

STATE OF NEW HAMPSHIRE
DEPARTMENT OF REVENUE ADMINISTRATION
45 Chenell Drive
Concord, NH 03301



2002 ANNUAL REPORT





MISSION

The mission of the Department of Revenue Administration is to collect the proper amount of taxes due, incurring the least cost to the taxpayers, and in a manner that merits the highest degree of public confidence in our integrity, efficiency and fairness. Further, it must provide prompt and constructive assistance to the municipal units of government in matters of budget, finance, and the appraisal of real estate.

This report is dedicated to Governor Jeanne Shaheen and Members of the Executive Council:

1st District – Raymond S. Burton

2nd District – Peter J. Spaulding

3rd District – Ruth L. Griffin

4th District – Thomas P. Colantuono

5th District – David K. Wheeler

September 30, 2002

Letter from the Commissioner

The format of this year's annual report has changed to provide you a better picture of the department's activities during the past year and a more comprehensive view of each division's role in department operations. I have been honored to have led this department for the past 14 years and am pleased to report that the department is meeting its mission of collecting the proper amount of taxes due, incurring the least cost to the taxpayers in a manner that merits the highest degree of public confidence in our integrity, efficiency and fairness.

Excellence in tax administration does not come easy. It is founded on the hard work and dedicated professionalism of the many fine employees of the department. It is supported by a Governor and Legislature recognizing that resources must be made available to enable the department to provide the service that the citizens of New Hampshire deserve. It is improved upon by listening to the comments and complaints of citizens and tax practitioners, being open to change, and responding positively to the challenges posed.

The 2002 legislative session was relatively short with issues surrounding education funding not being a top priority as in past years. This provided the department the opportunity to implement numerous changes made in the previous session and proceed with the electronic filing project. The few tax law changes that were enacted are detailed in this report.

Improving the administration of the property tax system was a priority for the department. This past year one of the key priorities was the new statutory responsibilities assigned to the department. The department is now charged with greater oversight of the assessing process at all levels. In addition, the legislature provided resources to the department to increase assistance and training to the local municipalities. The department decided that the best way to respond to the new responsibilities was to streamline its organizational structure. The Municipal Services and Property Appraisal divisions were combined with a new "certification" function to form a Community Services division. The structure of the division will enable the department to better coordinate support and training to local officials. During this period the department also worked closely with the Assessing and Equalization Standards Boards to develop standards for the administration of the property tax. The boards are on schedule for adopting rules to implement the new standards prior to April 1 of 2003.

Finally, the department completed the planning process and implemented the bidding process for selecting a vendor to assist in implementing electronic filing of tax payments and tax returns. This is an exciting project that will provide improved service to citizens and reduce transactional costs to the department. Completion of this project will be a large step forward in the department's goal to utilize technology to accomplish its mission.

Stanley R. Arnold, Commissioner
NH Department of Revenue Administration

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DIVISION PRIMARY FUNCTIONS

Administration Division – Performs administrative functions necessary to support Department operations including accounting, purchasing, human resources, fleet and facility maintenance, adjudicative and administrative hearings, and taxpayer advocacy.

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

Automated Information Systems - Designs, develops and maintains computerized systems to support the administration of taxes and to automate and reiterate labor intensive functions.

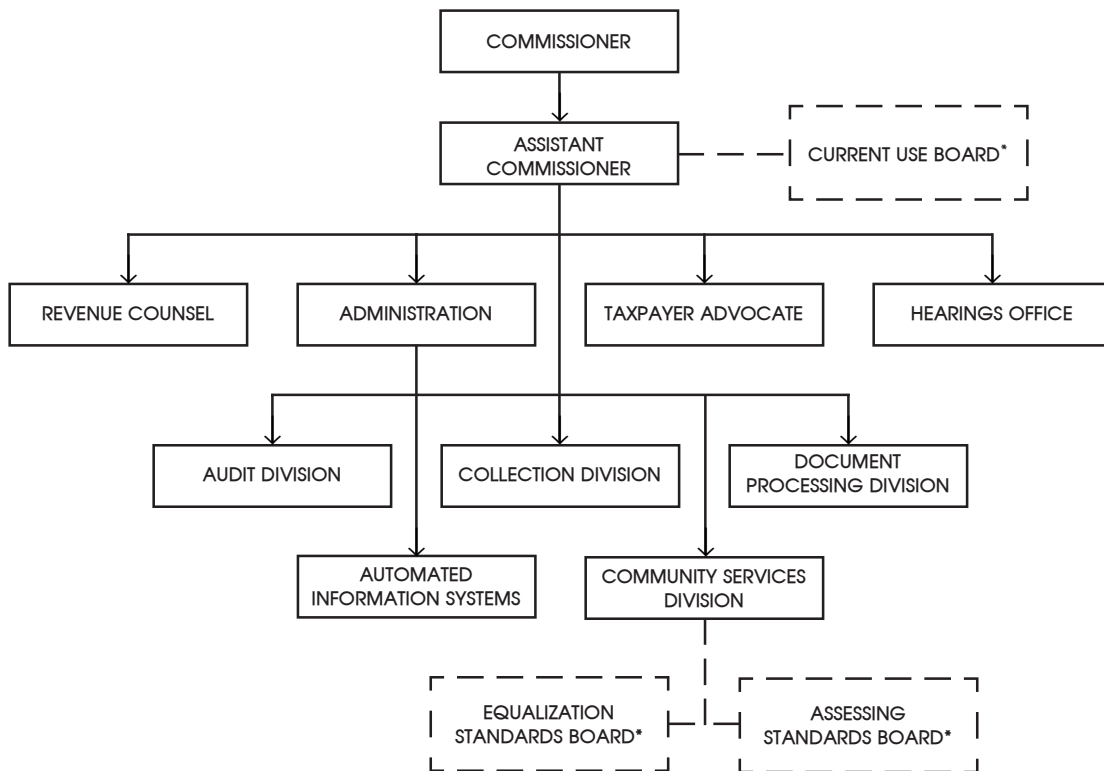
Collections Division – Initiates collection activities in pursuit of delinquent tax returns and payments for all taxes administered by the Department.

Community Services Division - Provides oversight, support, education and technical assistance regarding property assessment and taxation to the political subdivisions of the state.

Document Processing Division - Receives, sends, processes, stores, and retrieves all tax documents and electronic transactions filed with the Department.

Organizational Chart

June 30, 2002



* Administratively attached

PROPERTY TAX DEVELOPMENTS

State Education Property Tax Hardship Relief Program

House Bill 338 provided for education property tax hardship relief to mitigate the economic burden on certain taxpayers due to the implementation of the statewide property tax. During the 2002 tax year, homeowners in a total of 69 communities qualified for this program. Between May 1, 2002 and June 30, 2002, 2,156 claims were processed totaling \$631,328 in relief to homeowners. House Bill 212 was approved during the 2002 Legislative Session providing an alternative method of calculation of state education property tax relief grants for eligible claimants in municipalities that underwent property revaluations since 1998. In accordance with this House Bill, homeowners in 4 additional communities qualified for the program. An additional 254 applications totaling \$58,730 were processed. On June 30, 2002, the Education Property Tax Hardship Relief statute was repealed and replaced with the Low and Moderate Income Homeowners Property Tax Relief statute. It is anticipated that approximately 25,000 to 30,000 applications will be processed between May 1, 2003 and June 30, 2003 under this expanded relief program.

Assessing Standards Board and Equalization Standards Board

Following the New Hampshire Supreme Court decision in *Sirrell v. State of New Hampshire*, two significant pieces of legislation were passed in the 2001 legislative session. The first was Senate Bill 193 which established an Assessing Standards Board and an Equalization Standards Board.

The Assessing Standards Board is charged with adopting rules and recommending appropriate legislation relative to:

- a. The annual updating and publication of an assessing procedures manual for selectmen and boards of assessors.
- b. Standards to be followed by assessors, selectmen, and boards of assessors.
- c. The establishment of certification, continuing education, and revocation and suspension standards for assessing officials.

- d. The establishment of standards for monitoring of local assessment practices by the Department of Revenue Administration, standards for the adequacy of tax maps and other records, and standards for audit of municipalities by the Department.
- e. The identification of practices which constitute sales-chasing and penalties adopted by the legislature regarding such practices.
- f. Forms and procedures necessary to fulfill the duties of the board consistent with board recommendations and to assure fair opportunity for public comment.
- g. Any study conducted for the purpose of determining the status of assessing practices or the improvement of assessing in the state.

The Equalization Standards Board is charged with these primary duties:

- a. To meet at least annually to review the procedures of the prior year's ratio studies conducted by the Department for the purposes of equalization and the evaluation of assessment performance and to establish procedures for improving the ratio studies for the forthcoming property tax year.
- b. To develop standards for equalization and to review, revise, and approve the equalization manual published by the Department.
- c. To annually determine, vote upon, and recommend to the chairperson of the board, the ratio study procedures for use in the forthcoming year.

The second piece of legislation passed was House Bill 170. This legislation outlined in broad terms, five criteria that municipalities must meet in order for their assessments to be certified by the Commissioner of Revenue Administration. These five criteria required that:

- a. The level of assessments and uniformity of assessments are within acceptable ranges as prescribed by state assessing standards by considering, where appropriate, an assessment-to-sales-ratio study conducted by the department of revenue administration for the municipality.

- b. Assessment practices substantially comply with applicable statutes and rules.
- c. Exemptions, credits, and abatement procedures substantially comply with applicable statutes and rules.
- d. Assessments are based on reasonably accurate data.
- e. Assessments of various types of properties are reasonably proportional to other types of properties within the municipality.

In addition, House Bill 170 also provided that the Commissioner of Revenue Administration adopt a schedule for each city, town, or unincorporated place to have its assessments reviewed within five years of April 1, 2002. The commissioner did in fact set such a schedule, calling for approximately one-fourth of those cities, towns, and unincorporated places to be certified each year from 2003 through 2006.

To assist with this process, and in compliance with their charge, both the Assessing Standards Boards and the Equalization Standards Board have been meeting on an on-going basis since the fall of 2001, and are nearing the completion of their initial rulemaking. The Assessing Standards Board are developing rules and criteria related to certification standards, and the Equalization Standards Board are developing rules and criteria for determining each municipality's total equalized property valuation.

Reorganization and Certification

In order to better discharge its duties related to the certification process, and at the same time consolidate all of the Department's activities dealing directly with municipalities and municipality officials, certain divisions with the Department were reorganized in 2002. The then existing Divisions of Municipal Services and Property Appraisal were consolidated into a single division called Community Services. In addition to the existing functions and responsibilities of these two sections, now re-designated the Municipal Finance Bureau and the Assessment Bureau, the new functions and responsibilities required for certification have resulted in the creation of a new bureau, the Certification Bureau. This bureau is responsible for conducting the actual certification reviews of municipalities and to issue a report attesting to the certification approval or disapproval. Because a significant component of the certification criteria deals with the statistics completed as part of the Department's annual ratio study, the equalization function is included under the certification bureau. Further, the current Assessment Bureau staff has been expanded and charged with the additional responsibility of educating and assisting municipalities in preparing for their certification.

While the future of the statewide property tax continues to be a topic of political debate, the property tax itself will continue to retain its position as the primary source of revenue for local governments. For that reason, regardless of any changes regarding education funding, the requirements for property taxes to be equitable and proportional will remain.

Revolving Fund, RSA 21-J:24-a, VIII, for the period 7/1/01 through 6/30/02:	
Beginning Fund Balance 7/1/01	\$5,000.28
Expenditure	463.19
Revenues	430.90
Ending Fund Balance	4,967.99

Property Tax Schedule of Certification Listed by Year

YEAR ONE – 2003 MUNICIPALITY	YEAR TWO – 2004 MUNICIPALITY	YEAR THREE – 2005 MUNICIPALITY	YEAR FOUR - 2006 MUNICIPALITY
Auburn	Andover	Albany	Acworth
Barnstead	Antrim	Alton	Alexandria
Bedford	Ashland	Amherst	Allenstown
Benton	Bartlett	Berlin	Alstead
Boscawen	Bennington	Bradford	Atkinson
Brookline	Brentwood	Brookfield	Barrington
Carroll	Campton	Clarksville	Bath
Center Harbor	Canaan	Columbia	Belmont
Chesterfield	Candia	Croydon	Bethlehem
Chichester	Chatham	Deering	Bow
Claremont	Colebrook	Derry	Bridgewater
Concord	Conway	Effingham	Bristol
Dalton	Cornish	Ellsworth	Canterbury
Durham	Dorchester	Epping	Charlestown
Franklin	Dover	Epsom	Chester
Goffstown	Dublin	Errol	Danbury
Greenland	Dummer	Farmington	Danville
Greenville	East Kingston	Fremont	Deerfield
Hampton	Enfield	Goshen	Dunbarton
Hampton Falls	Fitzwilliam	Grafton	Easton
Hanover	Francestown	Hart's Location	Eaton
Harrisville	Freedom	Hillsborough	Exeter
Hinsdale	Gilford	Jaffrey	Franconia
Hollis	Gilmanton	Lebanon	Grantham
Hooksett	Gilsum	Lempster	Groton
Jefferson	Gorham	Litchfield	Hampstead
Keene	Greenfield	Littleton	Haverhill
Kensington	Hancock	Londonderry	Hebron
Kingston	Hill	Madison	Henniker
Laconia	Holderness	Marlow	Landaff
Lancaster	Hopkinton	Milan	Langdon
Lee	Hudson	Mont Vernon	Lincoln
Lisbon	Jackson	Moultonborough	Lyme
Loudon	Manchester	Nashua	Marlborough
Lyman	Milton	New Durham	Merrimack
Lyndeborough	Peterborough	New London	Milford
Madbury	Pittsburg	Newbury	Nelson
Mason	Plainfield	Newington	New Boston
Meredith	Plymouth	Newmarket	New Castle
Middleton	Randolph	Northwood	New Hampton
Monroe	Richmond	Orange	Newport
New Ipswich	Roxbury	Orford	Newton
Newfields	Rumney	Ossipee	Nottingham
North Hampton	Sharon	Pittsfield	Pelham
Northfield	Somersworth	Rindge	Piermont
Northumberland	Stark	Rochester	Plaistow
Pembroke	Stoddard	Rollinsford	Portsmouth
Salisbury	Strafford	Rye	Raymond
Sandwich	Sullivan	Sanbornton	Salem
Seabrook	Surry	Springfield	Sandown
South Hampton	Swanzey	Stratham	Shelburne
Stewartstown	Tamworth	Sutton	Stratford
Wakefield	Temple	Tuftonboro	Sugar Hill
Waterville Valley	Thornton	Unincorporated	Sunapee
Webster	Tilton	Warner	Walpole
Westmoreland	Troy	Wilmot	Washington
Whitefield	Unity	Winchester	Weare
Wilton	Warren	Windham	Windsor
	Wentworth	Wolfeboro	Woodstock

AMNESTY PROGRAM

As a result of the legislature enacting Chapter Law 158, Section 29, a tax amnesty program was established. The tax amnesty program was authorized by the Legislature to run from December 1, 2001 through February 15, 2002. This was the second amnesty program in New Hampshire's tax history, which raised over \$14.9 million in tax and interest revenue by the February 15th completion.

The Department's approach towards this this amnesty program was to broadcast the message that the opportunity existed for those businesses and individuals to come into tax compliance under mutually beneficial terms. The law provided an amnesty from all penalties and interest greater than 7% with respect to unpaid taxes reported and paid during the program period, and applied to all taxes administered by the Department of Revenue Administration.

The Department created an extensive publicity campaign that included statewide newspaper print ads, posters at virtually every U.S. Post Office, and press releases issued to various organizations and media outlets. This newsworthy event was also reported to the public by several broadcast media organizations.

The Department's internal resources, such as a dedicated section of our website and telephone hotline, were used to provide details of the amnesty program and 24-hour, seven days a week access to tax forms. Department personnel provided daily telephone support for those individuals needing personal attention.

The activities and resources expended for this program yielded the following results:

Returns Filed With Payments:

Business Tax Returns (BPT/BET)	\$1,909,077
Interest & Dividends Tax Returns	\$ 306,613
Estate & Legacy Returns	\$ 825,384
Meals & Rentals Returns	\$ 184,599
Communication Service Tax Returns	\$ 492,974
Total Paid With Returns	\$3,718,647

Tax Notice Payments:

Business Tax Assessments	\$8,804,053
Interest & Dividend Assessments	\$1,647,807
Estate and Legacy Assessments	\$ 278,755
Meals & Rentals Assessments	\$ 87,399
Communication Service Tax Assessments	\$ 108,319
Miscellaneous Assessments	\$ 272,040
Total Tax Notice Payments	\$11,198,373

Total Paid Under Amnesty Program \$14,917,020

More than half (\$8.2 million) of the total paid under amnesty represented multi-state audit assessments involving 56 corporate taxpayers.

VOLUNTARY COMPLIANCE - CUSTOMER SERVICE & EDUCATION

In an effort to encourage voluntary compliance with New Hampshire's tax laws and rules, the Department has centralized its customer service and education efforts.

During the fiscal year ending June, 2002 the Department participated in numerous educational programs designed to increase public awareness as well as guide municipal officials in developing and implementing accurate local tax administrative procedures. These programs ranged from an Annual Tax Update covering the various business, interest and dividends, and excise taxes to instruction for municipal officials on forest laws, timber tax, and property taxes. More than 50 programs were conducted for approximately 2000 participants.

Information on the Department's web site has increased due to public demand. Tax information and resources such as a Frequently Asked Questions and Answers (FAQs) segment as well as our general information on state taxes and new business links are some of the more frequently used resources. Tax forms are provided on-line for the convenience of the taxpayer,

with the accompanying instructions intended to encourage compliance through an increased awareness and understanding of New Hampshire tax laws.

Thirteen Technical Information Releases (TIRs) were disseminated through various media throughout the year. These releases provided Department instruction and guidance on new programs or tax law changes.

Improvements in the customer service arena continued to be made throughout this year. Over 20,000 requests for assistance were fielded by the Department including telephone requests, written requests for assistance and lobby walk-ins. While each Division responded to requests for assistance specific to their own tax subject area, all Division's work together to coordinate consistent responses to inquiries. This was accomplished by referring to our web site, to our Frequently Asked Questions and Answers brochures, or by consulting our policy discussion group, when necessary, to ascertain the best and most accurate response. The Department will continue to make customer service one of its highest priorities during the coming year.

Declaratory Rulings FYE 6/30/02 Declaratory Rulings FYE 6/30/02

Number	Tax Type	Rules/Laws	Description	Effective Date
7707	Real Estate Transfer Tax	RSA 77-A; RSA 78-B; Rev 209.01	Taxability of the transfer of real estate resulting from sale of 50% partnership interest.	06/13/02
7654	Interest & Dividend Tax; Business Profits Tax	RSA 77:4; RSA 77-A; Rev 200; Rev 300; Rev 900	Taxability of stock redemption transaction and a unitary business issue.	02/15/02
7610	Real Estate Transfer Tax	RSA 78-B; Rev 802	Taxability of a transfer of revocable trusts of real property to an LLC.	12/10/01
7531	Real Estate Transfer Tax	RSA 78-B; Rev 802; Rev 803	Taxability of the transfer of several properties between related parties through consolidation and liquidation.	07/16/01
7530	Real Estate Transfer Tax	RSA 78-B; Rev 802	Taxability of stock issued upon the signing of residency agreement.	07/16/01

Technical Information Releases Issued FYE 6/30/02

TIR Number	Description
2001-007	Meals and Rooms (Rentals) Tax
2001-008	Communication Services Tax Rate Increase
2001-009	NH Tax Changes Enacted Under Chapter 158, Laws of 2001
2001-010	New Interest Rates Set
2001-011	Certification Process
2001-012	Current Use Forest Land Ranges
2001-013	Certification of Property Tax Assessments
2001-014	Tax Amnesty Program
2001-015	Supreme Court Ruling
2002-002	2001 New Hampshire Business Tax Filings and IRS Depreciation & Section 179 Special Bonus Expenses
2002-003	House Bill 212 and State Education Property Tax Hardship Relief (Superseded by RSA 198:56, effective July 1, 2002)
2002-004	Mandatory Gratuities & Package Deal Offerings
2002-005	Excavation Tax; Excavation Area

ENFORCEMENT COMPLIANCE – AUDITS & COLLECTIONS

When voluntary compliance efforts fail to produce the desired results, enforcement through audit and collection efforts must be pursued. The Department's Audit Division and Collections Division worked diligently to ascertain and pursue those with a tax obligation who failed to file or pay as required by law. While most taxpayers voluntarily file and pay the proper amount of taxes when due, those who do not create an unfair burden on the public, resulting in inequities that must be remedied.

To address these inequities, enforcement was expanded by pursuing civil and criminal charges through the NH Department of Justice, Attorney General's Office. Six indictments were awarded in the last quarter of the fiscal year against taxpayers who failed to file returns with the Department. The division has been exploring other states Departments of Revenue structure and statutory language in order to expand the enforcement of criminal statutes.

IRS Co-Audit Project

The IRS and NH DRA began a project to conduct joint audits of restaurant industry taxes. The project is intended to produce the most efficient and least burdensome audit by combining the review of federal and state tax issues rather than both agencies separately reviewing this information as part of their normal audit process. The project's intent is beneficial to both the taxpayer and the respective governmental agencies as it provides the taxpayer with the least amount of disruption by having the audits conducted concurrently.

This project currently has 17 on-going joint audits.

Non-Filer Project

During FYE June 2002, the Nexus Group of the Audit Division continued the non-filing project initiated twelve years ago. Since its inception in 1990, this non-filer project has generated initial filing revenue exceeding \$17.2 million. This fiscal year alone, efforts to locate non-filers generated over \$1.9 million in additional revenue from 236 new taxpayers, who will now continue to file returns and pay taxes in subsequent years.

With a staff of two auditors and a clerk, the Nexus Group has conducted significant non-compliance activities through the use of computer tape cross-matches with the Department of Employment Security. In recent years, the Nexus Group has also utilized the Internet for obtaining an array of information on out-of-state companies that conduct business activities in New Hampshire.

During the next fiscal year, the Nexus Group will explore the use of computer technology with other state agencies and survey the use of technology from municipal departments across the state. The Audit Division will also continue to participate in a national "nexus" program with numerous other states, which pursue non-filers in multiple jurisdictions.

Collection Activity

The Collections Division underwent a change in leadership during this fiscal period. Charged with the responsibility of initiating collection activity in pursuit of delinquent tax returns and payments for all taxes administered by the Department, this Division worked diligently to contact delinquent taxpayers and secure payment for outstanding or overdue tax liabilities. Under the supervision of a new Director, compliance officers were provided training and instruction in compliance techniques that should better equip them to successfully pursue and secure outstanding tax liabilities. Compliance officers worked with Audit Division representatives at the annual motorcycle week as well as many county fairs to identify outstanding tax liabilities often associated with transient vendor activities. Short term summer rental activity was also identified and seasonal operators were educated regarding their state tax obligations to encourage future compliance. Once all other attempts to collect outstanding tax liabilities are exhausted, compliance officers exercise their right within the law to place liens on taxpayer property as a last resort.

LEGAL DEVELOPMENTS

Office of Revenue Counsel

The Office of Revenue Counsel served as general legal counsel for the Department and provided legal advice and representation to the Department and its Divisions. Revenue Counsel also coordinated the representation provided to the Department of Revenue Administration by the Department of Justice and acted as co-counsel in certain cases.

Civil cases filed in state courts appealing tax assessments, challenges to the states taxing statutes, or actions initiated by the Department to ensure the fairness of the property tax, required a significant portion of the Revenue Counsel time. During the fiscal year the Department attorneys worked on three cases pending before the Supreme Court, seven cases before Superior Courts, twenty-one cases pending before the Board of Tax and Land Appeals (BTLA), and eleven cases before Probate Courts.

State Education Property Tax

In December 1999, residents of three "donor" communities filed a lawsuit, *Sirrell v. Department of Revenue Administration*, alleging that the Uniform Education Property Tax enacted by Chapter 338 was not proportional and reasonable as required by the New Hampshire Constitution. The petitioners challenged the constitutionality of the Uniform Education Property Tax on its face under Part II, Article 6, of the New Hampshire Constitution, and as applied under Part II, Article 5.

The Department attorneys provided assistance and acted as co-counsel to assist the Attorney General in its defense of the State and the case went to trial for six days beginning on October 16, 2000. The Superior Court ruled that the Uniform Education Property Tax, as applied by the State, was unconstitutional, violating Part II, Articles 5 and 6 of the New Hampshire Constitution. The Court ruled that the State's assessment and equalization standards did not meet constitutional standards. The court ordered that the State reimburse the tax dollars paid and collected since the enactment of the Uniform Education Property Tax in 1999.

The New Hampshire Supreme Court granted the State's request for an expedited appeal of the matter. On May 3, 2001 the Supreme Court overturned the Superior Court decision including the order for reimbursement and found that the petitioners had not proven that the property tax system was unconstitutional. The Supreme Court also held that the State must institute a system, by 2003, to ensure that all local property assessments are brought to full value at least once every five years pursuant to Part II, Article 6, of the New Hampshire Constitution. The decision may be found at *Sirrell v. Department of Revenue Administration*, 146 N.H. 364, 780 A.2d. 494 (2001). On September 4, 2001, the Supreme Court denied the petitioners' motion for reconsideration.

Interest and Dividends Tax Lawsuit

Revenue Counsel provided assistance to Department of Justice attorneys as they continued to defend the State's financial interests in *Smith v. Department of Revenue*. This case, a class action filed in 1995, challenged the constitutionality of the New Hampshire statute that exempted interest and dividends from the tax imposed by former RSA 77:4. In 1996 the New Hampshire Supreme Court held that this exemption discriminated against interstate commerce in violation of Article I, § 9, cl. 3 of the United States Constitution. The matter was remanded to the trial court to provide the Plaintiffs with the opportunity to prove whether they might be entitled to a refund of interest and dividends tax paid by them between 1991 and 1994. A six-day trial was held beginning on May 22, 2000. On August 15, 2000, the Superior Court concluded that the Plaintiffs met their burden of proof only as to out-of-state banks, and awarded them a tax refund of "all interest and dividend taxes paid for the years 1991-1994 on interest on any deposits in out-of-state banks: and dividends from stock in out-of-state banks." The Plaintiffs appealed, claiming a much broader range of financial entities were negatively affected by the discrimination. The Supreme Court heard oral argument in the case on June 5, 2002. The Department is currently awaiting issuance of their decision.

Increase in Property Tax Cases

Since the changes to New Hampshire's property taxes were enacted by Chapters 17 and Chapters 338 of the Laws of 1999, the office of Revenue Counsel has experienced a steady increase in the amount of time devoted to cases relating to property taxes. During the fiscal year, six utility property tax cases were pending, three in Superior Court and three before the Board of Tax and Land Appeals. Additionally, three appeals of municipalities' equalization were heard by the Board of Tax and Land Appeals. Finally, twelve petitions for reassessment of municipalities' property tax valuations were initiated by the Department and presented to the Board of Tax and Land Appeals

Hearings Bureau

The Hearings Bureau is an agency within the Department that provides a forum for appeals by taxpayers dissatisfied with a decision of the Department for the Commissioner of Revenue Administration. It provides the final opportunity for a taxpayer to confidentially present reasons why the Department's actions are improper and for the Department to impartially evaluate those reasons and change its decision.

The Hearings Officer conducts hearings and makes decisions in appeals of state taxes administered by the Department, Meals and Rentals license revocations, and appeals of municipalities' tax rates set by the Department.

Summary of Adjudicative Proceedings

During FY 2002, the Hearings Bureau experienced a decrease in the number of open cases. The Bureau's goal for FY 2003 is to try to maintain an optimum level of performance as the caseload and schedules fluctuate throughout the year.

The following statistics summarize the activity of the Hearings Bureau during the past year:

	FY'01	FY'02	%Chg
Appeals filed	118	114	(3.4)
Cases closed	128	112	(12.5)
Cases on appeal to Superior Court, BTLA, or Supreme Court	22	22	0
Final Orders Issued	50	35	(30)
Cases Open as of 6/30	113	113	0

Final Orders Issued for the Period 7/1/01 through 6/30/02

Business Taxes	16	15	(6.25)
Meals & Rooms Tax	12	3	(75)
Interest & Dividends Tax	7	4	(42.9)
Legacy & Succession Tax	13	13	0
Tax Rate	2	0	(100)
Communication Services Taxes	0	0	0
TOTAL ORDERS ISSUED	50	35	(30)

Legislation Regarding the Hearings Bureau

Since 1997, there has been question whether evidence not presented at the Hearings Bureau level could be presented in state tax appeal cases. The Board of Tax and Land Appeals had ruled that evidence could be presented that was not part of the Hearings Bureau record. However, numerous Superior Court decisions ruled that an appeal was limited to the record created at the Hearings Bureau absent a showing of good cause why the Court should consider additional evidence.

In response to this concern, legislation was enacted which was submitted as part HB1270. HB1270 amended RSA 21-J:28-b to provide that appeals of the decisions of the Commissioner will not be limited to the record presented at the Hearings Bureau. With certain exceptions, taxpayers are required to present the legal issues that are ultimately appealed to either the Board of Tax and Land Appeals or Superior Court, but they may present evidence to support their cases that was not presented during the hearing before the Department of Revenue Administration's Hearings Bureau.

TECHNOLOGICAL DEVELOPMENTS

Tax Information Management Systems (TIMS)

The Tax Information Management Systems (TIMS) was a result of an initial 3 year project, beginning in 1989, to integrate and automate the collection and processing of tax information. The system was originally designed to contain a relational database of taxpayers required by law to file tax information with the State for the following taxes: Business Profits Tax, Business Enterprise Tax and Interest & Dividends Tax (BPT/BET/I&D). TIMS was originally developed with the assistance of outside consultants but since implementation in 1991, the system has been maintained by in-house staff. Over the years, TIMS applications have been enhanced to include additional functionality and integrate additional tax types. The IS division has recently integrated the Meals & Rentals system into TIMS. Additionally, the division recently modified the system to accept and automate the processing of 2D barcode I&D documents.

The Tax Information Management System (TIMS) is comprised of several major subsystems that must interact with one another to process documents in a logical sequence providing the department with the ability to function in an automated fashion.

Numerous divisions within the Department use this system on a daily basis. Document Processing will review, batch, data enter, maintain and inquire upon documents received. Document Processing also issues refunds and tax notices. The Audit Division will use the data collected for auditing purposes and will also issue refunds and tax notices. The Collections Division uses the data provided by TIMS for collection purposes and may also issue tax notices. All Divisions use the data base to generate queries and customized reports.

TIMS resides on an IBM AS/400 and was developed using COBOL with embedded SQL.

2D Barcode

Beginning March, 2001, with tax year 2000 I&D returns and 2001 I&D estimated tax forms, taxpayers were able to file their Interest & Dividends Tax documents with standard 2D bar codes containing the pertinent tax data. Tax preparation software supplied by certain vendors was created to accommodate the NH I&D 2D filing requirements, incorporating nationally adopted standards for two-dimensional bar coded tax documents.

Documents are partially batched into the TIMS system and then scanned into a PC application where the data is consolidated into a work file. The work file is transferred to the TIMS system where application programs use each record to complete the batching tables. Upon completion of the batching process and its related functions, the data entry functions performed via an automated application process. Those documents are then passed to the regular overnight system for processing.

The Document Processing Division largely benefitted from this system. By not manually keying thousands of documents, the division saved 90% of the usual data entry time. In addition, keying errors were reduced allowing more efficient processing via the overnight processing system. Re-work and suspense transaction volume were significantly reduced and refund transactions were generated in a more timely fashion, thus reducing interest expense to the Department.

This was the first full year that the Document Processing Division processed Interest & Dividends Tax documents with a 2D bar code. 17,780 returns and 23,868 estimates, for a total of 42,232 documents were processed. The scan time for a batch of 25 returns remains less than 2 minutes and 32 minutes for a batch of 50 estimates. Overall approximately 875 hours of data entry keying time was saved, allowing for faster refunds, more accurate account information and quicker notification of unreconciled accounts.

Technical Support

The Department's Technical Support Staff completed several projects this past year. A major task of this group was to plan and implement a data network for the Community Services Division relocation to 57 Regional Drive. The Tech support staff met with building planners, electricians, and communication specialists to ensure a successful transition for Department employees to their new location. The Community Services Division utilizes NHSUN for connection to Department's email server and also the Internet. The staff continues to work on data network issues resulting from planned relocation of staff within Department.

In addition, the Department migrated from Corel WordPerfect and Lotus products to the state standard of Microsoft products. This migration allows Department employees to communicate more effectively through electronic means with other state agencies, municipalities and vendors.

An MS2000 server was also purchased this past year to meet data security, reliability, capacity and accessibility needs of the Department. Shared and critical data, previously distributed throughout the Department and residing on personal computers, now reside on a central server where security and reliability are not compromised.

Department Web Site

The Department's web site continued to see improvements during the past year. The site was updated with information concerning state taxes. It proves to be a valuable resource to many visitors seeking tax forms, municipal information, tax rates, and business registration links. The number of visitors has continued to increase and is at its highest during the busy February-April tax filing season, as many individuals and businesses accessed and downloaded state tax forms and educational publications designed to increase compliance and reduce errors. The Department is looking forward to the completion of the Internet Filing Project next year that will be made accessible through its public web site located at www.state.nh.us/revenue.

Technology Goals for the Future

The Department has developed an Information Technology (IT) plan to guide the short and long term establishment of well-planned and designed information systems to support program mandates. The IT plan establishes priorities based on the Department's business goals and objectives utilizing an integrated tax philosophy and incorporating, where feasible, new technology trends.

The Department has embraced the goals outlined in the Governors' report of Information Technology Strategic Planning Commission. Specifically, that information technology is used to more effectively serve the people of New Hampshire. The Department will focus on the following IT strategy for Internet use as defined in the commission report:

1. To improve the access and convenience of state government services, information, and political processes.
2. To accelerate the activities and services of state government, making them more responsive and timely.
3. To lower the cost of state government.

The Department strategy will also address public concerns about the digital age: privacy and confidentiality and universal access.

To accomplish this, the Department has received funding for an Electronic Filing Project for the current biennium. Included in the Electronic Filing initiative are expansion of the Telefile System to include payments for BET/BPT taxes, expansion of the 2D Barcode System to include BET/BPT Tax filings and the largest endeavor is to enable Internet filing and payment and to allow taxpayers to inquire on account information via the web.

Internet Filing (eFileNH)

On September 4, 2002 the Department contracted with GovConnect, Inc. to provide the Department with a full scope of services for implementation of an Internet Filing solution, that will provide taxpayers and operators the ability to use the Internet to send tax payments and tax return information. The Department solution will be flexible and will accommodate changes in e-government strategy, i.e. changes in platforms, physical locations of servers, settlement banks and more. Upon completion of the project, the Department will have a dynamic Internet application, increasing capabilities and moving closer to a paperless environment for most business tax filing and payments.

The Internet Filing project will be implemented in two phases. Phase one will allow taxpayers to file BET/BPT/I&D estimates, extensions and return payments via the Web. Additionally, ACH data entry and updates will be performed by the taxpayers using this system, thereby reducing maintenance volume and increasing the accuracy rate of these transactions. The Phase One Pilot Project is scheduled to be completed in March, 2003. The second phase will include M&R tax returns, payments and license applications, tax notice payments for all tax types, I&D returns and Proprietorship returns. The Phase Two Pilot Project is scheduled for completion in September, 2003. GovConnect will host the application at their data center in Cincinnati, Ohio which will include 24 hour/7-days a week maintenance services. Neither the Department nor the taxpayer will pay an fees per transaction. After successful completion of the each phase of the pilot project the Internet Filing system will be made available to the public.

SUMMARY OF TAXES

SUMMARY OF TAXES

Business Profits Tax - RSA 77-A

The Business Profits Tax (BPT) has historically been one of the largest sources of general fund revenue. Enacted in 1970 as a replacement for the municipal property tax on stock-in-trade, farm livestock, poultry, fuel pumps, mills and machinery, the initial rate was established at 6%. The rate steadily increased to a high of 9.56% in FY 1983. The rate then decreased to 7% beginning FY 1995, then increased to 8% for tax years ending on or after 7/1/99. The current rate of 8.5%, was effective for all returns and taxes due on account of taxable periods ending on or after July 1, 2001. This tax is assessed on income from conducting business activity within the state. For multi-state businesses, income is apportioned, using a weighted sales factor of 2 and the standard payroll and property factors. Organizations operating a unitary business must use combined reporting in filing their NH return. Four annual estimate payments are required, paid at 25% each. Proprietorship, partnership and fiduciary returns are due on April 15th or the 15th day of the 4th month following the end of the taxable year. Corporate returns are due on March 15th or the 15th day of the 3rd month following the end of the taxable year. Organizations with \$50,000 or less of gross receipts from all their activities are not required to file a return.

Business Enterprise Tax - RSA 77-E

In 1993, a 0.25% (.0025) tax was enacted on taxable enterprise value tax base, which is the sum of all compensation paid or accrued, interest paid or accrued, and dividends paid by the business enterprise after special adjustments and apportionment. Chapter 17, Laws of 1999 increased the rate from 0.25% to 0.5%. The rate was increased to 0.75% in 2001. Also, the filing threshold increased to \$150,000 of gross business receipts or \$75,000 of the enterprise value tax base. Four annual estimate payments are required, paid at 25% each on the 15th day of the 4th, 6th, 9th and 12th months of the taxable year. The tax return is due at the same time the Business Profits Tax return is due.

Communication Service Tax - RSA 82-A

First enacted in 1990 at 5.5% this tax was assessed upon two-way communications services. Chapter 158, Laws of 2001, increased the permanent portion of the tax to 4.5% and continued the surtax of 2.5%, resulting in an overall tax rate of 7% for the period beginning July 1, 2001 and ending June 30, 2003. Retailers must register with the department and are required to collect the tax. Returns must be filed on a monthly basis unless the average monthly liability is less than \$10,000. An estimated payment equal to 90% of the actual tax collected is due on or before the 15th day of the month during which the liability is incurred.

Interest & Dividends Tax - RSA 77

The Interest & Dividends (I&D) tax which was first enacted in 1923, applied a tax based on the "average rate of property taxation" upon the I&D income received by NH residents from sources other than NH and Vermont banks. The tax was changed significantly in FY 1995 to eliminate the exemption on income from NH and Vermont banks. In conjunction with this change, the personal exemption was increased from \$1,200 to \$2,400. The exemption for joint filers increased from \$2,400 to \$4,800. Estimated tax payments are due 4/15, 6/15, 9/15 & 1/15 on tax liabilities greater than \$200. The tax return is due on April 15th. The additional \$1,200 exemptions, available for residents who are 65 years of age; who are blind; and, who are handicapped and unable to work, provided they have not reached their 65th birthday were unchanged. The current tax rate of 5% has remained the same since FY 1977.

Legacy & Succession Tax

RSA 86 Legacy & Succession

RSA 87 Estate Taxes

RSA 89 Transfer Tax on Personal Property of a Non-Resident Decedent

The Legacy & Succession Tax was first enacted in 1905. The current tax rate of 18% is assessed upon property passing to collaterals or strangers of the blood. There is a 2% tax on all personal property within the jurisdiction of the state which belonged to non-residents. No tax is assessed on any amount passing to a spouse, lineal ascendants and descendants (including children & grandchildren by adoption, step-children & step-grandchildren) and their spouses, or charities. An Estate Tax is provided to absorb the difference between state taxes and the credit allowable against the federal estate tax. The administrator or executor of the estate has total compliance responsibility for timely filing the return and paying taxes owed. Chapter 158, Laws of 2001 repealed the Legacy and Succession Tax for property passing as a result of deaths occurring on or after January 1, 2003.

Meals & Rentals Tax - RSA 78-A

The M&R tax was enacted in 1967 at a rate of 5%. Currently at 8%, the tax is assessed upon patrons of hotels and restaurants, on rents and upon meals costing \$.36 or more. Chapter 17, Laws of 1999, amended the language to include an 8% tax on the "gross rental receipts" from the rental of motor vehicles, effective 7/1/99. The tax is paid by the consumer to an authorized M&R operator. An M&R Tax Operator's License is required. The operator maintains books and records showing the amount of tax collected and remits the tax monthly to the state, less a 3% commission.

Real Estate Transfer Tax - RSA 78-B

The Real Estate Transfer tax was first enacted in 1967. Chapter 17 of the Laws of 1999 increased the permanent tax rate assessed on the sale, granting, and transfer of real estate and any interest in real estate to \$.75 per \$100, or fractional part thereof, of the price or consideration. This rate is assessed on both the buyer and seller for a total tax rate of \$1.50 per \$100. Where the price or consideration is \$4,000 or less, there is a minimum tax of \$20 assessed on both the buyer and seller. Chapter 158, Laws of 2001, removed the exception from the tax on transfer of real property for trans-

fers of title pursuant to a merger, consolidation or other reorganization qualifying as a tax-free reorganization. It also removed the exception of the transfer of title from one business entity to another, the ownership interest of which may be the same. These changes were effective for transfers occurring on or after July 1, 2001. The tax is paid at the Register of Deeds office in the county where the property is located. A Declaration of Consideration (Form CD-57) must be filed with the Department of Revenue Administration.

State Education Property Tax - RSA 76:3

Under Chapter 17, Laws of 1999, the state education property tax was established. The tax is assessed and collected by municipalities. The rate was originally \$6.60 per thousand of equalized valuation. It appears on the same bill with the other property taxes administered at the local level. The effective date of this tax was April 1, 1999. Chapter 158, Laws of 2001 reduced the rate from \$6.60 per \$1,000 of value to \$5.80 per \$1,000 of value beginning with the April 1, 2002 tax year (school year 7/1/02-6/30/03). The sunset provision of the state education property tax was repealed, making the tax a permanent revenue source dedicated to funding education.

Utility Property Tax - RSA 83-F

Utility property is defined as "all real estate, buildings, and structures, machinery, dynamos, apparatus, poles, wires, fixtures of all kinds and descriptions, and pipe lines located within New Hampshire employed in the generation, production, supply, distribution, transmission, or transportation of electric powered or natural gas, crude petroleum and refined petroleum products or combination thereof, water, or sewage." The tax rate is \$6.60 per \$1,000 of value of utility property. On December 1 of each year the department determines the value of utility property as of the previous April 1. The effective date was April 1, 1999.

Real Estate Tax - RSA 76

Property taxes, based upon assessed valuation, are assessed, levied and collected by cities and towns. Current Use assessment (RSA 79-A) is available for land qualifying in the following categories: Farm Land, Forest Land, Unproductive Land. Applications for Current Use must be filed with the local assessing officials on or before April 15th.

Tax Exemption, Credit and Deferral Against Property Taxes

Application Date: The permanent application (Form PA-29) for tax exemption, credit and deferral is available from the local assessing officials. For the 2000 tax year, the application must be filed with the local assessing officials by March 1st, 2001, unless granted an extension pursuant to RSA 76:16-d.

Option: Effective January 1, 1998, RSA 72:33 allowed municipalities, through town meeting or a city council, to adopt August 1st as the filing date for the Elderly Exemption. Check with the municipality to determine specific filing dates.

Elderly Exemption: Effective July 23, 1996, RSA 72:39-a replaced the Standard, Expanded, Adjusted and Optional Adjusted Elderly Exemptions. The statute sets the minimum exemptions, and the cities and towns may modify them. The statutory exemption levels for all municipalities are adopted by each individual municipality.

- ▶ Amount of exemption from value of residential real estate: Ages 65-74; 75-79; and 80+
- ▶ Net Income Limits, including Social Security Income or pension payment Net Asset Limits

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 the residential real estate (RSA 72:29) and could be higher if amended through referendum vote.

Deferral for the Elderly or Disabled - RSA 72:38-A

The assessing officials "... may annually grant a person qualified under this paragraph a tax deferral... ." Property taxes are deferred and accrue interest at the rate of 5% per annum. 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 five years, and is currently residing there.

Veterans Tax Credit - RSA 72:28

Qualifying residents shall receive the following amounts deducted from their tax bills:

- ▶ \$ 50: Basic credit available to all veterans.
- ▶ \$700: For the surviving spouse of a veteran, pursuant to RSA 72:29-a, and veterans having a total and permanent service-connected disability pursuant to RSA 72:35

Towns may adopt a local option to increase the above dollar amounts to \$100 and \$1,400.

Disability Exemption - Residents who qualify under RSA 72:36-a as totally and permanently disabled from service connection, and is paraplegic or having double amputation from military service connected disability or blind (5/200 vision or less) as a result of service connection, and owning a specially adapted home acquired with V.A. assistance are exempt from all taxation on that home.

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

This exemption is limited to a physically handicapped person who resides at the residential real estate, and is applicable only upon the value of any special aids required by the resident to enable them to propel themselves.

Tax Exemption for Wind-powered, Solar and Woodheating Energy System - RSA's 72:66, 72:62, 72:70

These exemptions are optional to the cities and towns, and must be voted upon locally. If further information is required, contact the assessing officials of the municipality.

Tax Exemption for the Disabled - RSA 72:37-B

Available to persons eligible under the Social Security Act for benefits to the Totally & Permanently Disabled. 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.

REVENUE AND STATISTICS

RECEIPTS AND EXPENDITURES AS OF JUNE 30, 2002

RECEIPTS	FY 01	FY 02	% of Change
Tax Collections	1,004,863,466	980,334,803	(2.44%)
License Fees	36,095	57,475	59.23%
Appraisal Fees	103,429	17,300	(83.27%)
TOTAL	1,005,002,990	980,409,578	-2.45%

EXPENDITURES	FY 01	FY 02	% of Change
Classified	5,024,151	5,561,772	10.70%
Unclassified	1,288,042	1,369,041	6.29%
Benefits	2,093,035	2,425,825	15.90%
Other	6,307	8,600	36.36%
SUBTOTAL	8,411,535	9,365,238	11.34%
Current Expense	881,131	1,085,584	23.20%
Equipment	123,637	614,292	396.85%
SUBTOTAL	1,004,768	1,699,876	69.18%
In-State	66,200	70,812	6.97%
Out-of-State	150,211	173,318	15.38%
Miscellaneous	593,791	331,361	(44.20%)
SUBTOTAL	810,202	575,491	-28.97%
TOTAL	10,226,505	11,640,605	13.83%

DISBURSEMENT/TOWNS	FY 01	FY 02	% of Change
Flood Control	585,496	573,273	-2.09%
Forest Land	252,430	206,251	-18.29%
Recreational	1,664	1,084	-34.86%
Concord	81,380	81,380	0.00%
Education Reimb Munic	0	0	0.00%
Comp Reimb Munic	58,585	0	(100.00%)
TOTAL	979,555	861,988	-12.00%

REVENUE BREAKDOWN BY SOURCE

	FY 01	FY 02	change
Business Profits Tax	197,642,774	159,237,248	(38,405,526)
Business Enterprise Tax	154,828,834	223,636,411	68,807,577
Meals & Rentals Tax	163,049,648	169,703,721	6,654,073
Tobacco Tax	87,959,255	84,976,512	(2,982,743)
Interest & Dividends Tax	76,842,273	71,470,243	(5,372,030)
Estate & Legacy Taxes	57,064,323	57,088,030	23,707
Communications Svs Tax	49,256,789	62,508,517	13,251,728
Real Estate Transfer Tax	90,350,287	97,371,970	7,021,683
Excess State Ed Prop Tax	24,528,663	28,963,331	4,434,668
Utility Property Tax	15,625,403	18,192,984	2,567,581
Electricity Consumption Tax	8,731,743	5,735,676	(2,996,067)
other (includes rr)	1,210,757	1,524,935	314,178
SUBTOTAL	<u>927,090,749</u>	<u>980,409,578</u>	<u>53,318,829</u>
			* changed from franchise tax on 5/1/01
TRANSFERS TO EDUCATION TRUST FUND FROM:			
Business Profits Tax	(15,800,000)	(32,645,000)	16,845,000
Business Enterprise Tax	(36,700,000)	(101,215,000)	64,515,000
Meals & Rentals Tax	(7,524,960)	(6,528,498)	(996,462)
Real Estate Transfer Tax	(32,904,169)	(32,372,475)	(531,694)
Tobacco Tax	(27,791,089)	(24,645,655)	(3,145,434)
Excess State Ed Prop Tax	(24,484,451)	(28,963,331)	4,478,880
Utility Property Tax	(15,620,914)	(18,169,529)	2,548,615
SUBTOTAL	<u>(160,825,583)</u>	<u>(244,539,488)</u>	<u>83,713,905</u>
TOTAL	<u><u>766,265,166</u></u>	<u><u>735,870,090</u></u>	<u><u>(30,395,076)</u></u>

Net Income on a Cash Basis for 1992-1996

TYPE OF REVENUE	Fiscal Year Ending 6/30/92	Fiscal Year Ending 6/30/93	Fiscal Year Ending 6/30/94	Fiscal Year Ending 6/30/95	Fiscal Year Ending 6/30/96
BPT	88,642,475	119,454,080	122,050,343	134,898,329	155,814,223
BET	n/a	n/a	22,352,806	29,055,510	24,300,099
M&R Tax	92,055,899	95,064,348	192,131,085	138,855,876	112,454,174
Tobacco Tax	39,409,121	40,991,088	42,859,252	44,489,670	45,420,240
I&D Tax	34,985,058	35,662,683	35,980,018	37,958,245	51,658,363
Estate & Legacy Taxes	25,524,248	32,006,083	33,219,462	30,266,348	31,707,415
CST Taxes	*26,681,057	*29,621,244	30,430,075	32,900,476	35,266,871
RE Transfer Tax	34,758,217	27,276,954	28,985,629	28,992,391	30,077,586
Nuclear Station Property Tax	22,427,642	19,866,528	7,361,478	7,658,332	7,492,746
Utilities Tax	570,282	1,210,680	12,600,384	9,415,182	9,995,600
Other Revenue (includes Railroads & savings bank taxes)	8,783,794	4,176,460	1,552,942	878,303	1,424,895
TOTAL	373,837,793	405,330,148	529,523,474	495,368,662	505,612,212

Net Income on a Cash Basis for 1997-2001

TYPE OF REVENUE	Fiscal Year Ending 6/30/97	Fiscal Year Ending 6/30/98	Fiscal Year Ending 6/30/99	Fiscal Year Ending 6/30/00	Fiscal Year Ending 6/30/01
BPT	170,760,077	168,636,550	167,632,300	166,180,915	197,642,774
BET	39,136,516	71,693,395	89,635,308	147,557,955	154,828,834
M&R Tax	118,721,973	127,720,467	136,499,008	153,311,197	163,049,648
Tobacco Tax	49,837,126	75,244,227	73,327,818	92,570,165	87,959,255
I&D Tax	52,698,495	61,833,319	62,911,196	65,203,307	76,842,273
Estate & Legacy Taxes	41,234,484	42,774,343	47,482,309	60,635,156	57,064,323
CST Taxes	38,263,312	40,219,738	45,824,952	47,416,610	49,256,789
RE Transfer Tax	32,423,790	42,587,934	51,066,185	82,864,095	90,350,287
Nuclear Station Property Tax	7,499,999	7,492,475	7,526	24,149,942	24,528,663
Utilities Tax	10,061,920	10,238,216	10,394,085	31,167,539	15,625,403
Utility Franchise Tax	n/a	n/a	n/a	9,974,424,	8,731,743
Other Revenue (includes Railroads & savings bank taxes)	1,995,890	1,918,204	1,277,630	1,027,627	1,210,757
TOTAL	562,633,582	650,358,868	686,058,317	882,058,932	927,090,749

Notes: 1997 to 2002 includes telephone tax; Utility Franchise Tax changed to Electricity Consumption Tax on May 1, 2001; and Utilities Tax was broken down into Utility Property Tax and Utility Franchise Tax after the Repeal of the Nuclear Station Property Tax on April 29, 1999.

PERSONNEL & REVENUE ADMINISTRATION STATISTICS

Personnel Expenditure FY 2002	Revenue Collected FY 2002	Estimated Cost of Collection FY 2002
\$9,365,238	\$980,409,578	.0096

PERSONNEL DATA	CURRENT # OF EMPLOYEES AS OF JUNE 30, 2002
Unclassified Employees	21
Classified Employees	178
Full time Temporary Employees	5
Temporary Employees	1
Total Number of Employees	205

PHYSICAL PLANT AND PROPERTY VALUE AS OF JUNE 30, 2002	
Equipment	\$2,307,830
Motor Vehicles	\$465,456
Physical Plant	0
Farm	0
Highways	0
TOTAL Property Value	\$2,773,286

APPENDIX 1

2001 PROPERTY TAX TABLES BY COUNTY

APPENDIX 2

2001 EQUALIZATION SURVEY

Part I - Summary of Property Tax System

Part II - 2001 Equalization Survey Including Utility & Railroad

Part III - 2001 Equalization Survey Not Including Utility & Railroad

Part IV - Base Valuation for Debt Limits

Part V - 2001 Comparison of Full Value Tax Rates

APPENDIX 3

2001 COMPARISON OF FULL VALUE TAX RATES