

NEW HAMPSHIRE EQUALIZATION MANUAL



2020

**Adopted by the Assessing Standards Board
Betsey Patten, Chairman
Robert Gagne, Equalization Subcommittee Chairman
2020**

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**EQUALIZATION PROCESS
TOPICAL INDEX**

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**EQUALIZATION PROCESS
ABBREVIATION LIST**

ABBREVIATION	MEANING	USE
AINR	Assessment Review Improved Non-Residential	Assessment Review Property Type
AI-R	Assessment Review Improved Residential	Assessment Review Property Type
APT5	Apartment Building 5+ Units	Property type
ASB	Assessing Standards Board	
AUMP	Assessment Review Unimproved	Assessment Review Property Type
BSLP	Boatslip Only	Property type
CILB	Mixed Used Commercial/Industrial Land & Building	Property type
CMIL	Mixed Used Commercial/Industrial Land	Property type
CMLB	Commercial Land and Building	Property type
COD	Coefficient of Dispersion	Statistic
COLS	Condominiumized Land Site	Property type
COMC	Commercial Condominium	Property type
COML	Commercial Land	Property type
DRA	Department of Revenue Administration	
IAAO	International Association of Assessing Officers	
INDC	Industrial Condominium	Property type
INDL	Industrial Land	Property type
INLB	Industrial Land and Building	Property type
ISLD	Island	Property type-Modifier Code
MFHM	Multi-Family 2-4 Units	Property type
MHNL	Manufactured Housing w/o Land	Property type
MHWL	Manufactured Housing w/Land	Property type
PRD	Price-Related Differential	Statistic
RC1U	Residential Condominium-1 Unit	Property type
RC24	Residential Condominium- 2-4 Units (purchased of multiple units)	Property type
RC5+	Residential Condominium- 5+ Units (purchased of multiple units)	Property type
RCLB	Mixed Use Residential/Commercial Land & Building	Property type
RECL	Mixed Use Residential/Commercial Land	Property type
RESL	Residential Land	Property type
SFHM	Single Family Home	Property type
UIR	Unclassified/Unknown Improved-Residential	Property type
UUKL	Unclassified/Unknown Land	Property type
UULB	Unclassified/Unknown Non-Residential Land & Building	Property type
UUNC	Unclassified/Unknown Non-Residential Condominium	Property type
UUOT	Unknown/Unclassified Other	Property type
WTRA	Water Access	Property type-Modifier Code
WTRF	Waterfront	Property type-Modifier Code
WTRI	Waterfront Influence	Property type-Modifier Code

**NEW HAMPSHIRE
EQUALIZATION PROCESS
2020**



**SECTION 1
DEFINITIONS**

SECTION 1 DEFINITIONS

- 1.01** “**Ad valorem value**” means the valuation of the property prior to any adjustment for Current Use, RSA 79-A or Conservation Restriction Assessment, RSA 79-B.
- 1.02** “**Aggregate ratio**” (a.k.a. weighted mean) means the sum of the assessments divided by the sum of the sales prices for the total number of sales used in a ratio study.
- 1.03** “**Arm’s-length transaction**” means (1) a sale between a willing buyer and willing seller that are unrelated and are not acting under duress, abnormal pressure or undue influences. (2) A sale between two unrelated parties, both seeking to maximize their positions from the transaction.
- 1.04** “**Assessing officials**” means the municipal assessors or selectmen. See RSA 75:1 (selectmen), RSA 41:2-g (elected assessors) and RSA 48:16 (city assessors) for statutory authority and duties.
- 1.05** “**Assessment**” means the gross local assessed value of a property prior to any adjustments for exemptions such as elderly, blind or disabled.
- 1.06** “**Base Valuation for Debt Limits**” means the Equalized Assessed Valuation plus the equalized value of monies received in accordance with RSA 33:4-b.
- 1.07** “**Coefficient of Dispersion**” means the average percentage deviation from the median ratio.
- 1.08** “**Confidence interval**” means the range established by electronic means within which one can conclude a measure of population lies.
- 1.09** “**Confidence level**” means the required degree of confidence in a statistical test or confidence interval.
- 1.10** “**Conservation Restriction Assessment**” means the value of property assessed in accordance with RSA 79-B.
- 1.11** “**Current use value**” means the value of property assessed in accordance with RSA 79-A.
- 1.12** “**Current Year Assessment**” means the assessment on which the final tax bill for a municipality is based for the year the ratio study is conducted by the DRA.
- 1.13** “**DRA**” means the N.H. Department of Revenue Administration.
- 1.14** “**Equalized Assessed Valuation**” means the estimated true and market value of all *taxable* property in a municipality.

- 1.15 “Equalization ratio”** means the ratio used by the Department of Revenue Administration to calculate a municipality’s equalized valuation.
- 1.16 “Equalization year”** means October 1 of the prior tax year to September 30 of the current tax year in accordance with RSA 21-J:9-a.
- 1.17 “Full revaluation”** means the revaluation of all taxable and nontaxable properties in a municipality, with a complete measure and listing of all taxable and nontaxable properties to occur at the same time of the establishment of the new base year, to arrive at full and true value as of April 1. The term includes “full reappraisal” and “full reassessment.” (Rev 601.24)
- 1.18 “Full statistical revaluation”** means the process of a revaluation of all taxable and nontaxable properties in a municipality, using existing property data, to arrive at full and true value as of April 1. The term includes “statistical update” and “statistical reassessment.”
- 1.19 “I.A.A.O.”** means the International Association of Assessing Officers.
- 1.20 “Listing”** means recording a description of the interior, exterior and attributes of any improvements or the recording of the description of land features and attributes. The term includes “list.” (Rev 601.30)
- 1.21 “Local assessed value”** means the valuation of a parcel of property before any adjustment for exemptions are made.
- 1.22 “Market Value”** means the value of a property that meets the following criteria:
- (a) Is the most probable price, not the highest, lowest or average price;
 - (b) Is expressed in terms of money;
 - (c) Implies a reasonable time for exposure to the market;
 - (d) Implies that both buyer and seller are informed of the uses to which the property may be put;
 - (e) Assumes an arm’s length transaction in the open market;
 - (f) Assumes a willing buyer and a willing seller, with no advantage being taken by either buyer or seller; and
 - (g) Recognizes both the present use and the potential use of the property.
- 1.23 “Measure”** means a physical inspection, verification, sketching and recording of the exterior dimensions and attributes of any improvements made to the property. (Rev 601.34)
- 1.24 “Median ratio”** means the middle ratio when a set of ratios is ranked in order of magnitude.

The median is the generally preferred measure of central tendency for assessment equity, monitoring appraisal performance, and determining reappraisal priorities or evaluating the need for a reappraisal.

- 1.25 “Mean ratio”** means the average ratio – the sum of the ratios divided by the number of ratios.
- 1.26 “Modified Assessed Valuation”** means the sum of all local assessed values in the municipality minus the value of property exempted under RSA 72:12-a (Water & Air Pollution Control Facilities), RSA 72:37-a (Exemption for Improvements to Assist Persons with Disabilities) and 72:23 IV (school dormitory, dining room and kitchen exemption).
- 1.27 “Municipality”** means a city, town or unincorporated place. (Rev 601.37)
- 1.28 “Net Local Assessed Valuation”** means the sum of the “modified assessed valuation” minus the value of property exempted pursuant to RSA 72:37 (blind exemption), RSA 72:37-b (disabled exemption), RSA 72:38-b (deaf exemption), RSA 72:39-a (elderly exemption), RSA 72:62 (solar powered energy systems), RSA 72:66 (wind powered energy systems), RSA 72:70 (wood heating energy systems), RSA 72:23 IV (additional dormitories, dining rooms and kitchen exemption and RSA 72:88 (electric energy storage systems exemption). The net local assessed valuation is used to calculate a municipality’s tax rate.
- 1.29 “Open Market”** means a freely competitive market in which any buyer or seller may trade and in which prices are determined by competition.
- 1.30 “Outliers”** means observations that have unusual values, that is, they differ markedly from a measure of central tendency. For the DRA Equalization Ratio Studies, outliers will be mathematically determined by a 3.0 extreme trimming process as described in April 2013, IAAO Standard on Ratio Studies.
- 1.31 “Partial revaluation”** means the process of analyzing market sales throughout the entire municipality to identify and implement needed value changes to the affected areas, or classes of property, to bring those properties to the municipality’s general level of assessment utilizing the existing base tax year and providing an addendum to the existing USPAP compliant report. The term includes “partial update.” (Rev 601.38)
- 1.32 “Price-related differential”** measures vertical inequities (differences in the appraisal of low-value and high-value properties). P.R.D.’s > 1.03 tend to indicate assessment regressivity (lower-value properties assessed at higher ratios than higher-value properties). P.R.D.’s $< .98$ tend to indicate assessment progressivity (lower-value properties assessed at lower ratios than higher-value properties).
- 1.33 “Prior year assessment”** means the assessment on which the final tax bill for a municipality is based for the year immediately preceding the year the ratio study is

conducted by the DRA.

- 1.34 “Qualified Sale”** means a property transfer that satisfies the conditions of a valid sale and meets all other technical criteria for inclusion in a ratio study sample. If a property has undergone significant changes in physical characteristics, use, or condition in the period between the assessment date and sale date, it would not technically qualify for use in the ratio study. (See [Section 3.05.02](#) for more info on valid sales)
- 1.35 “Ratio”** for a single sale means the assessment divided by the sale price. The median, mean, and aggregate ratios are calculated using all the individual sale ratios in a sampling.
- 1.36 “Sales chasing”** means the practice of using the sale of a property to trigger a reappraisal of that property at or near the selling price. (Refer to [Section 3.16](#) for more information)
- 1.37 “Strata”** (stratum, sing.) means a class or subset of the population being studied. For example: residential land or waterfront.
- 1.38 “Stratified Analysis”** means the statistical calculations and report prepared for the strata in a municipality.
- 1.39 “Total Equalized Valuation Including Equalized Utility Value and Equalized Railroad Monies”** means the total equalized valuation of all property in the municipality as determined under RSA 21-J:3, XIII, including property taxable under RSA 82 or RSA 83-F.
- 1.40 “Total Equalized Valuation Not Including Equalized Utility Value or Equalized Railroad Monies”** means the total equalized valuation of all property in the municipality as determined under RSA 21-J:3, XIII, *except* property taxable under RSA 82 or RSA 83-F.
- 1.41 “Weighted Mean”** (a.k.a. aggregate) means the sum of the assessments divided by the sum of the sales prices for the total number of sales used in a ratio study. The weighted mean is the generally preferred measure of central tendency for computing the total aggregate value of a jurisdiction for indirect equalization.

**NEW HAMPSHIRE
EQUALIZATION PROCESS
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**SECTION 2
MS-1 REPORT,
SUMMARY INVENTORY OF VALUATION,
PROCESS**

SECTION 2 DETERMINING THE TOTAL LOCAL ASSESSED VALUE OF A MUNICIPALITY

Municipalities provide the DRA with the assessed value of their municipality as part of the annual tax rate setting process.

2.01 DRA Reporting Requirements

RSA 21-J:3 XII requires the DRA to file with the secretary of state a report showing all the property in the state and its assessed value, in tabulated form, and other statistics and information as may be deemed of interest. The report must be filed not later than 30 days after all necessary figures become available.

2.02 Municipal Reporting Requirements

RSA 21-J:34, I, and Rev. 1707.03, require municipalities to annually report the local assessed valuation for all property when filing the MS-1 Report, Summary Inventory of Valuation.

- (a) This report is required to set the tax rate for each municipality and is required to be filed by September 1. *(See link to MS-1 at the end of this section)*
- (b) The MS-1 Report, Summary Inventory of Valuation, also reports:
 - (1) Monies received as payments in lieu of property taxes. The majority of the monies are received in accordance with RSA 72:11, 72:23-k and RSA 72:74 (renewable generation facilities).
 - (2) Individual utility assessments;
 - (3) Current use and conservation restriction assessment acreage figures;
 - (4) Elderly exemption and veterans tax credit statistics;
 - (5) Village district or precinct valuations; and
 - (6) Tax Increment Finance (TIF) District valuation and other pertinent information.
- (c) The DRA municipal accounts auditors review these forms as part of the tax rate setting process.
- (d) The Equalization staff reviews these forms prior to the setting of the tax rate.

2.03 Reports & Worksheets

The following reports and worksheets are prepared at the completion of the tax rate setting process:

- (a) “Tables by Counties” which summarizes the assessed valuation for each municipality, county and state as well as other pertinent statistics.
- (b) “Current Use Acreage Report” which reports the acreage amounts and percentages of property assessed and other pertinent current use data.

2.04 Uses of Assessed Valuation Figures

The DRA uses the figures reported by the municipalities on the MS-1, MS-434 and MS-535 to:

- (a) Set the municipal, county, local school, state education, and village district property tax rates;
- (b) Equalize the local modified assessed value of a municipality;
- (c) Calculate the Base Valuation for Debt Limits;
- (d) Determine each municipality’s apportionment of county, state education, village districts and cooperative/regional school district property tax; and
- (e) Produce statistical reports provided to the legislature, municipalities and members of the general public.

2.05 Revised MS-1 Report, Summary Inventory of Valuation

- (a) Municipalities are required to file a revised [MS-1 Report, Summary Inventory of Valuation](#), regardless of whether the tax rate has been set or not, for the following reasons:
 - (1) A change in the valuation, either an increase or a decrease, due to error that significantly impacts the original figures provided to the DRA;
 - (2) If there is a court-ordered abatement that significantly impacts the original figures. For instance, in 1998, the Crown Vantage vs. Berlin court settlement decreased Berlin’s modified assessed value from \$344,390,164 to \$277,142,633. This settlement was made after the 1998 tax rates were set but before the 1998 total equalized valuations were calculated.
- (b) The DRA will use the revised figures during the equalization process.
- (c) The DRA will only revise the figures for the current equalization period. The DRA will not revise prior years’ equalized figures once the appeal period set by RSA 71-B:5, II, has passed.

**NEW HAMPSHIRE
EQUALIZATION PROCESS
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**SECTION 3
RATIO STUDY PROCESS**

SECTION 3 RATIO STUDY PROCESS

RSA 21-J:3, XIII, requires the Department of Revenue Administration to equalize the local assessed values for each municipality in the state.

The processes used when conducting the equalization study for each municipality are as follows:

3.01 Gather the sales information

- (a) The DRA receives information for all sales that occur in the State between October 1 and September 30 from the 10 county registries.
- (b) The information for each sale provided by the registries includes:
 - (1) Name of municipality and county;
 - (2) Date of recording;
 - (3) Recording book and page number;
 - (4) Deed type: warranty, quitclaim, fiduciary, etc.;
 - (5) Name of seller(s)/grantor(s);
 - (6) Name of buyer(s)/grantee(s);
 - (7) Transfer tax stamps paid;
 - (8) Sale price calculated from the stamps;
- (c) The following sales are pre-excluded from the ratio studies:
 - (1) Sales for no consideration;
 - (2) Sales for minimum consideration - \$4,000;
 - (3) Sales of timeshare units;
 - (4) Sales of easements; and,
 - (5) Foreclosures.
- (d) Equalization Year

The equalization year is from October 1 of the prior year to September 30 of the current year in accordance with RSA 21-J:9-a, I. For example: The 2020 equalization year is October 1, 2019, to September 30, 2020.

RSA 21-J:9-a III (b) allows the DRA to include arm's length sales for a period of up to 2 ½ years prior to April 1 of the year for which the equalization study is being conducted. This would generally occur when sample sizes are small or it can be determined that the sales are unrepresentative of the property within the municipality.

The sales will be added in six month increments until at least 20 valid sales are available to conduct the ratio study for the municipality.

3.02 Verify the sales information

- (a) Verification ensures the reliability of the ratio studies. The DRA verifies both the sale information and the assessment information.
- (b) Form PA-34, Inventory of Property Transfer, is used to verify the sales information. RSA 74:18 requires that the grantee(s) provide municipalities with a copy of the PA-34, Inventory of Property Transfer. (*See attached hyperlink to this form and its instructions in [Section 5](#).*)
- (c) The DRA typically does not contact the seller of the sale properties.
- (d) A review of the sales and assessment information through contact with assessing officials and others, and/or physical inspection of assessment data at the municipal office further verifies the accuracy of the information provided to the DRA.
- (e) Verification of sales and assessment information can occur prior to or concurrently with the conduct of the ratio study. An appraiser, as part of his or her regular contact with a municipality, may work with municipal officials to review the sales and assessment information prior to conducting the ratio study. An appraiser may also be assigned to verify sales or assessment information as a result of the ratio study.
- (f) Verification may include but is not limited to reviewing:
 - (1) Sales information;
 - (2) Assessment information for the sampled sale or for similar properties in the municipality;
 - (3) The data used to calculate the assessments; and
 - (4) The available information for excluding sales from the ratio study.
- (g) All meetings, phone calls, etc. regarding ratio studies or other equalization related issues are followed up by documentation which contains the following:
 - (1) Name of the municipality;
 - (2) Name of municipal official(s) and/or employee(s);
 - (3) Title of municipal official(s) and/or employee(s);
 - (4) Date sales were reviewed;
 - (5) Type of review of sales;
 - Interview at town office
 - Phone contact only

- (6) Extent of the review;
 - Review of property record cards
 - Review of building permits
 - Discussion only
- (7) Other contacts;
 - Members of the real estate community (real estate brokers, etc.)
 - Grantee or grantor
 - County registry of deeds
- (8) Detailed explanation of sales reviewed;
 - Sale verification number
 - Specific reason for exclusion: “Not arm’s length” or “Do not use” is not acceptable.
 - A sale not typically used by the DRA may in fact be an arm’s length transaction and represent market value. Such sales should be included.
- (9) Signature of reviewer and date.

3.03 Gather the assessment data

3.03.01 Reporting Municipal Assessment Information

- (a) Each municipality is connected to the NH Mosaic Equalization System and receives the sales information for the effective equalization time period.
- (b) Municipalities are required to provide the following information for the property sales included:
 - (1) The previous tax year’s assessment before applying exemptions. There are no exceptions;
 - (2) The current tax year’s assessment before applying exemptions;
 - (3) Explanation of changes in assessments greater than \$3,000 between the prior year and current year; (*effective for 2020 equalization ratio studies*)
 - (4) Knowledge of conditions of the sale properties as listed in Section 3.05.02 (b);
 - (5) Comments verifying, amending and adding to the sale information provided that may affect the inclusion or exclusion of the sale;
 - (6) Specific comments regarding the inclusion or exclusion of the sale in the ratio study. Comments such as “Do Not Use” or “Unqualified Sale” lack required specificity. If an assessor is suggesting that a sale not be used, a specific comment for the reason not to use the sale is required. (*See hyperlink to the*

Exclusion Codes List in [Section 8](#))

- (7) Property Code identifying the property type so that the DRA may stratify sales information. This serves the following purposes:
 - As an equalization tool, it helps to determine the representativeness of the sampling and provides a more accurate representation of a municipality's levels of assessment and dispersion;
 - Used to determine whether a municipality has met the Assessment Review Standards adopted by the Assessing Standards Board; and
 - As an assessment tool, it indicates the status of individual stratum and can be used to assist in making assessment plans.
- (8) Municipal assessing officials are required to sign the "Municipal Assessment Certificate," which certifies that the assessment and sales information provided has been thoroughly reviewed and is complete and accurate to the best of their knowledge. It further certifies that the assessing officials are aware the information will be used by the DRA to calculate the municipality's equalization ratio and total equalized valuation.

3.03.02 Electronically filing assessment information

Municipalities electronically file their assessment information through the New Hampshire Mosaic Equalization system. The system has the following features:

- Access to sales shortly after recording
- Annually towns upload assessment information from CAMA systems
- Matches the sales provided by the county registries with the CAMA information
- Review and data enter sale & assessment information throughout the year
- Create and print ratio studies
- Stratify sales by property type
- Access to PA-34 online
- Ability to create sales reports in excel, word or pdf format

3.04 Sampling the data

Sampling is the process of selecting which sales will be used in an assessment-to-sales ratio study prior to determining whether the sale must be excluded from the survey. RSA 21-J:9-a, II, allows the DRA to use a randomly selected sample of sales, the size of which will be determined by the total taxable parcels in the municipality. Currently, the DRA does not conduct a random sampling. All real estate transfers that meet the criteria detailed in this manual are included in the ratio study for a municipality.

3.05 Screening Process

3.05.01 The sales and assessment information is screened for each sale in the sample as follows:

- (a) Determine whether a sale is an arm's length transaction using the criteria listed in this section.
- (b) Determine whether the prior year's assessment or current year's assessment is to be used. The default is the current year's assessment.
- (c) Adjust sale price to reflect price of personal property. (*See Section 3.05.05 for more information on DRA adjustments to sales prices*).
- (d) Contact the municipal assessing officials for clarification or expansion of the sales and assessment information provided in the event of an unclear item.

3.05.02 Determining whether the sale can be used in the sampling

- (a) The DRA uses only arm's length transactions in the conduct of the ratio study and will only use sales where the property's ad valorem value is subject to appeal.
- (b) **Transactions to be deemed not at arm's length:**
 - (1) Between same family name or known relatives
 - Sales between immediate or extended family members
 - Sales where the grantor and grantee are same
 - Divorce settlement
 - One of buyers and one of sellers are the same person
 - (2) Between known affiliated companies or corporations;
 - Inter corporate sales
 - Intra corporate sales
 - (3) By sheriff, court officials or other forced sale;
 - Sheriff's deed
 - Commissioner's deed
 - Indentured deed
 - Foreclosure
 - Deed in lieu of foreclosure
 - (4) Property located in more than one municipality;
 - (5) By or to mortgage or financial companies;

- Sales by banks or bonding companies
 - FDIC sales
 - Sales by agents of F.D.I.C. or financial companies. (Example: N.H. Red Brick Properties)
- (6) Cemetery lots;
 - (7) Where an interest such as a life estate is retained;
 - (8) Unspecified or undivided interest in the property;
 - Purchased partner's share - already owned part of property
 - (9) A specified interest in the property;
 - Purchased ½ interest only
 - Purchased 30% interest
 - (10) Mineral or timber rights or resource rights less than a full fee simple;
 - (11) A trade or exchange of property;
 - Property swap
 - Boundary line adjustments
 - Stock-in-trade (mobile home purchase from a dealer)
 - (12) To, or by, the federal, state or local government
 - FDIC Sale
 - Housing & Urban Development (HUD)
 - Veteran's Administration
 - N.H. Housing & Finance Authority
 - N.H. Dept. of Transportation
 - Other N.H. state agencies
 - Tax liens
 - School districts
 - Conservation commissions
 - (13) To, or by, a utility;
 - (14) To, or by, a benevolent, fraternal or education organization;
 - Schools
 - Churches
 - Charitable organizations
 - (15) To, or by, administrators, executors, guardians, receivers or trustees;

- Fiduciary deeds
- Sales from a grantor to a trust in which the grantor or a member of the grantor's family is an interest holder
- Estate trusts selling property after the death of the property owner

Exceptions: Trust sales may be used when:

- *Trust is part of a company name (i.e., Riverview Realty Trust or CW Realty Trust); and*
- *Revocable and irrevocable trust sales meet the criteria of an arm's length sale and sold for market value.*

- (16) The seller retains possession for more than one year;
- Contract for Sale: An installment contract for the sale of a property. The grantor holds legal title until paid in full.
 - Life estates
 - Buyer was the previous tenant
- (17) The purpose of transfer was for other than warranty or quitclaim conveyance;
- Sheriff's Deed
 - Commissioner's Deed
 - Fiduciary Deed
 - Foreclosure
- (18) It is declared not to be market value due to grantor misrepresentation or grantee bias;
- Grantor misrepresentation could include:
- The buyer was not aware that a 10% land use change tax penalty would be assessed and thus, did not take into consideration when determining sale price.
- Grantee bias may include:
- The buyer just had to have this property – no other property would meet their needs. For example, N.H.M.S. purchasing abutting land to the speedway.
- (19) The property is assessed only under current use and no full value assessment is available;
- Some municipalities do not maintain ad valorem values for properties assessed pursuant to RSA 79-A. Since ad valorem values that do exist for current use properties are not subject to appeal, those values are not reliable for purposes of the equalization ratio study.
- (20) The property is assessed only under a conservation restriction assessment and no

full value assessment is available;

Some municipalities do not maintain ad valorem values for properties assessed pursuant to RSA 79-B. Since ad valorem values that do exist for conservation properties are not subject to appeal, those values are not reliable for purposes of the equalization ratio study.

- (21) Involving a time-sharing property;
 - Timeshares
 - Quarter shares
- (22) To clear a property title;
 - To correct property title
- (23) An easement or right of way;
 - Conservation easements
 - Utility easements
 - Various other deeded easements and rights of way
 - Sales in which leases are involved
- (24) Involving boundary line adjustments between grantor and grantee;
- (25) Including non-taxable property or personal property in the sale price and an appropriate amount for this property cannot be determined;
 - Sale where either the municipality or grantee indicate that value of personal property was included in the sale price but do not indicate an amount;
 - Sale where either the municipality or grantee indicates the value of personal property but the amount represents more than 10% of the sale price of a residential property or 25% of the sale price of a commercial industrial property. Example: Sale Price \$250,000, Timber Value \$125,000.
- (26) Multi-parcel sales may or may not be used based on the following criteria:
 - Multi-parcel sales will be used if the parcels could not be sold separately, but are listed as separate parcels.
 - Multi-parcel sales may be used if it can be determined that the sum of the assessments and the sum of the sale prices is equal to what the property would have sold for and been assessed as if it were one economic unit.
 - Multi-parcel sales will not be used if one of the following conditions exists:
 - Assemblage - the acquisition of contiguous properties for a specific use
 - Plottage Increment - the increase in value created by joining smaller properties into one larger property

- Developer's Discount - Quantity holding discounts for projects not completed. For example, a condo project which is being built in phases. The lots are essentially not complete or ready for sale, but they are being assessed separately.
- (27) Properties that cannot be clearly identified on the assessor's tax rolls;
 - (28) Sale price cannot be determined from the revenue stamps affixed or through the verification process or total consideration not clear;
 - (29) Sales in which it appears as if the assessments have been adjusted due to the property's sale price and a property assessment cannot be ascertained;
 - (30) Abutter sales;
 - Sale of property abutting the grantor/grantee's property
 - (31) Forced sales and/or Distress Sales;
 - Sale in lieu of foreclosure
 - Sale in lieu of tax deed
 - Sale to meet other financial obligations
 - (32) "For Sale by Owner;"

A sale by an owner is considered to be an arm's length transaction and will be used in the ratio study unless information is provided to show that the sale is not an arm's length transaction and the sale price does not equal market value.
 - (33) Over-representation by a sub-divider;

Sales to or by the same grantor will be excluded from the ratio study if they represent more than 10% of the sales used in the ratio study. The sales nearest April 1 will be included.

In small municipalities, where only one or two sales represent 10% of the sales used, the sales will be included.
 - (34) Over-representation of property type;

When information is provided to the DRA regarding the terms and marketing of a sale that shows that the sale meets the criteria of an arm's length sale and where it can be established that the sales price equates to market value as defined in the definitions section, the sale will be used.

3.05.03 Trim Procedures

The I.A.A.O. standards define outlier ratios as being very low or high ratios as compared with other ratios in the sample. Outliers are not dependent on the sales price. A sale will not be considered an outlier simply because it is a very high or very low value property. When the sample is small, outlier ratios may distort calculated ratio study statistics. Some statistical measures, such as the median ratio are resistant to the influence of outliers. However, the COD and mean are sensitive to extreme ratios.

Outlier ratios can result from any of the following:

- Erroneous sale price
- Non-market transaction
- Unusual market variability
- A mismatch between the property sold and the property assessed
- An error in the supplemental appraisal performed by the oversight agency
- An error in the assessing unit's appraisal of an individual parcel
- An error in the assessing unit's appraisal of a subgroup

The I.A.A.O. has recommended trim procedures: a 1.5 standard trim and a 3.0 extreme trim. The DRA will use the **3.0 extreme trim** for the ratio studies as recommended by the Assessing Standards Board.

The following trim procedures are to be used for removing any outlier from a ratio study.

Prior to removal, the ratio review staff member will:

- (a) Print a trial ratio study. Outliers are to be removed as the final step of conducting the study. The trial ratio study will become part of the equalization file for the municipality.
- (b) Outliers are identified on the trial study as "Yes" in the Trim column of the Ratio Study.
- (c) Review all data about the sale identified as "Yes"
 - Is the sale price and assessment information correct?
 - Review the municipal information and Form PA-34
- (d) Contact the municipality to see if further information about the sale can be found. Document all contacts with a municipality regardless of information found.
- (e) If the municipality has any documentation to corroborate their position on a sale, ask for a copy of the documentation.
- (f) Make a note in notes section regarding your conversation with the town, even if it is only: "PER TN, NO FURTHER INFORMATION ON SALE"
- (g) Do the outliers appear to be contained in one stratum, or more importantly, do all the sales in one stratum appear to be outliers? If it can be determined that the outliers are indicative of an assessment problem of a class of properties versus a unique sale for which we do not have enough information, the trim procedure can be

overridden.

If no further information regarding the sale can be found, the sale will not be included in the ratio study.

When reviewing the information for sales used in the overall sampling and sales used in the individual stratum, it is important to remember that you are looking at two different pictures. The statistics for the overall sampling are calculated using all the sales in the sampling and present a picture of what is happening throughout the municipality. The statistics for the individual stratum are calculated using only those sales identified as being a part of that stratum and, thus, present a picture of what is happening in just the specific property type. Sales that may be trimmed from the overall sampling may have been left in the strata or vice versa.

3.05.04 Determination of assessment to be used

- (a) The current year's assessment shall be used as a default unless the department determines, based on the criteria below, that the prior year's assessment shall be used.
- (b) Assessors are required to provide the local assessed values for each sale property in the sampling for the prior year and the current year. There are no exceptions.
- (c) If the assessment has changed more than \$3,000, an explanation for the change is required.
- (d) The DRA uses the current year's assessment when calculating the ratio for the individual sale unless the current year's assessment does not reflect what was sold. Examples include but are not limited to:
 - (1) Land only sold; land and building assessed current year;
 - (2) Land subdivided between sale and current years' assessment; or
 - (3) Improvements between sale and current years' assessment.
- (e) Assessments may change for numerous valid reasons and the DRA will normally use the current year's assessed value. Examples of when the current year's assessment will be used include but are not limited to:
 - (1) Reappraisal work; full revaluation, partial revaluation or statistical update
 - Neighborhood
 - Property type
 - (2) Abatements
 - Municipal property tax abatements
 - Court-ordered abatements
 - (3) Data updates for both land and buildings

- Building permits
- New construction
- New subdivision plats
- Changes in % of completion
- Changes in quantity discount
- Taxpayer Inventory Blank per RSA 74:4
- Taxpayer request for review

(4) Zoning Changes

- Changes in road classification
- Changes in allowed use of land

(5) Legal Changes

- Changes in access, right-of-ways, easements, etc.
- Use of eminent domain
- Changes in legal description or mapping of parcels

(6) Technological Changes

- Computer conversions
- Assessment tables changes

- (f) The DRA will use the prior year's assessment if the changes in assessments were not made for valid reasons as described in (d) above, unless the municipality has an ongoing comprehensive program for measuring and listing all improved taxable properties.

The DRA will report annually to the ASB on the number and nature of municipal programs that use these criteria.

3.05.05 Adjustments to the sale price or assessment

- (a) Adjustments to sales prices for personal property will be made as follows:
- (1) Personal property includes furnishings, timber or mineral rights, etc.
 - (2) If the amount reported for personal property on the form PA-34 is more than 10% of the sale price for residential property and 25% of the sale price for commercial/industrial property, the sale is not used in the ratio study. If the amount is less than 10% for residential properties or 25% for commercial properties, the amount will be subtracted from the sale price. If the amount is negligible (less than 1%), the DRA does not adjust.

(b) There are no adjustments made for:

(1) Time:

The DRA equalization year starts six months prior to April 1 and ends six months after April 1. This time period was set up to reduce the need to adjust for time. However, a municipality may provide their own documentation to support time trending. The DRA will consider the information provided and determine whether to time trend or not.

(2) Financing:

If some element of the financing appears questionable, the sale will not be used in the study.

(3) Closing costs;

(4) Back taxes;

(5) Other financial considerations such as goodwill and inventory.

(c) No adjustment will be made to the assessment. The assessment provided by the municipality and used by the DRA must be the assessment that the tax bill was based upon. If either the municipality or the court has granted an abatement, the DRA shall use its judgment whether to adjust the assessment to reflect the abatement, use the original assessment or disqualify the sale.

3.05.06 Contact the municipal assessing officials for clarification or expansion of the sales and assessment information provided.

(a) The reviewer may contact municipal assessing officials regarding specific sales, a stratum or the sampling as a whole.

(b) The reviewer may request clarification or expansion of the sales and assessment information provided including, but not limited to:

(1) The assessment information provided;

(2) Knowledge of the circumstances of the sale; and

(3) Knowledge of market activity of the municipality.

3.06 Calculate the assessment-to-sales ratio and other pertinent statistics for the whole sample and for individual stratum

3.06.01 The following statistics are calculated for the complete sampling and for each stratum. A more detailed explanation of each statistic and its equation is provided in Section 7 of this manual.

(a) Measures of central tendency/appraisal level: Measures of appraisal level are used to equalize the modified assessed value of property for each municipality.

- (1) Median Ratio;
 - (2) Mean Ratio; and
 - (3) Weighted Mean (Aggregate) Ratio.
- (b) Measures of dispersion/equity:
- (1) Measures of dispersion are not used to equalize the modified local assessed value of property;
 - (2) Coefficient of dispersion - measures the level of equity; and
 - (3) Price-related differential - measures the level of vertical equity.
- (c) Measures of Reliability:
- (1) Confidence Intervals

3.07 Stratified Analysis

- (a) The DRA calculates and reports the same statistics for individual strata in a municipality as it does for the whole sample.
- (b) Assessing officials numerically code the sales to identify the property type when completing the sale-assessment information for their municipality. See [Section 8](#) for a complete listing of property type codes and exclusion codes.
- (c) At the municipality’s request, the DRA also provides stratified statistics for classes of property unique to a municipality. Some examples include but are not limited to:
 - (1) Neighborhood;
 - Specific mobile home park
 - Sections of a municipality
 - (2) Property Characteristic;
 - Waterfront
 - Waterfront access

3.08 Supplemental Sales

The larger the sample size, the more precise the statistic. This is a general rule regardless of what statistic is being calculated or analyzed. One of the remedies the I.A.A.O. standards recommend for inadequate samples is “extending the period from which sales are drawn.”

Supplemental sales will be added to the current year’s ratio studies based on the following criteria:

- (a) Prior to adding supplemental sales, a trial study will be printed showing the current year's information.
- (b) Supplemental sales used in the municipality's ratio studies for the prior two equalization years may be added if less than 20 valid sales were available to conduct the ratio study for a municipality;
- (c) The supplemental sales to be included will be done in six month increments. For example, supplemental sales for equalization year 2020 will be added as follows: April 1, 2019 - September 30, 2019; October 1, 2018 - March 31, 2019; April 1, 2018 - September 30, 2018; and October 1, 2017 - March 31, 2018.
- (d) All the supplemental sales from the six-month increment will be added. This may result in more than 20 sales.
- (e) The DRA will time-trend all sales when supplemental sales are added to determine if the use of a time trend is warranted. Municipalities may also provide their own documentation for time trending to be considered.
- (f) If the DRA reviews sales for a period of 2 ½ years prior to April 1 of the year for which the equalization study is being conducted, as is provided for in RSA 21-J:9-a, III (b), and still does not have 20 valid sales for the study, it shall re-examine all sales originally deemed to be invalid, to determine if they can be validated through further research or adjustment.

3.09 Supplemental Appraisals

RSA 21-J:9-a, III (a) authorizes the DRA to add supplemental appraisals to its sales ratio studies. To date, the DRA has not exercised the option of using appraisals in the ratio studies.

3.10 Determine which ratio will be used as the equalization ratio

- (a) The DRA calculates the following ratios:
 - (1) Median ratio;
 - (2) Mean ratio; and
 - (3) Weighted mean (aggregate) ratio.
- (b) The DRA is not statutorily required to use a specific ratio. The N.H. Assessing Standards Board has recommended use of the weighted mean ratio and the weighted mean ratio calculated to one tenth of one percent will be used. If, however, it can be determined that the weighted mean ratio does not accurately represent a municipality's level of assessment, the DRA may use another factor. This is rare and generally only happens in instances when there are too few sales.
- (c) In determining whether the weighted mean ratio or another ratio is most appropriate,

the DRA reviews the following:

- (1) Does the sample size contain a minimum of 20 valid sales? If so, the weighted mean will be used. If not, additional factors may be considered.
- (2) Is there a significant increase or decrease in the ratio compared to the ratios for surrounding municipalities? If so, why? If the increase or decrease is less than ten (10) percentage points different than any surrounding municipality, the weighted mean will be used. If more than ten (10) percent, without explanation, additional factors will be considered.
- (3) Is there a significant increase or decrease in the ratio compared to the ratios in other municipalities within the same cooperative/regional school district? If so, why? If the increase or decrease is less than ten (10) percentage points different than any municipality within the same cooperative school district, the weighted mean will be used. If more than ten (10) percent, without explanation, additional factors will be considered.
- (4) Based upon data and information provided for by the municipality and verified by the DRA, is the sampling of sales generally reflective of the make-up of the municipality and the municipality's valuation base? To challenge the representativeness, and for the DRA to consider other factors, municipalities must provide the data and information as to the correct representativeness, the assessed valuation for the various categories so identified, and the ratio samples that fall into each of those categories. Either the DRA or the municipality may initiate the challenge of the representativeness of the sample. Absent data challenging the representativeness of the sampling, the weighted mean will be used.
- (5) Based upon the data and information provided for by the municipality and verified by the DRA, is the weighted mean ratio unduly affected by bi-modal or multi-modal assessments in the municipality? Absent data confirming bi-modal or multi-modal assessment, the weighted mean will be used. In those cases, where data is provided, the DRA may consider separate assessment ratios for those categories.
- (6) Separate assessment ratios may also be considered at the municipality's request for each stratum in their overall ratio study that contains at least 20 valid sales, and shows a confidence interval, calculated with a 90% confidence level, that is wholly outside the confidence level of other strata.
- (7) In considering the application of separate assessment ratios in (5) or (6) above, the municipality must be able to provide the DRA accurate assessed value information, subject to verification, for all properties within the strata category. In applying the separate ratios, when justified, the DRA will arrive at a single, weighted overall ratio for the municipality, based upon the separate ratios and the total assessed valuation of each. This single, weighted overall ratio shall be used by the DRA to adjust payments-in-lieu-of taxes, railroad tax monies, shared revenues, current use values for a municipality's equalization ratio, and to compute the municipality's total equalized evaluation, where applicable.

- (d) Stratified ratios are not applied to stratified local assessed valuation unless there are unique circumstances.
- (e) To evaluate a request from a municipality for an alternate ratio other than the weighted mean as described in 3.10 (b), above, the documentation required will be reviewed by the Director of the Municipal and Property Division of DRA, along with the Division's Equalization Supervisor and Monitoring Supervisor for the area where the municipality is located.

3.11 Ratios requiring the Municipal and Property Division Director's Approval

The Municipal and Property Division Director and equalization supervisor will review and approve all equalization ratios studies.

3.12 Notify the municipalities of their ratio study statistics

Upon finalization of the ratio study, each municipality is provided with the following:

- (a) Notification of the assessment-to-sales ratio that will be used in the equalization process (applied to their modified local assessed values);
- (b) The analysis of their ratio study showing:
 - (1) The statistics calculated for the overall sample of sales used and the individual strata; and
 - (2) A listing of the sales not included with the reasons why;
- (b) A request that assessing officials review the information provided for errors or revisions; and
- (c) Educational sheets which define and explain:
 - (1) The terms used in the study;
 - (2) N.H.'s statutory requirements regarding the appraisal of property for property tax purposes;
 - (3) Recent N.H. Supreme Court and N.H. Board of Tax and Land Appeals cases regarding the levels of assessment for property taxes; and
 - (4) The ASB's recommended standards for coefficients of dispersion and price-related differentials.
- (d) A letter that states the overall assessment-to-sales ratio, a reminder for municipalities to review the list of all sales used in the ratio-setting process, and guidelines for requesting consideration of an alternate ratio methodology.

3.13 Revise ratio studies

- (a) The DRA will revise a municipality's ratio study if new or revised information is presented prior to the expiration of the appeal period per RSA 71-B:5, II.
- (b) Revisions may include but are not limited to:
 - (1) Correcting assessment errors;
 - (2) Considering new verified information;
 - (3) Correcting a sale's property code; or
 - (4) Reviewing representativeness of the sampling.

3.14 Appeal of Ratio Study

There is no *formal* process for appealing a municipality's equalization ratio. RSA 71-B:5, II, provides an appeal procedure for the total equalized valuations calculated at the conclusion of the equalization process. However, municipal officials are encouraged to review their ratio studies and contact the DRA for any revisions or consideration of an alternate ratio methodology prior to calculating the Total Equalized Valuation for municipalities in order to avoid unnecessary appeals.

3.15 Uses of the Equalization Ratio

The equalization ratio calculated by the Department of Revenue Administration is used to:

- (a) Adjust the modified assessed valuation of all taxable land, buildings and utilities in each municipality with the exception of land assessed in accordance with RSA 79-A and RSA 79-B and utility valuations for which DRA personnel or a contracted vendor provide an appraisal for.
- (b) Adjust all property assessed in accordance with RSA 79-A:5 I, Assessment of Open Space Land. Cub 304.04 (c), Cub 304.06 (b) and Cub 304.15 requires that all property assessed in accordance with this statute be equalized annually by multiplying the assessed value of the property by the municipality's most recent median ratio.
- (c) Determine the amount of relief available under RSA 198:57 (Low and Moderate Income Homeowner Property Tax Relief Program).

3.16 Sales Chasing

Sales chasing is the practice of using the sale of a property to trigger a reappraisal of that property at or near the selling price. If sales with such appraisal adjustments are used in a ratio study, the practice causes invalid uniformity results and causes invalid appraisal level results, unless similar unsold parcels are reappraised by a method that produces an appraisal level for unsold properties equal to the appraisal level of sold properties.

Any practice that causes the analyzed sample to misrepresent the assessment performance for the entire population is an example of sales chasing. A subtle, possibly inadvertent, variety of sales chasing may occur when the recorded property characteristics of sold properties are differentially changed relative to unsold properties. This potential is diminished when property characteristics are compared to a written objective standard (data collection manual). *(As adopted by the ASB on 9/12/2013)*

**NEW HAMPSHIRE
EQUALIZATION PROCESS
2020**



**SECTION 4
ASSESSMENT REVIEW PROCESS**

SECTION 4 RECOMMENDED ASSESSMENT PERFORMANCE STANDARDS

4.01 Assessing Standards Board Standards

Standards for Monitoring of Local Assessment Practices by the Department of Revenue Administration Adopted by the Assessing Standards Board March 22, 2013

- I. The following standards have been established by the Assessing Standards Board (ASB) in accordance with the provisions of RSA 21-J:14-b and RSA 21-J:11-a. These standards shall be used by the Department of Revenue Administration (DRA) to measure and analyze the political subdivision for reporting to the municipality and the ASB. These standards assist the Commissioner in determining the degree to which assessments of a municipality achieve substantial compliance with applicable statutes and rules.
- II. Pursuant to laws of 2003, Chapter Law 307, Section 5, “The general court recognizes all the work in creating a set of proposed standards for the certification of assessments. There is reason for concern, however, that these standards may have an inequitable impact on municipalities within the state due to differences between municipalities in such characteristics as size, parcel count, number of sales, and geographic location. Therefore, the general court finds that in order for the state to continue to implement fair and equitable assessing practices, it is necessary to further analyze the assessing practices of the state’s political subdivisions.”
- III. These standards address the six assessment areas that the Commissioner may consider, which are specifically identified in RSA 21-J:11-a, in regard to whether the:
 - A. Level of assessments and uniformity of assessments are within acceptable ranges as established by the ASB by considering, where appropriate, an assessment-to-sales-ratio study conducted by the DRA for the municipality.
 1. The DRA shall determine if the median ratio falls between 0.90 and 1.10, inclusive, with a 90% confidence interval in the year of the review.
 2. The DRA shall determine if the overall coefficient of dispersion (COD) for the municipality’s median ratio is not greater than 20.0 without the use of a confidence interval.
 - B. Assessment practices substantially comply with applicable statutes and rules.
 1. The DRA shall determine that all records of the municipality’s assessor’s office are available to the public pursuant to RSA 91-A, including but not limited to: property record cards; tax maps; data collection manuals; sales analysis pertaining to assessment values; USPAP report; property inventory warrants; and inventory forms (if applicable).
 2. The DRA shall determine that property record cards reflect assessments of properties as of April 1 (RSA 74:1). When tested, 90% of the sample shall be correct. A municipality shall not assess parcels or new construction that did not exist as of April 1 of that tax year.

3. The DRA shall determine that a municipality has a revised inventory program in place that addresses compliance with RSA 75:8, which provides that annually, and in accordance with state assessing guidelines, assessors and selectmen shall adjust assessments to reflect changes so that all assessments are reasonably proportional within the municipality.
 4. The DRA shall determine that 85% of the current use property records in the sample reviewed have:
 - a. A timely filed Form A-10, Application for Current Use Assessment in accordance with RSA 79-A:5 and Cub 302. If the original documents cannot be located, the municipality shall provide documentation of their attempt(s) to obtain the information from the landowner. If the landowner fails to respond, the municipal assessing officials may provide equivalent documentation to the best of their knowledge;
 - b. If applicable, a timely filed Form CU-12, Summary of Forest Stewardship Plan for Current Use Assessment in accordance with RSA 79-A:5 and Cub 304.07(a)(3)c and Cub 309.06.
 - c. Current use valuations assessed in accordance with Cub 304; and,
 - d. A procedure to determine, prior to July 1 of each year, if previously classified land has undergone a change in use for purposes of assessing the Land Use Change Tax in accordance with RSA 79-A:7.
 5. The DRA shall determine that in accordance with RSA 21-J:11, all appraisal service contracts or agreements in effect during the assessment review year for tax assessment purposes are:
 - a. Submitted to the DRA, prior to work commencing, as notification that appraisal work shall be done in the municipality; and,
 - b. Include the names of all personnel to be employed under the contract or agreement.
- C. The DRA shall determine that exemption and tax credit procedures substantially comply with applicable statutes and rules by testing to see that:
1. A periodic review has been completed by the municipality at least once every assessment review cycle with no more than a 5% error rate for:
 - a. All tax credit applications; and,
 - b. All exemption applications.
 2. Annually pursuant to RSA 74:2, the municipality reviews all Religious, Educational and Charitable exemptions and has on file a current Form BTLA A-9, List of Real Estate on which Exemption is Claimed as described in Tax 401.04(b).
 3. Annually, pursuant to RSA 72:23, VI, the municipality has on file a current form BTLA A-12, Charitable Organization Financial Statement, as described in Tax 401.01(c), for all charitable exemptions.

- D. DRA shall determine that assessments are based on reasonably accurate data:
1. The municipality has no material errors on at least 90% of the property record cards reviewed by the DRA. A material error is defined to be any error or combination of errors that results in a variance greater than 7.5% of the improved assessed value of the property if the errors are attributable to the improvements or if attributable to the assessed land value, a variance greater than 7.5% of the land or if attributable to both improvements and land a variance greater than 5% of the total assessed value; that includes but is not limited to:
 - a. Mathematical miscalculations;
 - b. Inconsistent land values without notation or documentation;
 - c. Inconsistent depreciation without notation or documentation;
 - d. Inconsistent neighborhood adjustments without notation or documentation;
 - e. Market adjustments without notation or documentation;
 - f. Acreage noted that does not match the tax map unless otherwise noted;
 - g. Omission of data such as, but not limited to:
 - i. Addition of improvements;
 - ii. Removal of improvements; and,
 - iii. Conversion of improvements;
 - h. Erroneous measurements resulting in a square foot variance of 10% or more of the primary improvement(s).
 2. The level of accuracy of the data elements will be determined by the DRA by comparing the information regularly collected by the municipality on a sample of property record cards with the actual property. Prior to commencement of the review process, the DRA will meet with the municipality's assessing officials to obtain an understanding of the municipality's data collection techniques used to determine value and the data elements regularly collected by the municipality that are included on the municipality's property record cards.
- E. The DRA shall determine that assessments of various types of properties are reasonably proportional to other types of properties within the municipality.
1. By determining that the municipality's median ratios with a 90% confidence level for the following 3 strata are within 5% of the overall median ratio (point estimate):
 - a. Improved residential up to and including 4-family units;
 - b. Improved non-residential; and,
 - c. Unimproved property.
 2. No ratio shall be calculated by the DRA for a particular stratum unless a minimum of 8 sales are available in that stratum. If no ratio has been calculated, the sales will not be collapsed into another stratum.

3. The DRA shall calculate the municipality's price related differential (PRD). The PRD shall be between .98 and 1.03, inclusive, with a 90% confidence level.
- F. For all revaluations including full revaluations, partial revaluations, cyclical revaluations and statistical updates conducted by either an independent contractor or an in-house assessor, a report based on the most recent edition of the Uniform Standards of Professional Appraisal Practice (USPAP) shall be produced by January 1:
1. Copies of this report shall be delivered to the municipality and to the DRA at no additional cost.
 2. The DRA shall review these reports for compliance with the most recent edition of the USPAP and incorporate its findings in the assessment review process.
 3. In accordance with RSA 21-J:11-a, II, the DRA shall report its findings to the ASB and the municipality.
- IV. Property sales utilized in the DRA's annual assessment ratio study conducted for equalization purposes shall be used to calculate the median ratios, CODs, and PRDs under standards III (A) and (E) above. The ratio percentages shall be rounded to 3 places. The sample size of the ratio study shall contain at least 2% of the total taxable parcels in a municipality; and have a total of at least 8 sales. Alterations to property sales may be based upon documentation submitted by the municipality such as, but not limited to:
- A. Sales involving an exchange of property for boundary line adjustments;
 - B. Sales of personal property included in the sale; and,
 - C. Sales of properties located in more than one municipality.
- V. In accordance with RSA 21-J:14-b, II, these standards will be reviewed annually and updated as needed. Minutes of the ASB along with meeting and forum schedules may be found at the DRA website.

4.02 IAAO Guidelines, April, 2013

C.O.D. AND P.R.D. GUIDELINES SUMMARY <i>(See International Association of Assessing Officers Standards 2013 for complete standards)</i>			
TYPE OF PROPERTY	MEASURE OF CENTRAL TENDENCY (RATIO)	COEFFICIENT OF DISPERSION	PRICE-RELATED DIFFERENTIAL
Residential Improved (single family, condos, manuf. hsng., 2-4 multi-family units) <ul style="list-style-type: none"> ∗ Very large jurisdictions, new properties ∗ Large to mid-size jurisdictions, older & newer properties ∗ Rural/small jurisdictions, older properties 	 .90 - 1.10 .90 - 1.10 .90 - 1.10	 5.0 - 10.0 5.0 - 15.0 5.0 - 20.0	 .98 - 1.03 .98 - 1.03 .98 - 1.03
Income Producing Properties <ul style="list-style-type: none"> ∗ Very large jurisdictions, newer properties ∗ Large to mid-size jurisdictions older & new props. ∗ Rural residential , older properties 	 .90 - 1.10 .90 - 1.10 .90 - 1.10	 5.0 - 15.0 5.0 - 20.0 5.0 - 25.0	 .98 - 1.03 .98 - 1.03 .98 - 1.03
Residential Vacant Land <ul style="list-style-type: none"> ∗ Very large jurisdictions, rapid development ∗ Large to mid-size jurisdictions, slower development ∗ Rural/small jurisdictions/little development 	 .90 - 1.10 .90 - 1.10 .90 - 1.10	 5.0 - 15.0 5.0 - 20.0 5.0 - 25.0	 .98 - 1.03 .98 - 1.03 .98 - 1.03
Other(non-agricultural) vacant land <ul style="list-style-type: none"> ∗ Very large jurisdictions; rapid development ∗ Large to mid-size jurisdictions ∗ Rural/small jurisdictions; little development 	 .90 - 1.10 .90 - 1.10 .90 - 1.10	 5.0 - 20.0 5.0 - 25.0 5.0 - 30.0	 .98 - 1.03 .98 - 1.03 .98 - 1.03

The price-related differential should be no less than .98 and no greater than 1.03 for all property types.

**NEW HAMPSHIRE
EQUALIZATION PROCESS
2020**



**SECTION 5
FORM PA-34, INVENTORY OF PROPERTY TRANSFER
PROCESS**

SECTION 5 FORM PA-34, INVENTORY OF PROPERTY TRANSFER

Form PA-34, Inventory of Property Transfer, is the instrument used to verify and amend recorded sales information. *(See sample at end of this section.)*

5.01 Statutory Authority

- (a) RSA 74:18; and
- (b) Administrative rule Rev 2803.02

5.02 Who must file

- (a) Form PA-34 must be filed by the grantee (buyer) of every real estate transfer in the state. There are no exceptions!
- (b) The grantee is required to provide municipalities with a copy of form PA-34.

5.03 Penalty for failure to file

Persons who fail to file or willfully make false statements on the forms shall be guilty of a violation.

5.04 Form PA-34 processing procedures

The PA-34 form is processed by the Taxpayer Services Division of the Department of Revenue Administration

[Form PA-34: Press Control and click to follow hyperlink](#)

**NEW HAMPSHIRE
EQUALIZATION PROCESS
2020**



**SECTION 6
EQUALIZATION PROCESS**

SECTION 6 EQUALIZATION PROCESS

This section of the Equalization Manual presents the standard operating procedures the NH Department of Revenue uses to conduct the “equalization process.”

The “equalization process” sandwiches the “ratio process.” The determination of the modified assessed valuation for each municipality occurs prior to the beginning of the “equalization process” and the determination of equalized valuations for each municipality occurs after the “ratio process” is complete.

6.01 Statutory Requirement for Equalization Process

- (a) RSA 21-J:3 XIII Equalization Process
- (b) RSA 33:4-b Computation of Base Valuation for Debt Limits

6.02 Results of Equalization Process

The following figures are calculated during the equalization process:

- (a) “Equalized assessed valuation” is the estimated full and true value of all taxable property in a municipality including and excluding equalized railroad and utility valuations.
- (b) “Total equalized valuation” is the estimated full and true value of taxable property and specific tax-exempt properties in accordance with 21:J-3 XIII including and excluding equalized railroad and utility valuations.
- (c) “Base valuation for debt limits” (RSA 33:4-a & b) is “the municipality’s and/or school district’s equalized assessed value plus the equalized value of properties formerly taxed pursuant to RSA 72:7, 72:15, I, V, VII, VIII, IX, etc.,” including and excluding equalized railroad and utility valuations.

6.03 Uses of Equalized Figures

- (a) The “total equalized valuation including equalized railroad and utility valuation” is used to:
 - (1) Apportion each municipality’s county tax;
 - (2) Apportion a municipality’s share of cooperative school local education tax, if applicable;
 - (3) Apportion a municipality’s share of the costs for specific projects; For example: Hillsborough Transfer Station (Hillsborough & Deering) Bridge in two municipalities (DOT Bridge Aid Program);

- (b) The “total equalized valuation” not including equalized railroad and utility value is used to apportion the state education property tax.
- (c) The “base valuation for debt limit” is used to determine the bonding capacity for a county, municipality or precinct/village district in accordance with RSA 33:4, 33:4-a and 33:4-b.

6.04 The Equalization Ratio

The DRA is not statutorily required to use a specific ratio. The N.H. Assessing Standards Board has recommended use of the weighted mean ratio and the weighted mean ratio calculated to one tenth of one percent will be used. If, however, it can be determined that the weighted mean ratio does not accurately represent a municipality’s level of assessment, the DRA may use another factor. This is rare and generally only happens in instances when there are too few sales.

6.05 Determining the Equalized Valuations for Each Municipality

The DRA equalizes the following figures:

- (a) Modified assessed value divided by the current equalization ratio = equalized assessed value for all land and buildings not including current use or conservation restriction assessment or utilities.
- (b) Assessed valuation of land assessed in accordance with RSA 79-A, current use, and RSA 79-B, conservation restriction assessment;
- (c) The modified assessed value of utilities:
 - (1) The DRA annually appraises electric, gas, oil and pipeline utilities to determine the 100% value of the utility. It is the DRA appraised value that is included in “equalized assessed value” and “total equalized valuation” for municipalities. The DRA will use the municipality’s modified assessed values of utilities as reported on the annual MS-1 Report.
 - (2) The adoption of RSA 83-F on April 29, 1999, included water utilities in the definition of utilities. For those utilities that the DRA does not conduct an appraisal for, the municipality’s modified assessed value of the utility is divided by the current year’s ratio to calculate the equalized value of that utility. The sum of the utilities will be equalized by applying the current year’s equalization ratio. The equalized value of utilities is NOT included in the “Total Equalized Valuation” used to calculate a municipality’s portion of the “education property tax” in accordance with RSA 76:8, I. NOTE: This change will have no effect on the state education tax rate as the state education tax rate formula does not include utilities.
- (d) The DRA inventory adjustment is the sum of the differences between the assessed values and equalized values of the three components of modified assessed value

described above.

- (e) Monies received in accordance with:
 - (1) State & federal forest land reimbursement;
 - (2) Flood control reimbursement;
 - (3) Recreation land reimbursement;
 - (4) Other monies received as payments in lieu of lost property taxes. These are generally hydro facilities and elderly housing.
- (f) Monies received in accordance with RSA 31 are equalized to calculate the base valuation for debt limits. The equalized value of these monies is not included in the total equalized valuation of each municipality.

6.05.01 Modified Assessed Valuation

(See hyperlink to Report MS-1, Summary Inventory of Valuation, in [Section 2](#))

- (a) The modified assessed valuation is calculated as shown below.
- (b) The “modified local assessed valuation” does not include any statutorily mandatory exemptions that affect the net local assessed valuation for the municipality. However, it does include any statutorily optional exemptions that municipalities may adopt.

RSA 72:39-a & b, requires each municipality to adopt an elderly exemption but provides for municipalities to choose the exemption, income and asset amounts at levels at or above the minimums provided in statute.

6.05.02 Division of Modified Assessed Valuation

- (a) The modified local assessed valuation is divided into three categories as follows:
 - (1) All land and buildings except current use, conservation restriction assessment and utility valuations. *(See Section 6.05.03 for equalization procedures)*
 - (2) All properties assessed at current use and conservation restriction assessment levels. *(See Section 6.05.03 for equalization procedures)*
 - (3) Utility valuations. *(See Section 6.05.03 for equalization procedures)*
- (b) If there is a combination assessment due to a property being partially assessed at current use valuations, the assessment is separated and equalized in accordance with what the property is classified as by the municipality.

6.05.03 Equalization of Modified Assessed Valuation

- (a) The modified assessed value of all land and buildings is equalized by applying the current year's equalization ratio. The modified assessed value divided by the current equalization ratio = equalized assessed value for all land and buildings not including current use, conservation restriction assessment or utilities.
- (b) The value of all property assessed in accordance with RSA 79-A and RSA 79-B is equalized by applying the prior year's median ratio.
The sum of the assessed value of "current use" and "conservation restriction assessment" property divided by the prior year's median ratio = equalized value of current use and conservation restriction assessment property.
- (c) The modified assessed value of utilities:
 - (1) The municipality's modified assessed values of utilities as reported on the annual MS-1 report.
 - (2) The sum of the utilities will be equalized by applying the current year's ratio to calculate the equalized value of that utility.

***Effective to be used calculating the 2019 total equalized values including utilities.
The equalized value of utilities is NOT included in the "Total Equalized Valuation" used to calculate a municipality's portion of the "education property tax" in accordance with RSA 76:8, I.***

- (d) The DRA inventory adjustment is the sum of the differences between the assessed values and equalized values of the three components of modified assessed value described above.

6.05.04 Equalized Assessed Valuation

The equalized assessed valuation is determined by adding the sum of the "modified local assessed valuation" plus the inventory adjustment. This number represents the estimated value of all taxable property in a municipality.

6.05.05 Equalization of Monies Received as Payments in Lieu of Lost Property Taxes from the following:

- (a) Municipalities receive the following monies as payments in lieu of lost property taxes:
 - (1) State and federal forest land reimbursements;
 - (2) Recreation land reimbursements;
 - (3) Flood control land reimbursements; and
 - (4) Other payments in lieu of taxes.

- (b) The sum of the payments in lieu of taxes divided by the municipality's tax rate divided by the current year's equalization ratio equals the equalized value of "payments in lieu of property taxes."

6.05.06 Equalization of Railroad Tax Monies received in accordance with RSA 82

- (a) The amount of monies received divided by the municipality's tax rate divided by the current year's equalization ratio equals the equalized value of railroad monies.
- (b) The equalized value of railroad monies is NOT included in the "Total Equalized Valuation" used to set a municipality's portion of the "state education property tax" in accordance with RSA 76:8, I.

6.05.07 Total Equalized Valuations Including Utility Value and Equalized Railroad Taxes

The sum of the equalized assessed value, the equalized value of payments in lieu of taxes and the equalized value of the railroad tax monies.

6.05.08 Total Equalized Valuations Not Including Utility Value and Equalized Railroad Taxes

The sum of the equalized assessed value, equalized value of payments in lieu of taxes. The equalized value of utilities assessed and equalized railroad monies assessed in accordance with RSA 82 is not included in this figure.

6.05.09 Equalization of Monies Received in accordance with RSA 31-A

Monies received from the shared revenues distributed pursuant to RSA 31-A are equalized in accordance with RSA 33:4-b. Meals and Rooms Tax revenues distributed to municipalities pursuant to RSA 78-A:26 are not equalized and, therefore, are not included in this amount.

The amount of monies received divided by the municipality's current year tax rate divided by the current year's equalization ratio equals the equalized RSA 31-A monies.

Basically, what is represented is the value that would bring the same amount of monies in property taxes if the property were assessed.

6.05.10 Base Valuation for Debt Limits

The base valuation for debt limits is the sum of the equalized assessed valuation plus the equalized valuation of the shared revenues. This is the figure provided to municipalities, banks, bonding companies, etc., who request debt limit certificates.

6.06 Proportion to County Tax

The percentage of proportion to \$1,000 of tax to be allocated to each town or city within the county comparing each municipality's total equalized value to the total equalized value of the county.

6.07 Proportion to State Tax Rate

The percentage of proportion to \$1,000 of tax to be allocated to each town or city within the state by comparing the town's total equalized value to the total equalized value of the state.

6.08 Local Tax Rate

The actual tax rate as calculated by the Department of Revenue Administration, Municipal and Property Division. This tax rate includes the municipal, county, local school and state education property tax rates.

6.09 Full Value Tax Rate

The current year's gross local property taxes to be raised as reported by the Department of Revenue Administration, Municipal and Property Division divided by the total equalized valuation including utility values and equalized railroad taxes. This figure represents the estimated tax rate for a municipality if all the taxable property was assessed at 100% and includes the equalized value of properties for which a payment in lieu of property taxes is made.

6.10 Notification of Total Equalized Valuation

The DRA notifies each municipality of its total equalized assessed value on or about May 1.

6.11 Appeal Rights

- (a) Statutory Authority: RSA 71-B:5 Authority, Duties of the Board of Tax & Land Appeals
- (b) Any municipality may appeal their total equalized valuation in writing to the New Hampshire Board of Tax and Land Appeals within 30 days of notification pursuant to RSA 71-B:5.
- (c) The appeal period is not extended due to any communication, either verbal or written, between the DRA and a municipality regarding the total equalized valuation.

6.12 Technical Terms of the Equalization Process

Assessment Review Year - The property tax year set by the department for which a municipality's assessment review shall occur.

Coefficient of Dispersion (COD) - A measure of assessment equity that represents the average absolute deviation of a group of ratios from the median ratio expressed as a percentage of the median.

Confidence Interval - The range established by electronic means within which one can conclude a measure of population lies.

Confidence Level - The required degree of confidence in a statistical test or confidence interval.
Department - The New Hampshire Department of Revenue Administration.

Level of Assessment - The overall ratio of appraised values of properties to market value of properties.

Mean Ratio - The result reached after the sum of all ratios is divided by the total number of ratios.

Median Ratio - The middle ratio when a set of all ratios is arranged in order of magnitude.

Point Estimate (of the Median Ratio) - A single number that represents the midpoint, or middle ratio, when the ratios are arrayed in order of magnitude.

Price Related Differential (PRD) - A measure of the differences in the appraisal of low value and high value properties in assessments, as calculated by dividing the mean ratio by the weighted mean ratio.

Ratio Study - The study of the relationship between appraised or assessed property values and the current market value of the properties.

Strata - A division of properties into subsets for analysis.

Uniformity of Assessments - The degree to which assessments bear a consistent relationship to market value.

Weighted Mean Ratio - The result reached when the sum of all appraised values is divided by the sum of all sale prices.

**NEW HAMPSHIRE
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2020**



**SECTION 7
EQUALIZATION STATISTICS
DESCRIPTION & EQUATIONS**

SECTION 7 EQUALIZATION STATISTICS

The DRA calculates statistics that measure levels of assessment, dispersion and reliability. To demonstrate how each of these statistics is calculated, refer to “[Sample Town](#), New Hampshire” at the end of this section.

The equation for each statistic and what it represents is as follows:

(a) **Ratio**

The ratio for each sale property is calculated by dividing the assessed value by the sale price. The resulting ratio indicates how closely the appraiser achieved the goal of fair market value.

(b) **Median Ratio**

The median ratio is one of the most common statistical measures employed in the mass appraisal performance. It is considered a robust measure of central tendency because it is insensitive to extremely high or low ratios in the sample.

The median ratio is the middle ratio when the individual ratios in a sampling or strata are arrayed in ascending or descending order. If the number of sample ratios is odd, the median is the value halfway through the sorted data set with the equal number of ratios above and below the median.

(c) **Mean Ratio**

The mean ratio is the average of the sample ratios. It is calculated by summing the sample ratios and dividing by the sample number. In a normal distribution, the mean will equal the median. If the distribution is skewed to the right, the mean will be greater than the median, which is typical of ratio study data. If the distribution is skewed to the left, the mean will be less than the median.

(d) **Weighted Mean (a.k.a. Aggregate) Ratio**

The weighted mean ratio is the average of a sample of ratios where proportional weights have been assigned to the sales prices. The weighted mean ratio gives weight to each dollar of value in the sample whereas the median and mean give equal weight to each ratio.

The weighted mean is calculated by dividing the sum of the assessments in a sample by the sum of the sales prices in a sample.

(e) **Coefficient of Dispersion (COD):** See calculation and example in this Section.

(f) **Price-Related Differential (PRD)**

The price-related differential is a statistic for measuring assessment regressivity or progressivity. Appraisals are considered regressive if high-value properties are under-appraised relative to low-value properties and progressive if high-value properties are relatively over-appraised.

A PRD of 1.00 is the most desirable state and indicates that no assessment bias exists between the low and high value properties. A PRD greater than 1.00 suggests that high-value properties may be under-appraised relative to the lower value properties.

The PRD is calculated by dividing the mean ratio by the weighted mean (Aggregate) ratio.

(g) Confidence Interval

The range established by electronic means within which one could conclude a measure of the population lies. A measure of the population includes ratios and the coefficient of dispersion.

Point estimates calculated as part of the ratio study are based on a sample of properties that sold within the given time period. The only way to guarantee the absolute accuracy of a point estimate would be if 100% of the properties in a municipality were transferred for market value in an arm's length transaction.

A sample of 100 sales may produce a weighted mean point estimate of 85.4. However, if different sets of properties were sold, they may produce point estimates between 80.5 and 90.1.

(h) Confidence Level

The confidence level is the required degree of confidence in a statistical test or confidence interval.

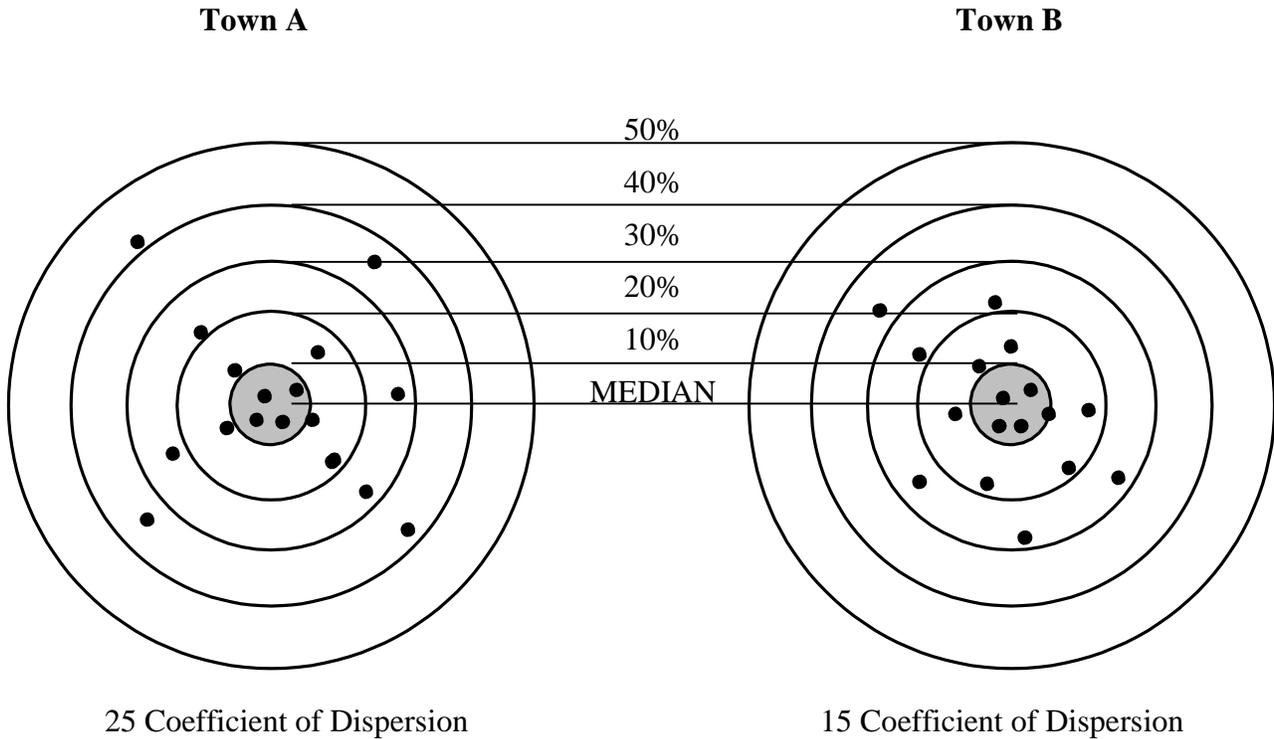
For example: Using a 90% confidence level, a municipality with a weighted mean of 85.4 and confidence interval of 80.5 - 90.1 means that one can be 90% confident that the weighted mean ratio for the municipality is between 80.5 and 90.1.

It is possible to use other confidence levels such as 95%, 85%, etc. The higher the confidence level, the wider the confidence interval. A 95% confidence might produce a confidence interval of 70.5 - 100.1 in the above example.

COEFFICIENT OF DISPERSION

The COD is calculated by summing the absolute difference between each ratio and the median ratio and dividing the result by the number of ratios in the sample. The average absolute deviation is then divided by the median ratio and multiplied by 100 to obtain a proportional difference. This resulting Coefficient of Dispersion is the relative percentage by which the various individuals differ, on average, from the median ratio. The lower the coefficient of deviation, the more uniform the assessments. A high COD suggests a lack of uniformity. The ideal, but impossible, coefficient of dispersion is 0.

Example of Two Coefficients of Dispersion



Each dot represents one individual assessment/sales ratio.

In Town A, the individual assessment/sales ratios are spread out or dispersed considerably in relationship to the median ratio for the group of properties sold.

In Town B the individual assessment/sales ratios are grouped closely in relation to the median ratio for the group of properties sold.

SAMPLE TOWN, NEW HAMPSHIRE

Sale Number	Sale Price	Municipal Assessed Value	Sale Ratio	Deviation from Median Ratio
1	81,000	99,300	1.23	.31
2	152,500	125,500	.82	.10
3	90,900	86,700	.95	.03
4	68,500	70,000	1.02	.10
5	110,000	101,900	.93	.01
6	88,500	70,300	.79	.13
7	94,900	69,500	.73	.19
8	105,000	116,600	1.11	.19
9	35,500	30,600	.86	.06
10	24,300	20,100	.83	.09
11	75,000	68,800	.92	0
12	92,200	84,600	.92	0
13	114,000	119,300	1.05	.13
14	21,000	20,700	.99	.07
15	21,500	17,800	.83	.09
16	122,800	94,200	.77	.15
17	93,000	91,600	.98	.06
18	84,000	76,300	.91	.01
19	104,300	91,500	.88	.04
20	100,900	102,400	1.01	.09
Totals _[DS1]	1,679,800	1,557,700	18.53	185

Median: The middle ratios when ratios are arrayed in descending or ascending order: 92%

Mean: Sum of ratios divided by the # of ratios -- $18.53 / 20 = .9265$

Weighted Mean (Aggregate): Sum of assessed values divided by the sum of the sale prices:

$$1,557,600 / 1,679,800 = .927$$

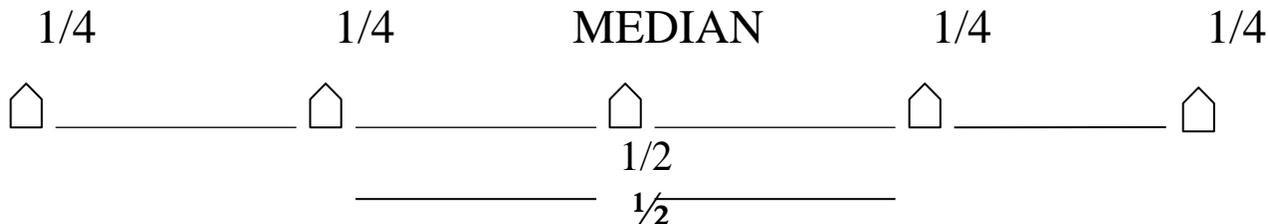
Coefficient of Dispersion: Sum of absolute deviations divided by number of deviations divided by the median ratio. $185/20 = 9.25 / .92 = 10.0543$

Price Related Differential: Mean Ratio / Weighted Mean ratio. $.9265/.927 = .9994$

COEFFICIENT OF DISPERSION "C.O.D."

THE C.O.D. IS A PERCENTAGE = The average percentage deviation from the median ratio.

THE LOWER THE C.O.D., THE HIGHER THE PROPORTIONALITY



EXAMPLE: MEDIAN = 1.00 C.O.D. = 25.00 TAX RATE = 26.22

Note: *The C.O.D. is based on more than the three sales shown in this example*

SALES = 3 SIMILAR HOUSES SELL

MARKET VALUE = 100,000	100,000	100,000
_____	_____	_____
<i>ASSESSMENT</i> = 75,000	<i>100,000</i>	<i>125,000</i>
TAXES DUE:	\$1,966.50	\$3,277.50

DIFFERENCE IN ASSESSMENT = \$50,000

DIFFERENCE IN TAXES = \$1,311

**NEW HAMPSHIRE
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**SECTION 8
PROPERTY CLASSIFICATION & EXCLUSION CODES**

SECTION 8 PROPERTY CLASSIFICATION & EXCLUSION CODES

When providing the municipal assessment information in accordance with Rev 2803.01, assessing officials are requested to code sales for:

(a) Property Type

The purpose of property type codes is to help the DRA stratify the sales information and provide a more complete analysis of a municipality's levels of assessment and dispersion. They are also useful in determining whether the sample of sales used is representative.

The DRA property codes encompass the basic property types that will be found in New Hampshire. However, if there is a unique type of property or a basic property type can be further stratified by neighborhood, the DRA can set up special codes to meet the individual needs of municipalities.

Modifier Codes are used to indicate a certain characteristic about a property such as waterfront or water access. The codes are provided in addition to the basic property codes and not in lieu of the basic property codes.

View Codes are used to signify those sale properties for which a positive or negative factor or adjustment has been made to the assessed valuation as a result of view. Property codes 74 (View +) and 75 (View -) were added at the request of the ASB.

Special Codes are used to stratify unique types of property or to further stratify one of the basic property types by neighborhoods or property characteristic.

[2020 PROPERTY CODES: Press Control and click to follow link](#)

(b) Exclusion Codes

It is the intent of the Department of Revenue Administration to use only arm's length transactions that sold for market value in the conduct of the ratio study. See the definitions for "arm's length" and "market value" in [Section 1](#).

Assessing officials are requested to provide information regarding various aspects of a sale that might disqualify the sale from the ratio study. In lieu of providing written comments, the exclusion codes are provided for types of sales that are typically disqualified from the ratio study. Many of the exclusion codes still require assessing officials to provide further explanation about that sale.

The exclusion codes listed in the following table encompass the reasons for removing a majority of the sales, but do not include every reason for removing a sale. If a sale is not arm's length transaction and no code is provided, assessors must provide explicit and complete remarks explaining why the sale should be disqualified. Statements like "unqualified sale" or "not arm's length" are not acceptable.

[2020 EXCLUSION CODES: Press Control and click to follow hyperlink](#)

**NEW HAMPSHIRE
EQUALIZATION PROCESS
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**SECTION 9
STATUTES & ADMINISTRATIVE RULES
RELATING TO EQUALIZATION**

**EQUALIZATION
STATUTE & ADMINISTRATIVE RULE TABLE
** Copy provided in Section 9**

STATUTE/ RULE REFERENCE	TITLE	COPY PROVIDED
RSA 21-J:3 XII	Duties of Commissioner: File report of assessed valuations annually. "Tables by Counties"	**
RSA 21-J:3 XIII	Duties of Commissioner: Equalize annually by May 1.	**
RSA 21-J:3 XXV	Petition the Board of Tax & Land Appeals to issue order for reassessment.	**
RSA 21-J:9-a	Equalization Procedure	**
RSA 21-J:13 IX	Rulemaking authority	
RSA 21-J:34 XV	Reports required: requires municipal officials to file certain reports with DRA annually	
RSA 31-A:4	Determination of Amounts Returnable: "Shared Revenues"	
RSA 33:4-a	Debt Limit; Computation	
RSA 71-B:5	Appeal of Total Equalized Valuation	
RSA 72	Persons & Property Liable to Taxation	
RSA 74:18	Inventory of Property Transfer	
RSA 122:4	Flood Control Lands: reimbursement	
RSA 216-A:3-a	Recreation Lands: reimbursement	
RSA 227-H: 14 & 17	Forestry: reimbursement for state & federal forest land	
Rev. 2800	DRA Administrative Rules – Equalization	**

SECTION 9 STATUTES & ADMINISTRATIVE RULES RELATING TO EQUALIZATION

RSA 21-J:3

- XII. “File with the secretary of state his report showing all the taxable property in the state and its assessed value, in tabulated form, and such other statistics and information as may be deemed of interest. This report shall be filed not later than 30 days after all necessary figures became available.”
- XIII. Equalize annually by May 1 the valuation of the property as assessed in the several towns, cities, and unincorporated places in the state including the value of property exempt pursuant to RSA 72:37, RSA 72:37-b, RSA 72:39-a, RSA 72:62, RSA 72:66, RSA 72:70, and RSA 72:85, property which is subject to tax relief under RSA 79-E:4, and property which is subject to tax relief under RSA 79-E:4-a, by adding to or deducting from the aggregate valuation of the property in towns, cities, and unincorporated places such sums as will bring such valuations to the true and market value of the property, and by making such adjustments in the value of other property from which the towns, cities, and unincorporated places receive taxes or payments in lieu of taxes, including renewable generation facility property subject to a payment in lieu of taxes agreement under RSA 72:74 and combined heat and power agricultural facility property subject to a payment in lieu of taxes agreement under RSA 72:74-a, as may be equitable and just, so that any public taxes that may be apportioned among them shall be equal and just. In carrying out the duty to equalize the valuation of property, the commissioner shall follow the procedures set forth in RSA 21-J:9-a.

RSA 21-J:9-a Equalization procedure.

“The following procedures shall apply in determining the equalization of property within the cities, towns, and unincorporated places as required by RSA 21-J:3, XIII...:”

- I. “The commissioner shall annually conduct a sales-assessment ratio study which shall include arm’s length sales or transfers of property that occurred 6 months prior to and 6 months following April 1 of the tax year for which such equalization is made.”
- II. “In determining the arm’s length sales or transfers that are included in the sales- assessment ratio study, the commissioner may use a randomly selected sample of such sales and transfers the size of which shall be determined by the total taxable parcels in the city, town, or unincorporated place.”
- III. “If less than 2 percent of the total taxable parcels in a city, town, or unincorporated place has been transferred by an arm’s length sale during the 6 months prior to and 6 months following April 1 of the tax year for which such equalization is made or the commissioner determines the sales are unrepresentative of the property within the municipality, the commissioner may choose one or more of the following options:”
- (a) “Include appraisals of any of the taxable property of such city, town, or unincorporated place in the sales-assessment ratio study. Such appraisals shall be based on full and true value pursuant to RSA 75:1 and shall be performed by department appraisers. The property to be appraised shall be selected by the commissioner.”

- (b) “Include arm’s length sales or transfers in the city, town, or unincorporated place, within 2-1/2 years preceding April 1 of the year preceding the tax year for which such equalization is made.”
 - (c) “Consider recent equalization ratio activity in adjoining cities, towns, or unincorporated places.”
- IV. “The commissioner may use the inventory of property transfers authorized by RSA 74:18 in determining the equalized value of property and may consider such other evidence as may be available to the commissioner on or before the time the final equalized value is determined.”
 - V. “A report filed by the assessing officials of each city, town, and unincorporated place shall certify sales-assessment information necessary for the commissioner to conduct the annual sales-assessment ratio study required under paragraph I. This report shall be filed within 45 days after receipt from the commissioner. Municipalities which fail to timely file the report due to willful neglect or intentional disregard of laws or rules and not reasonable cause shall pay a penalty to the state in the amount of \$100 for each day that the report is not timely filed. Within 30 days after the imposition of the penalty by the commissioner, officials of the city, town, or unincorporated place upon which the penalty was imposed may appeal by written application to the board of tax and land appeals or the superior court in the county in which the city, town, or unincorporated place is located. The board of tax and land appeals or the superior court, as the case may be, shall determine de novo the correctness of the commissioner’s actions.”

RSA 21-J:3 XXV

“Petition the board of tax and land appeals to issue an order for reassessment of property pursuant to the board’s powers under RSA 71-B:16-19, whenever the valuation of property in a particular city, town, or unincorporated place is disproportional to the valuation of other property within that city, town, or unincorporated place, or whenever the municipality has not complied with RSA 75:8-a.”

RSA 71-B:5 Authority; Duties.

It shall be the duty of the board and it shall have the power and authority to:

- II. (a) “To hear and determine appeals by municipalities relating to the equalized valuation of property determined by the commissioner of revenue administration pursuant to RSA 21-J:3, XIII. Any municipality aggrieved by its own equalized valuation as determined by the commissioner of revenue administration must appeal to the board in writing within 30 days of notice of its final equalized valuation by the commissioner. The board shall hear and make a final ruling on such appeal within 60 days of its receipt by the board. The board’s decision on such appeal shall be final pending a decision by the supreme court. Such appeal shall be filed with the clerk of the supreme court within 20 days after the date the decision is mailed by the board to the municipality. The supreme court shall give any appeal under this section priority in the court calendar.”
- II. (b) “Decisions by the supreme court on appeals made under subparagraph (a) that are issued prior to September 1 shall be used by the commissioner of revenue

administration in determining the taxes to be raised by each municipality for that tax year.”

- II. (c) “Decisions by the supreme court on appeals made under subparagraph (a) that are issued after September 1 shall be used by the commissioner of revenue administration in determining taxes to be raised in the tax year commencing April 1 of the succeeding year. Any adjustments that need to be made to a municipality’s tax rate based on a decision by the supreme court under this subparagraph shall be made by the commissioner of revenue administration in the tax year commencing April 1 of the succeeding year.”

**CHAPTER Rev 2800 EQUALIZATION OF ASSESSMENT FOR EACH TOWN, CITY,
AND UNINCORPORATED PLACE WITHIN THE STATE**

PART Rev 2801 DEFINITIONS

Rev 2801.01 “Assessing officials” means:

- (a) Governing body of a municipality;
- (b) Assessors of a municipality; or
- (c) County commissioners of an unincorporated place.

[Source.](#) #8258, eff 1-15-05; ss by #10277, eff 2-22-13

Rev 2801.02 “Department” means the department of revenue administration.

[Source.](#) #8258, eff 1-15-05; ss by #10277, eff 2-22-13

Rev 2801.03 “Equalization” means the process by which adjustments are made to each municipality’s locally assessed values to calculate the estimated market value of the municipality.

[Source.](#) #8258, eff 1-15-05; ss by #8816, eff 2-6-07; ss by #10277, eff 2-22-13 (from Rev 2801.02)

Rev 2801.04 “Manual” means sections 1, 3, and 8 of the New Hampshire equalization manual approved by the New Hampshire equalization standards board, in effect on November 29, 2005.

[Source.](#) #8258, eff 1-15-05; ss by #10277, eff 2-22-13 (from Rev 2801.03)

Rev 2801.05 “Multi-modal” means 2 or more different classes or strata of properties assessed at statistically different ratios.

[Source.](#) #8258, eff 1-15-05; ss by #10277, eff 2-22-13 (from Rev 2801.04)

Rev 2801.06 “Municipality” means a city, town or unincorporated place.

[Source.](#) #10277, eff 2-22-13 (from Rev 2801.05)

PART Rev 2802 Equalization Manual

Rev 2802.01 Equalization Manual.

- (a) In addition to the requirements of RSA 21-J:9-a, the department shall annually determine the total equalized valuation of properties in the cities and towns and

unincorporated places in accordance with sections 1, 3, and 8 of the manual.

(b) The manual shall be available upon request at no cost by:

- (1) Accessing the web at www.revenue.nh.gov;
- (2) Calling (603) 230-5950; or
- (3) Writing to:

Assessing Standards Board Clerk
New Hampshire Department of Revenue Administration
109 Pleasant Street
PO Box 487
Concord, NH 03301-0487.

Source. #8258, eff 1-15-05; ss by #8816, eff 2-6-07; ss by #10277, eff 2-22-13

PART Rev 2803 DETERMINING THE AVERAGE LEVEL OF ASSESSMENT FOR EACH TOWN, CITY, AND UNINCORPORATED PLACE WITHIN THE STATE

Rev 2803.01 Municipal Assessment Data.

- (a) Assessing officials shall submit municipal assessment data to the department as part of a sales assessment ratio study used in the equalization process.
- (b) Assessing officials shall verify and provide the following municipal assessing data:
 - (1) The previous tax year's assessment before applying exemptions or credits;
 - (2) The current tax year's assessment before applying exemptions or credits;
 - (3) A statement explaining the change if there is a difference between the prior and current tax year's assessments;
 - (4) Comments verifying, amending and adding to the sales information that may affect the inclusion or exclusion of the sale; and
 - (5) Information the assessing officials have knowledge of which would indicate that the sale or transfer might not reflect an arms length transaction as listed in section 3.05.02 (b) of the manual.
- (c) Within 45 days of notification by the department, assessing officials shall:
 - (1) Electronically file municipal assessment data with the department in a format compatible with the department's electronic system; and
 - (2) Certify that the municipal assessment data certificate is complete and accurate to the best of their knowledge by mailing or delivering the certificate to:

New Hampshire Department of Revenue Administration
Equalization Bureau
109 Pleasant Street
PO Box 487
Concord, NH 03301-0487.

[Source.](#) #8258, eff 1-15-05; ss by #10277, eff 2-22-13

Rev 2803.02 Form PA-34, Inventory of Property Transfer.

- (a) The department shall use Form PA-34 to verify the municipal assessment data.
- (b) Every buyer, purchaser, grantee, assignee or transferee shall file an original Form PA-34 with the department no later than 30 days from the following, whichever is later:
 - (1) The recording date of the deed at the registry of deeds; or
 - (2) The date of the transfer.
- (c) The inventory of property transfer shall be mailed or delivered to:

New Hampshire Department of Revenue Administration
Equalization Bureau
109 Pleasant Street
PO Box 487
Concord, New Hampshire 03301.
- (d) A copy of completed Form PA-34 shall be filed with the municipality no later than 30 days from the following, whichever is later:
 - (1) The recording date of the deed at the registry of deeds; or
 - (2) The date of the transfer.

[Source.](#) #8258, eff 1-15-05; ss by #10277, eff 2-22-13

Rev 2803.03 Equalization Ratio.

- (a) The department shall use the weighted mean ratio to adjust a municipality's modified assessed valuation.
- (b) The department shall use an equalization ratio of 1.00 if the weighted mean ratio with a 90% confidence interval straddles 1.00.
- (c) The department shall use the weighted mean ratio calculated to one tenth of one percent if the weighted mean ratio with a 90% confidence interval does not straddle 1.00.
- (d) If the weighted mean ratio does not accurately represent a municipality's level of assessment, the department shall determine an alternate ratio in accordance with the

manual.

- (e) The criteria for an alternate ratio in (d) above shall be:
- (1) The sample of sales does not contain the minimum of 20 valid sales;
 - (2) An unexplained increase or decrease in the ratio that is more than 10% different than the increases or decreases of the ratios in any of the surrounding municipalities;
 - (3) An unexplained increase or decrease in the ratio that is more than 10% different than the increases or decreases of the ratios in any other municipalities within the same cooperative or regional school district;
 - (4) Supplemental data and information provided by the municipality shows that the sample of sales of properties is generally not reflective of the property comprising the municipality's valuation base;
 - (5) Data and information provided by the municipality shows the weighted mean ratio is unduly affected by multi-modal assessments in the municipality;
 - (6) A municipality requests, prior to the calculation of the total equalized valuation, separate assessment ratios by stratum provided that the strata:
 - a. Contain at least 20 valid sales; and
 - b. Have a confidence interval, calculated with a 90% confidence level, that is wholly outside the confidence level of other strata;
 - (7) For (5) and (6) above, the municipality shall have provided accurate assessed value information consistent with the strata category used for the application of separate assessment ratios; and
 - (8) In applying the separate ratios, a single, weighted overall ratio for the municipality shall be based upon the separate ratios and the total assessed valuation of each strata to adjust:
 - a. Payments-in-lieu-of taxes, including renewable generation facility property subject to a payment in lieu of taxes agreement under RSA 72:74.
 - b. Railroad tax monies;
 - c. Shared revenues;
 - d. Current use values for a municipality's equalization ratio; and
 - e. Compute the municipality's total equalized evaluation, where applicable.

Source. #8258, eff 1-15-05; ss by #10277, eff 2-22-13; and by #10815, eff 4-22-15

Rev 2803.04 Revised Ratio Studies.

- (a) The department may revise a municipality's ratio study if new or revised information is presented prior to the expiration of the appeal period pursuant to RSA 71-B:5, II.

- (b) Revisions shall include, but are not limited to:
- (1) Correcting assessment errors;
 - (2) Considering new verified information;
 - (3) Correcting a sale's property code; or
 - (4) Reviewing the representativeness of the sampling.

Source. #8258, eff 1-15-05; ss by #10277, eff 2-22-13

PART Rev 2804 APPEALS

Rev 2804.01 Appeals.

- (a) Assessing officials may contact the department prior to the calculation of the total equalized valuation for:
- (1) Revisions as stated in Rev 2803.04 (b); or
 - (2) Consideration of an alternate ratio methodology as stated in 3.11 of the manual.
- (b) A municipality may appeal the total equalized valuations calculated by the department at the conclusion of the equalization process to the board of tax and land appeals in accordance with RSA 71-B:5, II.

Source. #8258, eff 1-15-05; ss by #8816, eff 2-6-07; ss by #10277, eff 2-22-13 (formerly Rev 2805.01)

APPENDIX

RULE	STATUTE IMPLEMENTED
Rev 2801.01 - Rev 2801.06	RSA 21-J:13, IX; RSA 21-J:9, III
Rev 2802.01 - Rev 2804.02	RSA 21-J:13, IX
Rev 2803.01 - Rev 2803.04	RSA 21-J:13, IX; RSA 74:18
Rev 2804.01	RSA 21-J:13 IX, RSA 71-B:5 II