

**DRA REPORT ON REVIEW OF  
ASSESSMENT PRACTICES  
FOR MUNICIPALITY  
OF**

**HUDSON**

**For the Property Tax Year Beginning  
APRIL 1, 2007**

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## **OBJECTIVE**

Pursuant to RSA 21-J:11-a, the NH Legislature identified five areas of assessing practices for the commissioner of the Department of Revenue Administration (DRA) to review and report on:

- A. Whether the level of assessments and uniformity of assessments are within acceptable ranges as recommended by the assessing standards board by considering, where appropriate, an assessment-to-sales-ratio study conducted by the department for the municipality;**
- B. Whether assessment practices substantially comply with applicable statutes and rules;**
- C. Whether exemption and credit procedures substantially comply with applicable statutes and rules;**
- D. Whether assessments are based on reasonably accurate data; and,**
- E. Whether assessments of various types of properties are reasonably proportional to other types of properties within the municipality.**

## **DRA METHODOLOGY**

### **EQUALIZATION STATISTICS**

Each year the DRA conducts sales-to-ratio studies known as the Equalization Survey in accordance with procedures recommended by the Equalization Standards Board (ESB). These equalization statistics are used in this report to determine whether the level and uniformity of assessments are within acceptable ranges in accordance with guidelines established by the Assessing Standards Board (ASB).

### **SAMPLING**

When a statistically valid sample is obtained, it is possible to determine, with a stipulated degree of confidence that the number of errors in the sample applies proportionally to the non-sampled portion as well. The department utilized the statistical sampling program of the US Office of Audit Services to determine the appropriate sample size of records to be examined.

### **TESTING**

Department Review Appraisers examined the selected samples to determine if there was substantial compliance with applicable statutes and whether assessments of various types of properties were reasonably proportional to other types of properties within the municipality. Our determination and recommendations follow.

**A. LEVEL AND UNIFORMITY OF ASSESSMENTS**

**ASB GUIDELINE:**

Level of assessments and uniformity of assessments are within acceptable ranges as recommended by the Assessing Standards Board by considering, where appropriate, an assessment-to-sales-ratio study conducted by the department for the municipality.

- A median ratio should be between 0.90 and 1.10 with a 90% confidence level in the year of the review.
- An overall coefficient of dispersion (COD) for the municipality’s median ratio should not be greater than 20.0 without the use of a confidence interval.

**DRA Methodology:** To determine compliance with these guidelines, the DRA relied on statistics from the 2007 Equalization Survey. (See Appendix D, 2007 Assessment Review Summary.)

**DRA Determination:** The results of the 2007 NH Department of Revenue Administration Equalization Survey for Hudson for April 1, 2007 are:

|  |      |        |      |
|--|------|--------|------|
| 2007 Median Ratio with Confidence Range: | Low  | Median | High |
|  | 97.2 | 97.9   | 98.9 |
| 2007 COD                                 | 6.3  |        |      |

Hudson met the guidelines for level and uniformity of assessments.

**DRA Recommendation:** None

**Municipality’s Response:** As shown by the assessment-to-sales ratio study conducted by the department, Hudson’s level of assessments and uniformity of assessments are within acceptable ranges as recommended by the Assessing Standards Board.

**B. ASSESSING PRACTICES**

**SHALL SUBSTANTIALLY COMPLY WITH APPLICABLE STATUTES AND RULES**

**B1. ASB GUIDELINE:** All records of the municipality’s assessor’s office should be available to the public pursuant to RSA 91-A.

**DRA Methodology:** To determine whether all records of the assessor’s office were available to the public, the DRA requested any written guidelines that Hudson had that addressed this issue. Absent the existence of any written guidelines, the DRA then specifically asked the town personnel what records were available to the public, and which specific records, if any, were not generally made available.

**DRA Determination:** Based upon our review and personal observation while working in the town, there was apparent evidence that the public was not denied access to public documents. It appears that Hudson meets the guidelines for public documents available to the public.

**DRA Recommendation:** None

**Municipality's Response:** As shown by the review, Hudson makes all public records readily available to the public.

**B2. ASB GUIDELINE:** Ninety-five percent of the property records in the sample reviewed by the DRA should reflect assessments of properties as of April 1, pursuant to RSA 74:1; and that a municipality should not assess parcels or new construction that did not exist as of April 1 of that tax year.

**DRA Methodology:** To determine if property records properly reflected values as of April 1, 2007, and that new parcels or new construction not in existence as of April 1, 2007, were not being assessed, the DRA selected a random sampling of properties to review.

**DRA Determination:** A review of these properties confirmed that in all cases the values did reflect new construction that existed as of April 1, 2007, and that there was no evidence that any new parcels or new construction that occurred after April 1, 2007, were being assessed for 2007. Based upon this review, it appears that Hudson is in general compliance with this guideline.

**DRA Recommendation:** None

**Municipality's Response:** As shown by the review, in all cases Hudson assessed values show the appropriate status of construction activity as of April 1 of the appropriate tax year.

**B.3. ASB GUIDELINE:** A municipality should have 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.

**DRA Methodology:** To determine whether there was a revised inventory program in place, the DRA first requested any written guidelines that Hudson had in this regard. Absent the existence of any written guidelines, the DRA reviewed the requirements under RSA 75:8 with the town personnel to determine the town's actual practice.

**DRA Determination:** Based upon our review in this area, and our conversation with the town personnel, the DRA has determined that Hudson does have a program in place, which, if adhered to, will result in the annual adjustment of assessments necessary to maintain reasonable proportionality among all properties. Based on our review, it appears that Hudson is in substantial compliance with this guideline.

**DRA Recommendation:** None

**Municipality's Response:** The Town of Hudson has engaged, in the past two revaluations (2002 and 2007), in 2 data collection projects that have sought to maintain an accurate physical inventory of the Town's assessing records. However, the Town is not in a position, on either a human resource perspective or also on a contracted resources perspective, to adjust assessments on an annual basis in order to maintain proportionality. The local budget process dictates what can and can't be done on a financial basis and, unless the State is willing to provide grant money, the Town does not currently have the necessary resources and capabilities to annually adjust assessments.

#### **B.4. ASB GUIDELINE: REPEALED**

**B.5. ASB GUIDELINE:** Eighty-five percent of the current use property records in the sample reviewed by the DRA should have:

- a. A timely filed Form A-10, Application for Current Use Assessment (RSA 79-A:5 and Cub 304);
- b. If applicable, a timely filed Form CU-12, Summary of Forest Stewardship Plan for Current Use Assessment (RSA 79-A:5 and Cub 304.03);
- 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 (RSA 79-A:7).

**DRA Methodology:** To determine if current use properties were properly documented and valued, the DRA selected a random sampling of current use properties. The records for these properties were reviewed to determine if the appropriate Form A-10, Application for Current Use Assessment and Form CU-12, Summary of Forest Stewardship Plan for Current Use Assessment (if required) were on file. In addition, the current use values assigned to these properties were reviewed to insure that the assessments were within the valuation ranges established by the Current Use Board and consistent with Cub 304. The DRA also determined if Hudson had a procedure in place to identify if previously classified current use land had undergone a change in use for the purpose of assessing the Land Use Change Tax.

**DRA Determination:** Based upon the DRA review of current use practices, 29.03 % were found to meet the guideline criteria. Therefore it appears that Hudson has not substantially complied with this guideline.

**DRA Recommendation:** Update CU maps. Acreage on PRC's and CU application should match. Marlow adj. appears to be complied with.

**Municipality's Response:** The issue of legacy current use records and their agreement with property assessing records is a problem that every NH municipality has, and it has a rational explanation. There is no provision in law and or rule that allow the municipality to compel a property owner with land in current use to update their current use application. The Town has posed this very question to the DRA as well as Current Use Board members and neither the DRA, nor others, are aware of any provisions within the law, nor within the Current Use Board (CUB) rules, that lay out how to update/correct/amend the original(legacy) current use application filings. If an updated current use application were to be requested (as seems to be

implied by the DRA's comment) from property owners, where is the administrative rule and/or law that lay out what to do with the original current use application? How does the municipality legally remove the lien of record at the county registry? The land would not be coming out of current use, it is just being corrected. Who/whom pays the lien release, who/whom pays for the new filing? The Town does, in most cases, have more accurate acreages on its current assessing records (than exists on the 1970's era current use applications) as the Town has recently been through a complete remapping and reacreaging of all parcels in Town. Thus, municipalities have a dilemma on their hands on how to effectively meet the DRA's recommendation. The record does show that:

- (1) Hudson does have Form A-10's (and applicable Form A-12's) for all current use properties that were part of the DRA's review sample.
- (2) That Hudson does have current use valuations assessed in accordance with CUB Rule 304 (as well as with the Marlow decision).
- (3) That Hudson does have a procedure to identify when land has changed from its current use status to non-current use status.

**B.6. ASB GUIDELINE:** In accordance with RSA 21-J:11, all appraisal service contracts or agreements in effect during the assessment review year for tax assessment purposes should:

- a. Be 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.

**DRA Methodology:** To determine if appraisal contracts or agreements in effect for 2007 had been submitted to the DRA, along with the names of all personnel to be employed under the contract, the DRA verified that the contracts and the list of personnel were in the town's permanent file in the DRA office.

**DRA Determination:** A review of the town's permanent file indicated that a copy of all the 2007 appraisal contracts were submitted, along with a list of all personnel. Based upon that verification, it appears that Hudson is in substantial compliance with this guideline.

**DRA Recommendation:** None

**Municipality's Response:** As shown by the review, Hudson has submitted all required appraisal service contracts to the DRA, including all the names of personnel to be employed under such contracts.

## **C. EXEMPTIONS AND CREDITS:**

### **PROCEDURES SUBSTANTIALLY COMPLY WITH APPLICABLE STATUTES AND RULES**

**C.1. ASB GUIDELINE:** A periodic review should be done by the municipality of all exemptions and credits at least once every assessment review cycle. Municipalities scheduled for assessment review in 2007 should perform the review of all exemptions and credits by December 31, 2007.

**C.2. ASB GUIDELINE:** The municipality should have on file a current Form BTLA A-9, List of Real Estate and Personal Property on Which Exemption is Claimed, as described in Tax 401.04(b) for all religious, educational and charitable exemptions.

**C.3. ASB GUIDELINE:** The municipality should have on file a current form BTLA A-12, Charitable Organization Financial Statement, as described in Tax 401.01(c), for all charitable exemptions.

**DRA Methodology:** To determine whether Hudson met these guidelines, the DRA conducted a random sampling of properties that had been granted a religious, educational, or charitable exemption. A review was then made of the records for those properties to determine if a current Form BTLA A-9 was on file, and in the case of a charitable exemption, if a current Form BTLA A-12 was on file. In addition, the DRA reviewed documentation supplied by the town personnel to determine if exemptions and credits had been reviewed for this assessment review cycle and to insure that proper documentation existed to justify the exemption or credit granted. This documentation consisted of reviewing the PA 29s with notation of a date and initial by the Assessor for the review.

**DRA Determination:** Based upon our review, it appears that Hudson has reviewed exemptions and credits. In addition, a review of the religious, educational, and charitable properties indicated that the current Form BTLA A-9 or Form BTLA A-12 are on file. One surviving spouse credit reviewed was not signed by the spouse (applicant). Hudson does not meet the guidelines for credits.

**DRA Recommendation:** (recommendation) Review spouse PA-29's for signatures.

**Municipality's Response:** The record does show that Hudson has conducted a proper review of all credits and exemptions. In regards to the surviving spouse tax credit referenced in the DRA's determination, that is a case where a qualified veteran had a PA-29 form on record, the veteran had died and the veteran's spouse continued to receive the veteran's credit, in conformance with the law. The implication from the DRA's comment is that municipalities are required, in the above instance, to contact the grieving widow/widower and inform them that the DRA believes that they need to file a new PA-29 form with all required documentation and then seek the Town's approval of the veteran's credit anew. The Town can find no legal support for the DRA's opinion on this item. Further, for the last 4 months the Town has requested a written opinion that lays out the legal and rational basis for the DRA's opinion, to no avail. The DRA's monitor has also tried, to no avail, to obtain something in writing from the DRA. The Town fails to see that the General Court intended to mandate that municipalities, upon the death of a qualified veteran,

contact grieving widows/widowers of veterans' to demand that they fill out new applications along with required documentation or they lose the veteran's credit.

The Town continues to await the written legal basis for the DRA's opinion on this matter.

**D. ACCURACY OF DATA:**

**ASSESSMENTS ARE BASED ON REASONABLY ACCURATE DATA**

**D.1. ASB GUIDELINE:** The municipality should have no material errors on at least eighty percent 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 5% of the total assessed value of the property; and 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;
  - iii. Conversion of improvements;
- h. Erroneous measurements resulting in a square foot variance of 10% or more of the primary improvement(s).

**D.2. ASB GUIDELINE:** The level of accuracy of the data elements should 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 should 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.

**DRA Methodology:** To determine if Hudson's assessments were based on reasonably accurate data, the DRA conducted a random sampling of properties. A field review was conducted to compare the data on the property record cards with the actual property. Whenever possible, the DRA verified both the interior and exterior information. Of the properties sampled, all had the exterior reviewed, and a little less than half had interior inspections. DRA verified the accuracy of the town's data in the two areas specified in the ASB guideline. First, the DRA checked for any material errors, or those errors resulting in a variance of greater than 5% of the total assessed value of the property. And second, the DRA verified the overall accuracy of all of the data elements regularly collected by Hudson.

**DRA Determination:** The result of that review indicated that of the property record cards in the sample there appeared to be no material errors in excess of 5% on all of the cards, for 100 % accuracy. It appears that Hudson is reasonably compliant with this guideline, as the accuracy is within the recommended guidelines set by the Assessing Standards Board.

As a matter of reporting only, the DRA found that of the property record cards reviewed in the field all had fewer than 5 data element discrepancies.

**DRA Recommendation:** None

**Municipality's Response:** As shown by the review, Hudson's assessing records contain reasonable accurate data elements.

**E. PROPORTIONALITY:**

**ASSESSMENTS OF VARIOUS TYPES OF PROPERTIES ARE REASONABLY PROPORTIONAL TO OTHER TYPES OF PROPERTIES WITHIN THE MUNICIPALITY.**

**E.1. ASB GUIDELINE:** The municipality's median ratio with a 90% confidence level for the following 3 strata should be within 5% of the overall median ratio (point estimate):

- a. Improved residential up to and including 4-family units;
- b. Improved non-residential;
- c. Unimproved properties.

**E.2. ASB GUIDELINE:** No ratio should be calculated for a particular stratum unless a minimum of 8 sales is available in that stratum. If no ratio has been calculated, the sales should not be collapsed into another strata.

**E.3. ASB GUIDELINE:** The DRA should calculate the municipality's price related differential (PRD) with a 90% confidence level and report the PRD to the municipality and the ASB.

**DRA Methodology:** To determine compliance with these guidelines, the DRA relied on statistics from the 2007 Equalization Survey. (See Appendix D, 2007 Assessment Review Summary.)

**DRA Determination:**

|  |             |                |               |
|--|-------------|----------------|---------------|
| 2007 Improved Residential with Confidence Range:     | Low<br>97.3 | Median<br>98.1 | High<br>99    |
| 2007 Improved Non-Residential with Confidence Range: | Low<br>91.3 | Median<br>97.9 | High<br>107.2 |
| 2007 Unimproved Property with Confidence Range:      | Low<br>81.6 | Median<br>91.5 | High<br>98.6  |

It appears that Hudson complies with this guideline, as the median ratio with a 90% confidence interval for the calculated strata does fall within 5% of the overall median ratio of

As a matter of reporting only, the PRD for Hudson, using a 90% confidence level, shows a point estimate of 1.01 with a confidence interval from 1.00 to 1.02 .

**DRA Recommendation:** None

**Municipality's Response:** As shown by the review, and as a result of the Town's recently completed revaluation in 2007, the identified strata are in compliance with ASB guidelines relative to strata being within 5% of the overall median assessments/sale ratio for the Town of Hudson.

**F. USPAP COMPLIANT REPORT:**

**For all revaluations including full revaluations, partial revaluations, cyclical revaluations and statistical updates conducted on or after the April 1, 2007 assessment year by either an independent contractor or an in-house assessor, A report based on the 2005 edition of the Uniform Standards of Professional Appraisal Practice (USPAP) Standard 6 shall be produced.**

**F.1. ASB GUIDELINE:** For all revaluations including full revaluations, partial revaluations, cyclical revaluations and statistical updates conducted on or after the April 1, 2007 assessment year by either an independent contractor or an in-house assessor, A report based on the 2005 edition of the Uniform Standards of Professional Appraisal Practice (USPAP) Standard 6 shall be produced; and

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 USPAP Standard 6 and incorporate its findings in the assessment review process for all reviews conducted on or after April 1, 2007.
3. In accordance with RSA 21-J:11-a, II, the Department shall report its findings to the Assessing Standards Board and the municipality.

**DRA Methodology:** Compare items contained in the submitted USPAP Compliant Report against a fifty-four-item checklist prepared by DRA to verify compliance of report submitted.

**DRA Determination:** Of the fifty four items listed on the DRA Checklist no items were either missing from the report or were incomplete in the Residential and Commercial USPAP Compliant Reports submitted to DRA as part of this Assessment Review. It appears that Hudson Residential and Commercial reports did meet the guideline for those USPAP Reports.

**DRA Recommendation:** \*\* note: The Utility USPAP report was submitted and is currently in the second draft format and has not yet been completed. A supplemental note on the Utility report will be filed when it is received.

**Municipality Response:** As shown by the review, the Town's residential and industrial reports are reasonably compliant with the USPAP Standard 6 guideline. The Town has not received a written report from the DRA indicating whether the utility valuation report that was submitted is in compliance or not. Nonetheless, the Town's public utility valuation contractor is working on a final report that will seek to follow USPAP Standard 6, as a guideline. The Town has sought to see whether any other revaluations/updates done in the State of NH for 2007 had a USPAP compliant public utility section of their USPAP compliant reports, and the Town was informed by DRA personnel that no other municipalities were required to meet the USPAP Standard 6 guideline for public utility valuation, just Hudson was.

## APPENDIX A - ASSESSING STANDARDS BOARD GUIDELINES

- I. The following guidelines are recommended by the Assessing Standards Board (ASB) in accordance with the provisions of RSA 21-J:14-b and RSA 21-J:11-a. These guidelines will 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 guidelines assist the Commissioner to determine the degree to which assessments of a municipality achieve substantial compliance with applicable statutes and rules.
- II. Pursuant to laws of 2007, 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. This analysis can be accomplished by using the assessing standards board’s recommended standards as guidelines for a measurement tool, rather than as certification requirements, in the first 4 years of the process. The results of measuring these guidelines can then be analyzed for the state’s large and small political subdivision, with a report to be made to the municipalities and through the assessing standards board to the general court.”
- III. These guidelines address the five assessment areas the Commissioner may consider, which are specifically identified in RSA 21-J:11-a, regarding whether the:
  - A. Level of assessments and uniformity of assessments are within acceptable ranges as recommended by the Assessing Standards Board by considering, where appropriate, an assessment-to-sales-ratio study conducted by the department for the municipality.
    1. A median ratio should be between 0.90 and 1.10 with a 90% confidence level in the year of the review.
    2. An overall coefficient of dispersion (COD) for the municipality’s median ratio should not be greater than 20.0 without the use of a confidence interval.
  - B. Assessment practices substantially comply with applicable statutes and rules.
    1. All records of the municipality’s assessor’s office should be available to the public pursuant to RSA 91-A.
    2. Ninety-five percent of the property records in the sample reviewed by the DRA should reflect assessments of properties as of April 1, pursuant to RSA 74:1; and that a municipality should not assess parcels or new construction that did not exist as of April 1 of that tax year.
    3. A municipality should have 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. In accordance with RSA 31:95-a, a municipality's tax maps should:
    - a. Show the location of each property drawn to scale;
    - b. Be updated annually; and
    - c. Include an index of each parcel by the property owner's name and parcel identifier.
  5. Eighty-five percent of the current use property records in the sample reviewed by the DRA should have:
    - a. A timely filed Form A-10, Application for Current Use Assessment; (RSA 79-A:5 and Cub 302)
    - b. If applicable, a timely filed Form CU-12, Summary of Forest Stewardship Plan for Current Use Assessment; (RSA 79-A:5 and Cub 304.03)
    - 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. (RSA 79-A:7)
  6. In accordance with RSA 21-J:11, all appraisal service contracts or agreements in effect during the assessment review year for tax assessment purposes should:
    - a. Be 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.
- C. Exemption and credit procedures substantially comply with applicable statutes and rules;
1. A periodic review should be done by the municipality of all exemptions and credits at least once every assessment review cycle. Municipalities scheduled for assessment review in 2007 should perform the review of all exemptions and credits by December 31, 2007.
  2. The municipality should have on file a current Form BTLA A-9, List of Real Estate and Personal Property on Which Exemption is Claimed, as described in Tax 401.04(b) for all religious, educational and charitable exemptions.
  3. The municipality should have on file a current form BTLA A-12, Charitable Organization Financial Statement, as described in Tax 401.01(c), for all charitable

exemptions.

D. Assessments are based on reasonably accurate data; and

1. The municipality should have no material errors on at least eighty percent 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 5% of the total assessed value of the property; and 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;
    - 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 should 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 should 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. Assessments of various types of properties are reasonably proportional to other types of properties within the municipality.

1. The municipality's median ratios with a 90% confidence level for the following 3 strata should be 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 should be calculated for a particular stratum unless minimums of 8 sales are available in that stratum. If no ratio has been calculated, the sales should not be collapsed into another strata.
  - 3. The DRA should calculate the municipality's price related differential (PRD) with a 90% confidence level and report the PRD to the municipality and the ASB.
- IV. Property sales utilized in the DRA's annual assessment ratio study conducted for equalization purposes should be used to calculate the median ratios, CODs, and PRDs under guidelines (A) and (E) above. The ratio percentages should be rounded to 3 places. The sample size of the ratio study should 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; and
  - 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 guidelines will be reviewed and updated annually. Minutes of the ASB along with meeting and forum schedules may be found at the Department of Revenue Administration website.

**APPENDIX B - Assessment Review Municipalities for Tax Year 2007**

Hudson  
Warren  
Carroll  
Newport

## APPENDIX C - GLOSSARY

ASB – Assessing Standards Boards established under RSA 21-J:14-a.

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

BTLA – Board of Tax and Land Appeals

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.

DRA - The New Hampshire Department of Revenue Administration.

ESB – Equalization Standards Boards established under RSA 21-J:14-c.

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.