

# Claremont City Council 2006 Update Presentation

January 24, 2007

# Relationship Between Assessed & Market Value

- Assessed value is \$70,000
- Assessment Ratio is 70%
- \$70,000 divided by .7 = \$100,000

# Ratio & COD (1)

Property	Sale Price	Assessed Value	A/S Ratio	Average Ratio	Deviation
1	\$ 100,000.00	\$ 50,000.00	50%	100%	50%
2	\$ 100,000.00	\$ 100,000.00	100%	100%	0%
3	\$ 100,000.00	\$ 150,000.00	150%	100%	50%
<b>Total</b>			300%		100%
<b>Avg. Ratio</b>			100%	<b>Avg. Deviation</b>	33.3%

$$\text{COD} = \frac{\text{Avg. Deviation}}{\text{Avg. Ratio}} \times 100$$

$$= \frac{33\%}{100\%} \times 100 =$$

33.3

# Ratio & COD (2)

Property	Sale Price	Assessed Value	A/S Ratio	Average Ratio	Deviation
1	\$ 100,000.00	\$ 72,000.00	72%	80%	8%
2	\$ 100,000.00	\$ 80,000.00	80%	80%	0%
3	\$ 100,000.00	\$ 88,000.00	88%	80%	8%
<b>Total</b>			240%		16%
<b>Avg. Ratio</b>			80%	<b>Avg. Deviation</b>	5.3%

$$\text{COD} = \frac{\text{Avg. Deviation}}{\text{Avg. Ratio}} \times 100 = \frac{5.3\%}{80\%} \times 100 = 6.7$$

# Ratio & COD (3)

<b>Category</b>	<b>A/S Ratio</b>	<b>Average Ratio</b>	<b>Deviation</b>
Vacant Land	50%	100%	50%
Residential	100%	100%	0%
Comm./Ind.	150%	100%	50%
<b>Total</b>	300%		100%
<b>Avg. Ratio</b>	100%	<b>Avg. Deviation</b>	33.3%

$$\text{COD} = \frac{33.3\%}{100\%} \times 100 = 33.3$$

# Claremont's 2005 & 2006 DRA Results

2005			2006		
Category	A/S Ratio	COD	Category	A/S Ratio	COD
Overall	70%	17.1	Overall	85%	14.4
Improved Residential	70%		Improved Residential	85%	
Improved Non Residential	85%		Improved Non Residential	89%	
Vacant Land	55%		Vacant Land	75%	

# How the Ratio Affects Appeals

- Overall community ratio is 70.1%
- Comm./Ind. ratio is 84.8%
- Market Value of a Specific Commercial Property is \$1,000,000
- Assessed Value of Property is \$848,000
- $\$1,000,000 \times .701 = \$701,000$
- City ordered to abate \$5,167 [ $(\$848,000 - \$701,000) \times .03515$ ]

# Governance of Assessors Actions

- State Constitution
- State Statutes (RSA)
- State Supreme Court Case Law
- DRA Rules
- ASB Rules
- Professional Code of Conduct
- Good Assessment Practices (IAAO)

# NH STATE CONSTITUTION

## Part 2 Article 6

- In part this article provides that there
- “...shall be a valuation of the estates within the state taken anew once in every five years, at least, and as much oftener as the general court shall order.”

**RSA 21-J:11**  
**DEPARTMENT OF REVENUE ADMINISTRATION**

**Appraisals of Property for Ad Valorem Tax Purposes. –**

I. (a) Every person, firm, or corporation intending to engage in the business of making appraisals on behalf of a municipality for tax assessment purposes in this state shall notify the commissioner of that intent in writing. No person, firm, or corporation engaged in the business of making appraisals of taxable property for municipalities and taxing districts shall:

(1) Enter into any contract or agreement with any town, city, or governmental division without first submitting a copy of the contract or agreement to the commissioner along with the names and qualifications of all personnel to be employed under the contract or agreement for review of the proposed contract or agreement and written recommendations of the department to be made to the municipality within 10 working days of receipt by the department;

(2) Begin any appraisal work without first submitting a copy of the executed contract or agreement to the commissioner along with the names and qualifications of all personnel to be employed under the contract or agreement.

(b) Any contract or agreement entered into for a reassessment or new assessment ordered by the board of tax and land appeals, pursuant to RSA 71-B, shall be first submitted to the commissioner for examination and approval.

(c) This paragraph shall not apply to municipal employees.

II. The commissioner, at no expense to the municipality, shall monitor appraisals of property and supervise appraisers as follows:

(a) Assure that appraisals comply with all applicable statutes and rules;

(b) Assure that appraisers are complying with the terms of the appraisal contract or agreement;

(c) Review the accuracy of appraisals by inspection, evaluation, and testing, in whole or in part, of data collected by the appraisers; and

(d) Report to the governing body on the progress and quality of the municipality's appraisal process.

III. The commissioner shall adopt rules under RSA 541-A relative to the:

(a) Contract or agreement provisions for a full revaluation, a partial revaluation, or a statistical update; and

(b) Methodology for inspection, evaluation, and testing of data for the purpose of appraisal monitoring.

**Source.** 1985, 204:1, eff. July 1, 1985. 1999, 17:8, eff. April 29, 1999. 2002, 249:6, eff. May 17, 2002. 2006, 193:4, eff. May 30, 2006.

# RSA 21-J:11a

## DEPARTMENT OF REVENUE ADMINISTRATION

### Assessment Report. -

I. The commissioner shall report the degree to which assessments of a municipality achieve substantial compliance with applicable statutes and rules. The commissioner may consider whether:

- (a) Level of assessments and uniformity of assessments are within acceptable ranges as recommended by the assessing standards board by considering, where appropriate, an assessment-to-sales-ratio study conducted by the department for the municipality;
- (b) Assessment practices substantially comply with applicable statutes and rules;
- (c) Exemption and credit procedures substantially comply with applicable statutes and rules;
- (d) Assessments are based on reasonably accurate data; and
- (e) Assessments of various types of properties are reasonably proportional to other types of properties within the municipality.

II. The commissioner shall issue a copy of the report upon its completion to the municipality and to the assessing standards board. The report shall be completed after the completion of the equalization of property valuations conducted pursuant to RSA 21-J:3, XIII. When issued, the report shall be a public document.

III. The assessing standards board shall study and recommend to the legislature whether municipalities should be reimbursed for expenses incurred as a result of changes in assessment practices resulting from legislation enacted in response to the judicial interpretation of part 2, article 6 of the New Hampshire constitution in *Evelyn Sirrell et al. v State of New Hampshire et al.* and, if reimbursement is appropriate, shall recommend a formula for implementation of a reimbursement program.

**Source.** 2001, 158:56, eff. Sept. 3, 2001. 2003, 307:7, eff. July 1, 2003. 2004, 203:13, eff. June 11, 2004.

**RSA 75:1**  
**DEPARTMENT OF REVENUE ADMINISTRATION**

**How Appraised. –**

The selectmen shall appraise open space land pursuant to RSA 79-A:5, open space land with conservation restrictions pursuant to RSA 79-B:3, land with discretionary easements pursuant to RSA 79-C:7, residences on commercial or industrial zoned land pursuant to RSA 75:11, earth and excavations pursuant to RSA 72-B, and all other taxable property at its market value. Market value means the property's full and true value as the same would be appraised in payment of a just debt due from a solvent debtor. The selectmen shall receive and consider all evidence that may be submitted to them relative to the value of property, the value of which cannot be determined by personal examination.

**Source.** RS 42:1. CS 44:1. GS 52:1. 1872, 31:1. GL 56:1. PS 58:1. PL 63:1. RL 76:1. RSA 75:1. 1975, 197:1. 1977, 538:1. 2001, 158:51, eff. Sept. 3, 2001.

**RSA 75:7**  
**DEPARTMENT OF REVENUE ADMINISTRATION**

**Oath. –**

The selectmen and assessors shall take and subscribe upon the copies or original inventories and assessments of both resident and nonresident taxes, furnished by them to the town clerks in their respective towns, to be recorded in the clerk's records, the following oath, which may be subscribed before any justice of the peace or notary public: We, the selectmen and assessors of \_\_\_\_\_, certify under the penalty of perjury that in making the inventory for the purpose of assessing the foregoing taxes all taxable property was appraised to the best of our knowledge and belief at its full value, in accordance with state appraisal standards. **Source.** 1874, 99:1. GL 56:6. PS 58:6. PL 63:6. RL 76:7. RSA 75:7. 1969, 23:6. 2001, 158:52; 297:7, eff. Sept. 15, 2001.

**RSA 75:8**  
**DEPARTMENT OF REVENUE ADMINISTRATION**

**75:8 Revised Inventory. –**

I. Annually, and in accordance with state assessing guidelines, the assessors and selectmen shall adjust assessments to reflect changes so that all assessments are reasonably proportional within that municipality. All adjusted assessments shall be included in the inventory of that municipality and shall be sworn to in accordance with RSA 75:7.

II. Assessors and selectmen shall consider adjusting assessments for any properties that:

- (a) They know or believe have had a material physical change;
- (b) Changed in ownership;
- (c) Have undergone zoning changes;
- (d) Have undergone changes to exemptions, credits or abatements;
- (e) Have undergone subdivision, boundary line adjustments, or mergers; or
- (f) Have undergone other changes affecting value.

**Source.** 1876, 27:1. GL 56:11. PS 58:7. PL 63:7. RL 76:8. RSA 75:8. 1969, 23:7. 2001, 158:53. 2003, 307:13, eff. July 1, 2003.

**RSA 75:8-a**  
**DEPARTMENT OF REVENUE ADMINISTRATION**

**75:8-a Five-Year Valuation. –**

The assessors and/or selectmen shall reappraise all real estate within the municipality so that the assessments are at full and true value at least as often as every fifth year, beginning with the later of either of the following:

I. The first year a municipality's assessments were reviewed by the commissioner of the department of revenue administration pursuant to RSA 21-J:3, XXVI and the municipality's assessments were determined to be in accordance with RSA 75:1; or

II. The municipality conducted a full revaluation monitored by the department of revenue administration pursuant to RSA 21-J:11, II, provided that the full revaluation was effective on or after April 1, 1999.

**Source.** 2001, 158:54, eff. Sept. 3, 2001. 2003, 307:11, eff. July 1, 2003. 2005, 119:1, eff. June 15, 2005.

**RSA 75:8-b**  
**DEPARTMENT OF REVENUE ADMINISTRATION**

**75:8-b Annual Appraisal; Municipalities Over 10,000. –**

Except when assessing real estate under RSA 75:8-a, any municipality with a population over 10,000 as determined pursuant to RSA 78-A:25 intending to appraise real estate annually at market value, as defined in RSA 75:1, shall authorize such annual appraisal by a majority vote of the governing body. The governing body shall hold 2 public hearings regarding the annual appraisal process at least 15 days, but not more than 60 days, prior to the governing body's authorization vote. Any municipality with a population over 10,000 as determined pursuant to RSA 78-A:25 annually appraising real estate at market value shall provide notification of changes to the assessed valuation prior to the issuance of the final tax bill, either by individual notice to the property owner, by public notice in a newspaper of general circulation, or by any other means deemed appropriate by the governing body.

**Source.** 2004, 203:15, eff. June 11, 2004.

**RSA 76:2**  
**DEPARTMENT OF REVENUE ADMINISTRATION**

## **76:2 Property Tax Year. –**

The property tax year shall be April 1 to March 31 and all property taxes shall be assessed on the inventory taken in April of that year.

**Source.** RS 43:1. 1851, 1115. CS 45:1. 1871, 16:1. GS 53:1. GL 57:1. PS 59:1. 1913, 82:7. PL 64:1. RL 77:1. RSA 76:2. 1969, 23:9. 1981, 178:1, eff. June 2, 1981.

**RSA 76:13**  
**DEPARTMENT OF REVENUE ADMINISTRATION**

**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. Interest due in an amount up to \$25 may be waived by the collector, with the approval and consent of the board of selectmen and the board of assessors, if in the collector's judgment the administrative and collection costs involved do not warrant collection of the amount due. The tax collector shall state on the tax bill the date from which interest will be charged and such date shall be determined by the day the collector sends out the last tax bill on the list. The collector shall notify the board of tax and land appeals in writing of the date on which the last tax bill was sent.

**Source.** 1860, 2373. 1861, 2491. GS 53:9. 1872, 42:1. GL 57:9. PS 59:8. PL 64:11. RL 77:11. 1943, 55:1. 1949, 61:1. RSA 76:13. 1965, 81:1. 1969, 206:1. 1970, 30:1. 1973, 486:4; 544:8. 1977, 354:1. 1981, 465:14. 1989, 39:1. 1991, 54:1; 306:9. 2001, 63:1, eff. April 1, 2001.

**RSA 76:13-b**  
**DEPARTMENT OF REVENUE ADMINISTRATION**

**76:13-b Limitations on Interest When Tax Relief is Granted. –**

Notwithstanding any provisions of RSA 76:13 or 76:15-a or 76:15-b to the contrary:

I. Interest on tax deferrals for the elderly and disabled granted pursuant to RSA 72:38-a will accrue at 5 percent beginning 30 days after the date of the final tax bill.

II. No interest shall be charged on any taxes abated pursuant to RSA 76 on the grounds of poverty or hardship and inability to pay.

III. No interest shall be charged on that portion of taxes of any residential property for which an exemption or tax credit is granted pursuant to RSA 72.

**Source.** 1995, 265:15, eff. Jan. 1, 1996.

**RSA 76:15-a**  
**DEPARTMENT OF REVENUE ADMINISTRATION**

**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 this 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.

**Source.** 1969, 497:2. 1971, 454:3. 1973, 128:1. 1981, 465:15. 1983, 157:1; 440:2, eff. Aug. 23, 1983.

**RSA 76:17-a**  
**DEPARTMENT OF REVENUE ADMINISTRATION**

**76:17-a Interest. –**

Whenever, after taxes have been paid, the selectmen, the board of tax and land appeals, or the superior court, as the case may be, grant an abatement of taxes, they shall award interest on the amount of taxes abated at the rate of 6 percent per annum from the date the taxes were paid to the date of refund.

**Source.** 1965, 152:1. 1973, 544:13. 1983, 394:2, eff. Aug. 21, 1983.

# Governance of Assessors Actions

- State Constitution
- State Statutes (RSA)
- State Supreme Court Case Law
- DRA Rules
- ASB Rules
- Professional Code of Conduct
- Good Assessment Practices (IAAO)