

Introduction to House Municipal and County Government Committee

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Presentation Goals

- Provide an overview of the functions of the DRA Municipal and Property Division.
- Highlight the modernization efforts the DRA has undertaken.
- Discuss administratively attached boards.
- Outline mandatory and optional property tax credits available to taxpayers.
- Identify ways that the DRA can assist the work of the Committee.

Municipal & Property Division

- Director, VACANT
- Assistant Director, Thomas Hughes
- Functional Areas:
 - Property Appraisal
 - Timber & Gravel
 - Utility Valuation
 - Municipal Services
 - Equalization

Municipal and Property Division

- Supervise and educate municipalities in the appraisal, assessment and collection of property taxes, representing approximately \$3.5 billion in local, school, county, village and state revenue.
- Equalize local assessed values of municipalities to full value, ensuring fair and proportionate shared tax burdens (e.g. state, county and school rates).
- Monitor reappraisals and certify tax assessors.
- Compile and maintain a statewide GIS map, used by DRA and numerous other state agencies.
- Set all municipal tax rates.
- Provide technical assistance and training in all aspects of municipal finance and budgeting.

Other Duties

- Administer the Utility Property Tax, generating more than \$40 million in state revenue.
- Support Real Estate Transfer Tax and Business Tax audit activities.
- Administer the Timber and Gravel taxes.
- Provide support for statutorily attached boards (Assessing Standards Board, Current Use Board).
- Legislative support through testimony and completion of Fiscal Notes.

Municipal Bureau

- Provide technical assistance relative to property taxation and finance to over 550 political subdivisions of the state and exercise general supervision over municipal tax collection (RSA 21-J:24).
- Provide training on municipal finance matters.
- Establish local property tax rates (RSA 21-J:35).
- Complete the necessary supervision of Tax Collectors (RSA 41:39).

Municipal Education

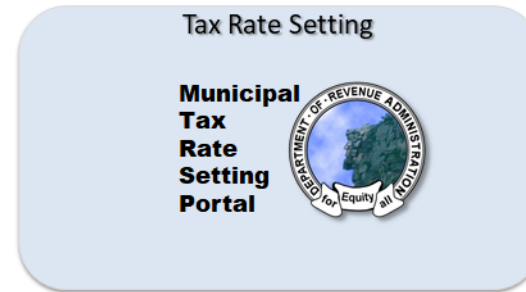
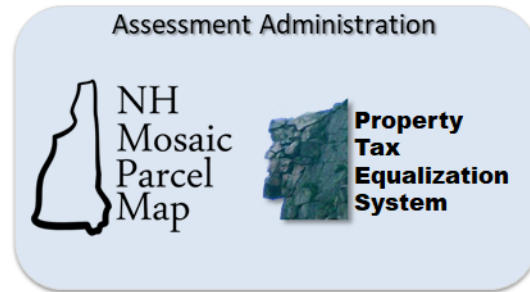
- Budget Workshops
- Municipal Audit Program
- Tax Collectors – New and Experienced
- Trust Funds (with AG's Office)
- School Finance Groups
- E-File Groups
- Approximately 50 education sessions per year

Property Tax Rate Setting

RSA 21-J:3, XV and RSA 21-J:35

- 259 Municipal Rates
- 259 School Rates
- 259 State Rates
- 259 County Rates
- 114 Village Districts Rates
- Total of 1,150 Individual Rates
- Accuracy Rate: 99.91%
- Review 6,500 Tax Rate Documents

Municipal & Property Division Modernization



Mosaic Parcel Map

- Annual compilation of municipal parcel, assessment and supporting data.
- State agency users: 200, Municipal users: 130
- Single source for statewide municipal parcel data (600,000+ records).
- Utilized by DRA, DOS, DOT, DES, National Guard.

Equalization System

- Web based software for managing validation of real property sales, statistical ratio studies, real estate transfer tax administration, and equalized value calculations.
- 500 users.
- Inter-governmental data streams: Registry of deeds (county), assessments (municipalities), transfer documents (DRA).

Tax Rate Setting

- Web based software for managing documentation and setting tax rates for 565 entities.
- Over 1,000 users.
- Allows e-file of most municipal forms.
- Minimizes duplicate data entry.
- Transparency for related municipal entities.
- Detailed reporting for legislative inquiry.

Supervision of Tax Collectors

RSA 21-J:3, VIII and RSA 41:39

- General Supervision of 235 Tax Collectors and their deputies.
- Tax Collecting – Certify amounts on warrants and tax bills.
- Conduct workshops and educational programs.

Property Appraisal

- Supervise and educate municipalities in the appraisal and assessment of real property.
- Conduct Assessment Review once every 5 years for each city and town.
- Equalize locally assessed valuations to full and true value.
- Provide administrative support of Timber and Gravel Taxes.
- Administer the Utility Property and Railroad Tax.
- Administrative assistance with the Current Use laws.
- Assist municipalities with tax credits and exemptions.

Property Appraisal

- RSA 21-J:11, II – Monitor reappraisals and supervise appraisers.
- 234 municipalities and 25 unincorporated places.
- Review property measure & listing information.
- Review market elements:
 - Building costs analysis
 - Depreciation analysis
 - Land value analysis
- Review
 - Quality and condition adjustment factors
 - Land adjustment factors
- Review final report of values (USPAP Report).

Administrative Boards

- Assessing Standards Board
 - Establish guidelines for property tax administration, assessment of real property, monitoring practices, revaluations, and sales-chasing practices and penalties.
 - Establish equalization standards and manual and make recommendations for improving the annual ratio study.
- Current Use Board
 - Establish schedule of current use criteria, current use values and make any needed changes or improvements to current use administration.

Assessment Review Standards

- Process to determine the overall performance of the local assessing effort.
- Check the level or uniformity of assessments.
- Review assessing practices.
- Review property tax exemption and credit procedures.
- Review data accuracy.
- Require that revaluations and updates are explained and documented in reports that comply with the Uniform Standard of Professional Appraisal Practice (USPAP).

Equalization of Local Assessed Values

- Equalization annually adjusts local assessed values to calculate the market value of each municipality.
- Critical to ensure that common tax burdens (county, state education tax and multi-town school districts) are fairly shared.
- Equalization Standards Board develops equalization standards and manual.
- All municipalities do not assess their properties at 100% of market value and, thus, would be required to pay more or less than their fair share if unequalized assessed values were used.

Credit vs. Exemption vs. Deferral

- Tax Credit – An amount deducted from the property taxes due.
- Tax Exemption – An amount deducted from the assessed value of the property.
- Tax Deferral – Ability to postpone payment of property taxes to a later date.

Property Tax Exemptions, Credits and Deferrals

Elderly Exemption – RSA 72:39-a

The statute sets the minimum exemption of \$5,000 with a net asset limitation of \$35,000 (not including the residence) and a net income limit of \$13,400 if single and \$20,400 if married.

Municipalities may modify as follows:

- Increasing the amount of the exemption;
- Increasing the net income limitations; and
- Increasing the net asset limitation.

Blind Exemption – RSA 72:37

The exemption for the legally blind must be adopted by the municipality. The exemption is a minimum \$15,000 reduction of the assessed value of residential real estate (as defined in RSA 72:29, II) and could be higher if amended through referendum vote.

Property Tax Exemptions, Credits and Deferrals (Continued)

Deferral for the Elderly or Disabled – RSA 72:38-a

Property taxes are deferred and accrue interest at the rate of 5% per annum for qualifying taxpayers. The deferred property tax may not exceed more than 85% of the equity value of the residence. If granted by the assessing officials, the deferral is available to any resident property owner who is 65 years or older, or eligible for benefits for the totally and permanently disabled under the federal Social Security Act, has owned the home for at least 5 years (or one year if eligible under the federal Social Security Act), and is currently residing there.

Certain Disabled Veterans' Exemption under RSA 72:36-a

An otherwise qualified resident who is totally and permanently disabled from service connection, who is a double amputee, paraplegic, or has blindness of both eyes with visual acuity of 5/200 or less as the result of service connection, and who owns a specially adapted home acquired with the assistance of the United States Department of Veterans Affairs is exempt from all taxation on that home.

Property Tax Exemptions, Credits and Deferrals (Continued)

Veterans' Tax Credits and Disabled Exemption

Qualified residents are entitled to the following tax credits in the following amounts, which are to be deducted from their tax bills:

- **RSA 72:28** – The standard veterans' tax credit in the amount of \$50 unless, alternatively, the municipality adopts the optional veterans' tax credit which is an amount from \$51 up to \$750;
- **RSA 72:28-b** – The all veterans' property tax credit if adopted by the municipality, in the amount of the standard or optional veterans' tax credit in effect in the municipality;
- **RSA 72:29-a** – The standard surviving spouse tax credit in the amount of \$700 unless, alternatively, the municipality adopts the optional surviving spouse tax credit which is an amount from \$701 up to \$2,000; and
- **RSA 72:35** – The standard service-connected total disability tax credit in the amount of \$700 unless, alternatively, the municipality adopts the optional service-connected total disability tax credit which is an amount from \$701 up to \$4,000.

Property Tax Exemptions, Credits and Deferrals (Continued)

Tax Exemption for Improvements to Assist Persons with Disabilities – RSA 72:37-a

This exemption is limited to any increase in the assessed value of residential real estate owing to improvements made by the resident owner for the purpose of assisting a person with a disability who also resides on the residential real estate.

Tax Exemptions for Wind-Powered, Solar, and Woodheating Energy Systems – RSA 72:66, 72:62, 72:70

These exemptions are optional to the cities and towns, and must be voted upon locally.

Tax Exemption for the Disabled – RSA 72:37-b

This exemption is available to persons eligible under the Social Security Act for benefits to the disabled. It is applicable only on the applicant's principal place of abode. The exemption is optional and must be voted on by the municipality, which also determines the amount of the exemption and the income/asset limitations.

Contact Us

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