intents to Cut (PA-7) and Intent to Excavate (PA-38) and Reports of Cut (PA-9) and Report of Excavated Material (PA-39)
Monthly	Organization of approved building permits and flagged properties needing review
Monthly	Organize approved and recorded subdivisions, lot line adjustments and voluntary mergers that occurred since the previous April 1 for tax map updates
Monthly	Issue land use change tax, if applicable
Monthly	Verify and code sales properties for equalization study, if online with Real Data Corporation
Monthly	Begin field inspections of building permits
Monthly	Accept Taxpayer filings for property tax abatements
Taxpayer Due Dates & On-Going Tasks	
Date	Task
	No specific due dates
Monthly	Filing for property tax abatement- for previous December tax bill
Monthly	File for elderly or disabled tax deferral for April 1 assessed value

<u>February</u>	
Municipality Due Dates	
Date	Task
	No specific due dates
Municipality On-Going Tasks	
Monthly	Process abatements, exemptions and credits
Monthly	Process deeds and transfers, maintain sales book
Monthly	Process Intents to Cut (PA-7) and Intent to Excavate (PA-38) and Reports of Cut (PA-9) and Report of Excavated Material (PA-39)
Monthly	Organization of approved building permits and flagged properties needing review
Monthly	Organize approved and recorded subdivisions, lot line adjustments and voluntary mergers that occurred since the previous April 1 for tax map updates
Monthly	Issue land use change tax, if applicable
Monthly	Verify and code sales properties for equalization study, if online with Real Data Corporation
Monthly	Continue field inspections of building permits
Monthly	Accept Taxpayer filings for property tax abatements
Taxpayer Due Dates & On-Going Tasks	
Date	Task
	No specific due dates
Monthly	Filing for property tax abatement- for previous December tax bill
Monthly	File for elderly or disabled tax deferral for April 1 assessed value

March

Municipality Due Dates

Date	Task
1	Last day to accept property tax abatement applications
25	Last day to mail/hand deliver blank inventories (PA-28), postage paid if inventories used by municipality
30	File notice with the registry of deeds of each tax deferral granted within 30 days of approval
31	Last day to apply subdivisions, lot line adjustments and voluntary mergers - any recorded after March 31 will be for the next tax year

Municipality On-Going Tasks

Monthly	Process abatements, exemptions and credits
Monthly	Process deeds and transfers, maintain sales book
Monthly	Process Intents to Cut (PA-7) and Intent to Excavate (PA-38) and Reports of Cut (PA-9) and Report of Excavated Material (PA-39)
Monthly	Organization of approved building permits and flagged properties needing review
Monthly	Organize approved and recorded subdivisions, lot line adjustments and voluntary mergers that occurred since the previous April 1 for tax map updates
Monthly	Issue land use change tax, if applicable
Monthly	Verify and code sales properties for equalization study, if online with Real Data Corporation
Monthly	Continue field inspections of building permits

Taxpayer Due Dates & On-Going Tasks

Date	Task
1	Last day to apply for property tax abatement - for previous December tax bill
1	Last day to file for elderly or disabled tax deferral, for April 1 assessed value
31	Last day to file for Intent to Cut extension (giving you until June 30) to complete cutting operation filed in previous year

April

Municipality Due Dates

Date	Task
1	Assessing Officials shall adjust assessments to reflect changes so all assessments are reasonably proportional within the municipality
1	Assessing Officials shall make a list of all polls and take an inventory of all estates liable to be taxed - as of April 1
1	Last day to give public notice of time/place where inventories will be received and hear parties regarding their liability to be taxed.
1	Before/At time of inventory give written notice to landowner's that they will be taxed for buildings owned by another on his/her land
1	Compile list of persons aged 18 to 65 years liable for residence tax, if used by municipality
30	Assess 10% normal yield tax/stumpage value to Report of Cuts within 30 days of receipt
30	Last day for Selectmen to give written notice to landowners that he will be taxed for personal property or a building or mobile home owned by another on his/her land

Municipality On-Going Tasks

Monthly	Process abatements, exemptions and credits
Monthly	Process deeds and transfers, maintain sales book
Monthly	Process Intents to Cut (PA-7) and Intent to Excavate (PA-38) and Reports of Cut (PA-9) and Report of Excavated Material (PA-39)
Monthly	Organization of approved building permits and flagged properties needing review
Monthly	Organize approved and recorded subdivisions, lot line adjustments and voluntary mergers that occurred since the previous April 1 for tax map updates
Monthly	Issue land use change tax, if applicable
Monthly	Verify and code sales properties for equalization study, if online with Real Data Corporation
Monthly	Continue field inspections of building permits

April

Taxpayer Due Dates & On-Going Tasks	
Date	Task
1	File Notice of Intent to Excavate for on-going excavation for new tax year
15	Last day to file for religious, educational, or charitable exemption
15	Last day to apply for a special appraisal of a residence located in a commercial or industrial zoned area
15	Last day to file for permanent or amended permanent application (PA-29) for property tax exemptions and/or credits
15	Last day to mail or hand deliver completed Inventory (PA-28) forms to assessing officials
15	Last day to file for a Discretionary Preservation Easement or Conservation Easement
15	Last day to apply for current use land assessment (A-10)
15	Last day to file Report of Excavated Material for prior tax year end March 31

May

Municipality Due Dates

Date	Task
15	Last day for Assessing Official to give property tax warrant to Tax Collector for semi-annual tax billing
31	Last day for Assessing Official to give the “resident tax” warrant to be committed to Tax Collector

Municipality On-Going Tasks

Monthly	Process abatements, exemptions and credits
Monthly	Process deeds and transfers, maintain sales book
Monthly	Process Intents to Cut (PA-7) and Intent to Excavate (PA-38) and Reports of Cut (PA-9) and Report of Excavated Material (PA-39)
Monthly	Organization of approved building permits and flagged properties needing review
Monthly	Organize approved and recorded subdivisions, lot line adjustments and voluntary mergers that occurred since the previous April 1 for tax map updates
Monthly	Issue land use change tax, if applicable
Monthly	Verify and code sales properties for equalization study, if online with Real Data Corporation
Monthly	Continue field inspections of building permits from previous tax year

Taxpayer Due Dates & On-Going Tasks

Date	Task
15	Last day for charitable organization or societies to file a statement of financial condition (A-12)
15	Last day to file Report of Cut for tax year end March 31

<u>June</u>	
Municipality Due Dates	
Date	Task
15	Last day to certify the normal yield taxes assessed for preceding tax year end March 31
30	Last day for Assessing Official to determine current use land changes in use
Municipality On-Going Tasks	
Monthly	Process abatements, exemptions and credits
Monthly	Process deeds and transfers, maintain sales book
Monthly	Process Intents to Cut (PA-7) and Intent to Excavate (PA-38) and Reports of Cut (PA-9) and Report of Excavated Material (PA-39)
Monthly	Organization of approved building permits and flagged properties needing review
Monthly	Organize approved and recorded subdivisions, lot line adjustments and voluntary mergers that occurred since the previous April 1 for tax map updates
Monthly	Issue land use change tax, if applicable
Monthly	Verify and code sales properties for equalization study, if online with Real Data Corporation
Monthly	Continue field inspections of building permits from previous tax year
Taxpayer Due Dates & On-Going Tasks	
Date	Task
30	Last day of work for approved extension request on Intent to Cut for tax year end March 31

<u>July</u>	
Municipality Due Dates	
Date	Task
1	Last day to mail notification to applicant of decision to grant or deny applications for property tax abatement Failure to respond constitutes a denial
1	Last day to mail notification to applicant of decision on a request for a special appraisal of a residence located in a commercial or industrial zoned area (or within 15 days if application filed after this date)
1	Last day to mail notification to current use applicant of decision to classify/not classify landowner's parcels with a current use assessment (or within 15 days if application is filed after July 1)
1	Last day to notify applicant of decision to classify/not classify landowner's parcel in conservation restriction assessment
1	Last day to notify applicant of decision on a deferral request for previous tax year (if final tax bill mailed by December 31)
1	Last day to mail notification to applicant of decision to grant or deny requested tax exemption or credit
Municipality On-Going Tasks	
Monthly	Process abatements, exemptions and credits
Monthly	Process deeds and transfers, maintain sales book
Monthly	Process Intents to Cut (PA-7) and Intent to Excavate (PA-38) and Reports of Cut (PA-9) and Report of Excavated Material (PA-39)
Monthly	Organization of approved building permits and flagged properties needing review
Monthly	Organize approved and recorded subdivisions, lot line adjustments and voluntary mergers that occurred since the previous April 1 for tax map updates
Monthly	Issue land use change tax, if applicable
Monthly	Verify and code sales properties for equalization study, if online with Real Data Corporation
Monthly	Continue field inspections of building permits from previous tax year
Taxpayer Due Dates & On-Going Tasks	
Date	Task
	No specific due dates or tasks

August

Municipality Due Dates

Date	Task
1	Last day to file with Registry of Deeds notice of contingent liens describing all parcels of land classified under current use - EXCEPT for previously filed parcels that have not changed (or within 14 days if classified after this date)
1	Last day to file with Registry of Deeds the list of properties classified under current use assessment (or within 14 days if classified after this date)

Municipality On-Going Tasks

Monthly	Process abatements, exemptions and credits
Monthly	Process deeds and transfers, maintain sales book
Monthly	Process Intents to Cut (PA-7) and Intent to Excavate (PA-38) and Reports of Cut (PA-9) and Report of Excavated Material (PA-39)
Monthly	Organization of approved building permits and flagged properties needing review
Monthly	Organize approved and recorded subdivisions, lot line adjustments and voluntary mergers that occurred since the previous April 1 for tax map updates
Monthly	Issue land use change tax, if applicable
Monthly	Verify and code sales properties for equalization study, if online with Real Data Corporation
Monthly	Complete field inspections of building permits from previous tax year

Taxpayer Due Dates & On-Going Tasks

Date	Task
15	Last day to File Report of Cut on approved extension request on Intent to Cut for tax year end March 31

September

Municipality Due Dates

Date	Task
1	Last day to submit inventory valuation (MS-1) to DRA NOTE: Once MS-1 is finalized, DO NOT change property values until final tax bill is issued - UNLESS a revised MS-1 has been submitted to DRA
15	Last day to certify the normal yield taxes assessed for preceding tax year end March 31 for operations extended to June 30

Municipality On-Going Tasks

Monthly	Process abatements, exemptions and credits
Monthly	Process deeds and transfers, maintain sales book
Monthly	Process Intents to Cut (PA-7) and Intent to Excavate (PA-38) and Reports of Cut (PA-9) and Report of Excavated Material (PA-39)
Monthly	Organization of approved building permits and flagged properties needing review
Monthly	Organize approved and recorded subdivisions, lot line adjustments and voluntary mergers that occurred since the previous April 1 for tax map updates
Monthly	Issue land use change tax, if applicable
Monthly	Verify and code sales properties for equalization study, if online with Real Data Corporation

Taxpayer Due Dates & On-Going Tasks

Date	Task
1	Last day to appeal denial of request for tax exemption, credit, or deferral to BTLA or Superior Court
1	Last day to appeal denial or decision of request for property tax abatement to BTLA or Superior Court - for previous December tax bill

October

Municipality Due Dates

Date	Task
1	Last day to notify DRA if Selectmen have voted not to use the inventory (PA-28)
1	Contact DRA to establish tax rate setting date
1	If equalization study is not completed - begin coding property assessment sheets sent by the DRA (or complete on-line)

Municipality On-Going Tasks

Monthly	Process abatements, exemptions and credits
Monthly	Process deeds and transfers, maintain sales book
Monthly	Process Intents to Cut (PA-7) and Intent to Excavate (PA-38) and Reports of Cut (PA-9) and Report of Excavated Material (PA-39)
Monthly	Organization of approved building permits and flagged properties needing review
Monthly	Organize approved and recorded subdivisions, lot line adjustments and voluntary mergers that occurred since the previous April 1 for tax map updates
Monthly	Issue land use change tax, if applicable
Monthly	Verify and code sales properties for equalization study, if online with Real Data Corporation

Taxpayer Due Dates & On-Going Tasks

Date	Task
	No specific due dates or tasks

November

Municipality Due Dates

Date	Task
	No specific due dates

Municipality On-Going Tasks

Monthly	Process abatements, exemptions and credits
Monthly	Process deeds and transfers, maintain sales book
Monthly	Process Intents to Cut (PA-7) and Intent to Excavate (PA-38) and Reports of Cut (PA-9) and Report of Excavated Material (PA-39)
Monthly	Organization of approved building permits and flagged properties needing review
Monthly	Organize approved and recorded subdivisions, lot line adjustments and voluntary mergers that occurred since the previous April 1 for tax map updates
Monthly	Issue land use change tax, if applicable
Monthly	Verify and code sales properties for equalization study, if online with Real Data Corporation

Taxpayer Due Dates & On-Going Tasks

Date	Task
	No specific due dates or tasks

December

Municipality Due Dates

Date	Task
15	Equalization study due to DRA or 45 days from date of notification

Municipality On-Going Tasks

Monthly	Process abatements, exemptions and credits
Monthly	Process deeds and transfers, maintain sales book
Monthly	Process Intents to Cut (PA-7) and Intent to Excavate (PA-38) and Reports of Cut (PA-9) and Report of Excavated Material (PA-39)
Monthly	Organization of approved building permits and flagged properties needing review
Monthly	Organize approved and recorded subdivisions, lot line adjustments and voluntary mergers that occurred since the previous April 1 for tax map updates
Monthly	Issue land use change tax, if applicable
Monthly	Verify and code sales properties for equalization study, if online with Real Data Corporation

Taxpayer Due Dates & On-Going Tasks

Date	Task
1	Last day to file amended permanent application for tax exemption or credit if residence has changed

Chapter 3
New Hampshire
Revised Statutes
Annotated
(RSA's)

Section 3.1 – Introduction

3.1

The New Hampshire Revised Statutes Annotated (RSA) is the published law code, with annotations to case law, of all New Hampshire statutes. The laws have been enacted throughout the state's history. The laws can be changed or amended through the legislative process and can also be reversed by an unconstitutional finding by either the New Hampshire Supreme Court or United States Federal Court. The laws create the legal framework under which assessing administration is accomplished in the state.



Laws are like sausages, it is better not to see them being made.
Otto von Bismarck

The RSA's are available in book format from Lexis-Nexis Publishing Company at: www.lexisnexis.com. They are also available on-line through the New Hampshire website at: www.nh.gov. In addition, the New Hampshire Association of Assessing Officials (NHAAO) (www.nhaao.org) and the Department of Revenue Administration (DRA) co-sponsor an annual two part assessing statutes course entitled: New Hampshire State Statutes Course. Those organizations co-publish lengthy state statutes student reference manuals that may also be of assistance.

Section 3.2 – RSA Taxation References by Topic

3.2

TOPIC & TITLE OF STATUTES	STATUTE NUMBER
Appraisal & Assessment	
Annual List (April 1 st)	RSA 74:1
Annual Appraisal at Market Value-Jurisdictions over 10,000	RSA 75:8-b
Appraisal of Taxable Property	RSA 75:1
Buildings, etc. – Taxable	RSA 72:7
Buildings on Land of Another	RSA 75:3
Community Revitalization Tax Relief Incentive	RSA 79-E
Conservation Restriction Assessment	RSA 79-B
Discretionary Easements	RSA 79-C
Discretionary Preservation Easements	RSA 79-D
Correction of Omissions, or Improper Assessment	RSA 76:14
Distinct Interest Ownership	RSA 75:2
Equality & Proportionality of Taxation	Constitution PT 1; Art 12
Five-Year Valuation at Market Value	RSA 75:8-a
Jeopardy Assessment of Taxes	RSA 76:10-a
Property Tax Year (April 1-March 31)	RSA 76:2

Real Estate – Taxable	RSA 72:6
Residences in a Commercial Zone	RSA 75:10 & 11
Revised Inventory to Adjust Assessments	RSA 75:8
Separate Tracts Assessed	RSA 75:9
Where Taxable Property Crosses Town Lines	RSA 72:9
Revaluations	
Appraisers and Firms; Contracts and Monitoring	RSA 21-J:11
Bonds for Revaluations- Funding	RSA 33:3-b
Criteria for Ordering Reassessment by BTLA	RSA 71-B:16-a
Revaluation Assistance to Municipalities by DRA	RSA 21-J:10
Appeals & Abatements	
Abatement Refund	RSA 76:17-d
Order for Reassessment	RSA 71-B:16
Effect of Abatement Appeal on Subsequent Taxes	RSA 76:17-c
Filing Fee Reimbursed	RSA 76:17-b
Interest on Abatement of Taxes	RSA 76:17-a
Abatement (BTLA)	RSA 76:16-a
BTLA- Authority and Duties	RSA 71-B:5
Current Use Appeal to BTLA	RSA 79-A:9
Residence in Commercial/industrial Zone Appeal to BTLA	RSA 75:14
Town- Abatement- For Good Cause Shown	RSA 76:16
Superior Court – Abatement	RSA 76:17
Appeal for Refusal of Exemption, Deferral, or Tax Credit	RSA 72:34-a
Current Use	
Current Use Taxation	RSA 79-A
Current Use Advisory Board (CUB)	RSA 79-A:4 & A-4
Department of Revenue Administration	
DRA – Establishment of	RSA 21-J:1
DRA – Rulemaking Authority	RSA 21-J:13
Equalization Requirement	RSA 21-J:3 XIII
General Supervision of Assessors	RSA 21-J:3 V

Property Appraisal Division	RSA 21-J:9
Excavation Tax	
Excavation Area, Tax	RSA 72-B
Mines, Sand Gravel, Loam	RSA 72:13
Exemptions	
American Red Cross	RSA 72:23-b
Annual List Required	RSA 72:23-c
Appeal for Refusal of Exemption	RSA 72:34-a
Aviation Facilities	RSA 72:38
Blind Exemption	RSA 72:37
Burial Places	RSA 72:22
Charitable Definition	RSA 72:23-1
Charitable Non-Profit Housing Projects	RSA 72:23-k
Charitable Organization Property Exemption	RSA 72:23 V
Deaf or Severely Hearing Impaired Exemption	RSA 72:38-b
Disabled Exemption	RSA 72:37-b
Disability Improvements Exemption	RSA 72:37-a
Elderly	
Application for Exemption or Tax Credit	RSA 72:33
Conditions for Elderly Exemptions	RSA 72:39-a
Procedure for Adoption and Modification of Elderly Exemption	RSA 72:39-b
Limitation	RSA 72:40-a
Investigation of Application	RSA 72:34
Granges	RSA 72:23-h
Greenhouses	RSA 72:12-d
Insane Persons Deduction	RSA 75:6
Payments in Lieu of Taxes (PILOT's)	
Renewable Generation Facility	RSA 72:74
Voluntary	RSA 72:23N
Proration of Exemptions	RSA 72:41

Publishing Prohibited	RSA 72:40-b
Radio Towers, Antennas, Related Structures	RSA 72:7-c
Religious Organization Property Exemption	RSA 72:23 III
School Property Tax Exemption	RSA 72:23 IV
Ski Area Machinery Exemption	RSA 72:12-c
Solar Energy Systems Exemption	RSA 72:61-64
State, Municipality, etc. Property Exemption	RSA 72:23 I
Tax Deferrals for Elderly and Disabled	RSA 72:38-a
Veteran's Organization Property Exemption	RSA 72:23-a
Water & Air Pollution Control Exemption	RSA 72:12-a
Wind-Powered Exemption	RSA 72:65-68
Wood Heating Energy Systems Exemptions	RSA 72:69-72
Inventories	
Inventory Blanks	RSA 74:4
Choice to Eliminate or Reinstate	RSA 74:4-a
Distribution	RSA 74:5
Doomage	RSA 74:12
Extension of Time for Filing	RSA 74:8
Inspection of Property	RSA 74:17
Penalty for Failure to File	RSA 74:7-a
Return of Inventory	RSA 74:7
Inventory of Property Transfers	RSA 74:18
Manufactured Housing	
Manufactured Housing Lien	RSA 72:7-a II
Manufactured Housing – Defined	RSA 674:31
Manufactured Housing – Taxable After April 1 st	RSA 72:7-a I a
Taxable On April 1 st	RSA 72:7-a I
Manufactured Housing- Notification of Selectmen	RSA 72:7-b
Relocation of Manufactured Housing	RSA 80:2-a
Resident Tax	
Distribution of the Residents Tax	RSA 72:5-a

Liability of Husband for Wife's Resident Tax	RSA 72:5
Members of Armed Forces Exemption from Resident Tax	RSA 72:3-a
Notice of Exemption for Resident Tax	RSA 72:1-b
Optional Collection of Resident Tax	RSA 72:1-c
Persons Liable for Resident Tax	RSA 72:1
When Payable	RSA 80:1
Tax Billing and Collection	
Alternate Tax Lien	RSA 80:20-A
Exempt List	RSA 74:2
Combining Land and Building Values on Bill	RSA 76:2-a
Information on Tax Bills	RSA 76:11-a
Interest on Abatement	RSA 76:17-a
Interest on Tax Bills	RSA 76:13 & 13-b
Mailing of Tax Bills- Notice of Arrearage	RSA 76:11-b
Overlay	RSA 76:6
Property Tax Year	RSA 76:2
Quarterly Billing of Taxes	RSA 76:15-aa
Refunds of Overpayments	RSA 80:57
Semi-Annual Collection of Taxes	RSA 76:15-a
Statewide Enhanced Education Tax	RSA 76:3
Tax Warrant	RSA 76:10
Sale of Taxes	RSA 81:3
Tax Credits	
Veterans	
Appeal from Refusal to Grant Tax Credit	RSA 72:34-a
Application for Tax Credit	RSA 72:33
Certain Disabled Servicemen (V.A. Home)	RSA 72:36-a
Dates of Service	RSA 72:28
Definition of Resident	RSA 72:29
\$50 Tax Credit	RSA 72:28 I
\$51 - \$500 Tax Credit	RSA 72:28 II

Husband and Wife	RSA 72:31
Interpretations; Rules- DRA	RSA 72:36
Investigation of Application	RSA 72:34
Proration of Tax Credit	RSA 72:30
Service Connected Total Disability	RSA 72:35 I
Service Connected Total Disability (\$701 - \$2,000)	RSA 72:35 I-a
Surviving Spouse	RSA 72:29-a
Timber Tax – Forest Conservation & Taxation	
Appeal & Abatement	RSA 79:8
Definitions	RSA 79:1
Doomage	RSA 79:12
Enforcement	RSA 79:28
Notice of Intent to Cut	RSA 79:10
Land Ownership	RSA 79:3-a
Report of Wood Cut	RSA 79:11
Release from Taxes	RSA 79:2
Yield Tax	RSA 79:3
Miscellaneous	
Declaration and Tax Stamp Page	RSA 78-B:10
False Statement	RSA 75:19
Perambulation of Town Lines	RSA 51:2
Tax Maps	RSA 31:95-a
Watering Trough	RSA 76:18
Utilities	
Electric Plants and Pipelines – Taxable	RSA 72:8
Facilities Previously Exempted	RSA 72:12-b
Railroads and Public Utilities	RSA 72:12
Water Works: Flood Control	RSA 72:11-a & 72:11-A

Section 3.3 – Laws, Judicial Decisions and Rules

3.3

The above RSA's are referred to as "statutory law", laws derived from statutes rather than from constitutions or by judicial decisions. Other forms of law also guide assessing administration. Constitutional laws are those laws as set out in the New Hampshire State Constitution. Judicial decisions, also known as case law, arise from judicial decisions that provide interpretation and give context to statutory law. In each county in New Hampshire there is a Superior Court and at the state level there is the Board of Tax and Land Appeals (BTLA). The decisions from those bodies, while of assistance to assessing officials, are not binding decisions for the rest of the state; they are only binding decisions upon the parties in each case decision. On the contrary, NH Supreme Court case law is the "law of the land" and can reverse/overturn lower court decisions arrived at by Superior Courts and the BTLA.

The last form of law in New Hampshire consists of administrative rules, also referred to as administrative law. These are the laws governing the operation and organization of the executive form of government and the relations of the executive branch of government with the legislature, the judiciary, and the citizens of the state. The various functions of state government use administrative rules to help form their decision making process when interpreting and carrying out the practical implementation of laws of the state. The BTLA and the DRA also refer to administrative rules in the conduct of their duties. These rules are available in the appendix of this manual and on-line through the DRA's website.

Chapter 4

Equalization

Section 4.1 – The Equalization Process

4.1

RSA 21-J:3, XIII requires the Department of Revenue Administration (DRA) to equalize annually by May 1 the valuation of all properties within each town, city, or unincorporated place in the State of New Hampshire, in order to bring such valuations to their true market value. To accomplish this requirement, the DRA annually conducts a sales to assessment ratio study for each municipality in the state, the result of which is the establishment of an overall assessment ratio.



A billion here, a billion there,
pretty soon it adds up to real money.
Senator Everett Dirksen

The assessment ratio is a measurement of the assessment level of a municipality. The ratio for an individual property is found by dividing the local assessed value for the property by the sales price paid for the property. The overall ratio for a municipality is then derived from a statistical analysis of the compilation of all of the individual ratios.

Three types of ratios are calculated and utilized by the DRA. The first is the **Median Ratio**. This ratio is the middle ratio when all the individual ratios are arrayed by order of magnitude, either highest to lowest or lowest to highest. The median ratio is the generally preferred measure of assessment equity, and is an indication of the average level of assessment for individual properties.

Median Ratio: The preferred measurement of assessment equity is the middle ratio from all individual ratios.

The second ratio is the **Weighted Mean Ratio**. This ratio is calculated by dividing the total assessed values of all properties included in the ratio study by the total sales prices of all properties included in the ratio study. The weighted mean ratio is the generally preferred measure to use for indirect equalization, and is usually the ratio used to equalize the assessed valuations of each municipality.

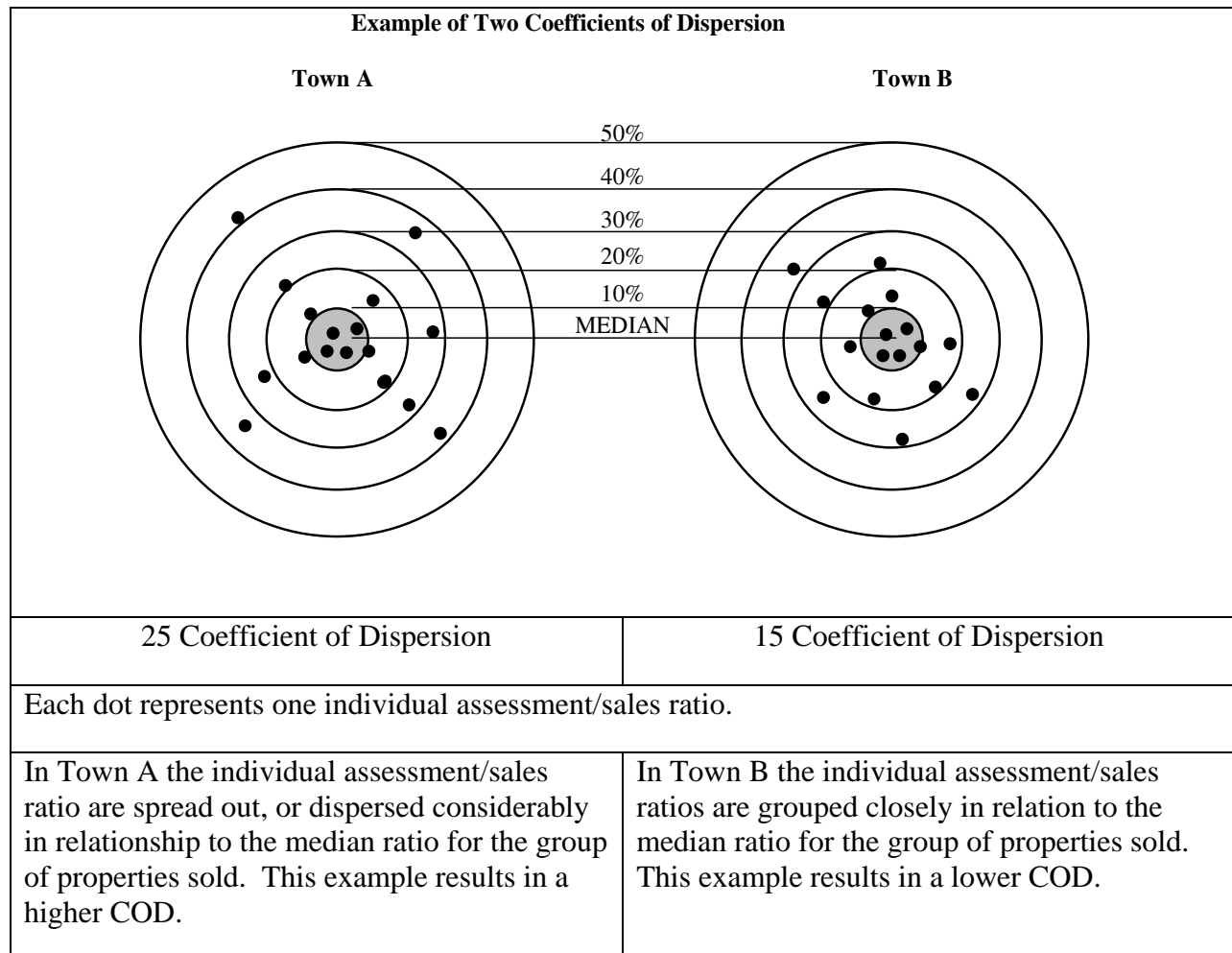
Weighted Mean Ratio: The Equalized Assessed Valuation is the total assessed values divided by the total sales prices from all properties included in the study.

And the third is the **Mean Ratio**. This ratio is calculated by dividing the sum of all the ratios in the overall study by the number of ratios in the sample. This ratio is of limited value, and is used primarily as a component in calculating the price-related differential (PRD), as explained below.

Mean Ratio: PRD component is dividing the overall sum of all ratios by the number of ratios in the study.

Two other statistics generated from an overall ratio study are also of importance. The first is the **Coefficient of Dispersion, or COD**, which measures assessment equity between taxpayers in a municipality. The COD is calculated by dividing the average absolute deviation of each individual ratio from the overall median by the median ratio itself. The smaller this number, the better the equity. The New Hampshire Assessing Standards Board (ASB) has established an acceptable guideline of 20.0 or less for the COD. This guideline is also consistent with that established by the International Association of Assessing Officers (IAAO) in the 1999 edition of their Standard on Ratio Studies.

COD: Showing assessment equity between taxpayers - ≤ 20.0 is an acceptable ASB/IAAO guideline.



The second of these other statistics is the **Price Related Differential, or PRD**. This statistic measures the equity between taxpayers owning high-value properties versus taxpayers owning low-value properties. The PRD is calculated by simply dividing the mean ratio by the weighted mean ratio. If the result is a number greater than 1.0, then the higher value properties are being assessed at lower ratios than lower value properties. If the result is less than 1.0, the opposite is true.

PRD: Equity between high-value properties vs. low-value properties dividing mean ratio by the weighted mean ratio.
 > 1.0 = high-value properties have lower assessment ratios.
 < 1.0 = low-value properties have lower assessment ratios.

Another important element in the equalization process is stratification. Stratification is the process of dividing property for analysis by property type, such as residential homes, vacant residential land, apartments, commercial improved parcels, vacant commercial land, waterfront properties, etc. This allows separate ratio statistics to be calculated and generated for each of these property types or strata. They can then be compared to each other and to the overall ratio statistics to determine whether different types of properties are being assessed consistently or disproportionately.

After the annual ratio studies are completed, and equalization ratios have been calculated and certified to each municipality, the DRA utilizes those ratios to compute the total equalized valuation for each municipality. This figure is of great importance, as it is used in calculating the apportionment of county taxes, the statewide enhanced education tax, and, to varying degrees, cooperative school district taxes.

The total equalized valuation takes into account adjustments for the equalization ratio, shared revenues, payments in lieu of taxes and monies received from the railroad tax.

The DRA publishes the Equalization Ratio Report With and Without Utilities

Below is an example of the report including Utilities. Reports can be found on the DRA website at www.revenue.nh.gov.

2006 EQUALIZATION SURVEY INCLUDING UTILITIES & RAILROAD											
ALPHA ORDER by MUNICIPALITY	MODIFIED LOCAL ASSESSED VALUATION	D.R.A. INVENTORY ADJUSTMENT	EQUALIZED ASSESSED VALUATION	EQUALIZED PAYMENT IN LIEU OF TAXES	EQUALIZED RAILROAD TAX	TOTAL EQUALIZED VALUATION INCL UTILITIES & RAILROAD	2006 LOCAL TAX RATE	2006 EQUALIZATION RATIO	FULL VALUE TAX RATE	% PROPORTION TO COUNTY TAX	% PROPORTION TO STATE TAX
ACWORTH	102,056,854	0	102,056,854	14,779	0	102,071,633	\$15.08	100.0	\$15.02	2.0580%	0.0589%
ALBANY	103,362,706	-258,413	103,104,293	3,017,100	0	106,121,393	\$10.32	100.0	\$10.02	0.7633%	0.0613%
ALEXANDRIA	188,940,460	42,484,376	231,424,836	291,408	0	231,716,243	\$18.98	77.6	\$15.32	1.7387%	0.1338%
ALLENSTOWN	296,110,899	15,960,364	312,077,263	468,457	0	312,545,720	\$22.15	93.5	\$20.87	1.8775%	0.1805%
ALSTEAD	165,171,510	30,474,474	195,645,984	186	0	195,646,170	\$20.68	84.2	\$17.41	2.5623%	0.1130%
ALTON	1,593,749,588	22,610,571	1,616,360,159	396,544	0	1,616,756,703	\$9.70	98.6	\$9.54	14.4125%	0.9336%
AMHERST	1,809,953,700	52,146,850	1,862,100,550	1,066,563	46,115	1,863,213,227	\$18.83	96.9	\$18.14	4.0992%	1.0759%
ANDOVER	289,873,264	11,743,460	301,616,724	20,174	0	301,636,898	\$13.32	93.7	\$11.55	1.8119%	0.1742%
ANTRIM	239,683,982	43,506,509	283,190,491	226,867	0	283,417,358	\$20.94	84.2	\$17.14	0.6235%	0.1637%
ASHLAND	183,425,362	61,838,511	245,263,873	2,154,163	0	247,418,036	\$26.91	74.3	\$19.80	1.8565%	0.1429%
ATKINSON	1,023,387,594	-15,854	1,023,371,740	0	3,811	1,023,375,551	\$13.80	100.0	\$13.68	2.2587%	0.5909%

Chapter 5

Property

Valuation

Section 5.1 – Highest and Best Use Analysis

5.1

Highest and Best Use: Highest and best use is defined as “...the reasonable and probable use that supports the highest present value as of the date of the appraisal. ...must be physically possible, legal, financially feasible, and productive to the maximum, that is, highest and best, use.”¹

Highest and Best Use of a site is determined based on the following:

Legally Permitted Uses: It must be determined which uses are legally permissible. Private restrictions, zoning, building codes, historic district controls, and environmental regulations must be investigated because they may preclude many potential uses.

Physically Possible Uses: All physical attributes must be considered and analyzed. The size, shape, area, terrain, and accessibility of a parcel of land and the risk of natural disasters such as floods or earthquakes affect the uses under which a parcel can be developed.


Economically Feasible Uses: After eliminating the uses that are not legally or physically feasible, the remaining uses are analyzed to determine which uses are economically feasible. This process determines which uses are likely to produce an income, or return, equal to or greater than the amount needed to satisfy operating expenses, financial obligations, and capital amortization. All uses that are expected to produce a positive return are considered economically feasible.

Maximum Productivity: Of the economically feasible uses, the use that produces the highest residual land value consistent with the rate of return warranted by the market for that use is considered the maximum productive use and also the highest and best use of the property.

For the purposes of a mass appraisal, unless specifically noted, the present use is typically assumed to be the highest and best use.

The Appraisal Process

The appraisal process is an orderly process which involves defining a problem; planning the work necessary to solve the problem; acquiring, classifying, and analyzing the necessary data involved; and interpreting the analysis into an estimate of value.

 Price is what you pay.
Value is what you get.
Warren Buffett

¹ International Association of Assessing Officers, Property Appraisal and Assessment Administration, 1990, (Chicago; IAAO), p. 102.

Section 5.2 – Cost Approach

5.2

“The cost approach is based on the principle of substitution, that a rational, informed purchaser would pay no more for a property than the cost of building an acceptable substitute with like utility.”²

In the cost approach, the potential buyer is assumed to consider purchasing a substitute property with the same utility as the property being appraised. The informed, rational buyer will pay no more for a property than the cost of producing a substitute property with the same utility as the subject property. Cost of production to the buyer includes all direct and indirect construction costs, including builder’s profit and overhead.

Direct Cost Example: Building materials & labor.

Indirect Cost Example:
Financing, Insurance &
Engineering fees.

The necessary steps in the Cost Approach are as follows:

- A. Estimate the value of the site as if vacant and available to be put to its highest and best use.
- B. Estimate the reproduction or replacement cost new of the improvements.
- C. Estimate all of the elements of accrued depreciation, which may include curable or incurable physical deterioration, curable or incurable functional obsolescence, or economic obsolescence.
- D. Subtract the total accrued depreciation from the cost new of the improvements. This results in an estimate of the depreciated cost new of the improvements.
- E. Add the total present worth of all improvements to the estimated site value.

The Cost Approach is most appropriate for new, or fairly new buildings where the improvements represent the highest and best use of the site. A significant use of the Cost Approach is in the valuation of public buildings or certain types of special-use properties for which rental or sales data is limited. The principal difficulties in this approach arise in estimating viable construction cost figures, and also in estimating accrued physical, functional, and economic depreciation or obsolescence, particularly in older properties.

² International Association of Assessing Officers, Property Appraisal and Assessment Administration, 1990, (Chicago; IAAO), p. 638.

Section 5.3 – Income Approach

5.3

“The income approach uses capitalization to convert the anticipated benefits of the ownership of property into an estimate of value.”³

Like the Cost Approach the Income Approach utilizes the principle of substitution. It also uses the theory of anticipation. It is assumed that an investor is interested in an income flow of a certain size, certainty and timing and that the investor has little preference as to the source of this income flow. The investment in real estate can easily be substituted for investments in other alternative income producing vehicles.

Income Approach and Residential Property

For residential property the Income Approach consists of extracting a Gross Rent Multiplier (GRM) from the market. This is achieved by dividing the sale price of a home that was rented by its monthly gross rent. Following this economic rent for the subject is derived from the market and this is multiplied by the GRM to estimate the market value.

Income Approach and Commercial Property

For commercial property the Income Approach consists of dividing Net Operating Income (NOI) by a capitalization rate. NOI is the Gross Potential Income (GPI) of a property less normal operating expenses and adjustments for anticipated vacancy and bad debt. A capitalization rate can be obtained by dividing the actual NOI by the sales price of comparable properties. An alternative method of estimating a capitalization rate is a mortgage equity technique, which uses mortgage rates and expected rates of return on investor's equity.

The Income Approach is not normally applicable to the valuation of vacant land.

Section 5.4 – Sales Comparison Approach

5.4

The sales approach is defined as “one of the three approaches to value that estimates a property's value by comparing the subject property to other similar properties that have sold.”⁴

³ International Association of Assessing Officers, Property Appraisal and Assessment Administration, 1990, (Chicago; IAAO), p. 647.

⁴ International Association of Assessing Officers, Property Appraisal and Assessment Administration, 1990, (Chicago; IAAO), p. 82.

The Sales Approach is also based upon the principle of substitution that an informed purchaser would pay no more for a property than the cost to him/her of acquiring an existing property with the same utility.

The essential process of the Sales Approach is to convert actual, verified sale prices of competitive properties to a defined value estimate. The objective is to discover what competitive properties have sold for recently in the local market. Through an adjustment process, an indication of what the comparable properties would have sold for had they possessed all of the basic and pertinent physical and economic characteristics of the subject property. Indications of such adjusted sales prices are developed for several comparable sales. These indications should fall into a pattern clustering around, or trending toward, a figure, which provides an indication of the most probable selling price for the subject property under specified market conditions, as of the date of the appraisal.

Section 5.5 – Reconciliation

5.5

The final step in the appraisal process is to consider and analyze the relevance of the approaches to value in relation to the subject property and the reliability, quality and quantity of the data used in the approaches to value. The final value estimate is then based on the approach that is the most relevant and uses the most reliable and highest quality and quantity of data.

Section 5.6 – Market Value Influences

5.6

The most often repeated quote about real estate relates the three most important factors, “location, location, and location.” While humorous, it underlines a significant truth about the nature of property value: it is often factors outside of the property boundaries that establish value.

Most real estate consumers understand the importance of location. A house that is located steps from the ocean likely has more value than a similar one miles away from the waters edge. A retail building on a busy street likely has more value than one located on a quiet, dead end street. An apartment building close to schools or commuting routes likely has more value than one located far away from these amenities. The stately home located in an area of other similar property likely has more value than a similar one located next to the municipal landfill.

At its very heart, the property tax is a tax on value. Revaluations use mass appraisal that must recognize all factors that influence the value of property, both in a negative and positive direction. Each of these factors may be different in different locations. For this reason, the mass appraisal is indexed to local conditions and uses locally obtained and adjusted information to determine values.

Mass Appraisal: Process of valuing a group of properties as of a given date - April 1 (in New Hampshire).

The nature of value influences can affect an entire municipality or region. Entire municipalities may be “close to skiing.” Whole counties may be “fantastic commuting locations.” Significant areas of our state are quiet country locations. For these reasons, a revaluation may not identify each and every separate factor that influences the value of property. Many of these common elements are assumed to exist for all similar properties in a municipality.

There are value influences that affect entire neighborhoods. These may be as obvious as a location on or near a body of water, ski area, or golf course. They also may be as subtle as a location near a certain park or school, or in a particularly desirable area of the municipality. Whether subtle or obvious, the mass appraisal must account for all of these value influences.

There are also value influences that affect individual properties. These can include such things as water frontage, water access, panoramic views, highway views, proximity to industrial or commercial uses, and heavy traffic counts. These property specific influences may be difficult to isolate, but are critical in the development of accurate values.




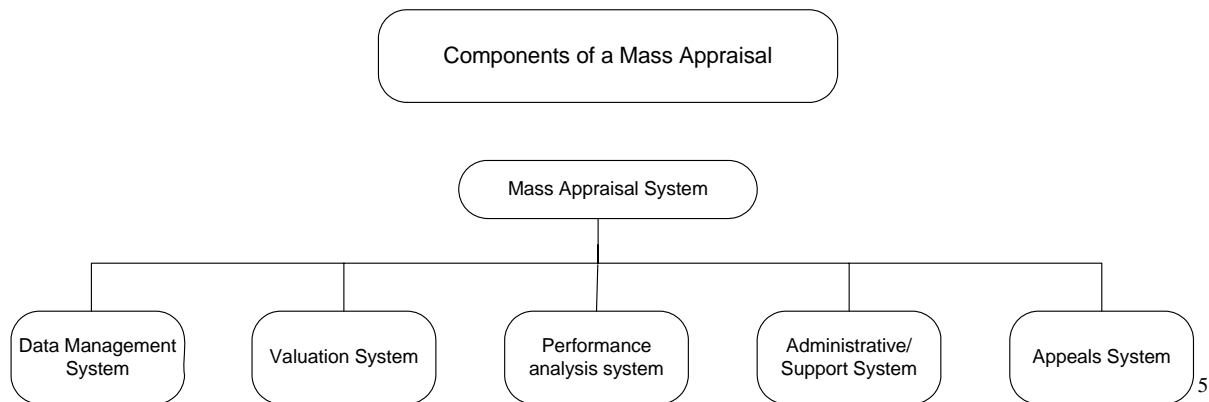
The mass appraisal must recognize all value influences: regional; local; neighborhood; and, property. By understanding these factors, accurate market value estimates can be made. Ignoring any of these factors could lead to inaccurate values, and establish a disproportionate system of taxation. Fairness requires that all factors be considered in valuation.

Section 5.7 – Mass Appraisal

5.7

As defined by the International Association of Assessing Officers (IAAO), mass appraisal is “the process of valuing a group of properties as of a given date, using standard methods, employing common data, and allowing for statistical testing.” Mass appraisal utilizes many of the same concepts as single appraisal property appraising, such as supply and demand, highest and best use, and the principles of substitution and anticipation. In addition, in light of the necessity to estimate values for multiple properties, mass appraisal also emphasizes data management, statistical valuation models, and statistical quality control.

 Nothing is particularly hard if you divide it into small jobs.
Henry Ford



A mass appraisal system generally relies on four primary sub-systems that include:

1. Data management system;
2. Sales analysis system;
3. Valuation system, and
4. Administration system.

Each sub-system is briefly described below:

Mass Appraisal Sub-Systems

Data Management: The data management system is the core of the mass appraisal system and should be carefully designed and implemented. Fundamentally, the data management system is responsible for the data entry and subsequent editing, as well as the organization, storage and security oversight of the data. Essential to the data management system is quality control, as the reliability of the data will have a direct and profound impact on the quality of the resulting output and values.

Sales Analysis: The sales analysis system is responsible for the collection of sale data, sale screening, various statistical studies and sales reporting. The following statistical techniques are utilized to calibrate and fine-tune the data assumptions:

“Ratio”: Refers to the relationship between the appraised or assessed values and market values as determined by a review of sales. The ratio studies, which are the primary product of this function, typically provide the most meaningful measures of appraisal performance and provide the basis for establishing corrective actions

⁵ International Association of Assessing Officers, Mass Appraisal of Real Property, 1999, (Chicago; IAAO), p. 31.

(re-appraisals), adjusting valuations to the market, and in administrative planning and scheduling. The requirement, as established by the New Hampshire Assessing Standards Board (ASB), is to maintain a Median Ratio between 90% and 110% of market value. (A ratio of 100% is preferred, indicating the assessed value is identical to the market value.)

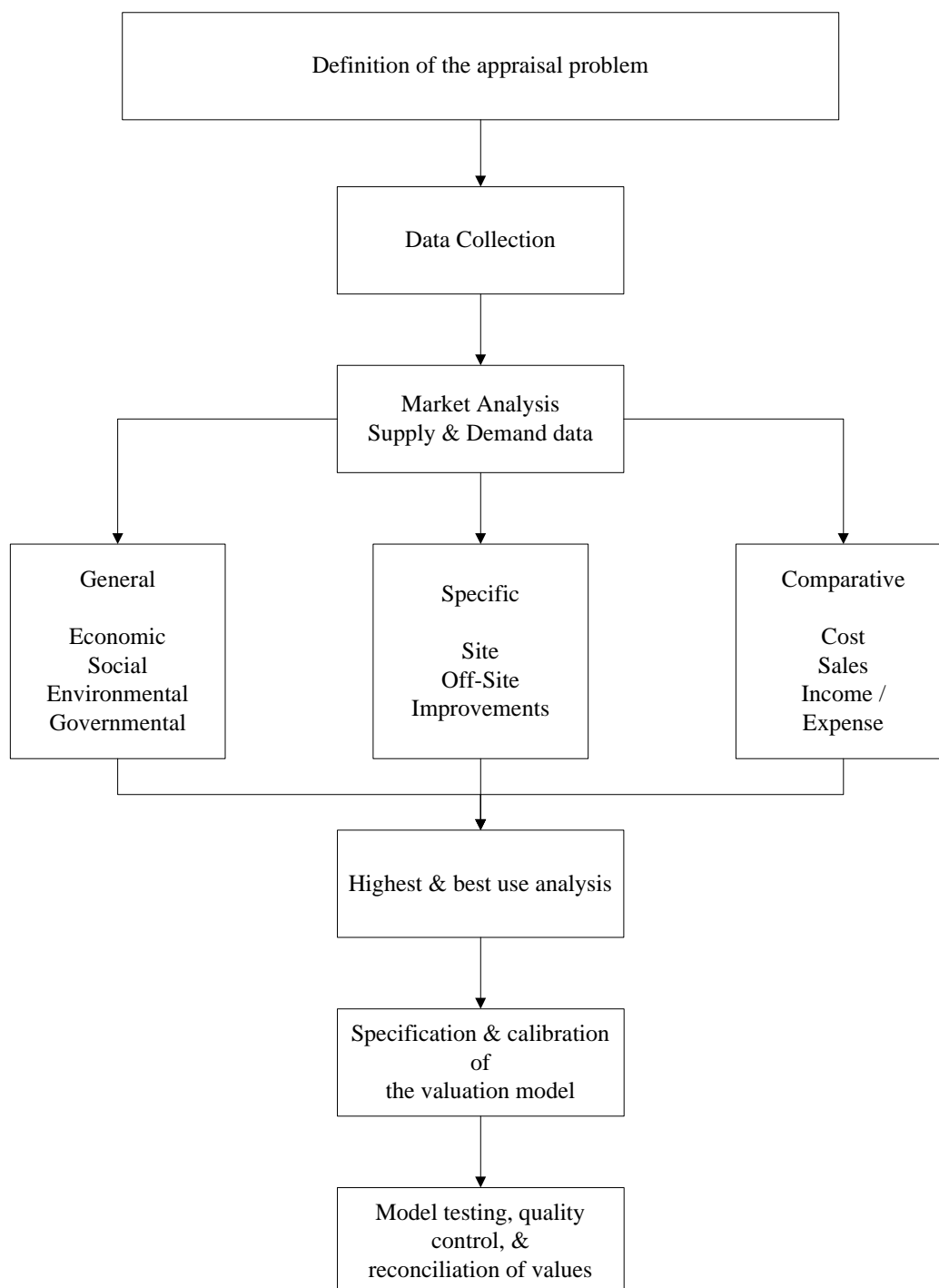
“COD”: or “Coefficient of Dispersion”, is another important tool utilized in mass appraisal, and refers to the average percentage deviation from the median ratio. As a measure of central tendency, the COD represents the degree to which the data being analyzed clusters around a central data point, such as the median ratio. The requirement, as established by the ASB, is a COD no greater than 20% (a lower COD is preferable to a higher COD).

“PRD”: or “Price Related Differential”, is calculated by dividing the mean ratio by the weighted mean ratio. A PRD greater than 1.03 indicates assessment regressivity (when high-value properties are assessed lower, or disproportionate to, than low value properties). A PRD lower than 0.98 indicates assessment progressivity (when high-value properties are assessed higher, or disproportionate to, low-value properties). The requirement, as established by the ASB, is a PRD no greater than 1.03, and no lower than 0.98.

Valuation System: The valuation system comprises the statistical application of the three approaches to value (identified in the preceding section). For instance, utilization of the Sales Comparison Approach would include statistical techniques such as a multiple regression analysis. The Cost Approach would utilize computerized cost and depreciation tables, and reconciliation of these computerized cost-generated values with market-derived sales information. The Income Approach can utilize computer-generated income multipliers and overall capitalization rates. The Valuation System is also utilized to extract adjustments and/or factors that are utilized in the development of values.

Administrative System: The administrative system includes core (often automated) functions as development of the property record cards and assessment roll or property tax base, the preparation of the tax notices, and retention of the appeals and other miscellaneous property files.

Mass Appraisal Process



6

⁶ International Association of Assessing Officers, Mass Appraisal of Real Property, 1999, (Chicago; IAAO), p. 13.
ed. 1 – 1/2008

Chapter 6

Jurisdictional

Exceptions

Section 6.1 – Introduction

6.1

RSA 75:1 requires that municipalities appraise all property at market value for property tax purposes, with the exception of the following:

Current Use Land
Conservation Restriction Assessment
Discretionary Easements
Discretionary Preservation Easements
Residences in Commercial or Industrial Zone Land
Earth and Excavations as defined in RSA 72-B
Stumpage Value
Public Utilities



Arbitrary power is like most other things which are very hard, very liable to be broken.

Abigail Adams

Section 6.2 – Current Use Land

6.2

Current Use was established in 1974 to preserve agricultural and forest land in the State of New Hampshire. It was declared to be in the public interest to encourage the preservation of open



Current Use land must be 10 acres, or more, and can be categorized as Forestland, Farmland, or Unproductive.

space, thus providing a healthful and attractive outdoor environment for work and recreation for the state's citizens, maintaining the character of the state's landscape, and conserving the land, water, forest, agricultural and wildlife resources. It is the intent of current use to prevent the loss of open space due to property taxation at values incompatible with open space usage. Open land imposes few if any costs on local government and is therefore an economic benefit to its

citizens. Therefore, the state encourages preservation of open space by assessing the land value of property based on its current use as forest, farm, or wetlands. It is also the intent of current use to encourage management of open space lands.

There is a Current Use Advisory Board (CUB) that consists of 14 members that meets annually to establish current use values for farm land, forest land, and unproductive land, to be used for the next tax year. The CUB also makes any needed changes or improvements in the administration of current use as experience and public reaction recommends. The CUB is required to hold at least three public forums throughout the state to receive general comments, through verbal and written testimony, on the current use program.

Under its authority, the CUB has established a minimum acreage requirement of 10 acres for the Forestland, Farmland, and Unproductive categories. Land assessed within the Wetland category as defined by RSA 79-A:2 XIV can be below 10 acres; the reduced acreage assessment must meet all the specified criteria. The Current Use rules also provides for less than 10 acres if the criteria is met. Cub 304.01(b)(3) A tract of undeveloped land of any size, actively devoted to the

growing of agricultural or horticultural crops with an annual gross income from the sale of crops normally produced thereon totaling at least \$2,500, in accordance with Cub 304.05.

Applying for Current Use Assessment

Owners of land may request current use classification of land in this category by filing an application with the local assessing officials on or before April 15 on Form A-10. Assessing officials must notify the owner by July 1 of their decision whether or not to classify the lands. Once approved, the owner does not have to reapply. If the local assessing officials deny classification, owners may appeal to the Board of Tax and Land Appeals (BTLA), or the Superior Court.

The current use program has been a huge success in the State of New Hampshire. The latest figures (2004) show that 51% of New Hampshire land is enrolled in current use and another 17% of New Hampshire is either state or federal forest. Most of this land is open to recreational use, which contributes millions of dollars to our state's economy.

Section 6.3 – Conservation Restriction Assessment

6.3

Legislation to provide for special tax treatment of conservation restriction land was created to provide for a fair, consistent, and equitable method of municipal assessment of conservation restriction land. This land must provide a demonstrated public benefit, based upon the conservation uses to which the land is perpetually limited. The creation of conservation restriction assessments is intended to further assist in the preservation of open space by promoting the granting and acquisition of permanent conservation restrictions on open space land.

Conservation Restriction Assessment is an agreement to preserve open space land in perpetuity – or forever.

RSA 79-B:2 defines conservation restriction as a permanent restriction of open space land by deed granted in perpetuity to a federal, state, county, or local government, or to a charitable, educational, or other nonprofit corporation established for the purposes of natural resource conservation, the purpose of which is to retain or maintain the land consistent with the protection of the environmental quality.

Applying for Conservation Restriction Assessment

Owners of land may request conservation restriction classification of land in this category by filing an application with the local assessing officials on or before April 15 on Form PA-60. Assessing officials must notify the owner by July 1 of their decision whether or not to classify the lands. Once approved, the owner does not have to reapply. If the local assessing officials deny classification, owners may appeal to the Board of Tax and Land Appeals (BTLA), or the Superior Court.

In valuing land classified with a municipality approved conservation restriction, selectmen or assessing officials must assess the land at values based upon the permanent restrictions, but in no case greater than the fair market value for open space land, as determined by the CUB.

Section 6.4 – Discretionary Easements

6.4

Legislation to provide for special tax treatment of discretionary easements was created to encourage the preservation of open space that is potentially subject to development. This provides a healthy and attractive outdoor environment for work and recreation that maintains the character of the state's landscape, and conserves land, water, forest, agricultural, recreational, and wildlife resources. The granting of special tax treatment is designed to prevent the loss of open space due to high property taxation. The acquisition of discretionary easements of developmental rights by municipalities on open space provides the means to encourage this preservation.

Discretionary Easements prevent the loss of open space, are an agreement for 10 years or more and must be for a public benefit.

RSA 79-C:2 defines discretionary easement as “a restriction of open space land granted to a city or town for a term of 10 years or more.” Any owner of land that does not meet the criteria for open space land for current use assessment, but meets the tests of demonstrated public benefit as put forth in RSA 79-C:3, II, can apply to the municipality's governing body to convey a discretionary easement.

Applying for Discretionary Easement Assessment

Applications to grant a discretionary easement to the municipality must be filed on or before April 15 on Form PA-36. The governing body must weigh the public benefit to be obtained versus the tax revenue to be lost, and notify the applicant within 60 days. If the governing body denies the application, owners may appeal to the BTLA, or the Superior Court.

The method of assessment of discretionary easement land, excluding any buildings or other improvements, must be included in the terms of the agreement for any discretionary easement acquired by a municipality, and must fall within the following range of values: The low end of the range is the value such land would have been assigned under the current use values established by the CUB, had the land met the criteria for current use assessment. The high end of the range is 75% of the land's fair market value multiplied by the municipality's current median ratio.

The municipality has the authority to set the value of the discretionary easement at any level within this range that the governing body believes reflects the public benefit conferred by the property.

Section 6.5 – Discretionary Preservation Easements

6.5

Legislation to provide for special tax treatment for discretionary preservation easements was passed by the New Hampshire Legislature in 2002 to encourage the preservation of historic agricultural structures, thereby maintaining the historic character of the state's landscape, sustaining agricultural traditions, and providing an attractive scenic environment for work and recreation. It is the intent of this legislation to prevent the loss of historic agricultural structures due to property taxation at values incompatible with their preservation.

Discretionary Preservation Easements are also known as Barn Preservation – helping to save some of NH treasured features.

RSA 79-D:2, I defines a discretionary preservation easement as “a preservation easement of an historic agricultural structure, including the land necessary for the function of the building, granted to a city or town for a term of 10 or more years.” Any owner of an historic agricultural structure that meets the test of public benefit as outlined in RSA 79-D:3, II, may apply to the governing body where the property is located to convey a discretionary preservation easement.

Applying for Discretionary Preservation Assessment

Applications requesting a discretionary preservation assessment to the governing body must be filed on or before April 15 on Form PA-36-A. The governing body must weigh the public benefit to be obtained versus the tax revenue to be lost if the easement is granted, and notify the applicant of their decision within 60 days. If the applicant is denied, the owner may appeal to the BTLA, or the Superior Court.

The method of assessment of discretionary preservation easement structures must be included in the terms of agreement for any discretionary preservation easement acquired by a municipality. The assessment must fall within the range of 25% to 75% of the full value assessment. The governing body has the discretion to set the value at a level anywhere within this range that it believes reflects the public benefit conferred by the property. These assessments cannot be increased as a result of an owner undertaking maintenance and repairs to preserve the structure.

However, the assessment can be increased if the municipality undergoes a full revaluation or statistical update. The new assessment should reflect the updated value of the structure as though repairs and maintenance had not been completed.

The assessed value may also be increased if improvements are made. The new assessment should reflect the value of the building plus the new improvements. It should not include the value of repairs and maintenance conducted after the easement is put in place.

Section 6.6 – Residences in Commercial or Industrial Zone

6.6

RSA 75:11 provides for the owner of any residence located in an industrial or commercial zone to apply on or before April 15 (Form PA-42), of each year, to the governing body for a special appraisal to be based upon its present use as a residence. The governing body is required to notify the owner by July 1 of its decision to accept or reject the request.

If an owner has been granted this special appraisal, but fails to reapply in a future year, then the property shall be assessed at its full market value.

Section 6.7 – Earth and Excavation as Defined in RSA 72:B

6.7

“Earth”, as defined in RSA 155-E, is exempt from taxation as real property under RSA 72:6 and RSA 72:13. Excavated earth is subject to the excavation tax at a per cubic yard rate as established by law. The land upon which the earth is excavated is taxed as real property pursuant to RSA 72:6 without consideration of the value of the “earth” contained therein.

When RSA 72-B was enacted, the legislature made it clear that the statute must be read in conjunction with RSA 155-E to provide a “statewide comprehensive regulatory framework to regulate the excavation of earth.” RSA 155-E is the local regulation of earth excavation and RSA 72-B is the taxation of the excavated earth.

Pursuant to RSA 72-B:8, every tax year and prior to excavating, any owner who intends to excavate earth must file a Notice of Intent to Excavate (Form PA-38) and an administration fee with the assessing officials for each parcel that is to be excavated. Exemptions from a PA-38 and the administration fee are contained in RSA 72-B:1, I. **Please note** that, unlike the Intent to Cut Wood, the Intent to Excavate cannot receive an extension.

General Excavation Tax & Gravel Tax Appraiser Information
Approx. 800 Intents & Reports filed yearly Helps with Assisting & Training Municipalities Issues Cease & Desist Orders Makes Court Appearance Approx. \$350,000 collected statewide

It should also be noted that an “incidental” excavation which is the result of a construction project, must file a PA-38 if more than 1,000 cubic yards of earth will leave the property during the tax year. Earth that is bartered or given away is not exempt from taxation.

Incidental Excavation is one that the municipal regulator of earth excavations or the municipal excavation regulations, have determined to be an exception from an excavation permit pursuant to RSA 155-E:2-a.

At the end of the excavation, or tax year (March 31), whichever come first, and no later than April 15, a Report of Excavated Material (PA-39) must be filed with the assessing officials and the DRA pursuant to RSA 72-B:9. Upon receipt of the PA-39, the assessing officials have 30 days in which to assess the excavation tax.

Section 6.8 – Stumpage Value

6.8

Under RSA 79:2, growing wood and timber is not subject to the property tax in New Hampshire, although the land on which the wood is growing is subject to taxation. The wood and timber is assessed, however, at a stumpage value determined at the time of the cutting.

Stumpage Value is the value of wood at the time of the timber cut.

Stumpage value is defined by statute as “the amount determined by the assessing officials in the same manner as other property

values for the purpose of taxation at the time of the timber cut.”

RSA 79:10 requires every owner intending to cut wood or timber to file with their assessing officials by the beginning of each tax year (April 1) and prior to starting any cutting operations, a Notice of Intent to Cut Wood or Timber (Form PA-7). Supplemental notices (Form PA-7) must be filed for any additional volume not originally estimated. Assessing officials must notify the tax collector within 30 days of approving the intent to cut, and forward copies of the PA-7 to the DRA. The DRA will then furnish a Certificate (PA-6) and Report of Wood Cut (PA-8) to the owner of the property. The Certificate must be posted within the area of the cutting operation. The DRA will also forward a copy of all intents to the Division of Forest and Lands of the Department of Resources and Economic Development.

Every owner who has filed an intent to cut must file a Report of Wood and Timber Cut (PA-8) to the local assessing officials and the DRA, within 60 days of completion of the operation. The DRA will then send a copy of the report to the Division of Forest and Lands of the Department of Resources and Economic Development. All reports of wood and timber cut through March 31 of any year must be filed no later than May 15.

A yield tax at the rate of 10% of the stumpage value is to be determined by assessing officials within 30 days of a report of a wood or timber cut. Assessing officials must take into account the location of the timber, the quality of the timber, the size of the sale, and any other factors necessary to harvest the wood or timber that affects its value.

General Timber & Timber Tax Appraiser Information
Approx. 4000 Intents & Reports filed yearly
Assist & Train Municipalities
Cease & Desist Orders
Calculate Stumpage Values
Assist BTLA Timber Tax Appeals
Approx. \$4 million collected statewide

When assessing the value of wood or timber, the following factors should be considered in light of the above requirements:

Value is based on the most probable price that would be paid, not the average, highest, or lowest price.

Value recognizes both the highest and best use of the wood and timber.

Value is expressed in terms of money.

Value recognizes that the timber was exposed for sale to the open market for a reasonable time.

Value recognizes that both the buyer and seller are informed of the uses to which the wood and timber may be used.

Value assumes an arm's length transaction in the open market; in other words, there is no special relationship or collusion between the buyer and seller.

Value assumes a willing buyer and willing seller, with no advantage being taken by either party.

Assessing officials should also take into account the costs incurred by owners for access and removal, but only those that are necessary and reasonable. Furthermore, some of these costs should be prorated over the entire volume of wood that would benefit from those costs. Costs created by constraints within a timber sale contract that limit operations beyond federal, state, and local requirements, and which are not necessary, cannot be charged against the operation.



Because things are the way they are, things will not stay the way they are.

Bertolt Brecht

If an owner neglects or fails to file a report of cut, or willfully makes any false statement in a notice of intent to cut or report of cut, the assessing officials must determine the volume and stumpage value of the wood and timber actually cut, and assess the property owner twice as much as the assessment would have been (known as doomage), had the report of cuts been reported correctly.

An owner may appeal his yield tax within 90 days of the notice of tax from the municipality. If the local assessing officials neglect or refuse to grant an abatement within six months, the owner can petition the BTLA or the Superior Court of the county where the cutting took place. The BTLA may on its own motion, or that of the owner or municipality, call the DRA or Department of Resources and Economic Development to provide expert testimony at no cost to the appellant.

Section 6.9 – Railroads and Public Utilities

Under RSA 82:2, the DRA has long been responsible for the annual assessment of railroads and railroad cars. In 1999, legislation was passed that also provided for the DRA to determine the value of all utility property for each year. RSA 83-F:1 IV, defines a utility as any entity engaged in the generation, production, supply, distribution, transmission, or transportation of electric power or natural gas, crude petroleum and refined petroleum products, water, or sewage. RSA 83-F:1 V, defines utility property as all real estate, buildings and structures, machinery, dynamos, apparatus, poles, wires, fixtures of all kinds and descriptions, and pipelines located in New Hampshire.

As with all other property assessed for property tax purposes, railroad and utility property is valued at its full market value as of April 1 of each year. Railroads, railroad car companies, and utilities file an annual declaration of estimated taxes, and pay quarterly to the DRA. The tax rate applied to railroad property is calculated each year by the DRA at the average rate of taxation at that time for all other properties throughout the state. Annually, after receipt of the railroad taxes, the DRA apportions those taxes for distribution as follows:

1. $\frac{1}{4}$ of the taxes paid to the municipality in which any railroad is located.
2. $\frac{1}{4}$ of the taxes paid to a special railroad fund established by RSA 228:68.
3. The remainder for use by the State of New Hampshire.

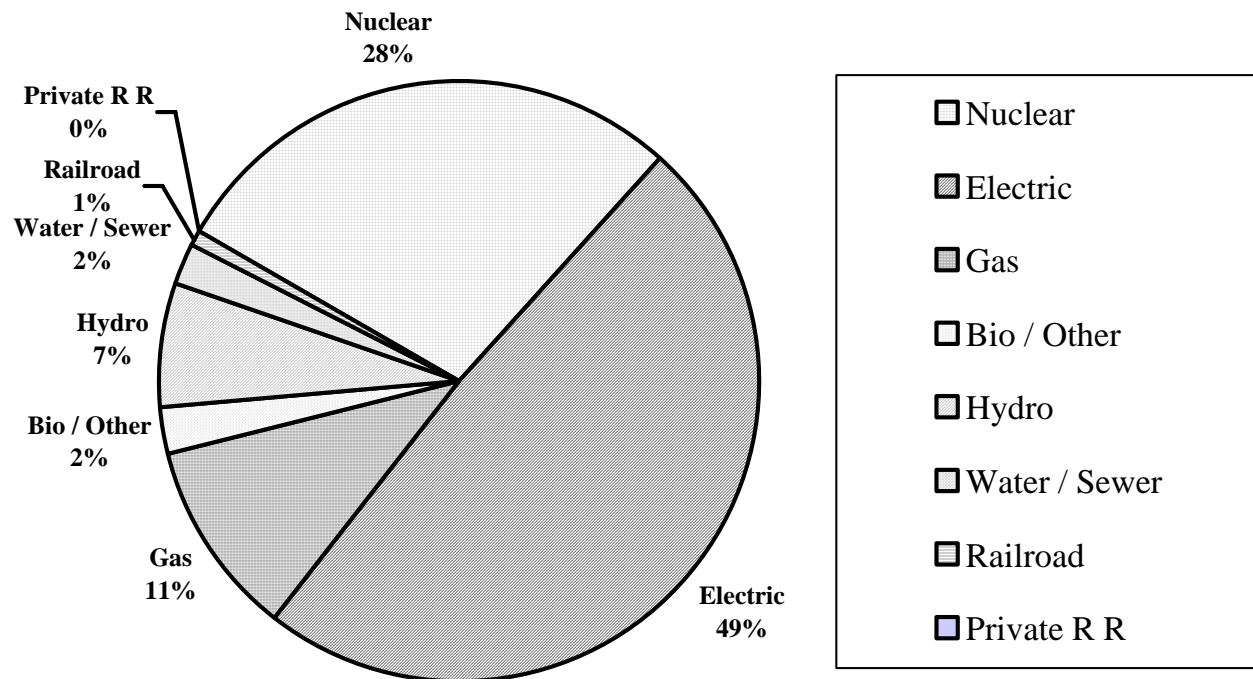
Utilities are assessed and billed by the DRA for the statewide enhanced education tax. However municipalities can choose to use the DRA assessed value or one determined on their own for local taxation.

For utility property, the DRA determines the full market value annually by December 1, and apportions the total value among all the municipalities where that utility has taxable property. Notice is sent to the utility on

December 15 of each year, and the utilities must remit payment by the next January 15.

The billing by the DRA is only for the statewide enhanced education tax, and is taxed at the rate of \$6.60 per \$1000 of assessed valuation. Utilities remain liable for local school, municipal, district, and county taxes through billing by each municipality. In doing so, municipalities may utilize the DRA values, so long as they are equalized to the ratio that other municipal properties are assessed at, or each municipality may conduct their own valuation appraisal.

2007 Assessed Value for Utilities



Chapter 7

Revaluations

Section 7.1 – Revaluations

7.1

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, correlating 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 exact number for all properties, but rather is 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.

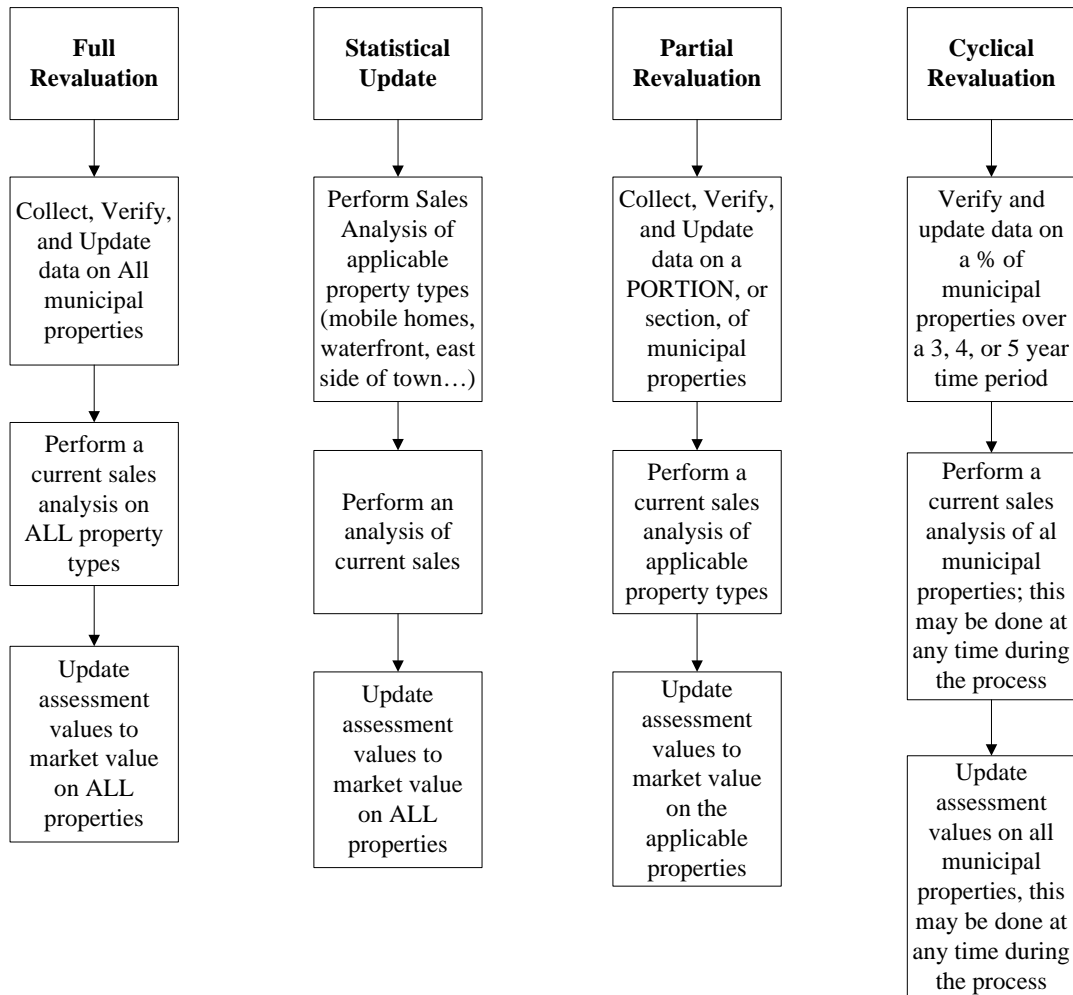
Section 7.2 – Types of Revaluation

7.2

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; or,
- 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.
- 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.



Section 7.3 – Completion Dates for Revaluations

7.3

There is a natural schedule for the completion of revaluations. These are target dates that are usually 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, and is due on September 1. Because of the filing deadline, revaluations rarely extend beyond the summer of the tax year period.

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.

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

This gives both the taxpayer and the revaluation company the opportunity to identify and correct errors.

Section 7.4 – Why Revalue?

7.4

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 in value 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 un-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

7.5

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 company to conduct their revaluation. If the municipality has an on-going relationship with a company they may choose to simply negotiate with that company for the revaluation. In many cases, however, the municipality may choose to broaden their search, and seek bids from a number of companies.

In order to do this, the municipality should send out Requests for Proposals (RFP's) to available reappraisal companies or individuals. 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 companies that are currently conducting business in New Hampshire. In addition, the monitoring personnel with DRA are available to assist municipalities, not only with a list of reappraisal companies, but also with preparing the RFP and evaluating the bids for any differences in their content.

Examples of information needed for an RFP are such things as 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.

Once the RFP's 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, the DRA

monitoring personnel are again 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 will make them available to municipalities for their use, and municipalities are strongly urged to use these sample contracts as guidelines for their own. These contracts must be submitted to the DRA for review within 10 days, prior to signing. 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 that the municipality submit a copy of the signed contract to DRA, along with the names and qualifications of all personnel being employed under the contract.

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

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 Considerations⁷

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, date 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)

- 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

7.6

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 and rules.
- 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 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 revaluation 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 monitor 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 company, discussed with them in person, and the results reported in writing to the municipality. The DRA monitor will also review and report on all of the documentation prepared by the appraisal company, and will attend the informal hearings following the revaluation to observe how they are conducted. And finally, the DRA monitor will prepare a comprehensive final report for the municipality that covers all areas of that monitoring.

Monitoring Includes: A DRA review 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

7.7

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.
- B. Assessment practices substantially comply with applicable statutes and rules.
- C. Exemption and 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.

In carrying out this responsibility, the DRA relies on the guidelines established by the Assessing Standards Board in the above five areas. The details of these guidelines are set forth in Chapter 11 of this manual.

Starting in 2003, approximately ¼ of the municipalities in New Hampshire were scheduled for assessment review. In each of the ensuing three years another ¼ of New Hampshire municipalities were scheduled for reviews, so that all municipalities were reviewed by the end of 2006. Further reviews are to be scheduled every five years from these initial reviews.

Early in the year, the DRA monitoring 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, and 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 Assessing Standards Board guidelines.

As the various elements in the assessment review process become ready for review by DRA personnel, the DRA monitor 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 monitor, 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 monitor 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 either affirm 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 any negative results in the review, and those written comments are then incorporated into the final report. The final report is then sent to the municipality, and a copy 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.

Chapter 8

Public Relations

Section 8.1 – Public Relations

8.1

The basis for good public relations is to honor the “golden rule” of treating the public as you would like to be treated. Always try to look at a situation from a taxpayer’s point of view and respond accordingly. If you know, or can sense, that the taxpayer has little knowledge of the assessment function, avoid jargon and technical words, like comps or COD, and be prepared to spend time explaining the fundamentals. Treat the taxpayer with dignity and respect. Be honest. Carefully listen to the taxpayer. Be sure you use accurate facts.



Strangers are just family
you have yet to come to know.
**Mitch Albom – *The Five
People You Meet in Heaven***

Good public relations are essential to all successful property tax programs. Poor public relations can be the downfall of even technically “good” property tax practices. Public relations for an assessing office is a full time job, especially during a year of reassessment or valuation update. It is important to keep taxpayers informed of what is going on and what can be expected.

The most typical questions from a taxpayer are “Why are my taxes so high?” or “Will my taxes go up?” In order to answer these questions, you must understand the entire property tax system. Taxes are a function of both the budget and assessment process. Therefore, a change in taxes may or may not be solely a result of a change in assessments.

Good public relations start with honesty. Let people know exactly why and how their property taxes will change as soon as possible. If the budget is expected to go up by 10%, inform the public through a press release. Don’t wait for the tax bills to go out, especially during a year of revaluation. It is a disservice to the taxpayers and to those performing the assessments to allow budget increases to be blamed on the process of revaluation.

Periodic press releases
let the public know what
is going on and when.

During a year of a revaluation, the municipality should release periodic press releases to inform taxpayers of the process such as, where measurer and listers will be working in the municipality and any other information that could help taxpayers be prepared.

Appraisers analyze sales during a revaluation. General trends and assumptions can be drawn from the analysis. Don’t hide these findings. Explain to taxpayers how valuation changes in particular neighborhoods differ from the average change in the municipality as a whole. Business groups and taxpayer groups are good forums for informing the public of the process and expectations. Local access television can also be used to inform the public.

During non-revaluation years, public relations must continue. The municipality’s website is a valuable tool to keep taxpayers informed. Another powerful public relations tool is the assessing office staff. A well-informed clerk can prevent many potential public relations problems. While we should not expect an assessing clerk to answer all questions, we should train our staff to be able to answer the most common questions such as:

1. Why did my taxes increase?
2. What is the basis of my assessment?

3. Am I being treated the same as my neighbors?
4. How can I appeal my assessment?

We would not expect assessing clerks to answer more detailed and technical questions with regard to pricing or comparables used, etc. When the assessor becomes involved, it is helpful to respond in a timely manner. It is damaging to make a taxpayer wait for an assessor's response. In smaller municipalities with part-time assessors or contracted companies, the damage can multiply if the wait for an answer is long in coming or not coming at all.

In New Hampshire, the Selectmen generally performed most of the duties of property tax assessing until the 1990's. It was at this time that private assessing firms became more common as contractors for the municipalities. Since the Claremont decisions of the 1990's, the practice of property assessment has been constantly under the microscope. The Sirrell Decision in the New Hampshire Supreme Court in 2001 mandated that assessing practices be fair and equitable. The legislature created the Assessing Standards Board (ASB) and the Equalization Standards Board (ESB) to help accomplish this task. The ASB has achieved the following:

1. Established levels of appraisals and appraisal uniformity standards.
2. Established a 5-year Assessment Review Cycle instead of Certification Standards.
3. Established assessor certification standards.
4. Encouraged assessors to be transparent in their method(s) of determining values of property based on Uniform Standards of Professional Appraisal Practice (USPAP) Standard 6.

Municipal and
Assessor Guidelines

There are other issues that the ASB has addressed that deal with assessing. These four provide the major impact that the ASB has had on assessing in New Hampshire, thus far.

The Bottom Line

Bottom line, Selectmen need to fully grasp the property tax processes themselves before they can explain it to their taxpayers. This will mean that they, and their assessing staff, will have to sit down with the "hired assessing company" to determine how the values were derived and understand the budget process, tax rate calculation, and property tax billing. This process should continue to improve as the emphasis on documentation, transparency, and accountability to the taxpayer moves forward.

Always remember that most taxpayers want to know basic facts:

Why are my taxes so high and how will they change?

This can be accomplished by providing the necessary information to the taxpayers in a timely fashion and with accuracy, simplicity, clarity and professionalism.

And don't forget to remind the taxpayers that they too are a part of the assessing process. If taxpayers notice a problem, they need to bring it to the assessor's attention. Because assessing can be subjective at times we must remember that adjustments may occur.



No act of kindness, no matter how small, is ever wasted.

Aesop, – *The Lion and the Mouse*

Chapter 9

Taxpayer Rights

Section 9.1 – Property Record Cards/Other Public Documents

9.1

Mass appraisers use several documents in order to develop accurate and consistent values. Examples of these are Property Record Cards (PRC), tax maps and the mass appraisal manual.

A PRC exists for every parcel within a municipality. These cards provide a set of information about each property. The format may vary depending on who completes the reassessment, but there are several common elements for all PRCs. The information on the PRC is generally divided into three areas: *legal information*; *site information*; and *improvements*. Examples are as follows:

- **Legal information** generally identifies who owns the parcel, where it is located, the map/block/lot or unique assessment identifier, where the legal description may be found, and what is the total assessment of the property. It may also contain information about the mailing address of the owner, who the previous owners of the property were, a sales history, an assessment history, a property inspection history, a building permit history, and perhaps notes or comments.
- **Site information** provides details about the use of the property, how many acres or square feet there are, in what neighborhood the property is located, and whether there are any special value influences. A land value estimate is also provided. It may contain information about such things as the zoning of the site and if there are public or private utilities available. If the property is subject to current use valuation or other jurisdictional exceptions, these should be shown. This section should provide sufficient details to understand how the land value is calculated by providing base land prices and showing adjustments that affect the value.
- The **improvements** section generally provides a detailed description and valuation of anything that has been built upon the land. Primary improvement descriptions include such things as the style and use of a building, the grade and condition of the building, the age of the property, exterior and interior construction details, and details of building features. There is generally a sketch drawn to scale that shows the primary improvements, and there may even be a photograph of the property. Secondary improvements include such items as outbuildings, garages, sheds, pools, etc. There may be minor differences in the information presented depending on the use: commercial property may have such items as parking lots, lights and fences valued; while residential property may not. This section should provide sufficient details to understand how the building value is calculated by providing base unit prices and showing adjustments that affect the value.

Common Theme

There is a common theme for all of this information: it is the underlying data from which the assessment is drawn.

Some of the data elements may involve *subjectivity*. A subjective assumption might include areas of property description that cannot be physically counted or observed. These may include such things as neighborhood locations, shape or topography of the site, the grade or quality of construction, or the condition of the buildings. While not simple (such as counting rooms or bedrooms), these are important factors in the valuation of property.

Coding for the PRC is also coordinated with the use of the electronic assessing CAMA system.

Every feature of a property may not be fully described on the card. Most tax assessors utilize codes to describe property features. Codes are not an attempt to confuse the reader, or to confound the taxpayer, but are used to economize the valuable space on the PRC. A successful assessing office will have these codes readily available for anyone who reads or solicits a copy of the card. It is important to understand that what might seem like common sense to tax assessors can be confusing to taxpayers.

A revaluation manual should be made available that will describe all of the factors and features, and the manner in which the values were estimated. A complete understanding of how the value was developed may require reference to the manual, especially for unusual properties.

Many of the features of the land are also shown on the tax maps. Tax maps are a visual representation of the property that show where parcels are located, and can assist in understanding the proximity to other properties and geographic influences.

The PRC, tax map and manual are public documents. These should be readily available for anyone to inspect. Copies should also be provided with relative ease, but a fee may be charged to cover the cost of reproduction. Transparency in the process of developing assessed values inspires confidence in the system: when a taxpayer can see how the value was developed, the assessment becomes more credible.

Section 9.2 – Errors and Corrections

9.2

Developing tax assessments involves the collection of many data elements for each individual property. It is a process that utilizes computers to complete numerous calculations. There may be several thousand to as many as a million individual data elements, depending on the size of the municipality.



If you want others to be happy, practice compassion. If you want to be happy, practice compassion.

The Dalai Lama

But, at its core, assessing is a human activity that may be subject to mistakes. When discovered, errors should be corrected in order to provide the highest level of accuracy and equity for all taxpayers. Most errors will involve simple items. For example: a home is not 34 feet long, it is 32 feet; there is only one fireplace where you have two listed; or, there is no longer a shed on the property. These errors are simple to correct, after verification in the field, data on the PRC should be corrected to reflect the actual property.

Other errors may involve some of the subjective estimations made in the process of a revaluation. These errors may require more detailed analysis to determine the consistency of the estimates. Checking to see that there are consistent descriptions of quality for similar homes, or looking at the reasons for neighborhood delineations are ways to check the consistency of these subjective areas of assessing. When errors are found, similar properties ought to be reviewed for changes in order to maintain consistency and equity.

If possible, the taxpayer should be notified prior to the next tax billing that a mistake has been corrected on the property.

Section 9.3 – Abatements

9.3

The property tax is a special type of tax, requiring an owner to pay the municipality a percentage of the value of their property every year. It is also a tax that comes with a warranty: the *abatement* process. A tax abatement is a request to refund some of the taxes paid on a property.

Annually, after receiving the final tax bill of the year, property owners may file a formal request to review their property's assessments. The request must be made in writing, and must be filed by the statutory deadline, usually March 1, following the date of notice of tax. The taxes need not be paid in order to file the abatement.

Municipal Abatements must be filed by March 1.

The abatement request is not a legal action. This is a request for a specific review of an administrative decision (the original valuation). The assessors have a duty to be certain that the request is genuine, and that the property owner has paid more than their share of the common tax burden. This need not be an adversarial process. In fact, assessors are bound to act in the best interest of all taxpayers, including those who file abatements.

Abatement requests fall into two broad categories: physical description errors and valuation opinion differences. As described earlier, physical description errors should be verified in the field and corrected. The processing of these requests should be relatively timely, and over-paid taxes should be promptly refunded, including statutory interest. Valuation opinion differences are more subtle, and may require more extensive research. Depending on the level of experience of the assessing staff, some property specific appraisal work may be required. For some

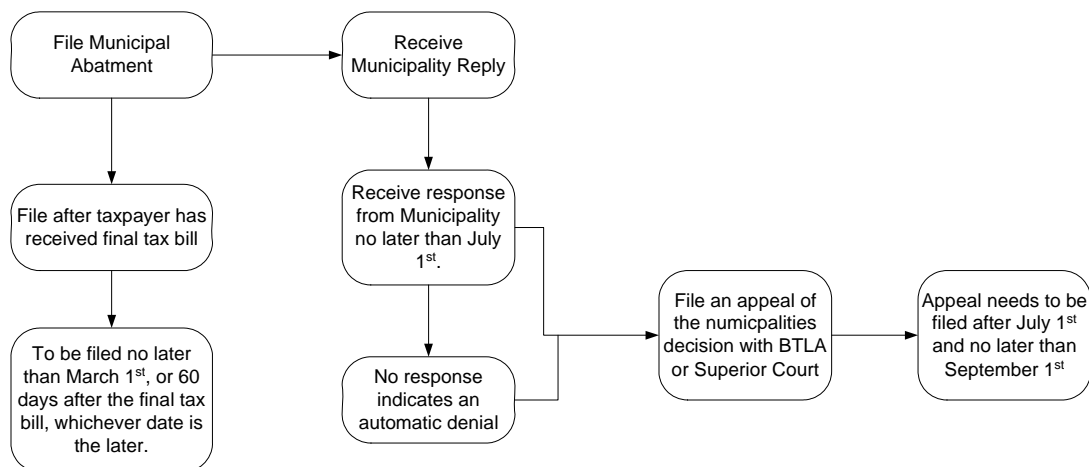
complicated properties, a supplemental appraisal may be required to be performed, sometimes by an outside contractor.

Abatement Request: Filed for physical property errors and/or valuation opinion differences.

It may help to have a hearing at the local level to identify the issues and hear concerns from the taxpayer. This might also be accomplished at the time of any re-inspection of a property.

It is important to remember that there is a remedial interest of justice required in the abatement process. Technical obstructions or minor legal failures are not appropriate defenses for abatement requests. Answers to abatement requests should be made in writing by July 1, following the date of notice of tax.

Abatement & Appeal Process Timeline



Section 9.4 – Appeal of Abatement Requests

9.4

The taxpayer may appeal the local assessing official's decision on their abatement request. Such an appeal may be filed if the abatement is denied, if it is granted to a level less than requested, or if the municipality does not answer the abatement request by July 1. An appeal of a local abatement request generally must be filed by September 1, following the date of notice of tax. Appeals may be filed at the BTLA, or at the Superior Court for the county that the property is located, but not both.

BTLA/Superior Court Appeals must be filed by September 1.

The BTLA is a quasi-judicial body that, among other things, hears appeals of abatement decisions. Their jurisdiction to hear these cases is identical to the Superior Court. Upon receiving such an appeal, the Board will determine that a valid local abatement application was filed timely with the municipality, and that certain minimum grounds for the appeal were included.

Abatement Appeals: Documenting and/or proving being over-assessed.

In due course, a hearing will be scheduled for the taxpayer to show that they were over-assessed. The burden of proof rests with the taxpayer to show that the municipality has wrongly denied their abatement request. While that burden of proof rests with the taxpayer, the municipality has a burden to show that it acted reasonably, and that the taxpayer's abatement claim was without merit. Neither party is required to be represented by an attorney in an appeal to the BTLA; in fact many taxpayers appear on their own behalf. A municipality may consider if they have the required knowledge and experience to defend against the appeal, or if other professional representation is needed. A non-attorney may represent any party in a tax appeal case at the Board.

While the BTLA is generally the lowest cost alternative to appeal a denial of an abatement request, an appeal may be made to the Superior Court. The choice of venue for the appeal is up to the taxpayer, but in no case can an appeal be filed at both the Board and the Court. Generally, an attorney will be required for a case filed in Superior Court.

It is critical to remember that when appeals are filed, these are legal matters, and there is a natural tendency for an adversarial stance to be taken by the parties. The assessors, however, are still public servants, and care must be taken to ensure that the truth of an abatement appeal is not lost in an over-zealous attempt to defend or prevail.

Assessors Duty: Assessors must adhere to the decision of the BTLA or Superior court.

Whether filed at the BTLA or at the Superior Court, a final decision will be rendered in writing. Assessors have a statutory duty to follow the orders of either the Court or the Board.

Section 9.5 – Appeal of Abatement, Supreme Court

9.5

Upon receipt of a grant or denial by the BTLA or the Superior Court, either party may appeal the decision. Appeals of tax abatement cases are made to the Supreme Court of the State of New Hampshire. The Supreme Court will review these decisions, and will generally reverse only if there has been a misapplication of law or a mistaken interpretation of fact. An appeal must generally be filed within thirty days of a decision.

Section 9.6 – Taxpayer Responsibilities

9.6

The process of valuation for taxation may potentially be one of the most emotional interactions between government and the people. The assessors have a statutory duty to value all property at market value, and taxpayers have a duty to pay taxes to support the municipality. There are numerous requirements of statute and rule for the municipality to adequately meet the need for accurate values. But there are also legal requirements of taxpayers.

PA-28 Inventory of Taxable Property

Some municipalities require the filing of an RSA 74 Inventory of Taxable Property (PA-28) form to itemize property subject to the property tax. In most cases, the timely filing of an inventory form (where locally required) is a jurisdictional prerequisite for filing an abatement request.

For all abatements and appeals of abatements by taxpayers, there are statutory deadlines. These deadlines are firm, and cannot be extended by assessors, the BTLA, or the courts.

In most revaluations, an inspection of the property to be assessed is desired. These inspections help the assessors identify the particular aspects of a property that have value. Although there may be concern about allowing a physical inspection, a taxpayer that refuses to allow assessing officials to inspect their property for valuation purposes may ultimately lose their right to appeal.

Taxpayers have a duty to assure themselves that the information used for taxation of their properties is accurate. However, once the filing deadline for abatement has passed, the taxpayer has lost the right to request an abatement for that year.

Chapter 10

Exemptions and Credits

Section 10.1 – General Requirements for Tax Credits and Exemptions 10.1

The laws regarding property tax exemptions and credits are generally found in RSA 72. All New Hampshire statutes may be found on-line at www.gencourt.state.nh.us/rsa/html/indexes. Simply use this link to access a complete list of New Hampshire laws.

The purpose of this discussion is to attempt to simplify the maze of technical language that permeates the laws on property tax exemptions and credits. All applications made under this section shall be subject to the provisions of RSA 72:33 and RSA 72:34. It is these two statutes that answer the following questions.

RSA 72:33 Application for Exemptions or Tax Credit.

Q. Which exemptions and credits are covered?

A. RSA 72:28, 29-a, 30, 31, 32, 35, 36-a, 37, 37-a, 37-b, 38-b, 39-b, 62, 66, and 70.

Q. What is the filing deadline?

A. April 15 prior to the date of setting the tax rate.

Q. What is the manner in which an application shall be made?

A. Permanent application must be signed under penalty of perjury on a form prescribed by the Commissioner of Revenue, Form PA-29, Permanent Application for Tax Credit/Exemptions, declaring the fact that the applicant was an owner of the property as generally defined in RSA 72 on April 1 of the year in which the tax exemption or credit was sought. Form PA-29 is available by contacting the Department of Revenue Administration (DRA) at (603) 271-2687 or by downloading it from the DRA website.

In the case of financial qualifications, that the applicant was duly qualified at the time of application.

The PA-29 application form shall also include:

- Instructions for completing and filing the form with explanation of the grounds for requesting tax exemptions and credits pursuant to RSA 72.
- Sections for information concerning the applicant, the property for which relief is sought, and other properties owned by the applicant.
- A section explaining the appeal procedure and deadlines if the application is denied.
- A place for the applicant's signature with certification by the applicant that the application is in good faith and the facts in the application are true.

Q. Does mistake, accident, or misfortune apply to filing these applications late?

A. If an applicant shall satisfy the selectmen or assessor they were prevented by accident, mistake, or misfortune from filing on or before April 15, said officials may accept an application at a later date. No such application shall be granted after the local tax rate has been set for that year.

Q. What must a person that changes residence do after filing such an application?

A. Any person who changes residence after filing such a permanent application shall file an amended permanent application on or before December 1 immediately following the change of residence. The filing of the permanent application shall be sufficient for said persons to receive these exemptions or tax credits on an annual basis so long as the applicant does not change residence.

Q. What if the selectmen or assessors believe the applicant willfully made false statements on the application?

A. In such a case, the assessing official may refuse to grant the exemption or credit.
RSA 72:34

Q. Are those applicants who have a life estate or beneficial interest for life in the property eligible to apply for and receive a tax exemption or credit?

A. Those applicants who claim ownership in the property due to a life estate or beneficial interest for life as defined by RSA 72:29, VI and who are otherwise qualified to receive the exemption or credit may receive the exemption or credit.

Q. Must such an applicant do anything else before receiving the exemption or credit?

A. An applicant filing as an owner by life estate or beneficial interest for life must also file with their application an additional statement under penalty of perjury, a Form PA-33, Statement of Qualification for Property Tax Credit or Exemption, attesting the fact they meet the requirements of RSA 72:29, VI. Form PA-33 is available for download at the DRA website.

Q. Once an exemption or credit is granted has the selectmen's or assessor's responsibility ended for future years?

A. Assessing officials may require applicants for any tax exemption or tax credit to file periodically but no more frequently than annually, any information listed in RSA 72:34 or the statement required by RSA 72:33.

Q. What can assessing officials do if there is a failure to file such periodic statements?

A. Recipients who fail to file such information periodically may, at the discretion of the assessing officials, result in the loss of the exemption or tax credit for that year.

RSA 72:34 Investigation of Application and Decision by Town Officials.

Q. What must assessing officials do upon receipt of an application as provided for in RSA 72:33 above?

A. Assessing officials shall examine the application for the right to the tax exemption, tax credit, or tax deferrals, the ownership of the property listed, and, if necessary, the encumbrances reported.

Q. What should assessing officials do for those exemptions having income or asset limitations?

A. Assessing officials may request true copies of any documents as needed to verify eligibility.

Q. How must these documents be treated by the assessing officials?

A. Documents submitted in support of an application for a tax exemption or credit must be considered confidential and handled in such a manner as to protect the privacy of an applicant. Once a decision has been made on the application, all documents and copies of documents submitted by the applicant must be returned to the applicant.

RSA 72:34 II. For those exemptions having income or asset limitations, the assessing officials may request true copies of any documents as needed to verify eligibility. Unless otherwise provided for by law, all documents submitted with an application or as requested, as provided for in paragraphs I and II, and any copies shall be considered confidential, handled so as to protect the privacy of the individual, and not used for any purpose other than the specific statutory purposes for which the information was originally obtained. All documents and copies of such documents submitted by the applicant shall be returned to the applicant after a decision is made on the application.

Q. What may the assessing officials do if they believe the applicant has willfully made any false statement in the application or the applicant did not cooperate with their request?

A. The assessing official may refuse to grant the exemption or tax credit.

Q. What is the deadline for assessing officials to respond to applicants for tax exemptions or tax credits?

A. Assessing officials have until July 1 prior to notice of tax as defined in RSA 72:1-d to reply by first class mail in writing to any taxpayer who timely requests an exemption or tax credit. This also applies to an applicant for a tax deferral. Tax deferrals will be covered later in this chapter.

Q. How does RSA 72:1-d define “Date of Notice of Tax”?

Date of Notice of Tax: The last mailing date of the final annual tax bill.
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A. RSA 72:1-d Definitions. – In this chapter:

I. “Date of the final tax bill” means:

- a) In towns that bill annually, the date the town mails the tax bills to the taxpayers;
- b) In towns that bill semiannually, pursuant to RSA 76:15-a, the date the town mails the second tax bill to the taxpayers;
- c) In towns operating with an optional fiscal year, pursuant to RSA 31:94-a or a special legislative act, the date the town mails the first tax bill to the taxpayers, provided that first tax bill establishes the total tax liability for the tax year and the bill includes notice that abatements must be sought from the first tax bill; and
- d) Notwithstanding subparagraph c) , in municipalities that bill quarterly, pursuant to RSA 76:15-aa, the date the municipality mails the final tax bill to the taxpayers.

II. “Date of notice of tax” means the date the Board of Tax and Land Appeals (BTLA) determines to be the last mailing date of the final tax bill for which relief is sought.

Q. Is there a particular form that assessing officials should use to notify applicants of the decision for an exemptions or credit request?

A. The decision shall be sent on Form PA-35, Assessing Officials Response to Exemption/Tax Credit. The form is available for download at the DRA website. The municipality shall advise the taxpayer of its decision to grant or deny the application. It shall also advise the applicant of the appeal procedure set forth in RSA 72:34-a. A municipality may require an applicant to provide a self-addressed stamped envelope with sufficient postage to mail this decision.

Q. What happens if the municipality fails to notify the applicant of its decision by July 1 prior to the date of notice of tax?

A. If the municipality fails to notify the applicant, it shall constitute a denial.

Q. What is the appeal procedure as defined in RSA 72:34-a?

A. Whenever the selectmen or assessors refuse to grant an applicant an exemption, deferral, or tax credit to which the applicant may be entitled under the provisions of RSA 72:23, 23-d, 23-e, 23-f, 23-g, 23-h, 23-I, 23-j, 23-k, 28, 29-a, 30, 31, 32, 35, 36-a, 37, 37-a, 37-b, 38-a, 38-b, 39-a, 39-b, 41, 42, 62, 66, or 70 the applicant may appeal in writing, on or before September 1 following the date of notice of tax under RSA 72:1-d, to the BTLA or the Superior Court, which may order an exemption, deferral, or tax credit, or an abatement if tax has been assessed.

Section 10.2 – Property Tax Veterans’ Tax Credit and Exemption **10.2**

Now that we’ve talked about what selectmen or assessors must do when qualifying applicants for exemptions, let’s discuss the statutes themselves by first looking at the Veterans’ Tax Credits. A tax credit is defined as an amount of money that shall be deducted from the person’s tax bill. That is to say it is a dollar amount deducted directly from the taxes owed by the individual who is receiving the benefit of the tax credit.

Tax Credit: money deducted from the total tax bill.
--

There are six (6) statutes that pertain to tax credits for certain qualifying individuals and/or their surviving spouses and one (1) tax exemption. The most prevalent among these is:

RSA 72:28 Standard and Optional Veterans’ Tax Credit.

Q. What is the standard veterans’ tax credit?

A. The standard veterans’ tax credit is \$50.00.

Q. Is there an optional veterans’ tax credit?

A. A municipality may formally adopt a larger amount by vote at any town meeting or by vote of the governing body, if the municipality has the town council or city form of government. This credit amount may be anywhere between \$51.00 and \$500.00. The provisions for adopting a higher amount may be found in RSA 72:27-a, see section 10.5.

Q. Can a surviving spouse of a deceased veteran receive the veterans’ tax credit?

A. A surviving spouse of a resident who suffered a service-connected death, unless remarried, may have the credit amount subtracted from the property tax on any real property, including commercial, in the same municipality where the surviving spouse is a resident.

Q. How does a person qualify for this tax credit?

A. In order to qualify for the veterans' tax credit applicants must satisfy the selectmen or assessors that they:

- The applicant has been a resident of New Hampshire for at least one year prior to April 1 for which they are applying and who have served not less than 90 days active duty during any qualifying war or armed conflict listed below.
- The applicant must have been honorably discharged from active duty service. A discharge of "Under Honorable Conditions" is not considered the same as Honorable. The most commonly found discharge paper is the DD 214. This form is what is normally issued upon discharge from active duty and will list all the information needed to qualify or disqualify an applicant. However, some older veterans may not have a DD 214. Please refer to a more complete list of qualifying discharge papers at the end of Chapter 10.

Q. Can other individuals qualify for the veterans' tax credit?

A. Other individuals who may qualify for this tax credit are:

- Every resident of this state who was terminated from the armed forces because of service-connected disability; or the surviving spouse of such a resident. The form DD 214 will list the reason for separation from service and should be considered prima facie evidence of this fact.

Q. What are the qualifying wars and armed conflicts applicable to the veterans' tax credit?

A. The following is the list of qualifying wars and armed conflicts:

- "World War I" between April 6, 1917 and November 11, 1918, extended to April 1, 1920 for service in Russia; provided that military or naval service on or after November 12, 1918 and before July 2, 1921, where there was prior service between April 6, 1917 and November 11, 1918 shall be considered as World War I service;
- "World War II" between December 7, 1941 and December 31, 1946;
- "Korean Conflict" between June 25, 1950 and January 31, 1955;
- "Vietnam Conflict" between December 22, 1961 and May 7, 1975;
- "Vietnam Conflict" between July 1, 1958 and December 22, 1961, **if the resident earned the Vietnam service medal or the armed forces expeditionary medal;** and

Military service that qualifies for the NH veterans' tax credit.

- “Persian Gulf War” between August 2, 1990 and the date thereafter prescribed by Presidential proclamation or by law. As of this publication, the Persian Gulf War is considered ongoing; and
- Any other war or armed conflict that has occurred since May 8, 1975, and in which the resident earned an armed forces expeditionary medal or theater of operations medal.

Q. How can an applicant qualify if their dates of service are not within the specified dates?

A. In order to qualify for this tax credit, if dates of active duty service fall between the specific dates listed above an applicant would have to show that an armed forces expeditionary medal or a theater of operations medal was earned in addition to the other qualifying factors listed above.

Q. Who selected the dates of active duty service?

A. Dates of service listed in the statute are not arbitrarily selected by the New Hampshire State Legislature but are the official dates of the duration of the war or armed conflict as determined by Presidential Proclamation or Act of Congress through the United State’s Department of Defense.

RSA 72:29-a Surviving Spouse.

Q. What is the standard surviving spouse credit?

A. The standard credit for the surviving spouse of any person who was killed or died while on active duty in the armed forces of the United States shall be \$700.00.

- This credit may also be applied to the spouse of anyone who served in any of the armed forces of any of the governments associated with the United States in the wars, conflicts or armed conflicts, or combat zones set forth in RSA 72:28.

Q. What property can the credit be applied to?

A. The credit amount may be applied to any property owned by the spouse, residential or not, located in the same municipality where the surviving spouse is a resident.

Q. Is there an optional surviving spouse credit amount?

A. A municipality may formally adopt a larger amount by vote at any town meeting or by vote of the governing body, if the municipality has the town council or city form of government. This credit amount may be any where between \$701.00 and \$2,000.00. The provisions for adopting a higher amount may be found in RSA 72:27-a, see section 10.5.

RSA 72:30 Proration of Tax Credit.

Q. Can an applicant receive only a portion of a tax credit?

A. Any qualified individuals who own property together and are not husband and wife may receive a tax credit in proportion to the interest owned not to exceed the amount of the credit specified in RSA 72:28.

Ex: If a municipality has a \$250.00 credit limit and the property is owned by a father and a son, both of whom qualify, they may split the \$250.00 each getting $\frac{1}{2}$ of the allowable credit in that municipality, or \$125.00 each.

RSA 72:31 Husband and Wife.

Q. Can more than one tax credit be applied for the same property?

A. Yes, a husband and wife, each qualifying for a tax credit, shall each be granted a tax credit upon their residential real estate as provided under RSA 72:28,I or II. This means that a husband and wife who own residential property together may each receive a full credit amount.

Ex: If a municipality has a \$500.00 credit allowance, the husband and the wife each may receive the full \$500.00 credit for a total of \$1,000.00.

RSA 72:32 Veterans of Allied Forces.

Q. What if an applicant has active duty with an ally of the United States?

A. If a citizen of the United States or a resident of New Hampshire did active duty service with an ally of the United States in any of the wars listed in RSA 72:28, that person may receive the credit as long as they qualify otherwise under the statute. This is a relatively rare occurrence.

RSA 72:35 Tax Credit for Service Connected Total Disability.

Q. Who can receive the tax credit for service connected total disability?

A. Any person who has been honorably discharged or an officer honorably separated from the military service of the United States and who has total and permanent (100%) service-connected disability, or who is a double amputee or paraplegic because of service-connected injury, or the surviving spouse of such a person, shall receive a standard yearly tax credit in the amount of \$700.00 of property taxes on the person's residential property.

Q. Is there an Optional Tax Credit?

A. Yes! A municipality may formally adopt a larger amount by vote at any town meeting or by vote of the governing body, if the municipality has the town council or city form of government. This amount may be any where between \$701.00 and \$2,000.00. The provisions for adopting a higher amount may be found in RSA 72:27-a, see section 10.5.

Q. What is the prime proof of qualification for this tax credit?

A. A letter from the United States Department of Veterans' Affairs attesting to the fact the applicant is rated totally and permanently disabled from service connection. The applicant must be 100% permanently disabled. An applicant shall be afforded the opportunity to present additional evidence, if needed.

Q. What happens if the application is denied?

A. Any decision to deny an application shall identify the evidence used in the denial. A person denied has the right of appeal outlined in RSA 72:34-a.

- This tax credit shall be divided evenly among the number of tax bills issued by the municipality.

RSA 72:36-a Certain Disabled Veterans. (Tax Exemption)

Q. Who qualifies under this statute?

A. Any person, who is discharged from military service of the United States under conditions other than dishonorable, or an officer who is honorably separated from military service, who is totally and permanently disabled from service connection and satisfactory proof of such service connection is furnished to the assessors and who is a double amputee of the upper or lower extremities or any combination thereof, paraplegic, or has blindness of both eyes with visual acuity of 5/200 or less as the result of service connection and who owns a specially adapted homestead which has been acquired with the assistance of the Veterans Administration or which has been acquired using proceeds from the sale of any previous homestead which was acquired with the assistance of the Veterans Administration, the person or person's surviving spouse, shall be exempt from all taxation on said homestead.

Q. Can a veteran qualify for both a tax credit under RSA 72:28 and RSA 72:35?

A. Yes, so long as the requirements for each are met.

Section 10.3 – Property Tax Exemptions

10.3

Property tax exemptions can be a little more complex than Veterans' Tax Credits. The goal here is to explain the basic exemptions, who qualifies to receive them, and which exemptions do not require formal adoption and which exemptions have to be formally adopted by a municipality before they can be granted by a municipality.

Tax Exemption: an amount deducted from the property's total assessed value.

A tax exemption can be defined as an amount of money deducted from the assessed value of a property before the application of the tax rate to determine the tax due.

Ex: If the total assessed value of a property is \$200,000.00 and the municipality allows an exemptions amount of \$50,000.00 for a particular exemption, then the qualifying applicant would receive a tax bill figured on the difference of \$200,000.00 less \$50,000.00 – or \$150,000.00.

To Adopt OR Not to Adopt

There are two (2) basic classes of property tax exemptions in New Hampshire. The first class includes those exemptions that do not have to be formally adopted by the municipality before they may be granted to qualified individuals. The second class includes those exemptions that do need to be formally adopted by the municipality before they may be granted regardless of whether the applicant is qualified. All exemptions, whether requiring formal adoption, or not, also have optional provisions within them allowing municipalities to increase the exemption amount itself and also any income or asset requirements associated with the exemption. These are provided for under RSA 72:27-a (see section 10.5), and should not be confused with the two basic classes of exemptions described above. Clarification will be given in the specific discussion of each exemption below. All applications made under this section shall be subject to the provisions of RSA 72:33 and RSA 72:34 discussed at the beginning of this chapter.

RSA 72:23-m Applicability of Exemptions.

Q. When are exemptions applicable?

A. The exemptions afforded by RSA 72:23 or 72:23-a through 72:23-k (see section 10.6), as well as exemptions granted by other provisions of law (see section 10.4), shall be construed to confer exemption only upon property which meets requirements of the statute under which the exemption is claimed. The burden of demonstrating the applicability of any exemption shall be upon the claimant.

Section 10.4 – Exemption Not Needing Formal Adoption

10.4

Exemptions not requiring formal adoption before they may be granted to qualified applicants are those exemptions pertaining to certain elderly people and to certain blind people. Also included

in exemptions not requiring formal adoption are those to assist disabled persons or to assist deaf persons. Each is discussed in detail as follows:

RSA 72:39-a Conditions for Elderly Exemption.

Q. Who qualifies for an elderly tax exemption?

A. Property owners who meet the following qualification:

1. The applicant must have been a New Hampshire resident for at least 3 years prior to the April 1 for which application is being made. Three (3) year residency applies statewide and is not limited to the municipality where the applicant now resides and where application is being made as long as the applicant owned property as of April 1 and has been a New Hampshire resident for 3 consecutive years.
2. Net income from all sources in the calendar year preceding the April 1 application, shall be \$13,400.00 if single and \$20,400.00 if married. Per this statute, the following is the method to use when figuring net income: net income shall be determined by deducting, within one calendar year, from all money received from all sources including social security and pension payments, the amount of any of the following or the sum thereof:
 - a. Life insurance paid on the death of an insured.
 - b. Expenses and costs from expenses incurred in the operation of a business enterprise.
 - c. Proceeds from the sale of assets.
3. Owns net assets not in excess of \$35,000.00. This amount does not include the value of the applicant's personal residence and up to 2 acres of land or the minimum single-family residential lot size specified in local zoning ordinance which ever is greater.

Q. What is the statutory elderly tax exemption?

A. There is no standard minimum elderly tax exemption amount, however the minimum amount that can be offered is \$5,000.00.

Q. Can municipalities increase the statutory minimum requirements?

A. Yes, a municipality may formally adopt a larger amount by vote at any town meeting or by vote of the governing body, if the municipality has the town council or city form of government, following the provisions of RSA 72:39-b (see below).

Q. How are assets defined under this statute?

A. “Net assets” means the value of all assets, tangible and intangible, minus the value of any good faith encumbrances. Good faith encumbrances include mortgages, personal loans, liens and other claims against the value of an asset.

Q. How is “Residence” defined under this statute?

A. “Residence” means the housing unit, and related structures such as an unattached garage or woodshed, which is the person’s principal home, and which the person in good faith regards as home to the exclusion of any other places where the person may temporarily live. “Residence” shall exclude attached dwelling units and unattached structures used or intended for commercial or other nonresidential purposes.

Q. Are there any other requirements that an applicant must meet to qualify for the elderly exemption?

A. Yes!

1. The property must be owned by the applicant; or
2. Owned by the applicant jointly or in common with the applicant’s spouse, either of whom meets the age requirement for the exemption claimed; or
3. Owned by the applicant jointly or in common with a person not the applicant’s spouse, if the applicant meets the applicable age requirement for the exemption claimed; or
4. Owned by the applicant, or the applicant’s spouse, either of who meets the age requirement for the exemption claimed, and as long as they have been married to each other for at least 5 consecutive years.

Q. What happens when a spouse dies?

A. On the death of a spouse, the combined net asset amount for married persons shall not change unless the property sells, transfers, or the surviving spouse remarries. The income level, however, is still subject to change.

RSA 72:39-b Procedure for Adoption and Modification of Elderly Exemption.

This procedure allows a municipality to adopt amounts higher than the statutory minimum limits in the following manner and in accordance with RSA 72:27-a, see section 10.5.

It allows municipalities to adopt income limits, asset limits and exemption amounts of its own choosing for the following age groups:

- 65 years of age up to age 75,

- 75 years of age up to age 80, and
- 80 years of age and over.

All other criteria listed in RSA 72:39-a must also be met.

NOTE: The following limitation under RSA 72:40-a also applies to the Elderly Exemption and says that “no exemption shall be allowed under RSA 72:39-b if the resident applying therefore has, within the preceding 5 years, received transfer of the real estate from a person under the age of 65 related to him by blood or marriage.” This provision deters people under the age of 65 from benefiting from the exemption who otherwise would not qualify to receive it.

RSA 72:37 Exemption for the Blind.

Q. Who qualifies to receive the blind exemption?

A. Every inhabitant who is legally blind as determined by the Blind Services Program, Bureau of Vocational Rehabilitation, Department of Education.

Q. What is the amount of the exemption?

A. The statutory minimum exemption amount of \$15,000.00 shall be exempt each year on the assessed value, for property tax purposes, of his or her residential real estate.

Q. Can municipalities increase the statutory minimum requirement?

A. Yes, a municipality may formally adopt a larger amount by vote at any town meeting or by vote of the governing body, if the municipality has the town council or city form of government, following the provisions of RSA 72:27-a.

Q. What is the definition of “residential real estate” for RSA 72:37?

A. The term “residential real estate” for RSA 72:37 shall mean the real estate that the person qualified for an exemption or a tax credit thereunder occupies as his principal place of abode together with any land or buildings appurtenant thereto and shall include manufactured housing if used for said purpose.

RSA 72:37-a Exemption for Improvements to Assist Persons With Disabilities.

Q. What does “person with disabilities” mean?

A. Person with a “disability” means a person who by reason of a physical defect or infirmity permanently requires the use of special aids to enable him to propel himself.

If the value of the improvement is not added to the assessment, there is nothing to subtract out.

NOTE: The key word here is “propel”. The special improvements must have been made in order to make it easier for the disabled person to get into and around the house once inside. This would include things like wheel

chair ramps, extra wide doorways, elevators, etc.

Q. What is the definition of “residential real estate” for RSA 72:37-a?

A. The term “residential real estate” for RSA 72:37-a shall mean the real estate which the person qualified for an exemption or a tax credit thereunder occupies as his principal place of abode together with any land or buildings appurtenant thereto and shall include manufactured housing if used for said purpose.

Q. Who qualifies for this exemption?

A. Every owner of residential real estate upon which he resides, and to which he has made improvements for the purpose of assisting a person with a disability who also resides on such real estate, is each year entitled to an exemption from the assessed value, for property tax purposes, upon such residential real estate determined by deducting the value of such improvements from the assessed value of the residential real estate before determining the taxes upon such real estate.

Q. Can other individuals qualify for the exemption for improvements to assist person with disabilities?

A. Yes. It can be the owner of the property or anyone else who may reside there.

Q. When does the exemption apply?

A. It only applies to the taxable years in which the disabled person actually resided in the house and the April 1 rule applies.

Ex: If the disabled person moves out on April 2, the exemption stays until the following March 31 and then comes off the next April 1.

Section 10.5 – Exemptions Needing Formal Adoption

10.5

RSA 72:27-a Procedure for Adoption, Modification, or Rescission.

The following exemptions must be formally adopted through the procedure outlined in RSA 72:27-a. This statute was enacted in 2003 after the repeal of RSA’s 72:28-a, 72:29-b, 72:35-a, 72:36-b, 72:37-c, 72:63, 72:67 and 72:71. These repealed statutes included specific language to be used in the warrant article for the adoption of each exemption. RSA 72:27-a replaced all these with more general guidance for municipalities to use in crafting their warrant articles.

- It starts out by listing the specific statutes it refers to, namely RSA 72:28, 72:29-a, 72:35, 72:37, 72:37-b, 72:38-b, 72:39-a, 72:62, 72:66, or 72:70.
- Towns that have not adopted the Town Council form of government RSA 49-D must address the adoption of exemptions and credits through a warrant article at any regular or special town meeting.
- Cities or towns who have adopted a charter pursuant to RSA 49-C or 49-D may adopt any exemption or credit through the normal course of operation of its governing body or as a ballot question for any regular municipal election.
- Cities or towns who have adopted a charter pursuant to RSA 49-C or 49-D may adopt any exemption or credit through the normal course of operation of its governing body or as a ballot question for any regular municipal election.

Q. How shall the warrant or the vote be worded?

A. The warrant shall contain the information below:

- The vote shall specify the provisions of the property tax exemption or credit, the amount of such exemption or credit, and the manner of its determination, as listed in paragraph I.
- If a majority of those voting on the questions vote “yes,” the exemption or credit shall take effect within the municipalities, on the date set by the governing body, or in the tax year beginning April 1 following its adoption, whichever shall occur first.
- This means the warrant should reference:
 - The exemption or credit being adopted.
 - The amount of the exemption or credit.
 - The amount of income and asset limits being proposed, if required.
 - What date the exemption or credit shall be applied.
 - Any additional requirements necessary under the statutes.
- A municipality may amend or rescind an exemption or credit it had previously adopted in the same manner as outlined above.

NOTE: It may be of particular importance to a municipality to amend or adjust certain exemption amounts, particularly the elderly exemption, to keep pace with increases in assessed values as revaluations occur.

RSA 72:37-b Exemption for the Disabled.

Q. Who qualifies for the exemption for the disabled?

A. Any person who is eligible to receive benefits under Title II (Federal Old-Age, Survivors, and Disability Insurance Benefits) or Title XVI (Supplemental Income for the Aged, Blind, and Disabled) of the Federal Social Security Act for benefits to the disabled.

Q. What is the amount of the exemption for the disabled?

A. The exemption amount shall be an amount chosen by the municipality as described in RSA 72:27-a.

Note: This statute also provides for those who had been receiving the exemption for the disabled the option to keep the exemption for the disabled or to opt for the elderly exemption at age 65 whichever is greater. It might behoove municipalities to keep their exemption for the disabled amount equal to their entry level (age 65-74) elderly exemption amount.

Q. What are the requirements to receive the exemption for the disabled?

A. In addition to the Title II or Title XVI requirement the applicant must meet the following:

1. The applicant must own the property.
 - a. Owned by the applicant jointly or in common with the applicant's spouse, either of whom meets the requirements for the exemption claimed; or
 - b. Owned by the applicant jointly or in common with a person not the applicant's spouse, if the applicant meets the applicable requirements for the exemption claimed; or
 - c. Owned by the applicant, or the applicant's spouse, either of whom meets the requirements for the exemption claimed, and when they have been married to each other for at least 5 consecutive years.
2. The applicant must have been a New Hampshire resident for at least 5 years prior to the April 1 for which the application is being made.
3. A net income from all sources in the calendar year preceding April 1 application \$13,400.00 if single and \$20,400.00 if married. Per this statute, the following is the method to use when figuring net income: Net income shall be determined by deducting from all money received from all sources including social security and pension payments, the amount of any of the following or the sum thereof:

- a. Life insurance paid on the death of an insured.
- b. Expenses and costs from expenses incurred in the operation of a business enterprise.
- c. Proceeds from the sale of assets.

In no case shall municipalities lower the **Income Level** less than \$13,400.00 for single persons and \$20,400.00 for married persons and **Assets** less than \$35,000.00.

- 4. Owns net assets not in excess of \$35,000.00. This amount does not include the value of the applicant's personal residence and up to 2 acres of land or the minimum single-family residential lot size specified in local zoning ordinance which ever is greater.

RSA 72:38-b Exemption for Deaf or Severely Hearing Impaired Persons; Procedure for Adoption.

Q. Who qualifies for the deaf or severely hearing impaired persons exemption (how is this exemption defined in the statute)?

A. For purposes of the deaf or severely hearing impaired persons exemption the applicant shall have a 71 decibels (Db) hearing average (average from both ears) hearing loss or greater in the better ear as determined by a licensed audiologist or qualified otolaryngologist, or rely on a visual means of communication such as American Sign Language or speech recognition, or whose hearing is so impaired as to substantially limit the person from processing linguistic information through hearing, with or without amplification, so as to require the use of an interpreter or auxiliary aid.

NOTE: The 71 Db hearing loss mentioned in the statute comes from a hearing test known as the Pure Tone Average, or PTA test. The following table (Table 1) lists degrees of hearing loss in decibels that results from this test. So, as you can see, anyone with a hearing loss of 71 Db's or greater in the better ear is in the severe to profound hearing loss categories.

Table 1

Db Hearing Levels
0 – 20 Db = normal – no significant hearing loss
20 – 40 Db = early or mild hearing loss
40 – 60 Db = moderate hearing loss
60 – 70 Db = moderately-severe hearing loss
70 – 90 Db = severe hearing loss
91+ Db = profound hearing loss

Q. What is the amount of the exemption for the deaf or severely hearing impaired?

A. Once adopted by a municipality under the provisions of RSA 72:27-a, any deaf person or person with severe hearing impairment as defined above shall receive an exemption each year on the assessed value, for property tax purposes, on his or her residential real estate a value of \$15,000.00.

1. A municipality may vote to modify or rescind the exemption as it sees fit under RSA 72:27-a but in no case can the amount be less than \$15,000.00.
2. The term residential real estate as used in this section shall mean the real estate which the person qualified for an exemption or a tax credit thereunder occupies as his principal place of abode together with any land or buildings appurtenant thereto and shall include manufactured housing if used for said purpose.

Q. What are the requirements to receive the exemption for the deaf or severely hearing impaired?

A. In addition to the hearing loss requirement the applicant must also follow the below:

1. The applicant must own the property.
 - a. Owned by the applicant jointly or in common with the applicant's spouse, either of whom meets the requirements for the exemption claimed; or
 - b. Owned by the applicant jointly or in common with a person not the applicant's spouse, if the applicant meets the applicable requirements for the exemption claimed; or
 - c. Owned by a applicant, or the applicant's spouse, either of whom meets the requirements for the exemption claimed, and when they have been married to each other for at least 5 consecutive years.
2. The applicant must have been a New Hampshire resident for at least 5 years prior to the April 1 for which the application is being made.
3. A net income from all sources in the calendar year preceding April 1 application \$13,400.00 if single and \$20,400.00 if married. Per this statute, the following is the method to use when figuring net income: Net income shall be determined by deducting, within a calendar year, from all money received from all sources including social security and pension payments, the amount of any of the following or the sum thereof:

a. Life insurance paid on the death of an insured.

b. Expenses and costs from expenses incurred in the operation of a business enterprise.

c. Proceeds from the sale of assets.

In no case shall municipalities lower the **Income Level** less than \$13,400.00 for single persons and \$20,400.00 for married persons and **Assets** less than \$35,000.00.

5. Owns net assets not in excess of \$35,000.00. This amount does not include the value of the applicant's personal residence and up to 2 acres of land or the minimum single-family residential lot size specified in local zoning ordinance which ever is greater.

Q. Are there other exemption options for the deaf or severely hearing impaired?

A. Yes. In addition to the exemption provided in this section, a person may claim an exemption for the improvements to assist persons who are deaf or severely hearing impaired as follows:

1. Every owner of residential real estate upon which he or she resides, and to which he or she has made improvements for the purpose of assisting a person who is deaf or severely hearing impaired who also resides on such real estate, is each year entitled to an exemption from the assessed value, for property tax purposes, upon such residential real estate determined by deducting the value of such improvements from the assessed value of the residential real estate before determining the taxes upon such real estate.

2. The exemption under this paragraph shall apply only in taxable years during which the person who is deaf or severely hearing impaired resided on the residential real estate for which the exemption is claimed on April 1 in any given year.

Q. When does the exemption apply?

A. It only applies to the taxable years in which the deaf or severely hearing impaired person actually resided in the house and the April 1 rule applies.

Ex: If the deaf/severely hearing impaired person moves out on April 2, the exemption stays until the following March 31 and then comes off the next April 1.

NOTE: The exemption applies to the owner of the property or anyone else who may reside there.

Section 10.5.1 – Property Exemptions

The following property tax exemptions must be adopted by the municipality in accordance with RSA 72:27-a, but these exemptions are associated with the real estate itself, more specifically with the improvements, than with the people who own the property.

Property vs.
People
Exemptions

RSA 72:62 Exemption for Solar Energy Systems.

Q. What type of property qualifies for the solar exemption?

A. An exemption from the assessed value, for property tax purposes, for persons owning real property which is equipped with a solar energy system as defined in RSA 72:61.

Q. What is the definition of a solar energy system?

A. In this subdivision “solar energy system” means a system that utilizes solar energy to heat or cool the interior of a building or to heat water for use in a building and which includes one or more collectors and a storage container. “Solar energy system” also means a system that provides electricity for a building by the use of photovoltaic panels.

Q. What does not qualify as a solar energy system?

A. Under this definition “Passive” Solar devices such as windows, skylights, sun porches and other non-systems devices would not qualify for a solar exemption.

RSA 72:66 Exemption for Wind-Powered Energy Systems.

If the value of the improvement is not added to the assessment, there is nothing to subtract out.

Q. What type of property qualifies for the wind-powered energy system?

A. An exemption from the assessed value, for property tax purposes, for persons owning real estate property which is equipped with a wind-powered energy system.

Q. What is the definition of a wind-powered energy system?

A. In this subdivision “wind-powered energy system” means any wind-powered devices which supplement or replace electrical power supplied to households or businesses at the immediate site.

Q. What could be considered a wind-powered energy system?

A. These are most often in the form of some kind of windmill or wind turbine. They are relatively rare in most residential and small business applications.

RSA 72:70 Exemption for Woodheating Energy Systems.

Q. What type of property qualifies for the woodheating energy system?

A. An exemption from the assessed value, for property tax purposes, for persons owning real property which is equipped with a woodheating energy system.

Q. What is the definition of a woodheating energy system?

A. In this subdivision “woodheating energy system” means a wood burning appliance designed to operate as a central heating system to heat the interior of a building. The appliance may burn wood solely or burn wood in combination with another fuel. A central heating system shall include a central appliance to distribute heat by a series of pipes, ducts or similar distribution system throughout a single building or groups of buildings.

Q. What does not qualify as a woodheating energy system?

A. A wood burning appliance shall not include a fireplace, meaning a hearth, fire chamber or similarly prepared place with a chimney intended to be usable in an open configuration whether or not it may also be closed and operated closed; or a wood stove meaning a wood burning appliance designed for space heating purposes which does not operate as a central heating system or as a sole source of heat.

NOTE: The key word is “system” which is a common theme to the previous three exemptions. In order to qualify for the exemption, there must be some active system in place rather than a simple passive type of mechanism.

Another thing to consider when implementing the Wind, Solar, or Woodheating exemptions is what type of exemption will be allowed. As with other exemptions, Elderly, Disabled, Blind, etc., it is recommended that a specific dollar amount be presented to voters on the warrant article for their approval on Solar, Wind, and Woodheating exemptions. Language such as “The cost of the system to the property owner” is vague, difficult to verify and over time becomes difficult to value in subsequent revaluations. Most revaluation companies do not include the value of these systems in their appraisals adding to the problem of what to exempt at that time. Even if they do value the systems the amount of the value may not truly represent current cost to replace. Remember too that municipalities always have the option to vote to increase or decrease, as necessary, the exemption amount in future warrants articles as provided for in RSA 72:27-a.

Section 10.6 – Religious, Educational, and Charitable Exemptions

10.6

The following discussion centers on properties that qualify under the general headings of RSA 72:23. This statute defines which entities are exempt from taxation and that can apply for tax-exempt status. The difference is that those entities that are exempt are the basic governmental units. Property owned by the Federal Government is exempt from taxation absolutely. Properties owned by state or municipal entities are exempt from taxation on property located within their own jurisdiction. Properties owned by state or municipal entities that are leased or rented to an outside party are taxable as real estate.

Certain other properties owned by religious, educational and charitable entities may apply for tax-exempt status under certain conditions. Let's examine RSA 72:23 in more detail.

RSA 72:23 Real Estate and Personal Property Tax Exemption.

This statute seeks to systematically breakdown, also list the major groups included here, and the requirements that must be met in order to qualify and maintain tax-exempt status.

Government Owned Property

Q. Does property owned by governmental entities have to pay property taxes and under what circumstances might they be liable to pay property taxes?

A.

1. Property owned by the Federal Government pays no property tax under any circumstances.
2. Property owned by the State of New Hampshire, or by a New Hampshire city, town, school district or village district, or by the university system of New Hampshire is exempt from taxation, unless the property is used or occupied by someone other than the aforementioned under a lease or other agreement the terms of which provide for the payment of property taxes by the party using or occupying the property. If the lease or other agreement clearly states the lessee's obligation regarding payment of taxes, the property is taxable to the lessee.
 - a. The lease or other agreement must also include a provision that failure to pay property taxes when due shall be cause for the termination of said lease by the lessor. A tax collector of a governmental entity shall notify the lessor when taxes due are not paid and it shall be the duty of the lessor to terminate the lease and pay over to the tax collector from monies received from the lease an amount sufficient to satisfy the taxes due.
 - b. Exception to the lease rule is that it shall not apply to leases of state-owned railroad properties which are subject to railroad taxes under the

provisions of RSA 82 or which provide revenue to the state, a portion of which is distributed to municipalities pursuant to RSA 228:69,I(a).

Q. What about property owned by county governments?

A. Lands and buildings and personal property owned and used by any county for governmental purposes, including hospitals, courthouses, registry buildings, and county correctional facilities shall be exempt from taxation. An exception applies to county farms and their lands, buildings and taxable personal property that shall be taxed.

Q. How are properties owned by religious groups affected by this exemption?

A. Houses of public worship, parish houses, church parsonages occupied by their pastors, convents, monasteries, buildings and the lands appertaining to them owned, used and occupied directly for religious training or for other religious purposes by any regularly recognized and constituted denomination, creed or sect, organized, incorporated or legally doing business in this state and the personal property used by them for the purposes for which they are established, shall be exempt from taxation.

Religious groups **must own, use and occupy** their buildings in order for the exemption to apply.

NOTE: The key words are owned, used and occupied directly for religious training or other religious purposes. All three tests must be met. If any property owned by a religious group is not being used for religious purposes or is rented to another party not providing religious related services, then that property shall be taxed. This includes vacant land or excess land that is not being used for religious purposes.

Q. Can this exemption be applied to schools, seminaries of learning, colleges, academies or universities?

A. Yes. The buildings and structures of schools, seminaries of learning, colleges, academies and universities organized, incorporated or legally doing business in this state and owned, used and occupied by them directly for the purposes for which they are established. Including but not limited to the dormitories, dining rooms, kitchens, auditoriums, classrooms, infirmaries, administrative and utility rooms and buildings connected therewith, athletic fields and facilities and gymnasiums, boat houses and wharves belonging to them and used in connection therewith, and the land thereto appertaining. This is provided none of the income or profits are divided among the members or stockholders or used or appropriated for any other purpose than the purpose for which they are organized or established.

Q. When doesn't the exemption apply?

A. The exemption doesn't apply when lands and buildings are not used and occupied directly for the purposes for which they are organized or incorporated, and the

personal property used by them directly for the purposes for which they are established.

Q. What is the amount of the Religious, Educational, and Charitable exemption?

A. The value of the exemption is \$150,000.00. Statute provides that if the value of the dormitories, dining rooms and kitchens exceed \$150,000.00, the value thereof in excess shall be taxable.

Q. Can the amount of the Religious, Educational, and Charitable exemption be increased?

A. Yes. A town at an annual town meeting or the governing body of a city may vote to increase the amount of the exemption upon dormitories, dining rooms and kitchens.

Q. Are charitable organizations and other non-profit or 501-3c corporations exempt under 72:23?

A. The buildings, lands and personal property of charitable organizations and societies organized, incorporated, or legally doing business in this state, owned, used and occupied by them directly for the purposes for which they are established, provided that none of the income or profits thereof is used for any other purpose than the purpose for which they are established. For the purposes of this section, the term “charitable” shall have the meaning set forth in RSA 72:23-l.

NOTE: This definition of charitable requires an applicant be required to provide some charitable service and be obligated by its charter to provide this service to a substantial and indefinite segment of the general public that includes residents of NH with no financial profit or benefit to its officers or members, or those of any related organization. The fact an organization’s activities are not conducted for profit shall not in itself be sufficient to render the organization charitable under this Chapter. Additional information may be obtained from the New Hampshire Department of Justice, Charitable Trust Unit.

An organization cannot always be considered Charitable just because they conduct non-profit activities.

Q. How can someone apply for a Religious, Educational or Charitable exemption?

A. Applicants can apply to selectmen or assessing officials on BTLA Form A-9, List of Inventory of Taxable Properties no later than April 15 of the tax year for which the exemption is being sought. Accident, mistake or misfortune applies if the selectmen or assessing officials, at their discretion are satisfied the information supplied is accurate. RSA 72:23-c.

1. Applicants are required to supply a copy of the organization’s charter or articles of incorporation that indicates they are required by it to perform charitable

acts to a substantial and indefinite segment of the population that includes NH residents.

2. BTLA Form A-12, Statement of Financial Condition, must also be filed before June 1 annually to maintain their charitable exemption. This form applies only to charitable organizations.

NOTE: BTLA Form A-9 must be submitted **annually** to the municipality by April 15 or the municipality may remove the charitable organizations exemption. This form applies to religious and educational organizations as well.

Q. What if the application is denied?

A. If denied, the taxpayer may on or before September 1 file an appeal to BTLA or Superior Court. RSA 72:34-a.

RSA 72:23-a Veteran's Organizations.

This statute specifically exempts the real estate and the personal property owned, occupied and used directly by the New Hampshire Veterans Association, the United Spanish War Veterans, Veterans of Foreign Wars, the American Legion, the Disabled American Veterans, Sons of Union Veterans of the Civil War, Veterans of World War I Incorporated and any other veterans organization incorporated by Act of Congress or of its departments or local chapters or posts, shall be exempt from taxation. They must also **annually file** on or before April 15 BTLA Form A-9 and BTLA Form A-12 on or before June 1. Failure to annually file may result in the loss of the exemption for that year. Accident, mistake or misfortune applies.

RSA 72:23-b American Red Cross.

The real estate and the personal property belonging to the American National Red Cross shall be exempt from taxation. They must also annually file on or before April 15 BTLA Form A-9 and BTLA Form A-12 on or before June 1. Failure to annually file may result in the loss of the exemption for that year. Accident, mistake or misfortune applies.

RSA 72:23-d New Hampshire Congregational-Christian Conference.

RSA 72:23-e Nutfield Heights, Inc.

RSA 72:23-f Salemhaven, Inc.

RSA 72:23-g Letitia Pratt Foundation, Inc.

RSA 72:23-i Rannie Webster Foundation

RSA 72:23-j Senior Citizen Housing Development Corporation of Claremont, Inc.

RSA 72:23-k Charitable, Nonprofit Housing Projects.

The above New Hampshire organizations are exempt from ad valorem taxation but must pay a payment in lieu of taxes (PILOT) on or before December 1 of each year in an amount equal to 10% of the shelter rent (income received from rents only, excluding fees for services and other types of income) received by the owner during the preceding calendar year. For cause shown, keeping in mind the nature and purpose of the corporation, the BTLA may abate all or a portion of the PILOT in any year. The owner shall on or before June 1 of each year file with the municipality in which the property is located BTLA Form A-12, Statement of Financial Condition, for the preceding fiscal year.

RSA 72:23-h Granges.

The real estate and personal property owned by Granges that are incorporated in NH shall be exempt from property taxes. If such property is rented for business purposes, the real estate shall not be exempt.

RSA 72:23-n Voluntary Payments in Lieu of Taxes (PILOTS).

The governing body of any municipality may enter into negotiations for a voluntary payment in lieu of taxes from otherwise fully or partially tax exempt properties, and may accept from such properties a voluntary payment in lieu of taxes.

Section 10.7 – Miscellaneous Property Tax Exemptions

10.7

There are a number of other exemptions that affect property taxes. These are mostly special purpose exemptions that do not affect a great many properties but are certainly worth mentioning for the benefit of those who may be affected by them.

RSA 72:7-c Exemption; Radio Towers, Antennas and Related Structures.

Radio antennas, towers and related or supporting structures used exclusively in the operation of an amateur communications station under Federal Communications Commission amateur radio service rules and regulations, shall be considered personal property and are not taxable as real estate.

RSA 72:8 Electric Plants and Pipe Lines.

All structures, machinery, dynamos, apparatus, poles, wires, fixtures of all kinds and descriptions, and pipe lines employed in the generation, production, supply, distribution, transmission, or transportation of electric power or natural gas, crude petroleum and refined petroleum products or combinations thereof, shall be taxed as real estate in the town in which said property or any part of it is situated; provided that no electric power fixtures which would otherwise be taxed under this section shall be taxed under this section if they are employed solely as an emergency source of electric power.

RSA 72:8-a Telecommunications Poles and Conduits.

Except as provided in RSA 72:8-b, all structures, poles, towers, and conduits employed in the transmission of telecommunication, cable, or commercial mobile radio services shall be taxed as real estate in the town in which such property or any part of it is situated. The valuation of such property shall be based on its value as real estate. Other devices and equipment, including wires, fiber optics, and switching equipment employed in the transmission of telecommunication, cable, or commercial mobile radio services shall not be taxable as real estate.

RSA 72:8-b Exemption.

Notwithstanding any other provision of this chapter, any conduit that is not a part of a building and any whole or partial interest in wooden poles, employed in the transmission of communication services that are subject to the tax imposed under RSA 82-A, and owned by a retailer as that term is defined in RSA 82-A:2,X, shall be exempt from being taxed as real estate under RSA 72:8-a. RSA 82-A, the Communication Service Tax is expected to sunset in 2010.

RSA 72:9 Where Taxable.

If the property described in RSA 72:8 or 72:8-a shall be situated in or extend into more than one town, the property shall be taxed in each town according to the value of that part lying within its limits.

RSA 72:11 Water Works; Flood Control.

Property held by a city, town or district in another city or town for the purpose of a water supply or flood control, if yielding no rent, shall not be liable for taxation therein, but the city, town or district so holding it shall annually pay to the city or town in which such property lies an amount equal to that which such place would receive for taxes upon the average of the assessed value of such land, without buildings or other structures, for the three years last preceding legal process to acquire the same, or other acquisition thereof, the valuation for each year being reduced by all abatements thereon; but any part of such land or buildings from which any revenue in the nature of rent is received shall be subject to taxation; such payments shall be paid to the collector of taxes of the town or city in which such property lies upon notification from him, and such payment shall be made on or before December 1 in each year; provided, however, that after such acquisition the valuation thus established shall be subject to change, as to make such value proportional with the assessed value of other property in the town which is subject to taxation, so that such payment will not exceed its proportion of the public charge in that year. Any city or town aggrieved by the payment in lieu of taxes on such property shall have the same right of appeal as a taxpayer may have.

RSA 72:11-a Water Works, Flood Control, Additional Provisions.

When a city, town or district has acquired, or acquires property in another city or town for the purpose of water supply or flood control which for any reason has been exempt from taxation, such property, if yielding no rent, shall not be liable to taxation therein but the city, town or district so holding it shall annually pay to the city or town in which such property lies a sum equal to that which such place would receive from taxes from such land, without buildings or structures thereon, as determined by the commissioner of revenue administration. Such payments shall be made as provided in RSA 72:11.

RSA 72:12 Public Utilities.

All real estate of railroads and other public utility corporations and companies that is not taxed under RSA 82 and RSA 82-A shall be appraised and taxed by the authorities of the town in which it is situated.

RSA 72:12-a Water and Air Pollution Control Facilities.

Q. Who and what qualify for the water and air pollution control facilities exemption?

A. Any person, firm or corporation which builds, constructs, installs, or places in use in this state any treatment facility, device, appliance, or installation wholly or partly for the purpose of reducing, controlling, or eliminating any source of air or water pollution shall be entitled to have the value of said facility and any real estate necessary therefor, or a percentage thereof determined in accordance with this section, exempted from the taxes levied under this chapter for the period of years in which the facility, device, appliance, or installation is used in accordance with the provisions of this section. This paragraph shall not apply to privately owned landfills or ancillary facilities located at such landfills.

Q. How is application made and who approves the exemption amount?

A. The party seeking the exemption shall file an application with the Department of Environmental Services (DES) if the exemption sought is for a water pollution control facility or an air pollution control facility, with a copy to the taxing authorities in the municipality where the facility is situated. Said application shall describe the facilities and their function or functions and shall state the applicant's total investment therein and the portion allocable to each function.

Q. What is the DES's role in this process?

A. DES shall investigate and determine whether the purpose of the facility is solely or only partially pollution control. If DES finds the purpose of the facility is only partially pollution control it shall determine by an allocation of the applicant's investment in the facility what percentage of the facility is used to control pollution. In making its investigation, the department may inspect the facility and request other information from the applicant as is reasonably necessary to assist it in making its determination.

NOTE: Upon making its determination, DES shall notify the applicant and the taxing authorities of the municipality where the facility is situated whether the purpose of the facility is solely pollution control or, if not, what percentage of the applicant's investment in the facility should be allocated to pollution control.

Q. How should the taxing authorities, including DRA, handle a DES determination?

A. The taxing authorities shall each year separately appraise and describe the facility and related real estate and cause such appraisal and description to appear in their inventory. In accordance with the provisions of this section, the taxing authority shall exempt from the taxes levied under this chapter the appraised value of the facility and any real estate necessary therefor, or the exempt percentage thereof, determined by DES. The exemption period shall begin as of the April 1 next following the receipt of the DES's determination.

Q. May the municipality or the owner of the facility appeal a DES decision?

A. Yes! Either the municipality or the owner of the facility may request a rehearing or appeal from such determination in accordance with the provisions of RSA 541. This establishes the procedure for hearings and appeals.

Q. May a facility previously exempted under the now repealed RSA 149:5 apply for a pollution control exemption?

A. Yes! Such a facility may apply pursuant to RSA 72:12-A. Since RSA 149:5 was repealed in 1996, it's unlikely this situation will arise in 2007 or later.

RSA 72:12-c Exemption Ski Area Machinery

Q. What types of ski area machinery are considered personal property and not subject to the property tax?

A. Ski area machinery and equipment of every kind and description, except tramway towers, shall be exempt from taxation as real estate if it meets all of the following qualifications:

- It is used or useful in the operation of a passenger tramway or in the production of man-made snow, including: cables, sheaves assemblies, carriers, pipe lines, compressors, pumps, electrical apparatus;
- It is not permanently affixed to the real estate upon which it is located; and
- It is capable of being removed from the real estate.

RSA 72:12-d Exemption Demountable Greenhouses

Q. Are certain plastic demountable greenhouses exempt from taxation under RSA 72:6?

Greenhouses
are taxable,
except when...

A. Yes! However, demountable, plastic-covered greenhouses shall be exempt from taxation as provided by RSA 72:6, **if all** of the following qualifications are met:

1. Removal of the demountable greenhouse will not affect the utility of the underlying real estate.
2. The demountable greenhouse is not permanently affixed to the underlying real estate with concrete or similar non-portable footings.
3. Removal of the demountable greenhouse can be accomplished without significant damage to the greenhouse and will not render the greenhouse unfit for subsequent use as a demountable greenhouse.
4. The demountable greenhouse is specifically designed, constructed, and used for culture, propagation, and protection of agricultural products.
5. The demountable greenhouse is not used for the retail sale of any non-agricultural products.

NOTE: For purposes of this section, the term “demountable, plastic-covered greenhouse” means:

- Framework.
- Coverings.
- Electric services not fixed to the underlying real estate.
- Benches.
- A source of heat not fixed to the underlying real estate.
- A source of ventilation not fixed to the underlying real estate.
- An irrigation system not fixed to the underlying real estate.

Nothing in this section shall be construed in any way to change or affect the current use laws under RSA 79-A and the rules adopted in furtherance of RSA 79-A.

RSA 72:22 Burial Places

All public cemeteries and all property held in trust for the benefit of public burial places are exempt from taxation.

RSA 72:38 Exemption for Aviation Facilities; Partial Reimbursement for Taxes Paid.

- A town, by vote of a majority of those present and voting at any regular town meeting, acting under an article duly incorporated in the warrant for said meeting, and a city, by vote of the governing body thereof, may exempt the owner of a privately owned air navigation facility available for public use without charge, who holds as of April 1 of any year a certificate for such facility from the Department of Transportation, Division of Aeronautics, Rail, and Transit, that the facility is necessary for the maintenance of an effective airway system, from taxation of such facility for each such year. For the purposes of this section the term air navigation facility includes all the surfaces of an airport encompassed within the principal boundaries that are maintained and available for the take-off, landing, taxiing, and open air parking of an aircraft using said airport, any air navigation or communications facility associated with the airport and any passenger terminal building available for public use without charge.
- The owner of a privately owned airport, which is part of the statewide airport system and use of which is approved by the Department of Transportation, Division of Aeronautics, Rail, and Transit, may after paying all local property taxes owed, apply to the director of the Division of Aeronautics, Rail, and Transit for a state reimbursement grant in the amount of the portion of property taxes paid on the qualifying area of the airport. Reimbursement grants shall be paid from general funds appropriated to the Division of Aeronautics, Rail, and Transit for each fiscal year, to the extent that such funds are available. Any application for a reimbursement grant shall be made within 6 months of the date on which the taxes were due and reimbursement shall not be made if application is made after this 6-month period. Measurements of the qualifying area of each airport shall be made by the division and shall remain in effect until the owner notifies the division of a change in property size. In this paragraph, “qualifying area” means non-revenue producing areas that are open to the public and required for airport operation.
- Applicants for reimbursement shall apply to the division on a form provided by the division. The application form shall contain the following information:
 - The name and address of any owner.
 - Name of airport.
 - Period for which application is being made.
 - Computed acreage qualifying for reimbursement.
 - Signature of any owner and date of filing.
 - Attached copy of most recently paid tax bill.
- An owner may contest the division’s measurement of qualifying areas or other determinations with regard to reimbursement by petitioning the department for a hearing pursuant to RSA 541-A:31-36.

Section 10.8 – Tax Deferrals

10.8

RSA 72:38-a Tax Deferral for Elderly and Disabled.

Q. Who may apply for the deferral for elderly and disabled?

A. Any resident property owner may apply for a tax deferral if the person:

- a. Is either at least 65 years old or eligible under Title II or Title XVI of the federal Social Security Act for benefits for the disabled; and
- b. Has owned the homestead for at least 5 consecutive years if the person qualifies as an elderly applicant, or has owned the homestead for at least one year if the person qualifies as a disabled applicant; and
- c. Is living in the home.

The assessing officials may annually grant a person qualified under this paragraph a tax deferral for all or part of the taxes due, plus annual interest at 5 percent, if in their opinion the tax liability causes the taxpayer an undue hardship or possible loss of the property. The total of tax deferrals on a particular property shall not be more than 85 percent of its equity value.

Application should be made by March 1 following the date of notice of tax (RSA 72:1-d) under penalty of perjury on Form PA-30 showing that the applicant is the true and lawful owner of the property on which the deferral is claimed and that the applicant is duly qualified at the time of application.

Q. How should the equity value be figured?

A. The total of tax deferrals shall be determined by the following formula:

- Equalize current assessments to bring to 100% of market value.
- Multiply equalized assessments by 85%.
- Subtract any good faith encumbrances (mortgages, loans, liens, etc.)
- Result equals the equity value in the property.

Ex: Assessed value = \$225,000.00

EQ Ratio = .92

$\$225,000.00 / .92 = \$244,600.00$ (Equalized value rounded to nearest \$100.00)

Mortgage Balance = \$65,000.00

Mechanic's Lien = \$2,600.00

$\$244,600.00 - \$67,600.00 = \$177,000.00$ (Equalized value less total encumbrances)

$\$177,000.00 \times .85\% = \$150,450.00$ (the equity value in the property)

$\$150,450.00$ = the cap that the total of tax deferrals may not exceed

Q. What if the deferral applicant also has a Veterans' Tax Credit of \$500.00 and an Elderly Exemption of \$25,000.00 with a tax rate of \$17.50?

A. Ex

Assessed Value = \$225,000.00

$\$225,000.00 - \$25,000.00$ (elderly exemption) = \$200,000.00

$\$200,000 \times 0.175$ (tax rate) = \$3,500.00 (assuming one tax bill per year)

$\$3,500 - \500.00 (veterans' credit) = \$3000.00

$\$3,000.00$ = Total amount of tax to be liened for the year.

At any time during the tax deferral process, the governing body may consider abatement for good cause pursuant to RSA 76:16.

A tax deferral shall be subject to any prior liens on the property and shall be treated as such in any foreclosure proceeding.

Q. What happens when the owner of a property subject to a tax deferral dies?

A. The heirs, heirs-at-law, assignee, or devisee shall have first priority to redeem the estate by paying in full the deferred taxes plus any interest due. If the heirs, heirs-at-law, assignees, or devisees do not redeem the property within 9 months of the date of death of the property owner, the municipality may commit the accrued amount of the deferral to the collector of taxes with a warrant signed by the assessing officials requiring him or her to collect it; and the collector of taxes shall have the same rights and remedies in relation thereto as provided in RSA 76:13 and RSA 80. Prior to holding a tax sale or executing a priority tax lien under RSA 80:59, the collector shall, at least 30 days prior to such tax sale or tax lien execution, send notice by certified or registered mail, to the last known post office address of the current owner, if known, or to the last known address of the deceased taxpayer, and to all mortgagees from whom permission has been sought pursuant to paragraph III of this section. Any person with a legal interest in the property may redeem it, either prior to the tax sale or tax lien execution, or subsequently as set forth in RSA 80:32 or RSA 80:69.

Q. Does the municipality have to record the lien with the registry of deeds?

A. Yes! The assessing officials shall file notice of each tax deferral granted, within 30 days, with the registry of deeds of the county in which the property is located to perfect it.

Q. What is the deadline for assessing officials to respond to applicants for tax deferral?

A. Assessing officials have until July 1 prior to notice of tax as defined in RSA 72:1-d to reply by first class mail in writing to any taxpayer who timely requests a tax deferral.

Q. Does an applicant for a tax deferral have the right of appeal, if denied by the assessing officials?

A. Yes, under RSA 72:34-a. When a taxpayer appeals the denial of a deferral application to the Superior Court or BTLA, the court or board may reverse or affirm, wholly or partly, or may modify the decision brought up for review when there is an error of law or when the court or board is persuaded by the balance of probabilities, on the evidence before it, that said decision is unreasonable.

Qualifying Awards for the Veterans' Tax Credit For Wars or Conflicts after May 8, 1975

List provided by NH State Veterans Council

Any of the following medals shall be considered a "theater of operations service medal" for the purposes of qualifying a veteran for the Veterans' Tax Credit in RSA 72:28. Typically, the medal will appear on the discharge papers (such as the DD214), except for those who earned the medal, but were discharged prior to the award. There must be documentation to qualify.

Armed Forces Expeditionary Medal	Kosovo Campaign Medal
Navy Expeditionary Medal	Global War on Terrorism Expeditionary Medal
Marine Corps Expeditionary Medal	Afghanistan Campaign Medal
Southwest Asia Service Medal	Iraq Campaign Medal
Kuwait Liberation Medal	

In addition, in the absence of evidence to the contrary, the award of the following decorations shall also be considered evidence of a veteran's combat service and qualification for the Veterans' Tax Credit:

Reference: "V" Device: "V" stands for Valor, and it is awarded to denote combat service.

If so specified, the medal must have the "V" Device to be valid.

Air Force Cross	Distinguished Flying Cross
Air Force Outstanding Unit Award with "V" Device	Distinguished Service Cross
Air Medal with "V" Device	Joint Service Commendation Medal with "V" Device
Army Commendation Medal with "V" Device	Medal of Honor
Bronze Star Medal with "V" Device	Navy Commendation Medal with "V" Device
Combat Action Ribbon	Navy Cross
Combat Infantryman Badge	Purple Heart
Combat Medical Badge	Silver Star
Combat Aircrew Insignia	

Current as of: April 25, 2005

The state legislature passed (and Governor Benson signed into law) SB 531 with an effective date of July 23, 2004. This new law clarifies the Veterans Property Tax Credit in RSA 72:28 by defining the term "theater of operations service medal" for any war or armed conflict that has occurred since May 8, 1975, as any medal, ribbon or badge awarded to a member of the armed forces which establishes that the member served in a theater of war or armed conflict, as determined by the Director of NH State Veterans Council, with written notification to the Department of Revenue Administration. The NH State Veterans Council provided the list of medals, ribbons or badges that qualify a veteran for the property tax credit.

Military members who served (or are currently serving) in Afghanistan or Iraq will eventually be awarded the Global War on Terrorism Expeditionary Medal, the Afghanistan Campaign Medal, or Iraq Campaign Medal, which are on the list of qualifying awards. We plan to update the list as often as necessary to keep it current and accurate. If anyone has any questions or comments regarding the specific medals, please refer them to the Director of the NH State Veterans Council at (603) 624-9230.

Forms and Documents Verifying a Veteran's Active Military Service

List provided by NH State Veterans Council

DD 214 from any branch of the armed forces;	NAVPERS 554 from the United States Navy;
DD 215 from any branch of the armed forces;	NAVPERS 660 from the United States Navy;
DD 217 from any branch of the armed forces;	NAVPERS 661 from the United States Navy;
GSA 6954 from the National Archives;	WD AGO 53-55 from the United States Army;
NA 13038 from the National Archives;	WD AGO 53-98 from the United States Army;
NA 13041 from the National Archives;	WD AGO 755 from the United States Army;
NAVCG 2510 from the United States Coast Guard;	Verification of Service letter from the United States Department of Veterans Affairs;
NAVMC 70-PD from the United States Marine Corps;	Summary of Military Service Record from the New Hampshire Korean War Bonus application;
NAVMC 78-PD from the United States Marine Corps;	Other documents approved by the Director of the NH State Veterans Council.
NAVPERS 553 from the United States Navy;	

Current as of: June 23, 2004

The above (excerpted from HB 1372) is a list of forms and documents that are usually sufficient for verifying a veteran's active military service.

For a document to be acceptable in verifying a veteran's active military service, it must show (in addition to sufficient identification data) at least three key pieces of information:

- a date of entry into active duty,
- a date of separation or release from active duty, and
- the character of the discharge (proof of honorable discharge or separation).

Chapter 11

Assessing

Standards Board

(ASB)

Section 11.1 – The Assessing Standards Board

11.1

The New Hampshire Assessing Standards Board (ASB) was created statutorily in 2001 with the passage of SB193, and is administratively attached to the Department of Revenue Administration (DRA), which provides administrative support for any duties needing completion; such things as scheduling and noticing meetings, providing minutes for those meetings, assessing research, distribution of approved material, and maintaining created manuals with approved changes.

Membership

The ASB is comprised of 15 members as follows:

1. Two members of the New Hampshire Senate appointed by the President of the Senate.
2. Two members of the New Hampshire House of Representatives appointed by the Speaker of the House.
3. The Commissioner of the DRA, or the Commissioner's designee.
4. Four assessing officials nominated by the New Hampshire Association of Assessing Officials (NHAAO), one for a town with a population of less than 5,000; one for a town with a population more than 5,000; one for a city, and one NHAAO representative.
5. Three municipal governing body officials who are not assessors appointed by the Governor; one for a town with a population less than 5,000, one for a town with a population more than 5,000, and one for a city.
6. Three members of the public appointed by the Governor, none of whom can be assessors or municipal officials.

The ASB has assigned to them a variety of powers and duties. These powers and duties have been divided into: those for which they recommend guidelines, and those for which they are to adopt rules.

Guidelines

In the first instance, the ASB recommends guidelines for the following:

1. The administration of the property tax and assessment of real property used in any state property tax system.
2. The monitoring of local assessment practices by the DRA, the adequacy of tax maps and other records, and audits by the DRA of municipalities (Assessment Review).

3. The identification of practices that constitute sales-chasing, and the penalties to be adopted by the legislature regarding such practices.
4. Any study conducted for the purpose of determining the status of assessment practices or the improvement of assessing in the state.

Rules

In the second instance, the ASB adopts rules relative to the following:

1. The establishment of certification, continuing education, and revocation and suspension standards for assessing officials.
2. The forms and procedures necessary to fulfill the duties of the ASB.

In addition, the ASB is responsible for reviewing and updating, as needed, all guidelines and practices it has developed or identified. As an integral part of this process, the ASB holds at least three public forums throughout the state to receive general comments through verbal and written testimony from the public on assessing guidelines and practices. Then, on or before December 1 of each year, it reports its findings and recommendations for proposed legislation to the Governor, Speaker of the House, President of the Senate, the House Clerk, the Senate Clerk, and the state library.

To date, the ASB has completed a number of these assigned tasks, establishing guidelines numbered 1 and 2 above, formalizing rules for the organization of the ASB, and for its practices and procedures, and rules for the certification of assessing personnel.

The established rules can be located on the included CD with this manual.

And finally, this Reference Manual is the culmination of the preparation of an assessing procedures manual for selectmen, boards of assessors, and anyone interested in the appraisal process.

The ASB regularly meets once or twice each month, at the DRA offices. Notices of the meetings are posted on the DRA website, at the DRA offices, and on the Legislative Calendar, and the meetings are open to the public. For additional information about upcoming meetings, call the DRA at (603) 271-2687.

Section 11.2 – ASB Members

11.2

Member	Representing	Email Address	* Term Length
Peter Burling	Senate	peter.burling@leg.state.nh.us	N/A
Deborah Reynolds	Senate	deb.reynolds@leg.state.nh.us	N/A
Betsey Patten (Chair)	House	blpatten@worldpath.net	N/A
Peter Schmidt	House	reppbs@ttlc.net	N/A
G. Philip Blatsos	Commissioner, NHDRA	gblatsos@rev.state.nh.us	N/A
Scott Bartlett	NHAAO	sbartlett@ci.goffstown.nh.us	10/3/07 to 9/19/09
Joseph Lessard	NHAAO Population > 5000	jlessard@municipalresources.com	10/3/07 to 9/19/09
Todd Haywood	NHAAO Population < 5000	granitehillmunisvs@hotmail.com	10/3/07 to 9/19/2009
Stephan Hamilton	NHAAO City Assessor	shamilton@ci.manchester.nh.us	10/3/07 to 9/19/09
Leonard Gerzon	Public Member	gerzolb@nu.com	10/3/07 to 9/19/09
Eugene Reed	Public Member	etcalling@comcast.net	6/2/07 to 6/2/09
Thomas Thomson	Public Member		10/3/07 to 9/19/09
Eric Stohl	Municipal Official Population < 5000	eric.stohl@leg.state.nh.us	10/3/07 to 9/17/09
Cheryl Bolouk	Municipal Official Population > 5000	cbolouk@ci.salem.nh.us	7/14/06 to 7/14/08
Frank C. Guinta	Municipal Official City Official	frankguinta@comcast.net	3/24/04 to 3/24/07

Member Listing as of date of printing.

Chapter 12

Equalization

Standards Board

(ESB)

Section 12.1 – The Equalization Standards Board

12.1

The New Hampshire Equalization Standards Board (ESB) was created statutorily in 2001 with the passage of SB193, and is administratively attached to the Department of Revenue Administration (DRA), which provides administrative support for any duties needing completion; such things as scheduling and noticing meetings, providing minutes for those meetings, assessing research, distribution of approved material, and maintaining created manuals with approved changes.

Membership

The ESB is comprised of 13 members as follows:

1. Two members of the New Hampshire Senate appointed by the President of the Senate.
2. Two members of the New Hampshire House of Representatives appointed by the Speaker of the House.
3. The Commissioner of the DRA, or the Commissioner's designee.
4. One member nominated by the New Hampshire Association of Counties.
5. One member nominated by the New Hampshire School Boards Association.
6. One member nominated by the New Hampshire Municipal Association (Local Government Center).
7. Two members nominated by the New Hampshire Association of Assessing Officials (NHAAO).
8. Three members of the public, one with experience in the equalization process, one with experience in statistics, and one general public member, appointed by the Governor.

Powers & Duties

The ESB has assigned to them a variety of powers and duties as follows:

1. To review the procedures of the prior year's ratio studies conducted by the DRA, and to establish procedures for improving these ratio studies for the upcoming property tax year.
2. To develop standards for equalization, and to review, revise, and approve the equalization manual published by the DRA. In doing so, the ESB is to review the standards of the International Association of Assessing Officials (IAAO) as well as any other standards that are consistent with the Board's work.

3. To annually determine, vote on, and recommend to the DRA the ratio study procedures for the coming year. Prior to adopting such recommendations, the ESB is to hold at least three public forums throughout the state to receive general comments through verbal and written testimony from the public on the ratio study procedures.
4. On or before December 1 of each year, to report its findings and recommendations for proposed legislation to the Governor, Speaker of the House, President of the Senate, the House Clerk, the Senate Clerk, and the state library.
5. To adopt rules prohibiting unfunded state mandates, relative to the organization of and the practices and procedures of the Board, and other rules as necessary to fulfill their duties.

The ESB has reviewed all of the proposed changes in the DRA ratio study process as recommended by the State's expert in the *Sirrell v. State of New Hampshire* court case. Following their review, the ESB acknowledged and endorsed those changes already being implemented by the DRA. They then took one step further and recommended implementation of additional changes recommended. And finally, the ESB has prioritized additional recommendations to investigate for possible future implementation by the DRA in its ratio studies.

As a follow up to the above, the ESB now actively reviews the annual procedures taken by DRA in implementing its annual ratio study, considers input from the DRA assessors, municipal officials, and the public for improvements in those procedures. The ESB then approves, by a formal vote, the recommended changes to those procedures each year.

The established rules can be located on the included CD with this manual.

Notices of the meetings are posted on the DRA website, at the DRA offices, and on the Legislative Calendar, and the meetings are open to the public. For additional information about upcoming meetings, contact the DRA at (603) 271-2687.

Section 12.2 – ESB Members

12.2

Member	Representing	Email Address	* Term Length
Betsi DeVries	Senate	betsi.devries@leg.state.nh.us	Coterminous w/ Senate term
John Gallus	Senate	john.gallus@leg.state.nh.us	Coterminous w/ Senate term
Peyton Hinkle	House		Coterminous w/ House term
Peter Schmidt	House	reppbs@ttlc.net	Coterminous w/ House term
G. Philip Blatsos	Commissioner, NH Dept. of Revenue	gblatsos@rev.state.nh.us	N/A
George Maglaras	NH Assoc. of Counties	jmiccolo@co.straftford.nh.us	10/24/05 to 10/24/07
Dean Michener	NH School Boards Assoc.	deanm@nhsba.org	10/6/04 to 10/10/07
Kathryn Temchack	LGC/NHMA	ktemchack@onconcord.com	3/22/06 to 10/10/07
Robert J. Gagne	NHAAO Population > 5000	rjgagne@verizon.net	10/3/07 to 9/19/09
Robert Estey	NHAAO Population < 5000	bestey@town.hampton.nh.us	10/3/07 to 9/19/09
Colleen Brickley	Public Member Statistical Experience	cbrickley@mail.plymouth.edu	9/19/04 to 9/19/07
Joyce Fulweiler	Public Member Equalization Experience	northfld@metrocast.net	10/10/03 to 10/10/06
Richard Rugg	Public Member	rrugg@comcast.net	9/19/07 to 9/19/10

Member Listing as of date of printing.

Chapter 13
Department of
Revenue
Administration
(DRA)

Section 13.1 – Structure

13.1

The New Hampshire Department of Revenue Administration (DRA) was reorganized into its present structure effective January 1, 1986, and operates under the direction of a Commissioner of Revenue Administration. The DRA is responsible for three general functions:



How can you govern a country which has 246 varieties of cheese?
Charles De Gaulle, in “Les Mots du General”, 1962

1. Overseeing the collection of state taxes as assigned by specific state law.
2. Providing information collected through tax administration activities to the Governor and legislature for public policy decisions.
3. Establishing a uniform system of financial reports and accounting for the state’s political subdivisions.

To carry out these mandated functions, the DRA is organized into five divisions which are supported by the Commissioner, the Assistant Commissioner, a legal counsel, a hearings officer, a central tax services unit, an administrative unit, and the Office of Information Technology. The five divisions, each of which is headed by a director are: Audit, Document Processing, Collections, Property Appraisal, and Municipal Services.

DRA Divisions

The Audit Division conducts audits of individuals, partnerships, estates, trusts, corporations, tax returns, and documents filed with the DRA to ensure compliance with New Hampshire tax laws and rules.

The Document Processing Division receives, sends, processes, stores, and retrieves all tax documents, return payments, and electronic transactions filed with the DRA.

The Collection Division initiates collection activities of delinquent taxes administered by the DRA.

The Property Appraisal Division assists and educates municipalities with the methods of appraisal and assessment of real property, and provides appraisal revaluation monitoring services statewide to municipalities. In addition, the division equalizes the local assessed valuation of each municipality in an effort to bring assessments to their full and true market value. The division also advises and assists municipalities with the application of tax law relating to the timber tax, gravel tax, and current use assessments.

The Municipal Services Division establishes and approves municipal, school, county, and village district tax rates, as well as the statewide enhanced education tax rate. The division provides technical assistance, relative to taxation and finance, to the political subdivisions of the state, and prescribes a uniform chart of accounts for all municipalities, schools, counties, and village districts.

The Central Tax Service Unit provides general assistance to the public for all taxes administered by the DRA, and acts within the Department as an advocate for taxpayers.

The Administrative Unit performs administrative functions necessary to support departmental operations, including accounting, purchasing, human resources, fleet and facility management, legal, adjudicative and administrative hearings, customer service, and taxpayer advocacy.

The Office of Information Technology is separate from DRA, but has embedded personnel working in the department. They design, develop, and maintain computerized systems to support the administration of taxes and to automate labor-intensive functions.

Section 13.2 – Property Appraisal Division

13.2

The Property Appraisal Division is responsible for the following:

1. Assisting and supervising municipalities and assessors in appraisals and valuations.
2. Appraising state-owned forest and recreation land.
3. Annually determining the total equalized valuation of properties in all municipalities.

The bulk of the assistance and supervision provided by the Property Appraisal Division is in regard to monitoring and assessment review as outlined in Chapter 7 of this manual. In addition, the DRA's role in the valuation of gravel, timber, and public utilities has similarly been outlined in Chapter 6. There are a variety of other functions the division assists municipalities with on a regular basis. These include:

1. Conducting data audits to determine the accuracy of existing data on property record cards so municipalities can evaluate the need for an updating of their measuring and listing.
2. Assisting municipalities in obtaining, understanding, using, and filing of periodic forms.
3. Training of municipal officials in assessment functions, such as current use assessments, exemptions and credits, and abatement and appeal procedures.
4. Training of municipal officials in understanding and explaining the assessment process and property record card information to taxpayers.
5. Assisting in the education and training of municipal field personnel and internal assessing staff.

6. Assisting municipalities with unique and special use assessments.
7. Assisting municipalities in reviewing and understanding the annual ratio study reports provided by DRA.
8. Assisting with any other miscellaneous projects as requested.

Section 13.3 – Rules

13.3

The DRA promulgates rules under the provisions of RSA 541-A in many areas, all of which are available to be read and downloaded from the DRA website at www.revenue.nh.gov. Those DRA rules of particular interest as they relate to the property tax, as well as those of attached boards, are as follows:

1. Rev 400 rules – Credits and Exemptions
2. Rev 500 rules – Excavation Tax and Tax of Excavation Area
3. Rev 600 rules – Property Appraisal
4. Rev 603 rules – Monitoring
5. Rev 1500 rules – Railroads and Private Car Companies
6. Rev 1800 rules – Conservation Restriction Assessment
7. Rev 2800 rules – Equalization
8. Cub 100 – 300 rules – Current Use Advisory Board
9. Asb 100 – 300 rules – Assessing Standards Board
10. Esb 100 – 200 rules – Equalization Standards Board

Chapter 14

Real Estate Taxes

Section 14.1 – Municipal Billing

14.1

The property tax year is April 1 – March 31 and all property taxes shall be assessed on the inventory taken in April of that year; RSA 76:2.

Section 14.2 – Computation

14.2

The property tax rate is established for a particular budgetary period to ensure that each local government raises enough revenue to provide the services that the municipal legislative body says it wants and is willing to pay for.

In most municipalities in New Hampshire, the municipal legislative body is composed of the voters attending the annual budgetary town meeting. The governing body, the selectmen of the town or the school board in the school district, proposes and recommends a budget, but only the voters can cause an appropriation to be made. The definition of the word “appropriation” can be found in New Hampshire Law Revised Statutes Annotated (RSA), RSA 32:3, I and II.

- I. “Appropriate” means to set apart from the public revenue of a municipality a certain sum for a specified purpose and to authorize the expenditure of that sum for that purpose.
- II. “Appropriation” means an amount of money appropriated for a specified purpose by the legislative body.

The laws of New Hampshire are very specific on what the municipalities may appropriate and what procedures are used to do so. For example, the municipal legislative body (the voters) may give the governing body (the selectmen or school board) the authority to borrow money for a large project. However, they may only do so by a two-thirds ballot vote or three-fifths for SB2. The legislature has also ordered the Department of Revenue (DRA) to determine that all appropriations are made in a manner consistent with procedural requirements established by statute. Any appropriations with procedures inconsistent with the law or prohibited by law must be disallowed. An example of this would be, if the vote to borrow were only a voice vote, instead of the ballot vote, the appropriation would be disallowed. At times these disallowances may not be accepted graciously by the governing body and the legislative body. However, it ensures that all municipalities are following the same procedural requirements to adopt legal appropriations.

RSA 21-J:35, Setting of Tax Rates by Commissioner, governs the establishing of property tax rates. It states:

- I. The Commissioner of revenue administration shall compute and establish the tax rate of each town, city, or unincorporated place. Any decision by the Commissioner not to certify the assessments of a municipality pursuant to RSA 21-J:11-a shall not delay or otherwise affect the setting of the tax rate for that municipality.

- II. To compute and establish the tax rates of towns, cities, and unincorporated places under paragraph I, the Commissioner shall examine the reports required under RSA 21-J:34 to ensure that:
 - a. All appropriations have been made in a manner which is consistent with procedural requirements required by statute.
 - b. No appropriations have been made which are prohibited by statute.
 - c. All revenues have been established accurately and in a timely manner which is not prohibited by statute.
 - d. All calculations are correct.
- III. If the Commissioner finds that appropriations were made in a manner which is inconsistent with statute he shall delete the appropriation or that portion in question.
- IV. If the Commissioner finds that the estimated revenues included are inaccurate or inappropriate he shall adjust the estimates in question.
- V. The Commissioner shall notify in writing the governing body of each city or town of the rate he has established. This notification shall include a detailed explanation of all changes made in the appropriations or revenue estimates submitted by the municipality or district in question.
- VI. Any town, city, or unincorporated place which is dissatisfied with the tax rate set under this section may, within 10 days of notification, request an oral hearing on this matter before the Commissioner of Revenue Administration. If such a request is made, the Commissioner shall promptly schedule and conduct a hearing pursuant to rules he shall adopt under RSA 541-A. After the hearing, the decision of the Commissioner shall be final.

The Municipal Services Division reviews all of the documents supplied by the municipalities, schools, village districts, and counties to verify that all appropriations and revenues were voted in accordance with statute. It is very important to send all required documents in a timely manner so that if something is wrong, there is ample time to correct the problem before the tax rate is set in the fall.

FOR MUNICIPALITIES		
Form #	Form Name	Due Date
MS-1	Summary Inventory of Valuation	September 1
MS-2	Report of Appropriations	20 days after meeting
MS-4	Revised Estimated Revenues	September 1
MS-5	Financial Report	April 1 or September 1 for FY
MS-6	Budget (Non-MBA)	20 days after meeting
MS-6c	Proposed Budget of the City	20 days after resolutions
MS-7	Budget (MBA)	20 days after meeting
MS-9	Report of Trust Funds	March 1 or September 1 for FY
MS-10	Report of Common Trust Investments	March 1 or September 1 for FY
MS-11	Report of Town Officials	20 days after election/appointment
MS-12	Report of City Officials	20 days after election/appointment
MS-60	Auditor's Report	March 1 or September 1 for FY
MS-61	Tax Collector's Report	February 29 or August 31 for FY
	Signed Posted Warrant	20 days after meeting
	Signed Minutes	20 days after meeting
	Annual Report	20 days after meeting
FOR SCHOOLS		
Form #	Form Name	Due Date
MS-22	School Voted Appropriations	20 days after meeting
MS-24	School Revised Estimated Revenues	September 1
MS-25	School Financial Report	September 1
MS-26	School Posted Budget (Non-MBA)	20 days after meeting
MS-26c	Dependent School Budget Form	20 days after resolutions
MS-27	School Posted Budget (MBA)	20 days after meeting
	Signed Posted Warrant	20 days after meeting
	Signed Minutes	20 days after meeting
FOR VILLAGE DISTRICTS		
Form #	Form Name	Due Date
MS-31	Village District Officials	20 days after meeting
MS-32	Report of Appropriations	20 days after meeting
MS-34	Revised Estimated Revenues	September 1
MS-35	Financial Report	April 1 or September 1 for FY
MS-36	Budget (Non-MBA)	20 days after meeting
MS-37	Budget (MBA)	20 days after meeting
	Signed Posted Warrant	20 days after meeting
	Signed Minutes	20 days after meeting
	Annual Report	20 days after meeting
ADDITIONAL INFORMATION		
OFFICIAL BALLOT VOTE DISTRICTS (RSA 40:13)		DUE DATE
Signed Official Ballot		20 days after meeting
Certified Counts on Each Question (on minutes OR on the ballot)		20 days after meeting
Minutes From Deliberative Session		20 days after meeting

Section 14.3 – Issue Dates

14.3

RSA 76:15-a Semi-Annual Collection of Taxes in Certain Towns and Cities

- I. Taxes shall be collected in the following manner in towns and cities which adopt the provisions of the section in the manner set out in RSA 76:15-b. A partial payment of the taxes assessed on April 1 in any tax year shall be computed by taking the prior year's assessed valuation times $\frac{1}{2}$ of the previous year's tax rate; provided, however, that whenever it shall appear to the selectmen or assessors that certain individual properties have physically changed in valuation, they may use the current year's appraisal times $\frac{1}{2}$ the previous year's tax rate to compute the partial payment.
- II. For the purposes of this section, the lists of assessed property shall be committed by the selectmen with a warrant under their hands and seal directed to the collector of such town no later than May 15. The collector shall mail all the bills for this partial payment no later than June 15. Partial payment of taxes assessed under this section shall be due and payable on July 1. The collector shall receive such payments, give a receipt therefor, and credit the amount paid toward the amount of the taxes eventually assessed against the property, in the same manner as prepayments under RSA 80:52-a. A payment of the remainder of the taxes assessed April 1, minus the payment due on July 1 of that year, shall be due and payable December 1. Interest charged on all taxes not paid on or before the date they are due shall be as prescribed in RSA 76:13, except that, when bills for the partial payment under this section are mailed on or after June 1, interest shall not be charged until 30 days after the last bill is mailed.

RSA 76:15-aa Quarterly Billing of Taxes in Certain Towns and Cities

Any city or town which has adopted an optional fiscal year may adopt a system for quarterly billing and collection of taxes as provided in RSA 76:15-b.

Section 14.4 – Non-Payment

14.4

The New Hampshire state laws are very clear regarding non-payment of property taxes. The Tax Collector shall follow these laws so that all taxpayers are treated equitably and fairly.

RSA 76:13 Interest

Interest at 12 percent per annum shall be charged upon all taxes except resident taxes, except as otherwise provided by statute, not paid on or before December 1 after their assessment, which shall be collected from that date with the taxes as incident thereto, except in the case where a tax bill sent to the taxpayer on or after November 2 and before April 1 of the following year interest shall not be charged until 30 days after the bills are mailed...

RSA 76:11-b Notice of Arrearage

The tax collector shall provide to the owner as of April 1 or current owner, if known, a summary of all uncollected and unredeemed taxes on the property. This summary may be included on or with the tax bill, or may be sent by separate mailing within 90 days of the due date of the final tax bill.

RSA 80:59 Real Estate Tax Lien; Optional Procedure

The real estate of every person or corporation may be subject to the tax lien procedure by the collector, in case all taxes against the owner shall not be paid in full on or before December 1 next after its assessment, provided that the municipality has adopted the provisions of RSA 80:58-86 in accordance with RSA 80:87. A real estate tax lien imposed in accordance with the provisions of RSA 80:58-86 shall have priority over all other liens.

RSA 80:60 Notice of Lien

The collector shall give notice of the impending lien at least 30 days prior to the execution of said lien. Notice shall be sent by certified or registered mail return receipt requested, to the last known post office address of the current owner, if known, or of the person against whom the tax was assessed...

RSA 80:61 Affidavit of Execution of Real Estate Tax Lien

An affidavit of the execution of the tax lien to the municipality, county or state shall be delivered to the municipality by the tax collector on the day following the last date for payment of taxes as stated in the notice given in RSA 80:60...

RSA 80:64 Report of Tax Lien (amended effective 8/16/2005)

Each tax collector, within 30 days after executing the tax lien to the municipality, county or state, shall deliver or forward to the register of deeds for the county in which the real estate is situated a statement of the following facts relating to each parcel of real estate subject to lien, certified by the tax collector under oath to be true; the name of the current owner, if known, or the person against whom the tax was assessed and a description of the property as it appeared on the tax list committed to the tax collector; the total amount of each tax lien, including taxes, interest, fees and costs incident to the tax lien process and making reports thereof to the register of deeds; the date and place of the execution of the tax lien, all of which shall be recorded and indexed by the register of deeds in a book or books to be kept for that purpose as provided in RSA 80:74.

RSA 80:65 Notice by Lienholder to Mortgagee

The municipality, county or state as lienholder, within 45 days from the date of execution of the lien, shall identify and notify all persons holding mortgages upon such property as recorded in the office of the register of deeds...

RSA 80:69 Redemption

Any person with a legal interest in land subject to a real estate tax lien may redeem the same by paying or tendering to the collector, at any time before a deed thereof is given by the collector, the amount of the real estate tax lien, with interest at 18 per cent per annum upon the whole amount of the recorded lien from the date of execution to the time of payment in full, except that in the case of partial payments in redemption made under RSA 80:71, the interest shall be computed on the unpaid balance, together with redemption costs for identifying and notifying mortgagees, if any...

RSA 80:70 Notice of Redemption

When full redemption is made, the tax collector shall within 30 days after redemption notify the register of deeds of the act, giving the name of the person redeeming, the date when redemption was made, the date of the execution of the tax lien and a brief description of the real estate in question, together with the name of the person or persons against whom the tax was levied.

RSA 80:76 Tax Deed

- I. The collector, after 2 years from the execution of the real estate tax lien, shall execute to the lienholder a deed of the land subject to the real estate tax lien and not redeemed.

RSA 80:77 Notice to Current Owner

At least 30 days prior to executing the deed under RSA 80:76, the tax collector shall notify the current owner of the property or his representative or executor, by certified mail, return receipt requested, of the pending deeding.

RSA 80:77-a Notice to Mortgagees

At least 30 days prior to executing the deed under RSA 80:76, the tax collector shall notify each person holding a mortgage upon such property, by certified mail, return receipt requested, of the impending deeding...

RSA 80:88 Distribution of Proceeds from the Sale of Tax-Deeded Property

- I. Notwithstanding any other provision of law, for any sale by a municipality of property which is acquired by tax deed on or after the effective date of this section, the municipality's recovery of proceeds from the sale shall be limited to back taxes, interest, costs and penalty, as defined in RSA 80:90.

RSA 80:89 Notice to Former Owner and Opportunity for Repurchase

- I. At least 90 days prior to the offering for sale by a municipality of property which is acquired by tax deed on or after the effective date of this section, the municipal governing body or its designee shall send notice by certified mail, address service requested, return

receipt requested, to the last known post office address of the owner of the property at the time of the tax deed, if known, or to the person to whom notice of the impending tax deed was given under RSA 80:77...

- II. Within 30 days after the notice required by paragraph I, or if no such notice is received, at any time within 3 years after the date of recording the tax deed, any former owner of the property may give notice by certified mail, return receipt requested, of intent to repurchase the property from the municipality, and stating that such owner is ready, willing, and able to pay all back taxes, interest, costs and penalty, as defined in RSA 80:90. If all such back taxes, interest, costs and penalty have not been actually tendered within 15 days of such notice of intent to repurchase, the municipality may proceed with its offering and dispose of the property without any interest by the former owner.

RSA 80:91 Liability and Obligations Limited

With respect to actions of a municipality under RSA 80:88 and RSA 80:89, if the municipality has complied with the provisions of this chapter it shall not have any liability whatsoever to any former owner or lienholder in connection with its management of the property or for the amount of consideration received upon disposition of the property.

Section 14.5 – Exemptions and Credits

14.5

Exemptions are deducted from the assessed valuation of the property. Credits are a certain amount of money deducted from the tax bill. Refer to RSA 72 and Chapter 10 for more detailed information.

Section 14.6 – Revaluation, Effect of

14.6

Real estate taxes, as a whole, are not affected by a revaluation. The budget setting process takes place within each municipality, including cities, towns, unincorporated places, school districts, and village districts early in the year. The amount of money to be collected to fund those approved budgets is set during these annual meetings and does not change dependent upon whether a municipality conducts a revaluation or not – the total amount of revenue to be generated by the municipality's property tax bills is determined by their budgets. What does change is the amount of money, or the portion, that each property must pay based upon the new valuations of properties in relationship to the new valuations of all other properties in the municipality. If there is no change in the overall budgets from the year before, individual property owners will pay more or less in taxes than the year before in relation to the percentage change in their assessed value compared to the average percentage change for all properties. As budgets increase, everyone will pay an equal percentage of that increase apart from the effect of the revaluation.

Real Estate taxes, as a whole, are not affected by a revaluation but by the budget process.

Section 14.7 – County Tax

14.7

Every city, town, and unincorporated place is responsible for paying their share of the county taxes. This share is based upon each municipality's total equalized assessed valuation from the previous year as a percentage of the total equalized assessed valuation of the county as a whole. The tax rate for that portion needed to fund the municipality's share of the county budget is determined by dividing the municipality's total dollar amount needed by the total locally assessed valuations, including utilities, then dividing by 1,000. This will result in a tax rate expressed in dollars (or fractions thereof) per \$1,000.00 of assessed valuation. Each municipality is required to collect and remit their full proportion of county taxes to the county, including interest at 10 percent a year from December 17, until the taxes are submitted.

Section 14.8 – Municipal Tax

14.8

Each municipality must establish a budget for their upcoming fiscal year. The tax rate for that portion of the total overall tax rate needed to fund the local municipality's budget is determined by dividing the total dollar amount needed by the total locally assessed valuations, including utilities, then dividing by 1,000. This will result in a tax rate expressed in dollars (or fractions thereof) per \$1,000.00 of assessed valuation.

Section 14.9 – School Tax

14.9

There are currently two elements in the property tax rate that are earmarked for schools. First, each municipality is responsible for collecting monies to pay their share of the statewide enhanced education tax. This share is based upon each municipality's total equalized assessed valuation, minus utilities, from two year's previous as a percentage of the total equalized assessed valuation, minus utilities, of the state as a whole. The Department of Revenue Administration (DRA) determines the equalized tax rate necessary to produce the amount of revenue to be funded by dividing that total dollar amount needed by the total equalized valuation, minus utilities, then dividing by 1,000. This will result in an equalized tax rate expressed in dollars (or fractions thereof) per \$1,000.00 of equalized valuation, which is then multiplied by the individual municipality's equalized value of two years previous, without utilities, to determine an amount to be raised locally. This amount is then divided by the current year's locally assessed valuation, without utilities, and multiplied by 1,000 to determine the local statewide enhanced education tax rate per \$1,000.00 of assessed valuation.

The second element of the property tax rate that is earmarked for education is that portion based upon the local school district's budget, less state grants and retained statewide enhanced education tax. The tax rate for that portion of the overall tax rate needed to fund the local school district is determined by dividing the total dollar amount needed by the total locally assessed valuations, including utilities, then dividing by 1,000. This will result in a tax rate expressed in dollars (or fractions thereof) per \$1,000 of assessed valuation.

In both of the above cases, the municipality is required to collect and remit to the school their full portion of taxes for education.

TAXES

I paid my taxes, I'm proud to say,
And I bought some civilization today.
I helped build a bridge and a highway, too;
I bought my three children a park and a zoo

When I paid my taxes.

I helped build a library, paid for more books;
Paid for having the streets cleaned, improving their looks.
Paid for drinking fountains street corners to crown,
And paid for new street lights in the old town

When I paid my taxes.

I helped hire a free doctor and a firemen's crew;
I paid for a free nurse and some policemen, too.
I helped buy a young man a very fine job,
At a bathing beach for my Dorothy and Bob.

When I paid my taxes.

I helped build a school and hired teachers, too;
I helped buy a golf course for my son to play through.
I helped build a museum of music and art;
Now, friends, don't you think I really *was* smart

When I paid my taxes?

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