Understanding NH Property Taxes

The Official New Hampshire Assessing Reference Manual

Reference Manual for Selectmen, Assessors, and Taxpayers

Assessing Standards Board

Preface

This publication is a product of an Assessing Standards Board subcommittee, originally authorized by the Assessing Standards Board (ASB) and its founding Chairperson Representative Betsey Patten. Our charge was to create a manual that would be useful to the taxpayers and selectmen of New Hampshire. Each chapter is intended to be somewhat "freestanding" in order to make the manual user friendly. This accounts for a certain amount of repetition of topics and terminology. Additional copies of the manual can be purchased in hardcopy or CD version for a fee by calling the New Hampshire Department of Revenue at (603) 230-5950 or downloading and printing at home the most recent version from the department website: www.revenue.nh.gov/munc_prop/assessing-board/index.htm.

This original project was a major undertaking that took over a year to research, write and edit. The 2013 edition is the manual's first update since 2008. This manual breaks no new academic ground in property taxation. Rather, it serves as an approachable reference tool geared to assist with the inherently complex task of property tax assessing. Along with the text, there is a substantial CD appendix attached for readers wishing to delve more deeply into a topic. Users of this manual are encouraged to visit the various web links mentioned in the text, as well as the NH Department of Revenue Administration's website. These links are made available to enhance your understanding of New Hampshire's property tax system.

This manual was the result of a collaboration of dedicated professionals who volunteered their time and knowledge in the hope of shedding light on how the property tax system works. We genuinely invite commentary from the public as this is your manual. We hope it serves you well. In that spirit, our responses to your input will result in continuous improvements to this reference manual over time.

The ASB wishes to acknowledge and thank the following individuals for their hard work and dedication on this important undertaking. The expanded original subcommittee consisted of Robert Boley, Len Gerzon, Sandi Gromoshak, Stephan Hamilton, Jim Michaud, Barbara Reid, and Eric Stohl. The 2013 update committee members are Len Gerzon, Stephan Hamilton, David Cornell, Scott Bartlett, Marti Noel, Gary Roberge, Joe Lessard, Stephanie Derosier and Sandi Gromoshak.

The subcommittee wishes to further acknowledge our many dedicated contributors. In no particular order they are Dawn Wirkkala, Sheila Burnette, John McSorley, Tom Holmes, David Gomez, Scott Bartlett, Cheryl Bolouk, Guy Petell, Angelo Marino, Lauren Elliot, Kathy Temchack, Eugene Reed, Gail Maloney, Scott Dickman, and Chuck Taylor. Many thanks to all.

The ASB must also thank the generous contribution by Gail Maloney, of Gail Maloney Photography, all rights reserved©, for the photography used for our cover art. We'd also like to thank Chuck Taylor of Trademark Graphic Design and Marketing for his generous contribution of graphic design for the cover and helpful layout advice.

Len Gerzon, Chairman, ASB

Foreword

Here is the essence and challenge of this publication. How do you make a manual on property taxes comprehensible and compelling? How do you entice selectmen and taxpayers to actually read and use a manual for a topic so painfully dry and deathly boring as property taxes? Okay, maybe "compelling" is a stretch for anything remotely related to property tax administration. We probably should settle for "just plain bearable." Nevertheless, the subcommittee working on this manual is truly undaunted.

We take our inspiration from New Hampshire assessor Tom Holmes. Years ago he was asked to walk into a fourth grade classroom to talk about his work as a local tax assessor to the kids (and future taxpayers) of his municipality of Conway. This is how he approached it. No doubt he thought, "why not start at the beginning?"

This fable is an original story spun from Tom's imagination. It is affectionately known in the New Hampshire assessing community as the Tale of Oog the Caveman. It has been adopted as our foreword because it speaks to the values of duty, service, and fairness, as a good place for government to start.

All Hail Oog!

By Tom Holmes

Once upon a time, when people were almost brand new on the face of the earth, there was a tribe called "the people." As far as they knew, they were the only folks around. They relied on each other for companionship and protection in the days when great beasts roamed the land hungry. It was a dangerous world.

For many generations, the people had wandered. They hunted and gathered fruits for food. As a result, their possessions were limited to whatever they could carry.

Eventually, they decided to settle down. They picked a place in a beautiful valley where the water was good and there was lots of fruit they could gather without roaming. In the fullness of time, they figured out how to make the trees and bushes bear more fruit. They learned how to crush seeds into flour and make bread. The people got healthier and happier.

Because they no longer had to carry everything they owned, they were able to make extra things to make their lives easier. They made stone axes and wooden bowls and cups, clothes for when it got cold, spears for hunting and nets to catch fish. Barely noticing, they ended up with lots of stuff, much more than they could ever hope to have carried in their old roaming days. The people were living a lot better.

Eventually they found the longer they lived in that beautiful place, the farther they had to go to hunt because they had caught most of the animals that lived nearby.

Now, in those days, the two most important jobs were to get enough food and make more people! Both jobs were very important but this meant the women stayed close to home to raise children and the men went off to hunt. It's just the way things were back then.

But, one day, while all of the men were away on a long hunting trip, the people were invaded by some wanderers who took all their stuff. The people were very sad.

After some discussion, they decided some of the men, the best hunters, would go out to hunt and the rest would stay behind to keep the wanderers at bay and protect everyone's stuff. They could even train some of the women and older children to help defend the stuff. In turn, the women could teach the men about growing food and stuff-making. They decided those who remained in the village would be called "the protectors" and "the teachers."

But, there was a problem. How would those who stayed behind get meat to feed their families?

Again, after much debate, it was decided they should share in whatever the hunters brought back. At first the hunters rejected this idea saying they were the ones risking their lives in front of mastodons and saber toothed tigers and they should be able to keep what they get. The protectors and teachers argued they were also risking their lives defending the village and they and their families shouldn't have to starve just to protect everyone else's stuff. Then the hunters wanted to give them just some of the parts, hoping that would make them happy. But the protectors and teachers balked at this idea. It seemed no one could agree and the people might have to revert to their old roaming ways.

Then, as if by magic, everyone turned and stared at this quiet fellow by the name of Oog.

Now Oog wasn't the best hunter. Truth be told, in most village functions, Oog was pretty average. Except for one thing – Oog was the fairest person among the people. Now by fair, I don't mean handsome or beautiful. I mean fair, as in impartial. It had become common knowledge. It seemed whenever any of the people found themselves in a disagreement, they could always call on Oog to give his unbiased opinion no matter who was involved. In fact, somebody spoke up and reminded the people about the time Oog rightly sided against his own brother in a dispute involving a cooked lizard. Oog was all about fairness.

Yep, the more people thought about it, the more convinced they became they needed a fellow like Oog to decide who should get what. Even the hunters had to grudgingly admit that Oog would probably be very honest about it. The people voted to allow Oog to decide how much of each hunter's spoils should be given over to the protectors and teachers so that all of the families could eat.

Time did tell. The hunters went out, the hunters came back and Oog went about doing what he always did best. Sometimes there was grumbling, mostly for show, but everyone pretty much agreed that Oog was doing an excellent job. The wanderers could be seen every so often along the ridgelines, but when they saw the village constantly defended, they gave up trying to take stuff that didn't belong to them and went back to hunting. The people prospered.

And Oog it seems by being fair and honest all of his life had become … the very first tax assessor.

The End

Special Acknowledgement

The ASB wishes to offer a special acknowledgement to our founding chairperson, State Representative Betsey Patten. Betsey was the founding member and original convener of the ASB. Her legislative charge in 2001 was to constitute the board and create a comprehensive process for the administration of the property tax of New Hampshire. Needless to say, this was no small task. In her twelve years of leadership Betsey helped to set the agenda and pioneer the mission for the ASB. Among her many accomplishments at the helm of the ASB were the creation of a full set of administrative rules, along with the framework for the five year revaluation cycle including its full implementation and measurement process. These large achievements formed the cornerstones to the Board's work under Betsey's leadership. The credibility of the process was essential. Under her stewardship, the guiding principles for the ASB became fairness, equity, uniformity, transparency and accountability. The means to measure progress was created and significant progress in New Hampshire's property tax metrics has been achieved.

During her tenure, Betsey helped to pass the ASB's comprehensive rules and ethical canons for assessors to follow. This work, culminated in her last year, included the implementation of revocation and suspension standards for assessor certification. Betsey also directed the creation of this very manual, (UNDERSTANDING NH PROPERTY TAXES) first published in 2008. This reference manual was conceived as a tool to help foster the basic understanding of the property tax the public deserves. This was a priority for the ASB under Chairman Patten's leadership.

In summary, Betsey Patten's service on the ASB has created an important legacy for the taxpayers of New Hampshire. As her colleague, I salute Chairman Betsey Patten for her vision, dedication and long service to the State of New Hampshire.

Len Gerzon, Chairman, ASB

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Chapter 1

Property Tax History

Section 1.1 - History Preface

When folks refer to the New Hampshire advantage, they often think about the fact that, unlike our immediate neighbors (and most other states), New Hampshire manages to pay for its government without a state income or sales tax. By default, that leaves the property tax as the major source of revenue in New Hampshire. **Historically rejecting "broad based" taxes, New Hampshire relies most heavily on the property tax to fund local services and public education.** The role of property taxes in New Hampshire is substantial. Given our State's reliance on it, it is imperative that we in the tax assessing community get it right. This manual is offered to new selectmen and assessors, taxpayers and all those engaging in tax assessing work in our State. We hope all readers will deem it to be a useful tool and friendly resource to help taxpayers understand the property tax and assist practitioners to assess property fairly and equitably.

The "Claremont" NH School Funding Case

In most states, the method of funding for education has been a major legal issue. New Hampshire has been no exception. The Claremont Case was brought in the 1980's when the City of Claremont and several other municipalities banded together to challenge the fairness of the funding of education in the State of New Hampshire. Their basic argument was that property poor municipalities were less able to fund an "adequate education" for their children than municipalities with a greater tax base. (In established state law, our constitution guarantees that the state is responsible for creating equity in the area of education.) The New Hampshire Supreme Court found a lack of equity and New Hampshire's funding structure for education was ruled unconstitutional. Without going into great detail, several rounds of this legal challenge have ensued. On numerous occasions, the courts have ordered the legislature to change the system. The legislature has responded. However, our legislature's response has been consistent in their resistance to the passage of any broad based taxes, such as sales or income taxes to fund education. In 1999, the legislature passed the state property tax (now Education Tax), RSA 76:3, as a response to Claremont II.

As the first ever statewide property tax was implemented, questions as to equity among jurisdictions emerged. The Court challenge, commonly known as the "Sirrell" case (named for the lead plaintiff Mayor Sirrell of Portsmouth) was brought. In that case, a coalition of municipalities, including the City of Portsmouth, argued several issues. One of the major points they argued was that the system of taxation in New Hampshire was not equitably administered. In that case, Sirrell portrayed the State of New Hampshire as a place where individual cities and towns could tax and revalue property as they pleased. The level of State oversight of the locally administered property tax came into question.

Technical measurements of the lack of equity between municipalities were presented for the Court to consider. The Superior Court found that the property tax, as administered at the time, in fact, was inequitable and declared it unconstitutional. On appeal, the State of New Hampshire argued that the system was fundamentally sound; perhaps in need of some improvement, but not unconstitutional. In the end, the New Hampshire Supreme Court largely agreed with the State, reversing the lower Court's decision in the Sirrell Case, while at the same time acknowledging several of its harsher findings. They ordered the Legislature to pass laws that would address specific inadequacies that the lower court had found.

Essentially, the Court's directions were to improve practices and enhance standardization. A re-organization of the New Hampshire Department of Revenue Administration (DRA) was directed. Around the same time, the Assessing Standards Board (ASB) and Equalization Standards Board (ESB) were created in 2001. *(In 2011, the Equalization Board's mission was merged into the ASB and the ESB was dissolved by statute in 2012.)* The new laws revised the DRA's historic role of consultancy (that included providing revaluation services) and clarified the DRA's future role as monitor and administrator of assessing standards and practices. The ASB would be the body from which rules, guidelines and eventually standards would be established. The DRA would now consult, audit and enforce property tax practices.

Positions on the ASB would be appointed by the Governor and approved by the Executive Council, drawing from experienced assessing professionals and a knowledgeable cross section of the public (much like other state professional standards boards). Among its directives, the ASB was charged with creating rules, guidelines and eventually standards for assessors to follow. Further, the ASB was directed to create and maintain an Assessing Manual for local selectmen**,** assessors**,** and taxpayers to use as a reference.

Section 1.2 – Introduction

New Hampshire's Constitution is the second oldest in the United States. Adopted June 2, 1784, our constitution gives to the General Court the power to levy taxes. That body, also known as the New Hampshire House of Representatives and Senate, has in turn established laws that assigned property tax duties to local "selectmen," who make up the governing bodies of municipalities.

A public-spirited citizen, who volunteers to run for the local Board of Selectmen, wakes up the day after the election to the fact he/she has shouldered a very great responsibility for the economic well-being of his/her neighbors. This citizen is now a local assessor and will be responsible for all the tough decisions that assessing entails.

In many of the larger municipalities, Boards of Selectmen hire professional assessors (either as local officials or as private contractors) to do the work of assessing. City (and some town) charters have shifted the assignment from the governing body to specific Boards of Assessors, which is permissible under state law. However the ultimate responsibility is where the founding fathers originally placed it, with the elected local officials.

The Supreme Court has put a fine point on it. An assessor is a "public officer," who holds an important public trust. An assessor is not simply an agent of a community. The assessor must be established as an arbiter of fairness. Few things are more important to human beings than the respect of their families, their neighbors and their fellow citizens. Generally, respect is subject to the manner in which one behaves. The property tax process is no different. Respect must be earned.

The public duty of assessors, which is to assign shares of the tax burden, is serious business. Processes must be well documented, transparent, credible, accurate and fair. The process requires all of these attributes to establish the public's trust. The foundation of any sound property tax system where opinions of value are cornerstones, are the ethical individuals with personal integrity who lend that integrity to the property tax system. By design, a healthy tax process has checks and balances, audits and accountability, in order to assure the public that its trust of the property tax system is well deserved.

If there is but a single theme in this manual, it is that the property tax must be fair, equitable and just if the tax and the people who administer it are to earn the public trust.

What follows next is some background to the origins of the property tax, along with a discussion of methods, practices and resources for maintaining the professional property tax process that the taxpayers of New Hampshire expect.

Section 1.3 - History of Ad Valorem Taxation

A Long Tradition – Ancient Background

The origin of the property tax goes back a long way. In the Old Testament, we read in II Kings, Chapter 23, Verse 35, "*And Jehoiakim gave the silver and the gold to Pharaoh: but he taxed the land to give the money according to the commandment of Pharaoh; he exacted the silver and gold of the people of the land, of everyone, according to his taxation, to give it unto Pharaohnechok.*"

Modern Background

Early agrarian societies required taxes be paid "in kind" as a percentage of the annual crop. Some civilizations even had tax caps limiting the maximum tax to a certain level of the crop. Classification was also an early tool, specifying different tax rates for different crops.

In the 1600's, the Spaniards had developed two types of property taxes. The first was a one percent tax on the value of real estate. The second was a five percent tax on the selling price of real estate transfers. England had a long history of taxing by the number of windows and chimneys in a building. Like the others mentioned, this also was an ad valorem tax of sorts since these attributes added to the value of buildings.

The early philosophers, out of whose ideas capitalism and the free enterprise system grew, were in agreement that the very purpose of government – its essential reason for being – was to protect and preserve life, liberty and property. New Hampshire's Constitution, founded on those early convictions, makes that abundantly clear. The only variable in that foundation is property. We all have life, and should have liberty, both to the fullest degree. But we own property in varying amounts.

What, therefore, is more proper and fitting than that the share of money each of us is asked to contribute to government be proportionate to the share of property we expect government to preserve and protect?

In New Hampshire, the tax schedule in 1742 specified the following amounts of tax:

> Land (within fence, meadows or marsh, moveable) 10 shillings per acre; oxen four years old and over, 3 pounds; steers, cows and heifers, 30-40 shillings if three years old; 20 shillings if two years old; yearlings, 10 shillings; horses three years and over, 3 pounds; swine one year and over, 10 shillings; sheep one year and over, exempt; double houses (two story), 10 shillings.

For more than 200 years, Adam Smith's four maxims of taxation have endured. He was the author of the landmark book, "The Wealth of Nations" and is widely acknowledged as the

founder of modern economics. Often referred to as Smith's "canons of taxation" the founding principles of taxation are:

1. Equality
2. Certainty
3. Convenience of payment
4. Economy in collection

According to contemporary tax scholar Arlo Woolery, the guiding principle of taxation is simply:

Tax policy and its administration, at its core, should reflect these principles.

> *For any tax, the cost of avoidance must be greater than the cost of compliance.*
> –***Arlo Woolery***

Section 1.4 - History of New Hampshire Real Property Taxation

Real property or "estates," was the source of revenue in New Hampshire even in colonial times and was continued after the War for Independence as the new Constitution was adopted in 1784. The first state tax was collected as a levy upon municipalities in proportion to their own local inventories of property.

A constitutional amendment adopted by the people in 1902 allowed for the taxation of inheritances. The General Court's enactment of such a tax three years later marked the beginning of a state tax structure independent of the municipalities.

Assessing Land and Improvements

The State Tax Commission was established in 1911 and was the predominant taxing authority for both state and local taxes for many years.

The trend continued in 1923, as major changes were made in the way money was treated as "property." It was no longer to be listed on local inventories, partly because citizens were less and less willing to admit their ownership of stocks and bonds. Municipal assessors had no effective way to discover such "property." The state took over the task and imposed, instead, a state tax on interest and dividends.

The separation continued with the establishment of a meals and rooms tax in 1967. The State's role was expanded in a special spring session of the General Court in 1970 when most personal property was exempted from the local tax in a far-reaching reform. Classes removed from the local rolls the following year were stock in trade, farm livestock and poultry, fuel pumps, mills and machinery. In place of these, the state imposed a direct tax on business profits, from which a part of that revenue was promised to towns and cities to make up for the revenue lost from the elimination of the personal property tax.

The State Tax Commission, in the midst of this period of reform, mandated a procedural change that continues to have an effect on local assessors. Beginning in 1968, it required that land assessments be made and listed separately from improvements. It had full power to do so, since

the courts ruled some time before that the Commission was "responsible for overseeing all assessing officials in the performance of their duties," and was the highest "tax assessing authority."

Taxpayer appeals had long been made only to the court system that, over time, took referring some cases back to the Tax Commission. A new law in 1955 provided for direct appeals by taxpayers to the Commission itself.

Constitutional amendments exempted standing wood and timber from the property tax base (in 1942) and allowed for the assessment of unimproved land at values indicated by its "current use" (in 1968). These amendments have produced further changes which had to be incorporated into the evolving tax structure.

The Board of Taxation was established in 1973. This was the beginning of a quasi-judicial agency designed to handle taxpayer appeals. The State Tax Commission was abolished in 1978 and the Department of Revenue Administration was created. The appellate function continued to be modified. The Eminent Domain Commission, which had been created in 1971, and the Board of Taxation were merged in 1982 to create the Board of Tax and Land Appeals, as we know it today.

The Department of Revenue Administration was reorganized effective January 1, 1986. At that time, it was established that the Commissioner who heads the agency was ultimately the authority in charge of the property tax process. Assessors as "public officers" are under the general supervision of the Commissioner. This broad authority was redefined in 1999 when the DRA ceased its role as a potential provider of local revaluation services. Today the Commissioner is in charge of the overall administration of the property tax system, certifying assessing professionals, and upholding the quality and uniformity of assessments.

The newly combined Municipal and Property Division within the DRA has a broad responsibility: to assist municipalities with the job of appraisal while providing guidance and education to local assessors. A Bureau within the Division is responsible for the sensitive task of equalization: the determination of the market value of all property. Equalization maintains a standard yardstick of value (market value) statewide and is critical when shared common tax burdens such as the county tax are calculated and allocated to the municipalities.

Twentieth Century

It was early in this century when American economists and appraisers developed the outlines of appraisal theory, as it is known today. In 1934, the National Association of Assessing Officers was formed. Today it is known as the International Association of Assessing Officers (IAAO) since its members and the professional standards they represent are recognized around the world.

In more recent years, scholars have come up with new ideas on where to find and collect state and local revenue. Other states, counties and even municipalities have turned to drafts on the wealth stream and the flow of money – sales and income taxes, etc. – so that the role of the property tax in state and local government has fallen sharply. Nationally, until the early twenties, the property tax was providing 80% of such revenue throughout the United States. By the mid-fifties the tax was providing 45% of revenue and was down to 32% by 1994.

As a point of comparison, New Hampshire's reliance on the property tax has remained high and was 54% of all revenue collected in 2012.

Section 1.5 - Department of Revenue Administration

The forerunner of the Department of Revenue Administration was the State Tax Commission. Established in 1911, this was at that time, the predominant taxing authority for both state and local taxes. One important ruling involving the property tax was made in 1969 when the State Tax Commission required that land assessments be made and listed separately from those of improvements.

The State Tax Commission was abolished in 1978 and replaced by the Department of Revenue Administration. The DRA, as we know it today, is the result of a further re-structuring of the department effective January 1, 1986. An important feature in the new structure was that it clearly established the Commissioner as the individual in charge of the Department. Assessors, serving as "public officers," are under the general supervision of the Commissioner.

The Municipal and Property Division, under the leadership of a director, has broad responsibility for assisting municipalities with all aspects of the property tax process. These include the "timber tax," "gravel tax," utility taxation, equalization, and revaluation monitoring, along with the review of appraisal practices or town-wide revaluations once every five years. The equalization process analyzes 25,000 to 30,000 sales throughout the state in conjunction with the local values in order to establish an assessment to sales ratio. These results are used for both calculating the total equalized values of each municipality as well as evaluating the quality of each municipality's assessment program. The Municipal Division's primary function is to set property tax rates and to provide technical assistance to municipal officials regarding budgeting, finance, and local tax collection.

Chapter 2

Assessor's Yearly Calendar

Section 2.1 - Introduction to Task Calendar & Due Dates

This calendar list is intended to serve as a guide for both municipalities and taxpayers alike as a reminder of the task and due dates that take place on a monthly basis. It is broken out into three categories: municipal due dates, monthly municipal tasks, and taxpayer tasks and due dates.

Municipality due dates are statutory task requirements for duties that need to be performed as of a specific date. This can include items such as the last day for assessing officials to give the tax warrant to the tax collector; processing abatements, exemptions and tax credits; and filing documents with the New Hampshire Department of Revenue.

Monthly municipal tasks are tasks that occur throughout the month, which may include the processing of deeds, building permits, and applications for abatements, exemptions and tax credits.

Taxpayer tasks and due dates include when items should be filed with their local municipalities, Board of Tax and Land Appeals, the New Hampshire Department of Revenue, etc.

January

February

March

April

May

June

July

August

September

October

November

December

Section 2.2 – Assessor's and Taxpayer Task Calendar and Due Dates

JANUARY		
DATE	**MUNICIPAL TASKS and FILING DUE DATES**	**RSA**
-	None	-
MONTHLY MUNICIPAL TASKS		
-	Accept taxpayer requests for property tax abatements	*76:16*
-	Process abatement, exemption and tax credits applications	*76:16*
-	Process deeds and transfers; maintain sales book	• *80:27* • *80:36*
-	Verify and code sales properties for equalization study	-
-	• Process PA-7, Notice of Intent to Cut • Process PA-8, Report of Cut • Assess 10% normal yield tax for PA-8, Report of Cut, within 30 days of receipt (*if applicable*), on form PA-9, Certification of Yield Taxes Assessed	• *79:10* • *79:11* • *79:3*
-	• Process PA-38, Notice of Intent to Excavate • Process PA-39, Report of Excavated Material • Assess excavation tax for PA-39, Report of Excavated Material, within 30 days of receipt (*if applicable*)	• *72-B:8* • *72-B:9* • *72-B:4*
-	Maintain organization of approved building permits and flagged properties needing review; begin field inspections	-
-	Organize approved and recorded subdivisions, lot-line adjustments and voluntary mergers that occurred since the prior April 1, for tax map updates	-
-	Issue land use change tax *(if applicable)*	*79-A:7*
TAXPAYER TASKS and FILING DUE DATES *(if applicable)*		
-	File for property tax abatement for December tax bill	-
-	File for elderly or disabled tax deferral for April 1 assessed value	-

- No *specific* due date or statutory requirement

FEBRUARY		
DATE	**MUNICIPAL TASKS and DUE DATES**	**RSA**
-	None	-
MONTHLY MUNICIPAL TASKS		
-	Accept taxpayer requests for property tax abatements	*76:16*
-	Process abatement, exemption and tax credits applications	*76:16*
-	Process deeds and transfers; maintain sales book	• *80:27* • *80:36*
-	Verify and code sales properties for equalization study	-
-	• Process PA-7, Notice of Intent to Cut • Process PA-8, Report of Cut • Assess 10% normal yield tax for PA-8, Report of Cut, within 30 days of receipt (*if applicable*) on form PA-9, Certification of Yield Taxes Assessed	• *79:10* • *79:11* • *79:3*
-	• Process PA-38, Notice of Intent to Excavate • Process PA-39, Report of Excavated Material • Assess excavation tax for PA-39, Report of Excavated Material, within 30 days of receipt (*if applicable*)	• *72-B:8* • *72-B:9* • *72-B:4*
-	Maintain organization of approved building permits and flagged properties needing review; continue field inspections	-
-	Organize approved and recorded subdivisions, lot-line adjustments and voluntary mergers that occurred since the prior April 1, for tax map updates	-
-	Issue land use change tax *(if applicable)*	*79-A:7*
TAXPAYER TASKS and DUE DATES *(if applicable)*		
-	File for property tax abatement for December tax bill	-
-	File for elderly or disabled tax deferral for April 1 assessed value	-

- No *specific* due date or statutory requirement

MARCH		
DATE	**MUNICIPAL TASKS and DUE DATES**	**RSA**
1	Last day to accept property tax abatement requests	*76:16*
25	Last day to mail/hand deliver blank PA-28 Inventory of Taxable Property, postage prepaid if inventories used by municipality	*74:5*
30	File notice with the registry of deeds of each tax deferral granted within 30 days of approval	*72:38-a, V*
31	Last day to apply subdivisions, lot-line adjustments and voluntary mergers; any recorded after March 31, will be for the next tax year	-
MONTHLY MUNICIPAL TASKS		
-	Process abatements, exemptions and tax credits applications	-
-	Process deeds and transfers; maintain sales book	• *80:27* • *80:36*
-	Verify and code sales properties for equalization study	-
-	• Process PA-7, Notice of Intent to Cut • Process PA-8, Report of Cut • Assess 10% normal yield tax for PA-8, Report of Cut, within 30 days of receipt (*if applicable*) on form PA-9, Certification of Yield Taxes Assessed	• *79:10* • *79:11* • *79:3*
-	• Process PA-38, Notice of Intent to Excavate • Process PA-39, Report of Excavated Material • Assess excavation tax for PA-39, Report of Excavated Material, within 30 days of receipt (*if applicable*)	• *72-B:8* • *72-B:9* • *72-B:4*
-	Maintain organization of approved building permits and flagged properties needing review; continue field inspections	-
-	Organize approved and recorded subdivisions, lot-line adjustments and voluntary mergers that occurred since the prior April 1, for tax map updates	-
-	Issue land use change tax *(if applicable)*	*79-A:7*
TAXPAYER TASKS and DUE DATES *(if applicable)*		
1	• Last day to apply for property tax abatement for previous December tax bill • Last day to file for elderly or disabled tax deferral for April 1 assessed value	• *76:16* • *72:38-a*
31	Last day to file request for an Intent to Cut extension, allowing until June 30, to complete cutting operation filed in previous tax year	*79:10, II*

- No *specific* due date or statutory requirement

APRIL		
DATE	**MUNICIPAL DUE DATES**	**RSA**
1	• Assessing officials shall adjust assessments to reflect changes so all assessments are reasonably proportional within the municipality • Assessing officials shall make a list of all polls and take an inventory of all estates liable to be taxed as of April 1 • Last day to give public notice of time/place where inventories will be received and hear parties regarding their liability to be taxed • Compile a list of persons aged 18 to 65 years liable for residence tax, if used by municipality	• *75:8* • *74:1* • *74:10* • *72:1*
-	Assessing officials may, before or when taking the inventory, give written notice to landowner's that they will be taxed for buildings owned by another on his/her land	*75:3*
MONTHLY MUNICIPAL TASKS		
-	Process abatements, exemptions and tax credits applications	-
-	Process deeds and transfers; maintain sales book	• *80:27* • *80:36*
-	Verify and code sales properties for equalization study	-
-	• Process PA-7, Notice of Intent to Cut • Process PA-8, Report of Cut • Assess 10% normal yield tax for PA-8, Report of Cut, within 30 days of receipt (*if applicable*) on form PA-9, Certification of Yield Taxes Assessed	• *79:10* • *79:11* • *79:3*
-	• Process PA-38, Notice of Intent to Excavate • Process PA-39, Report of Excavated Material • Assess excavation tax for PA-39, Report of Excavated Material, within 30 days of receipt (*if applicable*)	• *72-B:8* • *72-B:9* • *72-B:4*
-	Maintain organization of approved building permits and flagged properties needing review; continue field inspections	-
-	Organize approved and recorded subdivisions, lot-line adjustments and voluntary mergers that occurred since the prior April 1, for tax map updates	-
-	Issue land use change tax *(if applicable)*	*79-A:7*
TAXPAYER TASKS and DUE DATES *(if applicable)*		
1	File PA-38, Notice of Intent to Excavate, for new tax year	*72-B:8*

TAXPAYER TASKS and DUE DATES *(if applicable)* **continued**		
April 15	Last day to file applications for the following: • Religious, Educational or Charitable Exemption *(A-9 and A-12, if applicable, available on the BTLA website at www.nh.gov/btla/forms/index)* • PA-29 Permanent Application for Property Tax Credit/Exemption • A-10 Application for Current Use Assessment • PA-60 Conservation Restriction Assessment • PA-36 Discretionary Easement • PA-36A Discretionary Preservation Easement • PA-48 Farm Structures & Land Under Farm Structures Assessment • Last day to apply for special appraisal for Historic Structures • Last day to apply for a special appraisal for a Residence in an Industrial or Commercial Zone *(PA-42)* • Last day to mail or hand deliver completed PA-28, Inventory of Taxable Property, to assessing officials • Last day to file PA-39, Report of Excavated Material, for the preceding tax year ending March 31	• *72:34-a; 72-38-a* • *72:33* • *79-A:5* • *79-B:4* • *79-C:4* • *79-D:4* • *79-F:4* • *75:11* • *79-G:4* • *74:7* • *72-B:9*

- No *specific* due date or statutory requirement

MAY		
DATE	**MUNICIPAL DUE DATES**	**RSA**
15	• Last day for assessing official to give property tax warrant to tax collector for semi-annual tax billing • Last day for assessing official to give property tax warrant to tax collector for quarterly tax billing • Last day to accept PA-8, Report of Wood Cut, for cutting operations completed through March 31	• *76:15-a* • *76:15-aa* • *79:3*
31	Last day for assessing officials to commit the resident tax warrant to the tax collector	*76:12*
MONTHLY MUNICIPAL TASKS		
-	Process abatements, exemptions and tax credits applications	-
-	Process deeds and transfers; maintain sales book	• *80:27* • *80:36*
-	Verify and code sales properties for equalization study	-
-	• Process PA-7, Notice of Intent to Cut • Process PA-8, Report of Cut • Assess 10% normal yield tax for PA-8, Report of Cut, within 30 days of receipt (*if applicable*) on form PA-9, Certification of Yield Taxes Assessed	• *79:10* • *79:11* • *79:3*
-	• Process PA-38, Notice of Intent to Excavate • Process PA-39, Report of Excavated Material • Assess excavation tax for PA-39, Report of Excavated Material, within 30 days of receipt (*if applicable*)	• *72-B:8* • *72-B:9* • *72-B:4*
-	Maintain organization of approved building permits and flagged properties needing review; continue field inspections	-
-	Organize approved and recorded subdivisions, lot-line adjustments and voluntary mergers that occurred since the prior April 1, for tax map updates	-
-	Issue land use change tax *(if applicable)*	*79-A:7*
	TAXPAYER TASKS and DUE DATES *(if applicable)*	
15	Last day to file PA-8, Report of Cut, for tax year ending March 31 (if no extension requested)	*79:11*, I

- No *specific* due date or statutory requirement

JUNE		
DATE	**MUNICIPAL DUE DATES**	**RSA**
1	Last day for a charitable organization or societies to file form A-12, Charitable Organization Financial Statement	*72:23*, *VI*
15	Last day to certify normal yield taxes assessed, to the commissioner, for the preceding tax year ending March 31	*79:19*, *I*
30	Last day for assessing official to determine any change in use on current use land	*79-A:5*, *IV*
MONTHLY MUNICIPAL TASKS		
-	Process abatements, exemptions and tax credits applications	-
-	Process deeds and transfers; maintain sales book	• *80:27* • *80:36*
-	Verify and code sales properties for equalization study	-
-	• Process PA-7, Notice of Intent to Cut • Process PA-8, Report of Cut • Assess 10% normal yield tax for PA-8, Report of Cut, within 30 days of receipt (*if applicable*) on form PA-9, Certification of Yield Taxes Assessed	• *79:10* • *79:11* • *79:3*
-	• Process PA-38, Notice of Intent to Excavate • Process PA-39, Report of Excavated Material • Assess excavation tax for PA-39, Report of Excavated Material, within 30 days of receipt (*if applicable*)	• *72-B:8* • *72-B:9* • *72-B:4*
-	Maintain organization of approved building permits and flagged properties needing review; continue field inspections	-
-	Organize approved and recorded subdivisions, lot-line adjustments and voluntary mergers that occurred since the prior April 1, for tax map updates	-
-	Issue land use change tax *(if applicable)*	*79-A:7*
TAXPAYER TASKS and DUE DATES *(if applicable)*		
30	Last day of work for approved extension request on PA-7, Notice of Intent to Cut, for preceding tax year ending March 31	*79:11*, *II*

- No *specific* due date or statutory requirement

JULY		
DATE	**MUNICIPAL DUE DATES**	**RSA**

1	• Last day to mail notification to taxpayer of the municipality's decision to grant or deny an application for property tax abatement. Failure to respond constitutes a denial.
	• Last day to mail notification to taxpayer of the municipality's decision on a request for a special appraisal of a residence located in a commercial or industrial zone (*or within 15 days if application is filed after July 1*)
	• Last day to mail notification of the municipality's decision to classify or not to classify a landowner's request for:
	  • current use assessment
	  • conservation restriction assessment or
	  • farm structures & land under farm structures
	• Last day to notify an taxpayer of the municipality's decision to grant or deny a deferral request for the previous tax year (*if final tax bill mailed by December 31*)
	• Last day to mail notification to a taxpayer of the qualification or disqualification of a requested exemption or tax credit
		• *76:16*, *II*
		• *75:11*, *II*
		
		• *79-A:5*
		• *79-B:4*
		• *79-F:4*
		• *72:34*, *IV*
		• *72:34*, *IV*

MONTHLY MUNICIPAL TASKS		
-	Process abatements, exemptions and tax credits applications	-
-	Process deeds and transfers; maintain sales book	• *80:27* • *80:36*
-	Verify and code sales properties for equalization study	-
-	• Process PA-7, Notice of Intent to Cut • Process PA-8, Report of Cut • Assess 10% normal yield tax for Report of Cut, within 30 days of receipt (*if applicable*) on form PA-9, Certification of Yield Taxes Assessed	• *79:10* • *79:11* • *79:3*
-	• Process PA-38, Notice of Intent to Excavate • Process PA-39, Report of Excavated Material • Assess excavation tax for PA-39, Report of Excavated Material, within 30 days of receipt (*if applicable*)	• *72-B:8* • *72-B:9* • *72-B:4*
-	Maintain organization of approved building permits and flagged properties needing review; continue field inspections	-
-	Organize approved and recorded subdivisions, lot-line adjustments and voluntary mergers that occurred since the prior April 1, for tax map updates	-
-	Issue land use change tax *(if applicable)*	*79-A:7*
TAXPAYER TASKS and DUE DATES *(if applicable)*		
-	None	-

- No *specific* due date or statutory requirement

AUGUST		
DATE	**MUNICIPAL DUE DATES**	**RSA**
1	• Last day to file with registry of deeds notice of contingent liens describing all parcels of land classified under current use ***except*** for previously filed parcels that have not changed (or within 14 days, if classified after this date) • Last day to file with registry of deeds the list of properties classified under current use assessment (or within 14 days if classified after this date)	• *79-A:5*, *VI* • *79-A:5*, *VI*
MONTHLY MUNICIPAL TASKS		
-	Process abatements, exemptions and tax credits applications	-
-	Process deeds and transfers; maintain sales book	• *80:27* • *80:36*
-	Verify and code sales properties for equalization study	-
-	• Process PA-7, Notice of Intent to Cut • Process PA-8, Report of Cut • Assess 10% normal yield tax for PA-8, Report of Cut, within 30 days of receipt (*if applicable*) on form PA-9, Certification of Yield Taxes Assessed	• *79:10* • *79:11* • *79:3*
-	• Process PA-38, Notice of Intent to Excavate • Process PA-39, Report of Excavated Material • Assess excavation tax for PA-39, Report of Excavated Material, within 30 days of receipt (*if applicable*)	• *72-B:8* • *72-B:9* • *72-B:4*
-	Maintain organization of approved building permits and flagged properties needing review; continue field inspections	-
-	Organize approved and recorded subdivisions, lot-line adjustments and voluntary mergers that occurred since the prior April 1, for tax map updates	-
-	Issue land use change tax *(if applicable)*	*79-A:7*
TAXPAYER TASKS and DUE DATES *(if applicable)*		
15	Last day to file PA-8, Report of Cut, on approved extension request on PA-7, Notice of Intent to Cut, continuing after previous tax year ending March 31 and completed by June 30	*79:11*, *II*

- No *specific* due date or statutory requirement

SEPTEMBER		
DATE	**MUNICIPAL DUE DATES**	**RSA**
1	Last day to submit MS-1, Summary Inventory of Valuation, to DRA (unless extension has been requested) NOTE: Once MS-1 is finalized, ***DO NOT*** change property values until final tax bill is issued – ***UNLESS*** a revised MS-1 will be submitted to DRA	*21-J:34*, *I*
15	Last day to certify the normal yield taxes assessed, to the commissioner, for the preceding tax year ending March 31, for operations extended to June 30	*79:19*, *II*
MONTHLY MUNICIPAL TASKS		
-	Process abatements, exemptions and tax credits applications	-
-	Process deeds and transfers; maintain sales book	• *80:27* • *80:36*
-	Verify and code sales properties for equalization study	-
-	• Process PA-7, Notice of Intent to Cut • Process PA-8, Report of Cut • Assess 10% normal yield tax for PA-8, Report of Cut, within 30 days of receipt (*if applicable*) on form PA-9, Certification of Yield Taxes Assessed	• *79:10* • *79:11* • *79:3*
-	• Process PA-38, Notice of Intent to Excavate • Process PA-39, Report of Excavated Material • Assess excavation tax for PA-39, Report of Excavated Material, within 30 days of receipt (*if applicable*)	• *72-B:8* • *72-B:9* • *72-B:4*
-	Maintain organization of approved building permits and flagged properties needing review; continue field inspections	-
-	Organize approved and recorded subdivisions, lot-line adjustments and voluntary mergers that occurred since the prior April 1, for tax map updates	-
-	Issue land use change tax *(if applicable)*	*79-A:7*
TAXPAYER TASKS and DUE DATES *(if applicable)*		
1	• Last day to appeal denial of request for exemption, tax credit, or deferral to BTLA or Superior Court • Last day to appeal denial or decision of request for property tax abatement to BTLA or Superior Court for previous December tax bill	• *72:34-a* • *76:16-a*

- No *specific* due date or statutory requirement

OCTOBER		
DATE	**MUNICIPAL DUE DATES**	**RSA**
1	• Last day to notify DRA if selectmen have voted ***not*** to use the PA-28, Inventory of Taxable Property • Contact DRA to establish tax rate setting date • If equalization study is not complete, begin or continue verifying sales	• *74:4-a, II* - -
MONTHLY MUNICIPAL TASKS		
-	Process abatements, exemptions and tax credits applications	-
-	Process deeds and transfers; maintain sales book	• *80:27* • *80:36*
-	Verify and code sales properties for equalization study	-
-	• Process PA-7, Notice of Intent to Cut • Process PA-8, Report of Cut • Assess 10% normal yield tax for PA-8, Report of Cut, within 30 days of receipt (*if applicable*) on form PA-9, Certification of Yield Taxes Assessed	• *79:10* • *79:11* • *79:3*
-	• Process PA-38, Notice of Intent to Excavate • Process PA-39, Report of Excavated Material • Assess excavation tax for PA-39, Report of Excavated Material, within 30 days of receipt (*if applicable*)	• *72-B:8* • *72-B:9* • *72-B:4*
-	Maintain organization of approved building permits and flagged properties needing review; continue field inspections	-
-	Organize approved and recorded subdivisions, lot-line adjustments and voluntary mergers that occurred since the prior April 1, for tax map updates	-
-	Issue land use change tax *(if applicable)*	*79-A:7*
TAXPAYER TASKS and DUE DATES *(if applicable)*		
-	None	-

- No *specific* due date or statutory requirement

NOVEMBER		
DATE	**MUNICIPAL DUE DATES**	**RSA**
-	None	-
	MONTHLY MUNICIPAL TASKS	
-	Process abatements, exemptions and tax credits applications	-
-	Process deeds and transfers; maintain sales book	• *80:27* • *80:36*
-	Verify and code sales properties for equalization study	-
-	• Process PA-7, Notice of Intent to Cut • Process PA-8, Report of Cut • Assess 10% normal yield tax for PA-8, Report of Cut, within 30 days of receipt (*if applicable*) on form PA-9, Certification of Yield Taxes Assessed	• *79:10* • *79:11* • *79:3*
-	• Process PA-38, Notice of Intent to Excavate • Process PA-39, Report of Excavated Material • Assess excavation tax for PA-39, Report of Excavated Material, within 30 days of receipt (*if applicable*)	• *72-B:8* • *72-B:9* • *72-B:4*
-	Maintain organization of approved building permits and flagged properties needing review; continue field inspections	-
-	Organize approved and recorded subdivisions, lot-line adjustments and voluntary mergers that occurred since the prior April 1, for tax map updates	-
-	Issue land use change tax *(if applicable)*	*79-A:7*
TAXPAYER TASKS and DUE DATES *(if applicable)*		
-	None	-

- No *specific* due date or statutory requirement

DECEMBER		
DATE	**MUNICIPAL DUE DATES**	**RSA**
15	Equalization study due to DRA within 45 days (after receipt from Commissioner) from date of notification	*21-J:9-a*, *V*
MONTHLY MUNICIPAL TASKS		
-	Process abatements, exemptions and tax credits applications	-
-	Process deeds and transfers; maintain sales book	• *80:27* • *80:36*
-	Verify and code sales properties for equalization study	-
-	• Process PA-7, Notice of Intent to Cut • Process PA-8, Report of Cut • Assess 10% normal yield tax for PA-8, Report of Cut, within 30 days of receipt (*if applicable*) on form PA-9, Certification of Yield Taxes Assessed	• *79:10* • *79:11* • *79:3*
-	• Process PA-38, Notice of Intent to Excavate • Process PA-39, Report of Excavated Material • Assess excavation tax for PA-39, Report of Excavated Material, within 30 days of receipt (*if applicable*)	• *72-B:8* • *72-B:9* • *72-B:4*
-	Maintain organization of approved building permits and flagged properties needing review; continue field inspections	-
-	Organize approved and recorded subdivisions, lot-line adjustments and voluntary mergers that occurred since the prior April 1, for tax map updates	-
-	Issue land use change tax *(if applicable)*	*79-A:7*
TAXPAYER TASKS and DUE DATES *(if applicable)*		
1	Last day to file amended permanent application for exemption or tax credit if residence has changed	*72:33*, *II*

- No *specific* due date or statutory requirement

Chapter 3

New Hampshire Revised Statutes Annotated (RSA's)

Section 3.1 – Introduction

The New Hampshire Revised Statutes Annotated (RSA) is the published law code, with annotations to case law, of all New Hampshire statutes. The laws have been enacted throughout the State's history. The laws can be changed or amended through the legislative process and can also be reversed by an unconstitutional finding by either the New Hampshire Supreme Court or United States Federal Court. The laws create the legal framework under which assessing administration is accomplished in the state.

Laws are like sausages, it is better not to see them being made.
- Otto von Bismarck

The RSA's are available in book format from Lexis-Nexis Publishing Company at: www.lexisnexis.com. They are also available on-line through the New Hampshire website at: www.nh.gov. In addition, the New Hampshire Association of Assessing Officials (NHAAO) (www.nhaao.org) and the Department of Revenue Administration (DRA) co-sponsor an annual two-part assessing statutes course entitled: *New Hampshire State Statutes Course*. Those organizations co-publish lengthy state statutes student reference manuals that may also be of assistance.

Section 3.2 – RSA Taxation References by Topic

Click on the link below to go directly to the topic.

ABUSE OF OFFICE

ACCESS TO GOVERNMENTAL RECORDS AND MEETINGS (Right-to-Know)

ADMINISTRATIVE INSPECTION WARRANTS

ALDERMEN and COUNCILMEN

APPEALS and ABATEMENTS

APPRAISAL and ASSESSMENT

CHOICE and DUTIES OF TOWN OFFICERS

DEPARTMENT of REVENUE ADMINISTRATION

ENERGY CONSERVATION IN PUBLIC BUILDINGS

ENERGY CONSERVATION IN NEW BUILDING CONSTRUCTION

EXCAVATION TAX

EXEMPT PROPERTY

EXEMPTIONS and DEFERRALS *(for Persons)*

EXEMPTIONS *(for Property)*

HAZARDOUS AND DILAPIDATED BUILDINGS

INVENTORIES

MANUFACTURED HOUSING

MISCELLANEOUS

NEW HAMPSHIRE BUILDING CODE

PAYMENTS IN LIEU OF TAXES (PILOTS)

RESIDENT TAX

TAX BILLING and COLLECTION

TIMBER TAX

UTILITIES

VETERANS' TAX CREDITS

D – Linked to reference within document.
W – Linked to Website.

Entire CHAPTER References have been added with **BOLD** Headings. If you would like to view *Sections* that are not listed here, click on the linked RSA next to the bolded headings to view more.

TOPIC & TITLE OF STATUTES			STATUTE NUMBER	Changes *After* 2008
Equality & Proportionality of Taxation.			Constitution PT 1; Art 12	
ABUSE OF OFFICE			RSA 643	
ACCESS TO GOVERNMENTAL RECORDS AND MEETINGS (Right-to-Know)			RSA 91-A	
ADMINISTRATIVE INSPECTION WARRANTS			RSA 595-B	
ALDERMEN AND COUNCILMEN			RSA 46	
APPEALS and ABATEMENTS				
BOARD OF TAX AND LAND APPEALS			RSA 71-B	
Authority; Duties. *(BTLA)*		W	RSA 71-B:5	
Order for Reassessment. *(BTLA)*		W	RSA 71-B:16	
Appeal From Refusal to Grant Exemption, Deferral, or Tax Credit.		W	RSA 72:34-a	
Appeal to Board of Tax and Land Appeals.		W	RSA 75:14	
APPORTIONMENT, ASSESSMENT AND ABATEMENT OF TAXES			RSA 76	
Property Tax Year. *(April 1-March 31)*		W	RSA 76:2	*eff.* 4/1/2013
Correction of Omissions, or Improper Assessment.		W	RSA 76:14	
By Selectmen or Assessors. *(Abatement)*		W	RSA 76:16	
By Board of Tax and Land Appeals.		W	RSA 76:16-a	
By Court. *(Abatement by Superior Court)*		W	RSA 76:17	
Interest. *(Abatement)*		W	RSA 76:17-a	
Filing Fee Reimbursed.		W	RSA 76:17-b	
Effect of Abatement Appeal on Subsequent Taxes.		W	RSA 76:17-c	
Abatement Refund.		W	RSA 76:17-d	
Prorated Assessments for Damaged Buildings.		W	RSA 76:21	*eff.* 4/1/2013
APPRAISAL and ASSESSMENT				
Real Estate.		W	RSA 72:6	
Buildings, etc.		W	RSA 72:7	
Where Taxable. *(Property Crosses Town Lines)*	D	W	RSA 72:9	
Annual List. *(April 1st)*		W	RSA 74:1	

TOPIC & TITLE OF STATUTES			STATUTE NUMBER	Changes *After* 2008
APPRAISAL OF TAXABLE PROPERTY			RSA 75	
How Appraised.		W	RSA 75:1	*eff.* 7/9/2013
Residential Property Subject to Housing Covenant Under the Low-income Housing Tax Credit Program.		W	RSA 75:1-a	*eff.* 6/30/2010
Distinct Interest.		W	RSA 75:2	
Land and Buildings. *(Buildings on Land of Another)*		W	RSA 75:3	
Revised Inventory.		W	RSA 75:8	
Five-Year Valuation.		W	RSA 75:8-a	
Annual Appraisal; Municipalities over 10,000.		W	RSA 75:8-b	
Separate Tracts.		W	RSA 75:9	
Definitions. *(Residence in a Commercial Zone)*		W	RSA 75:10	
Appraisal of Residences.	D	W	RSA 75:11	
CURRENT USE TAXATION	D		RSA 79-A	
Definitions. *(Current Use)*		W	RSA 79-A:2, XIII	*eff.* 4/1/2010
Current Use Advisory Board; Members, Appointments, Term, Chairman.		W	RSA 79-A:3	*eff.* 7/8/2011
Powers and Duties of Board; Rulemaking.		W	RSA 79-A:4	
Land Use Change Tax.		W	RSA 79-A:7	*eff.* 7/28/2012
Appeal to Board of Tax and Land Appeals.		W	RSA 79-A:9	
CONSERVATION RESTIRCTION ASSESSMENT	D		RSA 79-B	
DISCRETIONARY EASEMENTS	D		RSA 79-C	
DISCRETIONARY PRESERVATION EASEMENTS	D		RSA 79-D	*eff.* 1/1/2008
COMMUNITY REVITALIZATION TAX RELIEF INCENTIVE	D		RSA 79-E	*eff.* 4/1/2013
TAXATIONOF FARM STRUCTURES AND LAND UNDER FARM STRUCTURES	D		RSA 79-F	*eff.* 8/21/2009
TAXATION OF QUALIFYING HISTORIC BUILDINGS	D		RSA 79-G	*eff.* 7/9/2013

TOPIC & TITLE OF STATUTES			STATUTE NUMBER	Changes *After* 2008
CHOICE AND DUTIES OF TOWN OFFICERS RSA 41				
DEPARTMENT of REVENUE ADMINISTRATION				
DEPARTMENT OF REVENUE ADMINISTRATION			RSA 21-J	
Establishment; General Functions.		W	RSA 21-J:1	
Duties of Commissioner.		W	RSA 21-J:3 V	*eff.* 8/13/2010
Duties of Commissioner. *(Equalization Requirement)*		W	RSA 21-J:3 XIII	
Division of Property Appraisal. (RSA 21-J:9)			**Repealed by 2013, 247:7**	
Assistance to Municipalities. *(Revaluations)*		W	RSA 21-J:10	*eff. 7/24/2013*
Appraisals of Property for Ad Valorem Tax Purposes.		W	RSA 21-J:11	
Rulemaking Authority.		W	RSA 21-J:13	*eff. As provided by 2013*
Powers and Duties of the Assessing Standards Board.		W	RSA 21-J:14-b, I	*eff.* 7/15/2013
Municipal and Property Division.		W	RSA 21-J:15	*eff. 7/24/2013*
Additional Purpose. *(Bonds for Revaluations)*		W	RSA 33:3-b	
Criteria for Ordering Reassessment. *(BTLA)*		W	RSA 71-B:16-a	
EXCAVATION TAX				
Mines, Sand, Gravel, Loam, or Similar Substances.		W	RSA 72:13	
EXCAVATION TAX			RSA 72-B	
Excavation Tax and Taxation of Excavation Area.		W	RSA 72-B:1	
Definitions.		W	RSA 72-B:2	
TIMBER TAX				
FOREST CONSERVATION AND TAXATION			RSA 79	
Definitions.		W	RSA 79:1	*eff.* 7/1/2012
Release from Taxes.		W	RSA 79:2	
Normal Yield Tax.		W	RSA 79:3	

TOPIC & TITLE OF STATUTES			STATUTE NUMBER	Changes *After* 2008
Land Ownership.		W	RSA 79:3-a	
Appeal and Abatement.		W	RSA 79:8	
Notice of Intent to Cut.		W	RSA 79:10	
Report. *(of Wood Cut)*		W	RSA 79:11	
Doomage.		W	RSA 79:12	
Enforcement.		W	RSA 79:28	
UTILITIES				
Electric Plants and Pipe Lines.	D	W	RSA 72:8	
Water Works, Flood Control, Additional Provisions. *(A municipality's acquisition of property in another city/ town for water supply or flood control)*	D	W	RSA 72:11-a	*eff. 6/20/2013*
Public Utilities. *(For railroads and other public utilities not taxed under RSA 82 or RSA 82-A)*	D	W	RSA 72:12	
Water and Air Pollution Control Facilities.	D	W	RSA 72:12-a	*eff.* 5/25/2010
Facilities Previously Exempted.		W	RSA 72:12-b	
TAXATION OF RAILROADS			RSA 82	
Definitions. *(Railroads)*		W	RSA 82:1	*eff.* 7/1/2010
UTILITY PROPERTY TAX			RSA 83-F	
Definitions. *(Utilities)*		W	RSA 83-F:1	*eff.* 7/1/2011
EXEMPTIONS and DEFERRALS *(For Persons)*				
PERSONS AND PROPERTY LIABLE TO TAXATION			RSA 72	
Procedure for Adoption, Modification, or Rescission.	D	W	RSA 72:27-a	*eff.* 7/1/2008
Definitions. *(Resident)*		W	RSA 72:29	*eff.* 4/1/2011
Application for Exemption or Tax Credit.	D	W	RSA 72:33	
Investigation of Application and Decision by Town Officials.	D	W	RSA 72:34	
Appeal From Refusal to Grant Exemption, Deferral, or Tax Credit.		W	RSA 72:34-a	
Interpretations; Rules. *(DRA)*		W	RSA 72:36	
Exemption for the Blind.	D	W	RSA 72:37	

TOPIC & TITLE OF STATUTES			STATUTE NUMBER	Changes *After* 2008
Exemption for Improvements to Assist Persons with Disabilities.	D	W	RSA 72:37-a	
Exemption for the Disabled.	D	W	RSA 72:37-b	*eff.* 4/1/2008
Tax Deferral for Elderly and Disabled.	D	W	RSA 72:38-a	*eff. 1/1/2014*
Exemption for Deaf or Severely Hearing Impaired Persons; Procedure for Adoption.	D	W	RSA 72:38-b	
Conditions for Elderly Exemption.	D	W	RSA 72:39-a	*eff. 6/1/2006*
Procedure for Adoption and Modification of Elderly Exemption.	D	W	RSA 72:39-b	*eff. 6/1/2006*
Limitation.		W	RSA 72:40-a	
Publishing Prohibited.		W	RSA 72:40-b	
Proration.		W	RSA 72:41	
VETERANS' TAX CREDITS				
Veteran; Armed Forces; Active Duty; Service-Connected Injury, Illness, or Disability.		W	RSA 21:50	*eff. 7/24/2013*
Veterans' Tax Credit. *(Standard Credit of $50)*	D	W	RSA 72:28 I	
Veterans' Tax Credit. *(Optional Tax Credit $51 up to $500)*	D	W	RSA 72:28 II	
Veterans' Tax Credit *(Title 10 Training)*	D	W	RSA 72:28 IV(a)	*eff. 7/24/2013*
Veterans' Tax Credit. *(Dates of Service)*	D	W	RSA 72:28 V	
Definitions. *(Resident)*		W	RSA 72:29	*eff.* 4/1/2011
Surviving Spouse. *(Standard Tax Credit of $700)*	D	W	RSA 72:29-a, I	
Surviving Spouse. *(Optional Tax Credit $701 up to $2,000)*	D	W	RSA 72:29-a, II	
Proration of Tax Credit.	D	W	RSA 72:30	
Husband and Wife.	D	W	RSA 72:31	
Application for Exemption or Tax Credit.	D	W	RSA 72:33	
Investigation of Application and Decision by Town Officials.	D	W	RSA 72:34	
Appeal From Refusal to Grant Exemption, Deferral, or Tax Credit.		W	RSA 72:34-a	

TOPIC & TITLE OF STATUTES			STATUTE NUMBER	Changes *After* 2008
Tax Credit for Service-Connected Total Disability. *(Standard Tax Credit of $700)*	D	W	RSA 72:35 I	
Tax Credit for Service-Connected Total Disability.	D	W	RSA 72:35 I-a	
Interpretations; Rules. *(DRA)*		W	RSA 72:36	
EXEMPT PROPERTY				
Exemption; Radio Towers, Antennas, Related Structures.	D	W	RSA 72:7-c	
Exemption. *(Ski Area Machinery)*	D	W	RSA 72:12-c	
Exemption. *(Greenhouses)*	D	W	RSA 72:12-d	
Burial Places.	D	W	RSA 72:22	
Real Estate and Personal Property Tax Exemption.	D	W	RSA 72:23 I	*eff.* 7/1/2011
Real Estate and Personal Property Tax Exemption. *(Religious Organizations)*	D	W	RSA 72:23 III	*eff.* 7/1/2011
Real Estate and Personal Property Tax Exemption. *(Schools)*	D	W	RSA 72:23 IV	
Real Estate and Personal Property Tax Exemption. *(Charitable Organizations)*	D	W	RSA 72:23 V	
Veterans Organization.	D	W	RSA 72:23-a	
American Red Cross.	D	W	RSA 72:23-b	
Annual List.		W	RSA 72:23-c	
Granges.	D	W	RSA 72:23-h	
Charitable, Nonprofit Housing Projects.	D	W	RSA 72:23-k	
Definition of "Charitable."		W	RSA 72:23-1	
Investigation of Application and Decision by Town Officials.	D	W	RSA 72:34	
Appeal From Refusal to Grant Exemption, Deferral, or Tax Credit.		W	RSA 72:34-a	
Certain Disabled Veterans.	D	W	RSA 72:36-a	
Exempt Realty.		W	RSA 74:2	

TOPIC & TITLE OF STATUTES			STATUTE NUMBER	Changes *After* 2008
EXEMPTIONS *(For Property)*				
Investigation of Application and Decision by Town Officials.	D	W	RSA 72:34	
Appeal From Refusal to Grant Exemption, Deferral, or Tax Credit.		W	RSA 72:34-a	
Water and Air Pollution Control Facilities.	D	W	RSA 72:12-a	*eff.* 5/25/2010
Exemption for Aviation Facilities; Partial Reimbursement for Taxes Paid.	D	W	RSA 72:38	
Definition of Solar Energy Systems.		W	RSA 72:61	
Exemption for Solar Energy Systems.	D	W	RSA 72:62	
Application for Exemption. *(Solar Energy Systems)*		W	RSA 72:64	
Definition of Wind-Powered Energy Systems.		W	RSA 72:65	
Exemption for Wind-Powered Energy Systems.	D	W	RSA 72:66	
Application for Exemption. *(Wind-Powered Energy Systems)*		W	RSA 72:68	
Definition of Woodheating Energy System.		W	RSA 72:69	
Exemption for Woodheating Energy Systems.	D	W	RSA 72:70	
Application for Exemption. *(Woodheating Energy Systems)*		W	RSA 72:72	
Commercial and Industrial Exemption.			**Repealed by 2008, 224:4**	
Definition of Renewable Generation Facility.		W	RSA 72:73	*eff. 9/13/2013*
Definitions.		W	RSA 72:75	*eff.* 7/1/2008
Property Tax Exemption.		W	RSA 72:76	
Procedure for Adoption.		W	RSA 72:77	
Application for Exemption.		W	RSA 72:78	*eff.* 6/11/2012
TAX BILLING and COLLECTION				
APPORTIONMENT, ASSESSMENT AND ABATEMENT OF TAXES			RSA 76	
Definitions.		W	RSA 76:1-a, I(d)	*eff.* 7/11/2008
Property Tax Year.		W	RSA 76:2	*eff.* 4/1/2013

TOPIC & TITLE OF STATUTES			STATUTE NUMBER	Changes *After* 2008
Combining Land and Building Values on the Property Tax Bill.		W	RSA 76:2-a	
Education Tax.		W	RSA 76:3	*eff*. 7/1/2009
Overlay.		W	RSA 76:6	
Selectmen's Lists and Warrant.		W	RSA 76:10	*eff*. 9/4/2010
Jeopardy Assessment.		W	RSA 76:10-a	
Information. *(On Tax Bills)*		W	RSA 76:11-a	
Notice of Arrearage.	D	W	RSA 76:11-b	
Interest. *(On Tax Bills)*	D	W	RSA 76:13	
Limitations on Interest When Tax Relief is Granted.		W	RSA 76:13-b	
Semi-Annual Collection of Taxes in Certain Towns and Cities.	D	W	RSA 76:15-a	*eff*. 7/13/2011
Quarterly Billing of Taxes in Certain Towns and Cities.	D	W	RSA 76:15-aa	*eff*. 7/13/2011
Interest. *(Abatement)*		W	RSA 76:17-a	
COLLECTION OF TAXES			RSA 80	
Alternate Tax Lien Procedure.		W	RSA 80:20-a	
Refunds of Overpayments.		W	RSA 80:57	
Lien Procedure; Land Use Change Tax.		W	RSA 80:85	*eff*. 7/28/2012
Sale of Real Estate.		W	RSA 81:3	
INVENTORIES				
ANNUAL INVENTORY OF POLLS AND TAXABLE PROPERTY			RSA 74	
Taxpayer Inventory Blank.		W	RSA 74:4	*eff*. 7/9/2013
Choice to Eliminate Inventory Blanks.		W	RSA 74:4-a	*eff*. 7/24/2011
Distribution.		W	RSA 74:5	
Return of Inventory.		W	RSA 74:7	
Penalty for Failure to File.		W	RSA 74:7-a	*eff*. 7/24/2011
Extension of Time for Filing.		W	RSA 74:8	
Doomage.		W	RSA 74:12	

TOPIC & TITLE OF STATUTES			STATUTE NUMBER	Changes *After* 2008
Inspection of Property.		W	RSA 74:17	*eff.* 7/24/2011
Inventory of Property Transfers.		W	RSA 74:18	
MANUFACTURED HOUSING				
Manufactured Housing. *(Taxable On April 1)*		W	RSA 72:7-a, I	
Manufactured Housing. *(Taxable After April 1)*		W	RSA 72:7-a, I-a	
Manufactured Housing. *(Lien)*		W	RSA 72:7-a, II	
Manufactured Housing.		W	RSA 72:7-b	
Relocation of Buildings or Structures.		W	RSA 80:2-a	
Definition. *(Manufactured Housing)*		W	RSA 674:31	
PAYMENTS IN LIEU of TAXES (PILOT's)				
Charitable, Nonprofit Housing Projects.	D	W	RSA 72:23-k	
Voluntary Payments in Lieu of Taxes.	D	W	RSA 72:23-n	
Payment in Lieu of Taxes. *(Renewable Generation Facility)*		W	RSA 72:74	
RESIDENT TAX				
Persons Liable.		W	RSA 72:1	
Notice of Exemption.		W	RSA 72:1-b	
Optional Collection of Resident Tax.		W	RSA 72:1-c	
Members of the Armed Forces. *(Exemption from Resident Tax)*		W	RSA 72:3-a	
Liability of Husband. *(For Wife's Resident Tax)*		W	RSA 72:5	
Distribution of the Resident Tax.		W	RSA 72:5-a	
When Payable.		W	RSA 80:1	
MISCELLANEOUS				
Tax Maps.		W	RSA 31:95-a	
Perambulation of Town Lines.		W	RSA 51:2	
Deductions in Case of Insane Persons.		W	RSA 75:6	
False Statement.		W	RSA 75:19	
For Watering Trough.		W	RSA 76:18	
Declaration of Consideration Required.		W	RSA 78-B:10	*eff.* 8/13/2011

TOPIC & TITLE OF STATUTES			STATUTE NUMBER	Changes *After* 2008
NEW HAMPSHIRE BUILDING CODE			RSA 155-A	
HAZARDOUS AND DILAPIDATED BUILDINGS			RSA 155-B	
ENERGY CONSERVATION IN PUBLIC BUILDINGS			RSA 155-C	
ENERGY CONSERVATION IN NEW BUILDING CONSTRUCTION			RSA 155-D	

Section 3.3 – RSA Taxation References in RSA Order

The links below are links to the references in this section to assist in navigating to the information you are looking for.

The links in the grey heading boxes are links to the Chapter RSAs on the General Court's website. Not all of the RSAs that may be applicable are listed here. Click on the links in the grey boxes within this section to view all of the *Sections* within each CHAPTER.

CHAPTER 21-J	DEPARTMENT OF REVENUE ADMINISTRATION
CHAPTER 31	POWERS AND DUTIES OF TOWNS
CHAPTER 33	MUNICIPAL FINANCE ACT
CHAPTER 41	CHOICE AND DUTIES OF TOWN OFFICERS
CHAPTER 46	ALDERMEN AND COUNCILMEN
CHAPTER 51	TOWN LINES AND PERAMBULATION OF BOUNDARIES
CHAPTER 71-B	BOARD OF TAX AND LAND APPEALS
CHAPTER 72	PERSONS AND PROPERTY LIABLE TO TAXATION
CHAPTER 72-B	EXCAVATION TAX
CHAPTER 74	ANNUAL INVENTORY OF POLLS AND TAXABLE PROPERTY
CHAPTER 75	APPRAISAL OF TAXABLE PROPERTY
CHAPTER 76	APPORTIONMENT, ASSESSMENT AND ABATEMENT OF TAXES
CHAPTER 78-B	TAX ON TRANSFER OF REALY PROPERTY
CHAPTER 79	FOREST CONSERVATION AND TAXATION
CHAPTER 79-A	CURRENT USE TAXATION
CHAPTER 79-B	CONSERVATION RESTRICTION ASSESSMENT
CHAPTER 79-C	DISCRETIONARY EASEMENTS
CHAPTER 79-D	DISCRETIONARY PRESERVATION EASEMENTS
CHAPTER 79-E	COMMUNITY REVITALIZATION TAX RELIEF INCENTIVE
CHAPTER 79-F	TAXATION OF FARM STRUCTURES AND LAND UNDER FARM STRUCTURES
CHAPTER 79-G	TAXATION OF QUALIFYING HISTORIC BUILDINGS
CHAPTER 80	COLLECTION OF TAXES
CHAPTER 81	TAXES IN UNINCORPORATED TOWNS AND UNORGANIZED PLACES
CHAPTER 82	TAXATION OF RAILROADS
CHAPTER 83-F	UTILITY PROPERTY TAX
CHAPTER 91-A	ACCESS TO GOVERNMENTAL RECORDS AND MEETINGS

CHAPTER 155-A	NEW HAMPSHIRE BUILDING CODE
CHAPTER 155-B	HAZARDOUS AND DILAPLIDATED BUILDINGS
CHAPTER 155-C	ENERGY CONSERVATION IN PUBLIC BUILDIINGS
CHAPTER 155-D	ENERGY CONSERVATION IN NEW BUILDING CONSTRUCTION
CHAPTER 595-B	ADMINISTRATIVE INSPECTION WARRANTS
CHAPTER 643	ABUSE OF OFFICE
CHAPTER 674	LOCAL LAND USE PLANNING AND REGULATORY POWERS

D – Linked to reference within the document.
W – Linked to the General Court's Website

STATUTE and CHAPTER TITLE			STATUTE NUMBER	Changes *After* 2008
Equality & Proportionality of Taxation			Constitution PT 1; Art 12	
Veteran; Armed Forces; Active Duty; Service-Connected Injury, Illness, or Disability.		W	RSA 21:50	*eff. 7/24/2013*
CHAPTER 21-J DEPARTMENT OF REVENUE ADMINISTRATION				
Establishment; General Functions.		W	RSA 21-J:1	
Duties of Commissioner.		W	RSA 21-J:3 V	*eff.* 8/13/2010
Duties of Commissioner. *(Equalization Requirement)*		W	RSA 21-J:3 XIII	*eff.* 7/1/2012
Division of Property Appraisal. (RSA 21-J:9)			**Repealed by 2013, 247:7**	
Assistance to Municipalities. *(Revaluations)*		W	RSA 21-J:10	*eff. 7/24/2013*
Appraisals of Property for Ad Valorem Tax Purposes.		W	RSA 21-J:11	
Rulemaking Authority.		W	RSA 21-J:13	*eff. As provided by 2013*
Powers and Duties of the Assessing Standards Board.		W	RSA 21-J:14-b, I	*eff.* 7/15/2013
Municipal and Property Division.		W	RSA 21-J:15	*eff. 7/24/2013*
CHAPTER 31 POWERS AND DUTIES OF TOWNS				
Tax Maps.		W	RSA 31:95-a	
CHAPTER 33 MUNICIPAL FINANCE ACT				
Additional Purpose. *(Bonds for Revaluations)*		W	RSA 33:3-b	

STATUTE and CHAPTER TITLE			STATUTE NUMBER	Changes *After* 2008
CHAPTER 41 CHOICE AND DUTIES OF TOWN OFFICERS				
CHAPTER 46 ALDERMEN AND COUNCILMEN				
CHAPTER 51 TOWN LINES AND PERAMBULATION OF BOUNDARIES				
Perambulation of Town Lines.		W	RSA 51:2	
CHAPTER 71-B BOARD OF TAX AND LAND APPEALS				
Authority; Duties.		W	RSA 71-B:5	
Order for Reassessment.		W	RSA 71-B:16	
Criteria for Ordering Reassessment.		W	RSA 71-B:16-a	
CHAPTER 72 PERSONS AND PROPERTY LIABLE TO TAXATION				
Persons Liable. *(Resident Tax)*		W	RSA 72:1	
Notice of Exemption. *(Resident Tax)*		W	RSA 72:1-b	
Optional Collection of Resident Tax.		W	RSA 72:1-c	
Members of the Armed Forces. *(Exemption from Resident Tax)*		W	RSA 72:3-a	
Liability of Husband. *(for Wife's Resident Tax)*		W	RSA 72:5	
Distribution of Resident Taxes.		W	RSA 72:5-a	
Real Estate.		W	RSA 72:6	
Buildings, etc.		W	RSA 72:7	
Manufactured Housing. *(Taxable On April 1st)*		W	RSA 72:7-a, I	
Manufactured Housing. *(Taxable After April 1st)*		W	RSA 72:7-a, I-a	
Manufactured Housing. *(Lien)*		W	RSA 72:7-a, II	
Manufactured Housing.		W	RSA 72:7-b	
Exemption; Radio Towers, Antennas and Related Structures.	D	W	RSA 72:7-c	
Electric Plants and Pipe Lines.	D	W	RSA 72:8	
Exemption. **Repealed 1998, 304:5.**			RSA 72:8-b	*eff.* 7/1/2010
Where Taxable. *(Property Crosses Town Lines)*	D	W	RSA 72:9	
Water Works, Flood Control, Additional	D	W	RSA 72:11-a	*eff. 6/20/2013*
Public Utilities.	D	W	RSA 72:12	

STATUTE and CHAPTER TITLE			STATUTE NUMBER	Changes *After* 2008
Water and Air Pollution Control Facilities**.**	D	W	RSA 72:12-a	*eff*. 5/25/2010
Facilities Previously Exempted.		W	RSA 72:12-b	
Exemption. *(Ski Area Machinery)*	D	W	RSA 72:12-c	
Exemption. *(Greenhouses)*	D	W	RSA 72:12-d	
Mines, Sand, Gravel, Loam, or Other Similar Substances.		W	RSA 72:13	
Burial Places.	D	W	RSA 72:22	
Real Estate and Personal Property Tax Exemption. *(State and Municipal)*	D	W	RSA 72:23 I	*eff*. 7/1/2011
Real Estate and Personal Property Tax Exemption.	D	W	RSA 72:23 III	*eff*. 7/1/2011
Real Estate and Personal Property Tax Exemption.	D	W	RSA 72:23 IV	
Real Estate and Personal Property Tax Exemption.	D	W	RSA 72:23 V	
Veterans Organization.	D	W	RSA 72:23-a	
American Red Cross.	D	W	RSA 72:23-b	
Annual List.		W	RSA 72:23-c	
Granges.	D	W	RSA 72:23-h	
Charitable, Nonprofit Housing Projects.	D	W	RSA 72:23-k	
Definition of "Charitable."		W	RSA 72:23-l	
Voluntary Payments in Lieu of Taxes.	D	W	RSA 72:23-n	
Procedure for Adoption, Modification, or Rescission.	D	W	RSA 72:27-a	*eff*. 7/1/2008
Veterans' Tax Credit. *(Standard Tax Credit of $50)*	D	W	RSA 72:28 I	
Veterans' Tax Credit. *(Optional Tax Credit $51 up to $500)*	D	W	RSA 72:28 II	
Veterans' Tax Credit *(Title 10 Training)*	D	W	RSA 72:28 IV(a)	*eff. 7/24/2013*
Veterans' Tax Credit. *(Dates of Service)*	D	W	RSA 72:28 V	
Definitions. *(Resident)*		W	RSA 72:29	*eff*. 4/1/2011
Surviving Spouse. *(Standard Tax Credit of $700)*	D	W	RSA 72:29-a, I	

STATUTE and CHAPTER TITLE			STATUTE NUMBER	Changes *After* 2008
Surviving Spouse. *(Optional Tax Credit $701 up to $2,000)*	D	W	RSA 72:29-a, II	
Proration of Tax Credit.	D	W	RSA 72:30	
Husband and Wife.	D	W	RSA 72:31	
Application for Exemption or Tax Credit.	D	W	RSA 72:33	
Investigation of Application and Decision by Town Officials.	D	W	RSA 72:34	
Appeal From Refusal to Grant Exemption, Deferral, or Tax Credit.		W	RSA 72:34-a	
Tax Credit for Service-Connected Total Disability. *(Standard Credit of $700)*	D	W	RSA 72:35 I	
Tax Credit for Service-Connected Total Disability. *(Optional Tax Credit $701 up to $2,000)*	D	W	RSA 72:35 I-a	
Interpretations; Rules.		W	RSA 72:36	
Certain Disabled Veterans.	D	W	RSA 72:36-a	
Exemption for the Blind.	D	W	RSA 72:37	
Exemption for Improvements to Assist Persons with Disabilities.	D	W	RSA 72:37-a	
Exemption for the Disabled.	D	W	RSA 72:37-b	*eff.* 4/1/2008
Exemption for Aviation Facilities; Partial Reimbursement for Taxes Paid.	D	W	RSA 72:38	
Tax Deferral for Elderly and Disabled.	D	W	RSA 72:38-a	*eff. 1/1/2014*
Exemption for Deaf or Severely Hearing Impaired Persons; Procedure for Adoption.	D	W	RSA 72:38-b	
Conditions for Elderly Exemption.	D	W	RSA 72:39-a	
Procedure for Adoption and Modification of Elderly Exemption.	D	W	RSA 72:39-b	
Limitation.		W	RSA 72:40-a	
Publishing Prohibited.		W	RSA 72:40-b	
Proration.		W	RSA 72:41	
Definition of Solar Energy Systems.		W	RSA 72:61	
Exemption for Solar Energy Systems.	D	W	RSA 72:62	
Application for Exemption.		W	RSA 72:64	

STATUTE and CHAPTER TITLE			STATUTE NUMBER	Changes *After* 2008
Definition of Wind-Powered Energy Systems.		W	RSA 72:65	
Exemption for Wind-Powered Energy Systems.	D	W	RSA 72:66	
Application for Exemption.		W	RSA 72:68	
Definition of Woodheating Energy System.		W	RSA 72:69	
Exemption for Woodheating Energy Systems.	D	W	RSA 72:70	
Application for Exemption.		W	RSA 72:72	
Definition of Renewable Generation Facility.		W	RSA 72:73	*eff. 9/13/2013*
Payment in Lieu of Taxes. *(Renewable Generation Facility)*		W	RSA 72:74	
Commercial and Industrial Exemption.			**Repealed by 2008, 224:4**	
Definitions.		W	RSA 72:75	*eff.* 7/1/2008
Property Tax Exemption.		W	RSA 72:76	
Procedure for Adoption.		W	RSA 72:77	
Application for Exemption.		W	RSA 72:78	*eff.* 6/11/2012
CHAPTER 72-B EXCAVATION TAX				
Excavation Tax and Taxation of Excavation Area.		W	RSA 72-B:1	
Definitions.		W	RSA 72-B:2	
CHAPTER 74 ANNUAL INVENTORY OF POLLS AND TAXABLE PROPERTY				
Annual List. *(April 1st)*		W	RSA 74:1	
Exempt Realty.		W	RSA 74:2	
Taxpayer Inventory Blank.		W	RSA 74:4	*eff.* 7/9/2013
Choice to Eliminate Inventory Blanks.		W	RSA 74:4-a	*eff.* 7/24/2011
Distribution.		W	RSA 74:5	
Return of Inventory.		W	RSA 74:7	
Penalty for Failure to File.		W	RSA 74:7-a	*eff.* 7/24/2011
Extension of Time for Filing.		W	RSA 74:8	
Doomage.		W	RSA 74:12	
Inspection of Property.		W	RSA 74:17	*eff.* 7/24/2011
Inventory of Property Transfers.		W	RSA 74:18	

STATUTE and CHAPTER TITLE			STATUTE NUMBER	Changes *After* 2008
CHAPTER 75 APPRAISAL OF TAXABLE PROPERTY				
How Appraised.		W	RSA 75:1	*eff.* 7/9/2013
Residential Property Subject to Housing Covenant Under the Low-income Housing Tax Credit Program.		W	RSA 75:1-a	*eff.* 6/30/2010
Distinct Interest.		W	RSA 75:2	
Land and Buildings. *(Buildings on Land of Another)*		W	RSA 75:3	
Deductions in Case of Insane Persons.		W	RSA 75:6	
Revised Inventory.		W	RSA 75:8	
Five-Year Valuation.		W	RSA 75:8-a	
Annual Appraisal; Municipalities over 10,000.		W	RSA 75:8-b	
Separate Tracts.		W	RSA 75:9	
Definitions. *(Residence in Commercial Zone)*		W	RSA 75:10	
Appraisal of Residences.	D	W	RSA 75:11	
Appeal to Board of Tax and Land Appeals.		W	RSA 75:14	
False Statement.		W	RSA 75:19	
CHAPTER 76 APPORTIONMENT, ASSESSMENT AND ABATEMENT OF TAXES				
Definitions.		W	RSA 76:1-a I(d)	*eff.* 7/11/2008
Property Tax Year. *(April 1-March 31)*		W	RSA 76:2	*eff.* 4/1/2013
Combining Land and Building Values on the Property Tax Bill.		W	RSA 76:2-a	
Education Tax.		W	RSA 76:3	*eff.* 7/1/2009
Overlay.		W	RSA 76:6	
Selectmen's Lists and Warrant.		W	RSA 76:10	*eff.* 9/4/2010
Jeopardy Assessment.		W	RSA 76:10-a	
Information. *(On Tax Bills)*		W	RSA 76:11-a	
Notice of Arrearage.	D	W	RSA 76:11-b	
Interest. *(On Tax Bills)*	D	W	RSA 76:13	
Limitations on Interest When Tax Relief is Granted.		W	RSA 76:13-b	

STATUTE and CHAPTER TITLE			STATUTE NUMBER	Changes *After* 2008
Correction of Omissions, or Improper Assessment.		W	RSA 76:14	
Semi-Annual Collection of Taxes in Certain Towns and Cities.	D	W	RSA 76:15-a	*eff.* 7/13/2011
Quarterly Billing of Taxes in Certain Towns and Cities.	D	W	RSA 76:15-aa	*eff.* 7/13/2011
By Selectmen or Assessors. *(Abatement)*		W	RSA 76:16	
By Board of Tax and Land Appeals. *(Abatement)*		W	RSA 76:16-a	
By Court. *(Abatement by Superior Court)*		W	RSA 76:17	
Interest. *(Abatement)*		W	RSA 76:17-a	
Filing Fee Reimbursed.		W	RSA 76:17-b	
Effect of Abatement Appeal on Subsequent Taxes.		W	RSA 76:17-c	
Abatement Refund.		W	RSA 76:17-d	
For Watering Trough.		W	RSA 76:18	
Prorated Assessments for Damaged Buildings.		W	RSA 76:21	*eff.* 4/1/2013
CHAPTER 78-B TAX ON TRANSFER OF REALY PROPERTY				
Declaration of Consideration Required.		W	RSA 78-B:10	*eff.* 8/13/2011
CHAPTER 79 FOREST CONSERVATION AND TAXATION				
Definitions.		W	RSA 79:1	*eff.* 7/1/2012
Release from Taxes.		W	RSA 79:2	
Normal Yield Tax.		W	RSA 79:3	
Land Ownership.		W	RSA 79:3-a	
Appeal and Abatement.		W	RSA 79:8	
Notice of Intent to Cut.		W	RSA 79:10	
Report. *(of Wood Cut)*		W	RSA 79:11	
Doomage.		W	RSA 79:12	
Enforcement.		W	RSA 79:28	
CHAPTER 79-A CURRENT USE TAXATION				
Definitions.		W	RSA 79-A:2, XIII	*eff.* 4/1/2010

STATUTE and CHAPTER TITLE			STATUTE NUMBER	Changes *After* 2008
Current Use Advisory Board; Members, Appointments, Term, Chairman.		W	RSA 79-A:3	*eff.* 7/8/2011
Powers and Duties of Board; Rulemaking.		W	RSA 79-A:4	
Land Use Change Tax.		W	RSA 79-A:7	*eff.* 7/28/2012
Appeal to Board of Tax and Land Appeals.		W	RSA 79-A:9	
CHAPTER 79-B CONSERVATION RESTRICTION ASSESSMENT				
CHAPTER 79-C DISCRETIONARY EASEMENTS				
CHAPTER 79-D DISCRETIONARY PRESERVATION EASEMENTS				***eff.* 1/1/2008**
CHAPTER 79-E COMMUNITY REVITALIZATION TAX RELIEF INCENTIVE				***eff.* 4/1/2013**
CHAPTER 79-F TAXATION OF FARM STRUCTURES AND LAND UNDER FARM STRUCTURES				***eff.* 8/21/2009**
CHAPTER 79-G TAXATION OF QUALIFYING HISTORIC BUILDINGS				***eff.* 7/9/2013**
CHAPTER 80 COLLECTION OF TAXES				
When Payable.		W	RSA 80:1	
Relocation of Buildings or Structures. *(Manufactured Housing)*		W	RSA 80:2-a	
Alternate Tax Lien Procedure.		W	RSA 80:20-a	
Refunds of Overpayments.		W	RSA 80:57	
Lien Procedure; Land Use Change Tax.		W	RSA 80:85	*eff.* 7/28/2012
CHAPTER 81 TAXES IN UNINCORPORATED TOWNS AND UNORGANIZED PLACES				
Sale of Real Estate.		W	RSA 81:3	
CHAPTER 82 TAXATION OF RAILROADS				
Definitions.		W	RSA 82:1	*eff.* 7/1/2010
CHAPTER 83-F UTILITY PROPERTY TAX				
Definitions.		W	RSA 83-F:1	*eff.* 7/1/2011
CHAPTER 91-A ACCESS TO GOVERNMENTAL RECORDS AND MEETINGS				
CHAPTER 155-A NEW HAMPSHIRE BUILDIING CODE				

STATUTE and CHAPTER TITLE			STATUTE NUMBER	Changes *After* 2008
CHAPTER 155-B HAZARDOUS AND DILAPIDATED BUILDINGS				
CHAPTER 155-C ENERGY CONSERVATION IN PUBLIC BUILDINGS				
CHAPTER 155-D ENERGY CONSERVATION IN NEW BUILDING CONSTRUCTION				
CHAPTER 595-B ADMINISTRATIVE INSPECTION WARRANT				
CHAPTER 643 ABUSE OF OFFICE				
CHAPTER 674 LOCAL LAND USE PLANNING AND REGULATORY POWERS				
Definition. *(Manufactured Housing)*		W	RSA 674:31	

Section 3.4 - Laws, Judicial Decisions and Rules

The above RSA's are referred to as "statutory law," laws derived from statutes rather than from constitutions or by judicial decisions. Other forms of law also guide assessing administration. Constitutional laws are those laws as set out in the New Hampshire State Constitution. Judicial decisions, also known as case law, arise from judicial decisions that provide interpretation and give context to statutory law. In each county in New Hampshire there is a Superior Court and at the state level there is the Board of Tax and Land Appeals (BTLA). The decisions from those bodies, while of assistance to assessing officials, are not binding decisions for the rest of the state. They are only binding decisions upon the parties in each case decision. On the contrary, NH Supreme Court case law is the "law of the land" and can reverse and/or overturn lower court decisions arrived at by Superior Courts and the BTLA.

The last form of law in New Hampshire consists of administrative rules, also referred to as administrative law. These are the laws governing the operation and organization of the executive form of government and the relations of the executive branch of government with the legislature, the judiciary, and the citizens of the State. The various functions of state government use administrative rules to help form their decision making process when interpreting and carrying out the practical implementation of laws of the State. The BTLA and the DRA also refer to administrative rules in the conduct of their duties. These rules are available in the appendix of this manual and on-line through the DRA's website at www.revenue.nh.gov/.

Chapter 4

Equalization

Section 4.1 - The Equalization Process

RSA 21-J:3, XIII requires the Department of Revenue Administration (DRA) to equalize annually by May 1 the valuation of all properties within each town, city, or unincorporated place in the State of New Hampshire, in order to bring such valuations to their true market value. To accomplish this requirement, the DRA annually conducts an assessment to sales ratio study for each municipality in the State, the result of which is the establishment of an overall assessment ratio.

The assessment ratio is a measurement of the assessment level of a municipality. The ratio for an individual property is found by dividing the local assessed value for the property by the sales price paid for the property. The overall ratio for a municipality is then derived from a statistical analysis of the compilation of all of the individual ratios.

Median Ratio:
The preferred measurement of assessment equity is the middle ratio from all individual ratios.

Three types of ratios are calculated and utilized by the DRA. The first is the **Median Ratio**. This ratio is the middle ratio when all the individual ratios are arrayed by order of magnitude, either highest to lowest or lowest to highest. The median ratio is the generally preferred measure of assessment equity, and is an indication of the average level of assessment for individual properties.

The second ratio is the **Weighted Mean Ratio**. This ratio is calculated by dividing the total assessed values of all properties included in the ratio study by the total sales prices of all properties included in the ratio study. The weighted mean ratio is the generally preferred measure to use for indirect equalization, and is usually the ratio used to equalize the assessed valuations of each municipality.

Weighted Mean Ratio:
The Equalized Assessed Valuation and is the total of assessed values divided by the total sales prices for all properties included in the study.

Mean Ratio:
The mean ratio is the simple average of all ratios.

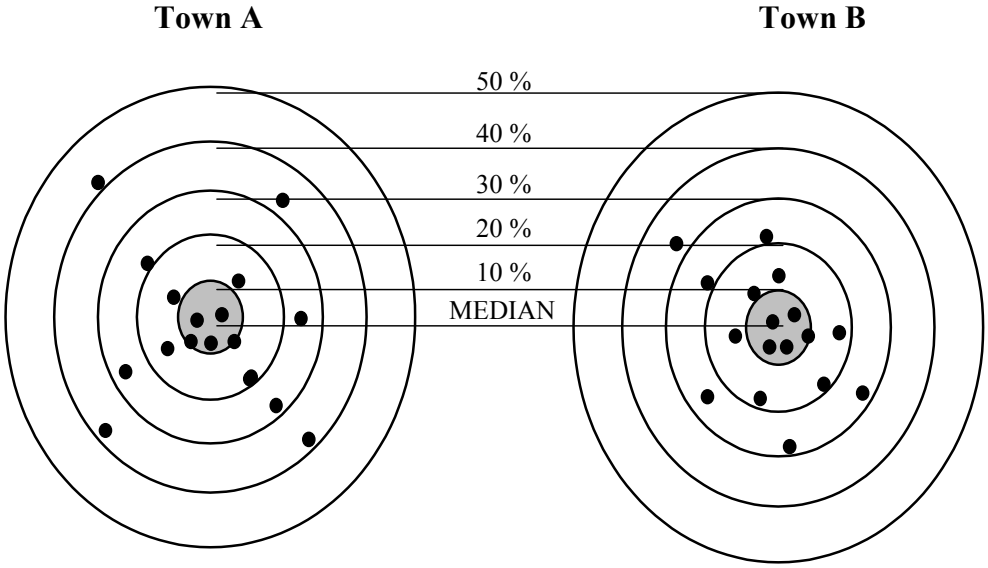
And the third is the **Mean Ratio**. This ratio is calculated by dividing the sum of all the ratios in the overall study by the number of ratios in the sample. This ratio is of limited value and is used primarily as a component in calculating the price-related differential (PRD), as explained below.

Two other statistics generated from an overall ratio study are also of importance. The first is the **Coefficient of Dispersion, or COD**, which measures assessment equity between taxpayers in a municipality. The COD is calculated by dividing the average absolute deviation of each individual ratio from the overall median by the median ratio itself. The smaller this number is the better the equity. The New Hampshire Assessing Standards Board (ASB) has established an acceptable guideline of 20.0 or less for the COD. This guideline is also consistent with that established by the International Association of Assessing Officers (IAAO) in the 2013 edition of their Standard on Ratio Studies.

COD:
Shows assessment equity between taxpayers - $\leq$20.0 is an acceptable ASB / IAAO guideline.

Table 1

Example of Two Coefficients of Dispersion



25 Coefficient of Dispersion	15 Coefficient of Dispersion
Each dot represents one individual assessment/sales ratio.	
In Town A the individual assessment/sales ratios are spread out, or dispersed considerably in relationship to the median ratio for the group of properties sold. This example results in a higher COD.	In Town B the individual assessment/sales ratios are grouped closely in relation to the median ratio for the group of properties sold. This example results in a lower COD.

An additional analysis conducted measures the **Price Related Differential, or PRD**. This statistic measures the equity between taxpayers owning high-value properties versus taxpayers owning low-value properties. The PRD is calculated by simply dividing the mean ratio by the weighted mean ratio. A result of a number greater than 1.0, suggests higher value properties may be assessed at lower ratios than lower value properties. If the result is less than 1.0, the opposite is true.

Another important element in the equalization process is stratification. Stratification is the process of classifying property for analysis by property type, such as residential homes, vacant residential land, apartments, commercial improved parcels, vacant commercial land, waterfront properties, etc. This allows separate ratio statistics to be calculated and generated for each of these property types or strata. The ratios and CODs can then be compared to each strata statistics

and to the overall statistics to determine whether different types of properties are being assessed consistently and proportionately.

> **PRD**:
> A measure of equity between high and low-value properties (vertical equity)
> > 1.0 = high-value properties have lower assessment ratios.
> < 1.0 = low-value properties have lower assessment ratios.

After the annual ratio studies are completed and equalization ratios have been calculated and certified to each municipality, the DRA utilizes those ratios in computing the total equalized valuation for each municipality. The equalized value is of great importance, as it is used in calculating the apportionment of county taxes, the statewide enhanced education tax, and, to varying degrees, cooperative school district taxes.

The total equalized valuation takes into account adjustments for the equalization ratio, shared revenues, payments in lieu of taxes and monies received from the railroad tax.

The DRA publishes the Equalization Surveys Including and Not Including Utilities. Below is an example of the report including utilities. Reports can be found on the DRA website at http://revenue.nh.gov/munc_prop/equalization/index.htm

EQUALIZATION SURVEY WITH UTILITIES AND RAILROAD SUMMARY

MUNICIPALITY	MODIFIED ASSESSED VALUATION	DRA INVENTORY ADJUSTMENT	EQUALIZED ASSESSED VALUATION	EQUALIZED PAYMENT IN LIEU OF TAXES*	EQUALIZED RAILROAD TAX	TOTAL EQUALIZED VALUATION INCLUDING UTILITIES & RR	2012 LOCAL TAX RATE	2012 EQUALIZATION RATIO	FULL VALUE TAX RATE	% PROPORTION TO COUNTY TAX	% PROPORTION TO STATE TAX
ACWORTH	$96,783,824	$5,109,745	$101,893,569	$5,922	$0	$101,899,491	21.66	94.8	$20.48	2.2593%	0.0669%
ALBANY	$105,195,761	-$59,037	$105,136,724	$1,340,948	$0	$106,477,672	10.97	100	$10.80	0.8571%	0.0700%
ALEXANDRIA	$201,326,753	-$8,509,803	$192,816,950	$195,990	$0	$193,012,939	19.96	100	$20.49	1.5020%	0.1268%
ALLENSTOWN	$269,697,371	-$47,189,175	$222,508,196	$176,073	$0	$222,684,269	24.21	119.7	$29.03	1.5337%	0.1463%
ALSTEAD	$179,581,377	-$9,213,783	$170,367,594	$75	$0	$170,367,669	22.46	105.4	$23.61	2.5251%	0.1119%
ALTON	$1,438,989,985	$51,355	$1,439,041,340	$345,039	$0	$1,439,386,379	13.68	100	$13.65	14.6147%	0.9456%
AMHERST	$1,578,900,500	-$4,047,203	$1,574,853,297	$1,030,552	$1,687	$1,575,885,536	26.28	100	$26.09	4.1882%	1.0353%
ANDOVER	$267,848,854	-$8,685,601	$259,163,253	$8,653	$0	$259,171,905	18.03	100	$18.51	1.7850%	0.1703%

Section 4.2 - Sales Chasing

Sales chasing is the practice of changing an individual property assessment to or near to the recent selling price of that property with the intention of manipulating equalization ratio study results.

Sales chasing may be accomplished by changing a characteristic of a sale property while not considering corrections to that same characteristic on similar unsold properties. Characteristics may include quality of construction, neighborhood factors, special site pricing, etc. Correcting erroneous data as described on the existing property record card is not sales chasing.

An example might be a 2-bedroom ranch that sold for $150,000 with an assessment of $100,000. The unjustified act of changing only that sale property's quality grade from fair to good might cause the assessment to increase to $145,000, when a comparison to other unsold properties reveals that it is a fair quality grade property. Other similar 2-bedroom ranch properties may remain assessed around $100,000, although they may be very similar to the property that sold.

When a single property assessment is changed in the direction of the sale price and that same change is not made to other similar unsold properties, the results may not accurately reflect the assessment level of the municipality.

When applied correctly, a ratio study is also used to measure levels of assessment to see if adjustments need to be made to improve assessment equity. If the ratio study results are accurate, the municipality's total equalized value will be accurate.

Chapter 5

The Appraisal Process

Section 5 - The Appraisal Process

Most people are familiar with the single-property appraisal. It is a single-property appraisal that is used by banks for mortgaging and refinancing decisions. Assessors also use single-property appraisals for unique properties and for abatement appeals. Most assessed values are determined with the use of mass appraisal. There are differences between the two types of appraisals, mostly in scale and in quality control. However both types of appraisals follow the same basic process.

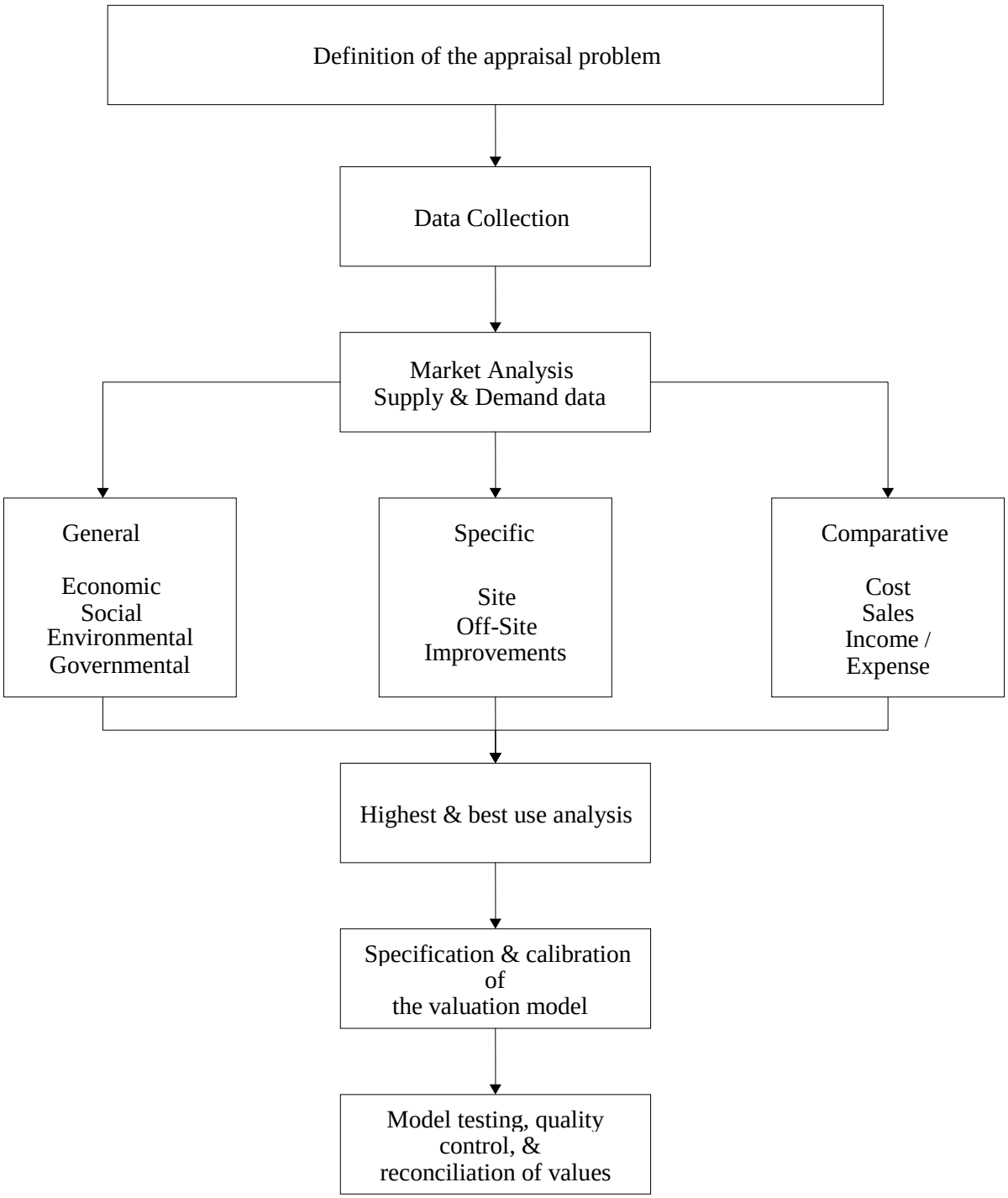
According to the Fundamentals of Real Estate Appraisal[1], there are eight steps in the appraisal process.

1) State the problem
2) List the data needed and the sources
3) Gather, record and verify the necessary data
    a) General data
        i) Nation
        ii) Region
        iii) City
        iv) Neighborhood
    b) Specific data
        i) Subject site
        ii) Improvements
    c) Data for each approach
        i) Sales data
        ii) Cost data
        iii) Income and expense data
4) Determine the highest and best use
5) Estimate the land value
6) Estimate value by each of the three approaches
7) Reconcile the estimated values for the final value estimate
8) Report the final value estimate

The International Association of Assessing Officers portrays the Appraisal Process in a similar fashion. The chart on the next page is the IAAO's illustration of the process.

[1] Fundamentals of Real Estate Appraisal, Dearborn Real Estate Education, Chicago, Ill, 2001, pages 59-62

Mass Appraisal Process



[2]

[2] International Association of Assessing Officers, Mass Appraisal of Real Property, 1990, (Chicago; IAAO), p. 13.

Section 5.1 - State the Problem

In stating the problem, the assessor must:

1) Identify the properties to be appraised.

2) Identify the property rights to be appraised.

3) Provide a definition of the value to be estimated.

4) Define the purpose and intended use of the appraisal.

5) Identify the effective date of the appraisal and identify any limiting conditions.

For assessing purposes, the fee simple rights of all real property located in the Town must be appraised.

RSA 75:1 provides a definition of the value to be appraised. It states in part, "…*The selectmen shall appraise...all other taxable property at its market value. Market value means the property's full and true value as the same would be appraised in payment of a just debt due from a solvent debtor. The selectmen shall receive and consider all evidence that may be submitted to them relative to the value of property, the value of which cannot be determined by personal examination.*" For assessing, the purpose and function of the appraisal is to be used by the governing body to determine assessed values for property taxation.

In the State of New Hampshire, the date of the appraisal is April 1 of the tax year.

Section 5.2 - Data Collection and Market Value Influences

The data needed for a municipality will depend on the types of properties located in that Town. The more varied and complex the types of properties, the more data will be needed. Assessors are also limited by lack of access to proprietary information, such as income and expense information for commercial or industrial properties. For assessors, the property record card is used to gather the physical data needed to assess property. The county registry of deeds provides sales data. Cost manuals and local contractors can be used to provide cost data. Realtors and local appraisers can be used for sales data and income and expense data. Property owners are a important source of data.

Section 5.3 - Gather, Record and Verify the Necessary Data

The data collection phase is one of the most important phases of the process. For assessing, this is where the assessors visit each home and gather the information for the property record card. This phase also includes gathering sales, cost and income data, determining which sales are qualified and to be used in the sales analysis, which cost data is most relevant to the municipality, if and which data can be used for an income approach to value.

The most often repeated quote about real estate relates the three most important factors, "location, location, and location." While humorous, it underlines a significant truth about the nature of property value: it is often factors outside of the property boundaries that establish value.

Most real estate consumers understand the importance of location. A house that is located steps from the ocean likely has more value than a similar one miles away from the water's edge. A retail building on a busy street likely has more value than one located on a quiet, dead end street. An apartment building close to schools or commuting routes likely has more value than one located far away from these amenities. The stately home located in an area of other similar properties likely has more value than a comparable one located next to the municipal landfill.

At its very heart, the property tax is a tax on value. Revaluations use mass appraisal that must recognize all factors that influence the value of property, both in a negative and positive direction. These factors may be different in different locations. For this reason, the mass appraisal is indexed to local conditions and uses locally obtained and adjusted information to determine values.

Some value influences can affect an entire municipality or region. Entire municipalities may be "close to skiing." Whole counties may be "fantastic commuting locations." Significant areas of our state are quiet country locations. For these reasons, a revaluation may not identify each and every separate factor that influences the value of property. Many of these common elements are assumed to exist for all similar properties in a municipality.

There are value influences that affect entire neighborhoods. These may be as obvious as a location on or near a body of water, ski area, or golf course. They also may be as subtle as a location near a certain park or school, or in a particularly desirable area of the municipality. Whether subtle or obvious, the mass appraisal must account for all of these value influences.

There are also value influences that affect individual properties. These can include such things as water frontage, water access, panoramic views, highway views, proximity to industrial or commercial uses, and heavy traffic counts. These property specific influences may be difficult to isolate, but are critical in the development of accurate values.

Mass Appraisal: Is the process of valuing a group of properties as of a given date. (April 1 in New Hampshire.)

The mass appraisal must recognize all value influences: regional, local, neighborhood, and, property. By understanding these factors, accurate market value estimates can be made. Ignoring any of these factors could lead to inaccurate values, and establish a disproportionate system of taxation. Fairness requires that all factors be considered in valuation.

Section 5.4 - Highest and Best Use Analysis

Highest and Best Use: Highest and best use is defined, in part, as *"…the reasonable and probable use that supports the highest present value as of the date of the appraisal. …must*

be physically possible, legal, financially feasible, and productive to the maximum, that is, highest and best, use."[3]

Highest and Best Use of a site is determined based on the following:

> **Highest & Best Use:**
> Legal Use
> Physical Use
> Economic Use
> Maximum Productive Use

Legally Permitted Uses: It must be determined which uses are legally permissible. Private restrictions, zoning, building codes, historic district controls, and environmental regulations must be investigated because they may preclude many potential uses.

Physically Possible Uses: All physical attributes must be considered and analyzed. The size, shape, area, terrain, and accessibility of a parcel of land and the risk of natural disasters such as floods or earthquakes affect the uses under which a parcel can be developed.

Economically Feasible Uses: After eliminating the uses that are not legally or physically feasible, the remaining uses are analyzed to determine which uses are economically feasible. This process determines which uses are likely to produce an income, or return, equal to or greater than the amount needed to satisfy operating expenses, financial obligations, and capital amortization. All uses that are expected to produce a positive return are considered economically feasible.

Maximum Productivity: Of the economically feasible uses, the use that produces the highest residual land value consistent with the rate of return warranted by the market for that use is considered the maximum productive use and also the highest and best use of the property.

For the purposes of a mass appraisal, unless specifically noted, the present use is typically assumed to be the highest and best use.

Section 5.5 - Estimate the Land Value

As discussed previously, location is one of the most important factors influencing market value. The land value is a component of the cost approach and it is an important consideration in the income approach and the sales comparison approach.

Section 5.6 - The Three Approaches to Value

There are three recognized approaches to value. They are the cost approach, the income approach, and the sales comparison approach.

The Cost Approach

> *Price is what you pay. Value is what you get.*
> ***-Warren Buffett***

"The cost approach is based on the principle of substitution, that a rational, informed purchaser would pay no more for a

[3] International Association of Assessing Officers, Property Appraisal and Assessment Administration, 1990, (Chicago; IAAO), p. 102.

property than the cost of building an acceptable substitute with like utility."[4]

In the cost approach, the potential buyer is assumed to consider purchasing a substitute property with the same utility as the property being appraised. The informed, rational buyer will pay no more for a property than the cost of producing a substitute property with the same utility as the subject property. Cost of production to the buyer includes all direct and indirect construction costs, including builder's profit and overhead.

The necessary steps in the Cost Approach are as follows:

A. Estimate the value of the site as if vacant and available to be put to its highest and best use. The importance of this step is highlighted by Step 4 of the Fundamentals of Real Estate Appraisal, Estimate the Land Value. The land value is used directly in the cost approach, and it is also used as a basis for some adjustments in the income approach and the sales comparison approach.

B. Estimate the reproduction or replacement cost new of the improvements.

C. Estimate all of the elements of accrued depreciation, which may include curable or incurable physical deterioration, curable or incurable functional obsolescence, or economic obsolescence.

D. Subtract the total accrued depreciation from the cost new of the improvements. This results in an estimate of the depreciated cost new of the improvements.

E. Add the total present worth of all improvements to the estimated site value.

The cost approach is most appropriate for new or fairly new buildings where the improvements represent the highest and best use of the site. A significant use of the cost approach is in the valuation of public buildings or certain types of special-use properties for which rental or sales data is limited. The principal difficulties in this approach arise in estimating viable construction cost figures, and also in estimating accrued physical, functional, and economic depreciation or obsolescence, particularly in older properties. When developing the cost approach, the appraiser considers both the direct cost and indirect cost of a building. Below are examples of both direct and indirect costs.

Direct Cost Example:
Building materials & labor

Indirect Cost Example:
Financing, Insurance & Engineering fees

The Income Approach

"The income approach uses capitalization to convert the anticipated benefits of the ownership of property into an estimate of value."[5]

[4] International Association of Assessing Officers, Property Appraisal and Assessment Administration, 1990, (Chicago; IAAO), p. 638.
[5] International Association of Assessing Officers, Property Appraisal and Assessment Administration, 1990, (Chicago; IAAO), p. 647.

Like the cost approach the income approach utilizes the principle of substitution. It also uses the theory of anticipation. It is assumed that an investor is interested in an income flow of a certain size, certainty and timing and that the investor has little preference as to the source of this income flow. The investment in real estate can easily be substituted for investments in other alternative income producing vehicles.

Residential Property

For residential property the income approach consists of extracting a Gross Rent Multiplier (GRM) from the market. This is achieved by dividing the sale price of a home that was rented by its monthly gross rent. Subsequently this economic rent for the subject property is derived from the market and this is multiplied by the GRM to estimate the market value.

Commercial Property

For commercial property the income approach consists of dividing Net Operating Income (NOI) by a capitalization rate. NOI is the Gross Potential Income (GPI) of a property less normal operating expenses and adjustments for anticipated vacancy and bad debt. A capitalization rate can be obtained by dividing the actual NOI by the sales price of comparable properties. An alternative method of estimating a capitalization rate is a mortgage equity technique, which uses mortgage rates and expected rates of return on investor's equity.

The income approach is not normally applicable to the valuation of vacant land.

The Sales Approach

The sales approach is defined as "one of the three approaches to value that estimates a property's value by comparing the subject property to other similar properties that have sold."[6]

The sales approach is also based upon the principle of substitution that an informed purchaser would pay no more for a property than the cost to him/her of acquiring an existing property with the same utility.

The essential process of the sales approach is to convert actual, verified sale prices of competitive properties to a defined value estimate. The objective is to discover what competitive properties have sold for recently in the local market. Through an adjustment process, an indication of what the comparable properties would have sold for had they possessed all of the basic and pertinent physical and economic characteristics of the subject property. Indications of such adjusted sales prices are developed for several comparable sales. These indications should fall into a pattern clustering around, or trending toward, a figure, which provides an indication of the most probable selling price for the subject property under specified market conditions, as of the date of the appraisal.

[6] International Association of Assessing Officers, Property Appraisal and Assessment Administration, 1990, (Chicago; IAAO), p. 82.

Section 5.7 – Reconciliation

The final step in the appraisal process is to consider and analyze the relevance of the approaches to value in relation to the subject property and the reliability, quality and quantity of the data used in the approaches to value. The final value estimate is then based on the approach that is the most relevant and uses the most reliable and highest quality and quantity of data.

Section 5.8 – Report the Final Value Estimate

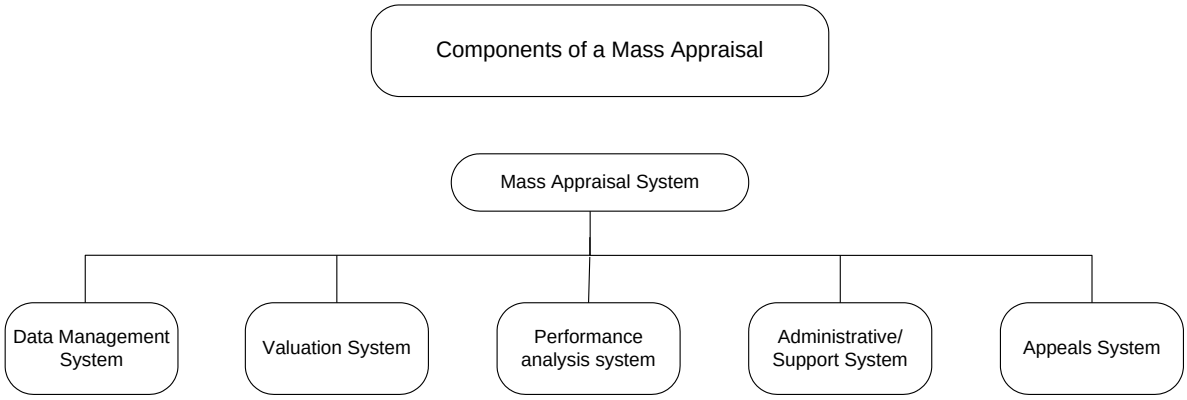
In response to concerns of transparency in assessing, the legislature created RSA 21-J:14-b, I.(c), which charged the Assessing Standards Board with "the establishment of guidelines for revaluations based on the most recent edition of USPAP Standard 6. The Department of Revenue Administration shall, in its assessment review process, incorporate these guidelines and report its findings to the Assessing Standards Board and the municipality, in accordance with RSA 21-J:11-a, II. These guidelines shall be reported to the Assessing Standards Board for all reviews conducted on or after the April 1, 2006 assessment year. These guidelines shall be incorporated in the assessment review process for all reviews conducted on or after the April 1, 2007 assessment year."

Section 5.9 – Mass Appraisal Valuation

As defined by the International Association of Assessing Officers (IAAO), mass appraisal is "the process of valuing a group of properties as of a given date, using standard methods, employing common data, and allowing for statistical testing." Mass appraisal utilizes many of the same concepts as single appraisal property appraising, such as supply and demand, highest and best use, and the principles of substitution and anticipation. In addition, in light of the necessity to estimate values for multiple properties, mass appraisal also emphasizes data management, statistical valuation models, and statistical quality control.

A mass appraisal system generally relies on five primary sub-systems that include:

Components of a Mass Appraisal System[7]



Each sub-system is briefly described below:

[7] International Association of Assessing Officers, Mass Appraisal of Real Property, 1999, (Chicago; IAAO), p. 31.

Mass Appraisal Sub-Systems

Data Management: The data management system is the core of the mass appraisal system and should be carefully designed and implemented. Fundamentally, the data management system is responsible for the data entry and subsequent editing, as well as the organization, storage and security oversight of the data. Essential to the data management system is quality control, as the reliability of the data will have a direct and profound impact on the quality of the resulting output and values.

Valuation System: The valuation system comprises the statistical application of the three approaches to value (identified in the preceding section). For instance, utilization of the sales comparison approach would include statistical techniques such as a multiple regression analysis. The cost approach would utilize computerized cost and depreciation tables, and reconciliation of these computerized cost-generated values with market-derived sales information. The income approach can utilize computer-generated income multipliers and overall capitalization rates. The valuation system is also utilized to extract adjustments and/or factors that are utilized in the development of values.

Performance Analysis System: The performance analysis system measures the effectiveness of the mass appraisal. The following statistical techniques are used to analyze the reliability of the valuation system:

> "Ratio:" Refers to the relationship between the appraised or assessed values and market values as determined by a review of sales. The ratio studies, which are the primary product of this function, typically provide the most meaningful measures of appraisal performance and provide the basis for establishing corrective actions (re-appraisals), adjusting valuations to the market, and in administrative planning and scheduling. The requirement, as established by the New Hampshire Assessing Standards Board (ASB), is to maintain a median ratio between 90% and 110% of market value. (A ratio of 100% is preferred, indicating the assessed value is identical to the market value.)
>
> "COD:" or "Coefficient of Dispersion," is another important tool utilized in mass appraisal, and refers to the average percentage deviation from the median ratio. As a measure of central tendency, the COD represents the degree to which the data being analyzed clusters around a central data point, such as the median ratio. The requirement, as established by the ASB, is a COD no greater than 20% (a lower COD is preferable to a higher COD).
>
> "PRD" or "Price Related Differential:" This statistic measures the equity between taxpayers owning high-value properties versus taxpayers owning low-value properties. The PRD is calculated by simply dividing the mean ratio by the weighted mean ratio. A result of a number greater than 1.0, suggests higher value properties may be assessed at lower ratios than lower value properties. If the result is less than 1.0, the opposite is true.

Administrative/Support System: The administrative system includes core (often automated) functions as development of the property record cards and assessment roll or property tax

base, the preparation of the tax notices, and retention of the appeals and other miscellaneous property files.

Appeals System: A mass appraisal system must provide for the tracking and handling of appeals and reflect statutory requirements and local policies and strategies for reviewing and defending values. The system should have the ability to retrieve property documents, generate comparable sales, schedule and track appeals, and notify property owners of results. The assessor should be able to track the number of appeals filed and resolved, the amount of value in dispute and changed and maintain appeal decisions for use in evaluation and defending future appeals.

Chapter 6

Jurisdictional Exceptions

Section 6.1 – Introduction

RSA 75:1 requires that municipalities appraise all property at market value for property tax purposes, with the exception of the following:

Community Revitalization Tax Relief
Conservation Restriction Assessment
Current Use Land
Discretionary Easements
Discretionary Preservation Easements
Earth and Excavation as defined in RSA 72-B
Farm Structures and Land Under Farm Structures
Low-Income Housing Tax Credit
Public Utilities
Qualifying Historic Buildings
Residences in Commercial or Industrial Zone Land
Timber Tax and Determination of Stumpage Value

Arbitrary power is like most other things which are very hard, very liable to be broken.
-Abigail Adams

Section 6.2 – RSA 79-A Current Use Taxation

79-A:1 Declaration of Public Interest. – It is hereby declared to be in the public interest to encourage the preservation of open space, thus providing a healthful and attractive outdoor environment for work and recreation of the state's citizens, maintaining the character of the state's landscape, and conserving the land, water, forest, agricultural and wildlife resources. It is further declared to be in the public interest to prevent the loss of open space due to property taxation at values incompatible with open space usage. Open space land imposes few if any costs on local government and is therefore an economic benefit to its citizens. The means for encouraging preservation of open space authorized by this chapter is the assessment of land value for property taxation on the basis of current use. It is the intent of this chapter to encourage but not to require management practices on open space lands under current use assessment.

The Current Use Advisory Board (CUB) consists of 14 appointed members. The Board meets annually to establish current use values for farm land, forest land, unproductive land and wetlands to be effective the following tax year. Before any proposed rule changes are adopted, the Board is required to hold at least three public forums throughout the state to receive general comments through verbal and written testimony.

The CUB has established a minimum acreage requirement of 10 acres for the forestland, farmland, and unproductive categories. Exceptions to the minimum 10 acre requirement can be found under Cub 304.01, including a tract of unimproved wetland of any size and a tract of undeveloped land of any size, actively devoted to the growing of agricultural or horticultural crops.

Applying for Current Use

Owners of land may request current use classification by filing form A-10, Application for Current Use, with the local assessing officials on or before April 15 of said year. Assessing officials shall notify the owner no later than July 1 of their decision whether or not to classify the lands. Once approved, the owner does not have to reapply. If the local assessing officials deny classification, owners may, within 6 months after any such action by the assessing officials, appeal to the Board of Tax and Land Appeals (BTLA) or the Superior Court.

Current Use land must generally be 10 acres, or more, and can be categorized as Forestland, Farmland, or Unproductive.

Click on the link below to view the **Current Use Booklet**

Land classified as current use, which has been changed to a use that does not qualify for current use assessment shall be subject to a land use change tax. Pursuant to RSA 79-A:7 I, the tax shall be at a rate of 10 percent of the full and true value determined as of the actual date of change in use.

The current use program has been a huge success in the State of New Hampshire. The latest 2012 figures show that 51% of New Hampshire land is enrolled in current use and another 22% of New Hampshire is either state or federal forest. Most of this land is open to recreational use, which includes hunting, fishing, camping and other outdoor activities.

Section 6.3 - RSA 79-B Conservation Restriction Assessment

Conservation restriction is a permanent restriction of open space land granted in perpetuity to a federal, state, county, local or other government body or to a charitable, educational, or other non-profit corporation. A conservation restriction assessment must provide a public benefit by protecting at least one of the following: land for outdoor recreation, a relatively natural habitat for fish, wildlife, plants or similar ecosystem, scenic enjoyment from a public way or waters, or historic land areas.

Conservation Restriction Assessment is an agreement to preserve open space land in perpetuity – or forever.

Applying for Conservation Restriction Assessment

Owners of land may request conservation restriction classification of land in this category by filing form PA-60, Conservation Restriction Assessment Application, with the local assessing officials on or before April 15 of said year. Assessing officials shall notify the owner no later than July 1 of their decision whether or not to classify the lands. Once approved, the owner does not have to reapply. If the local assessing officials deny classification, owners may, within 6 months after any such action by the assessing officials, appeal to the Board of Tax and Land Appeals (BTLA) or the Superior Court.

In valuing land classified with a municipality approved conservation restriction, selectmen or assessing officials must assess the land at values based upon the permanent restrictions, but in no case greater than the fair market value for open space land, as determined by the Current Use Board.

Section 6.4 - RSA 79-C Discretionary Easements

Discretionary Easements prevent the loss of open space, are an agreement for 10 years or more and must be for a public benefit.

A discretionary easement is an acquisition of development rights by town or city governments on open space land, which provides a demonstrated public benefit, for a term of 10 or more years. The intent of this chapter is to encourage the preservation of open space land, which is potentially subject to development, and to conserve the land, water, forest, agricultural, recreational and wildlife resources of the State.

To qualify for a discretionary easement, the land must demonstrate at least one of the following public benefits: preservation of land for outdoor recreation or education, is a relatively natural habitat for fish, wildlife, or plants, or similar ecosystem, provides scenic enjoyment from a public way or waters, preservation of an historically important land area, the preservation of an airport excluding the value of buildings, runways or other structures, or the preservation of a golf course which meets any of the aforementioned benefits and is open to the general public.

Applying for a Discretionary Easement

An owner of land may request a discretionary easement by filing form PA-36, Discretionary Easement Application, with the governing body on or before April 15 of the tax year. The governing body must weigh the public benefit to be obtained versus the tax revenue to be lost, and notify the applicant of their decision within 60 days. If the governing body denies the application, owners may appeal to the BTLA or the Superior Court.

The method of assessment of a discretionary easement must be included in the terms of the agreement and must fall within the following range of values: the value such land would have been assigned under the current use values established by the Current Use Board had the land met the criteria for current use assessment and 75% of the land's fair market value multiplied by the municipality's current equalization rate.

The local governing body shall have the authority to set the value of the discretionary easement at any level within the above range which they believe reflects the public benefit conferred by the property.

Section 6.5 – RSA 79-D Discretionary Preservation Easements

In 2002, the New Hampshire Legislature passed legislation to create a discretionary preservation easement to encourage the preservation of historic agricultural structures, including the land, currently or formerly used for agricultural purposes. A discretionary preservation easement is an easement of an historic agricultural structure, including the land necessary for the function of the building, granted to a city or town for a term of 10 or more years which provides a demonstrated public benefit.

Discretionary Preservation Easements are also known as Barn Preservation – helping to save some of NH treasured features.

Applying for a Discretionary Preservation Easement

To qualify for a discretionary preservation easement, the structure must demonstrate at least one of the following public benefits: scenic enjoyment from a public way or waters, is historically

important on a local, regional, state, or national level, independently or within an historic district or the structure's physical features contribute to the historic or cultural integrity of a property eligible for listing on the national or state registers of historic places or locally designated historic district.

An owner may apply for a discretionary preservation easement by filing form PA-36A, Discretionary Preservation Easement Application, with the governing body on or before April 15 of the tax year. After a duly noted public hearing, the governing body must weigh the public benefit to be obtained versus the tax revenue to be lost if the easement is granted. The governing body shall have no more than 60 days to act upon the application. If the application is denied, the owner may appeal to the BTLA or the Superior Court.

The method of assessment of discretionary preservation easement structures shall be included in the terms of agreement for any discretionary preservation easement acquired by a municipality. The assessment must fall within the range of 25% to 75% of the full value assessment. The governing body has the discretion to set the value at a level within this range that it believes reflects the public benefit conferred by the property. The assessment shall not be increased as a result of maintenance and repairs to preserve the structure.

However, the assessment can be increased if the municipality undergoes a full revaluation or statistical update. The new assessment should reflect the updated value of the structure as though repairs and maintenance had not been completed.

The assessed value may also be increased if improvements are made. The new assessment should reflect the value of the building plus the new improvements. It should not include the value of repairs and maintenance conducted after the easement is put in place.

Section 6.6 – RSA 79-E Community Revitalization Tax Relief Incentive

In 2006, the Community Revitalization Tax Relief Incentive was passed by the legislature to encourage the revitalization of downtowns, town centers, central business districts, or village centers. The rehabilitation of a qualifying structure must provide at least one of the following public benefits:

- Enhancement of the economic vitality of the downtown.
- Enhance and improve a structure that is culturally or historically important.
- Promote the development of municipal centers, providing for efficiency, safety, and greater sense of community.
- Increases residential housing in urban or town centers.

When filing an application, a property owner shall also file a covenant with the municipality ensuring the structure will be maintained and used in a manner that further provides for and maintains its public benefit for which the tax relief was granted. If approved, the covenant will be filed with the registry of deeds placing a burden upon the property and shall bind all transferee and assignees of such properties.

The governing body shall hold a duly noted public hearing no later than 60 days from receipt of the application to determine if the structure qualifies; if the rehabilitation qualifies as substantial and if it provides a public benefit. The governing body shall render a decision no later than 45

days after the public hearing. If denied, the denial shall be accompanied by a written explanation. The tax relief shall pertain only to assessment increases due to the substantial rehabilitation.

The duration of the property tax relief period may be extended for:

- A period of up to 5 years, beginning with the completion of the substantial rehabilitation;
- At the governing body's discretion, an additional 2 years for a project resulting in new residential units or 4 years for a project including affordable housing;
- At the governing body's discretion an additional 4 years for the substantial rehabilitation of a qualifying structure with historic qualifications.

Section 6.7 – RSA 79-F Taxation of Farm Structures and Land Under Farm Structures

RSA 79-F was established in 2008 to encourage the preservation of the State's productive farms and farm structures that provide a local food supply as well as an attractive environment for recreation, tourism and wildlife. To qualify, the land under the farm structure must be contiguous to a minimum of 10 acres of open space land and appraised at no more than 10 percent of its market value; the qualifying farm structure(s) appraised for no more than their replacement cost less depreciation.

Application to qualify for this assessment must be filed by April 15 with the local assessing officials, in the year the assessment is to be granted on form PA-48, Farm Structures & Land Under Farm Structures Assessment Application, provided by the Department of Revenue Administration.

Prior to July 1 each year, assessing officials shall verify whether previously classified structures and lands have undergone any change in use to the extent they no longer meet the qualifying definitions. If a change in use has occurred, a use change tax of 10 percent of the full value assessment, determined as of the actual date of the use change if such date is not April, shall be billed to the owner.

Section 6.8 - RSA 75:11 Appraisal of Residences

(in a Commercial or Industrial Zone)

RSA 75:11 permits the owner of any residence located in an industrial or commercial zone to file Form PA-42, Application for Exemption Residence in An Industrial or Commercial Zone, on or before April 15 of each year, to selectmen or assessors for a special appraisal based upon its current use as a residence. The selectmen or assessors shall notify the owner no later than July 1, or within 15 days if filed after July 1, of their decision to accept or reject the application.

If an owner has been granted this special appraisal, but fails to reapply in a future year, the property shall be assessed at its full market value pursuant to RSA 75:1.

Section 6.9 - RSA 72-B Excavation Tax

(Earth and Excavation)

Earth", as defined in RSA 155-E, is exempt from taxation as real property under RSA 72:6 Real Estate and RSA 72:13 Mines, Sand, Gravel, Loam, or Other Similar Substances. Excavated earth

is subject to the excavation tax at a per cubic yard rate as established by RSA 72-B:1. The land upon which the earth is excavated is taxed as real property pursuant to RSA 72:6 without consideration of the value of the "earth" contained therein.

When RSA 72-B was enacted, the legislature made it clear that the statute must be read in conjunction with RSA 155-E to provide a "statewide comprehensive regulatory framework to regulate the excavation of earth." RSA 155-E is the local regulation of earth excavation and RSA 72-B is the taxation of the excavated earth.

Pursuant to RSA 72-B:8, every tax year and prior to excavating, any owner who intends to excavate must file a form PA-38, Intent to Excavate, for each parcel that is to be excavated. An administration and enforcement fee of $100 is required for each parcel estimated to excavate more than 1,000 cubic yards. Exemptions from the enforcement fee and excavation tax can be found under RSA 72-B:1. Excavation cannot be started before the intent has been signed by the assessing officials. **Please note**: Unlike the PA-7, Intent to Cut Wood or Timber, the PA-38, Intent to Excavate, cannot receive an extension.

General Excavation Tax & Gravel Tax Appraiser Information

Approximately 800 Intents & Reports Filed Annually

Assists & Provides Training to Municipalities
Issues Cease & Desist Orders
Makes Court Appearances
An Estimated $350,000 Collected Statewide

It should also be noted that an "incidental" excavation, which is the result of a construction project, must file a form PA-38 if more than 1,000 cubic yards of earth will leave the property or be stockpiled and not used on the property for alteration or reclamation of the property within the tax year. Earth that is bartered or given away is not exempt from taxation.

Incidental Excavation is one that the municipal regulator of earth excavations or the municipal excavation regulations, have determined to be an exception from an excavation permit pursuant to RSA 155-E:2-a.

At the end of the excavation or the tax year (March 31), whichever come first, and no later than April 15, Form PA-39, Report of Excavated Material must be filed with the assessing officials and the DRA pursuant to RSA 72-B:9. Upon receipt of the PA-39, the assessing officials have 30 days in which to assess the excavation tax.

Section 6.10 - RSA 79 Forest Conservation and Taxation

By definition, timber is considered to be real estate and is, therefore, taxable. Timber is taxed at the time it is cut and at a rate which encourages the growing of timber. Timber on all land ownership is taxable at 10% of the stumpage value.

Stumpage Value is the value of wood at the time of the timber cut.

There are exemptions to the timber tax and for those, a PA-7, Notice of Intent to Cut, is not required. The exemptions are summarized below:

1. Up to 10 MBF saw logs and 20 cords of fuel wood for personal use by the owner;

2. Up to 10 MBF of saw logs and 20 cords of wood for land conversion purposes when all permits have been received;

3. Shade and ornamental trees (usually considered to be within striking distance of a building);

4. Christmas trees, fruit trees and nursery stock and short rotation tree fiber;

5. Any amount of firewood for maple syrup production;

6. Government and utilities not selling the wood.

An owner, who does not qualify for one of the exemptions above, is required to file form PA-7, Notice of Intent to Cut, with the assessing officials either at the beginning of a new tax year or prior to beginning a cutting operation. The assessing officials shall, within 30 days of receiving the intent either approve and sign the intent or send a letter to the owner explaining why the intent was not signed. The assessing officials may not sign the Intent if:

a. The form has been improperly filled out.
b. Land is enrolled in the unproductive current use category that does not allow timber harvesting.
c. A timber tax bond is required but has not been posted.
d. All owners of record have not signed the intent to cut.

A cutting operation cannot begin until the assessing officials have signed the intent. A supplemental intent is required to be filed for any additional volume to be cut in excess of the original estimate. Once the intent has been signed by the assessing officials, copies are sent to the DRA and to the Division of Forests and Lands. Once received by the DRA, form PA-8, Report of Wood and Timber Cut and PA-6, Certificate, are mailed to the landowner. The certificate must be posted at the operation site.

Every owner who has filed a PA-7, Notice of Intent to Cut, must then file a form PA-8, Report of Wood and Timber Cut with the local assessing officials and the DRA, within 60 days of completion of the operation or by May 15, whichever comes first. If an extension of the cut has been granted prior to March 31, the operation must be completed by June 30 and the report of cut filed by August 15.

The assessing officials must assess the full and true stumpage value at the time of the cut and in the same manner as other property values pursuant to RSA 75:1. A yield tax of 10% of the stumpage value is then calculated taking into consideration the quality and location of the timber and the size of the sale.

The following factors should be considered when assessing the stumpage value:

1. Value is based on the most probable price that would be paid, not the average, highest, or lowest price;

2. Value recognizes both the highest and best use of the wood and timber;

3. Value is expressed in terms of money;

4. Value recognizes that the timber was exposed for sale to the open market for a reasonable time;

5. Value recognizes that both the buyer and seller are informed of the uses to which the wood and timber may be used;

6. Value assumes an arm's length transaction in the open market; in other words, there is no special relationship or collusion between the buyer and seller;

7. Value assumes a willing buyer and willing seller, with no advantage being taken by either party.

If an owner neglects or fails to file a report of cut, or willfully makes any false statement on a notice of intent to cut or report of cut, the assessing officials must determine the volume and stumpage value of the wood and timber actually cut and assess the property owner twice as much as the tax would have been had the report of cut been reported timely and correctly. This penalty is known as doomage.

An owner may appeal his yield tax in writing to the town within 90 days of the notice of tax from the municipality. If the local assessing officials neglect or refuse to grant an abatement within 6 months of the notice of tax, the owner can petition the BTLA or the Superior Court of the county where the cutting took place.

Because things are the way they are, things will not stay the way they are.
Bertolt Brecht

General Timber & Timber Tax Appraiser Information

Approximately 4,000 Intents & Reports Filed Annually
Assists & Provides Training to Municipalities
Issues Cease & Desist Orders
Assists in the Calculation of Stumpage Values
An Estimated $4 million is Collected Statewide

Section 6.11 – RSA 75:1-a Residential Property Subject to Housing Covenant Under the Low-income Housing Tax Credit Program

Properties subject to housing covenants under the low-income housing tax credit program have the ability to be assessed under RSA 75:1-a. The assessed value of these properties is determined by the formula given in this statute. See Statute for more detailed information.

Section 6.12 – RSA 82 Railroads and RSA 83-F Public Utilities

Under RSA 82:2, the DRA has long been responsible for the annual assessment of railroads and railroad cars. In 1999, legislation was passed that requires the DRA to determine the value of all utility properties for taxation under RSA 83-F. Municipalities are still responsible for the valuation of utilities for taxation under RSA 72. RSA 83-F:1 IV, defines a utility as any entity engaged in the generation, production, supply, distribution, transmission, or transportation of electric power or natural gas, crude petroleum and refined petroleum products, water, or sewage. RSA 83-F:1 V, defines utility property as all real estate, buildings and structures, machinery,

dynamos, apparatus, poles, wires, fixtures of all kinds and descriptions, and pipelines located in New Hampshire.

As with all other property assessed for property tax purposes, railroad and utility property is assessed at market value as of April 1 of each year. Railroads, railroad car companies, and utilities file an annual declaration of estimated taxes, and pay quarterly to the DRA. The tax rate applied to railroad property is calculated each year by the DRA at the average rate of taxation at that time for all other properties throughout the State annually. After receipt of the railroad taxes, the DRA apportions those taxes for distribution as follows:

1. ¼ of the taxes paid to the municipality in which any railroad is located.
2. ¼ of the taxes paid to a special railroad fund established by RSA 228:68.
3. The remainder for use by the State of New Hampshire.

Utilities are assessed and billed by the DRA for the education tax. However, municipalities can choose to use the DRA assessed value or one determined on their own for local taxation.

For utility property, the DRA determines market value annually by December 1. Notice is sent to the utility on December 15 of each year, and the utilities must remit payment by the next January 15. The billing by the DRA is only for the education tax, and is taxed at the rate of $6.60 per $1,000 of assessed valuation.

Utilities remain liable for local school, municipal, village district/precinct, and county taxes through billing by each municipality. For equalization purposes, the DRA apportions the total utility value among the individual municipalities where that utility has taxable property. As long as the value is equalized, this value may also be used by municipalities to satisfy their obligations under RSA 72; however, municipalities are under no obligation to use this assessed value and as with all other properties, may value utility properties using their own appraisers and assessors.

Section 6.13 – RSA 79-G Taxation of Qualifying Historic Buildings

RSA 79-G was established in 2013 to encourage the preservation of certain qualifying historic buildings owned and maintained by entities not organized for profit. To qualify, the building must by 100 years or older, listed on either the National Register of Historic Places or the New Hampshire state register of historic places, owned by a not-for-profit entity, have retained a minimum of 75 percent of its original external features and be free of major external alterations or additions, and be maintained for its historical purpose. The assessment for qualifying historic buildings shall be no more than 10 percent of its market value.

The provisions of this Chapter must be adopted by a town or city. Application to qualify for this assessment must be filed by April 15 with the local assessing officials, each year the assessment is to be granted on a form provided by the Department of Revenue Administration.

Chapter 7
Revaluations

Section 7.1 - Revaluations

The constitution and statutes of the State of New Hampshire require that property subject to a tax based on value be revalued at least every five years. Mass appraisals are conducted to complete a revaluation of all taxable property within a municipality in order to meet the legal requirement. A mass appraisal is the process of valuing all property by using standard methods and conducting various surveys. In this process, the appraiser(s) collect data characteristics or elements on every individual property; assign values to these elements in the form of value tables, correlate the value of these individual elements into a market value estimate for each property.

A good hockey player plays where the puck is. A great hockey play plays where the puck is going to be.
-Wayne Gretzky

Market value predictions in a mass appraisal are specific property value estimates. Success is not a specific or exact number for all properties, but rather a range of values around a measure of central tendency. In New Hampshire, acceptable ratios that determine success in a revaluation is a median assessment/sale price ratio between .90 and 1.10.

The New Hampshire Department of Revenue Administration (DRA) oversees each and every step of a revaluation. The DRA provides the services of one of its experienced appraisers to ensure that standard practices are employed and that acceptable results are attained. The DRA will issue a report that details the process and procedures that were utilized both in the conduct of the revaluation and their steps taken in monitoring its completion.

Section 7.2 - Types of Revaluation

There are four general types of revaluation activities:

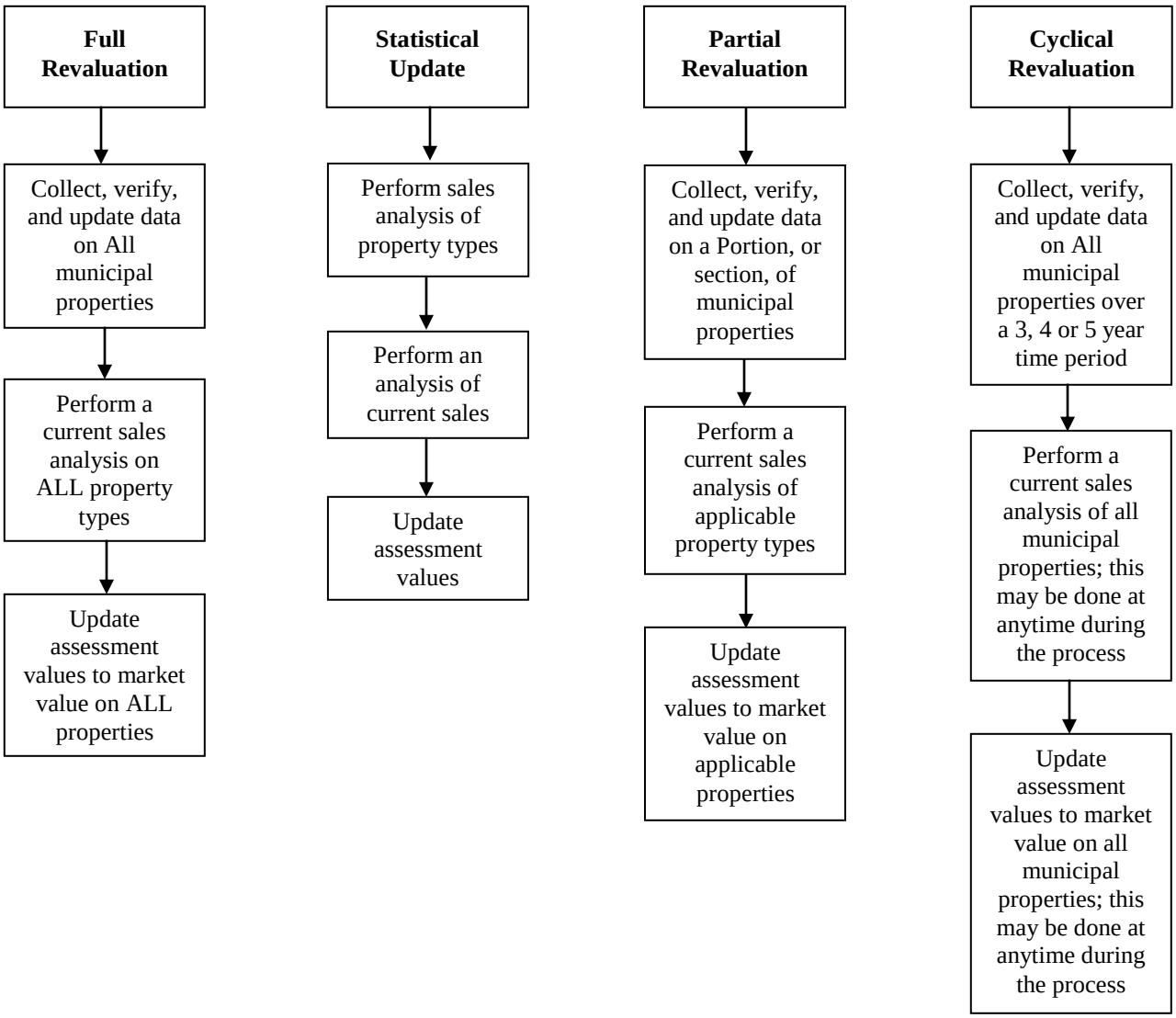
- Full revaluation with a complete measure, listing and valuation of all taxable and nontaxable properties in a municipality with or without use of, or access to, existing or prior appraisal data;

- Partial revaluation with a specified portion of a municipality or any individual properties using either a full data collection effort completed with or without use of, or access to, existing or prior appraisal data or less than a complete data collection effort;

- Cyclical revaluation is a measure and list of all municipal properties within a three to five year time period. Property assessments will be updated during the last year of measuring and listing property data, including the verification of all municipal market sales. This is the fastest growing revaluation work in New Hampshire and IS considered a Full revaluation once the entire process is complete; or

- A statistical update analyzing market sales throughout the entire municipality to identify and implement needed value changes to the affected areas or classes of property.

These can vary widely in cost and time required for completion.



Based on the quality of existing data, the quality of the assessments and the resources available to the town, the town may use the various methods above to maintain their schedule of values anew at least once every five years.

Section 7.3 - Completion Dates for Revaluations

There is a natural schedule for the completion of revaluations. These are target dates that are carefully defined in the revaluation contract. The most important of these dates are the date of valuation (April 1 of the tax year) and the date that a report of total valuation is due to the DRA. The report of total value is known as the MS-1, Summary Inventory of Valuation, and is due on September 1.

Informal review: A one on one interview between the taxpayer and assessor to review/correct the initially determined assessment information.

Most successful revaluations include significant public relations efforts, advance notice to taxpayers about their new values, and a process known as the *informal review*. The informal review is a series of hearings with individual taxpayers where details about the valuations of

their properties can be discussed with the revaluation company. These should be held in advance of both the filing of the MS-1 report and the final tax billing.

This gives both the taxpayer and the revaluation company the opportunity to identify and correct errors.

Section 7.4 – Why Revalue?

Besides the constitutional and statutory requirements, there are many beneficial aspects to completing a revaluation. The nature of the value of real estate is that values change, and the reality is it rarely changes for every property type at the same rate or for the same reasons. Basic fairness in property taxation requires that everyone pays based on the value of their property, and the revaluation resets all property to market value. Also, this being a human activity, it is prone to errors. A revaluation provides the opportunity to correct these errors. There may also be valuable property that has not been included, either through omission from inventory forms, or the completion of non-permitted work. The collection of these additional features of property increases the accuracy of the total value of a municipality and will reduce the tax burden on all taxpayers and abatement requests.

Section 7.5 – Municipal Assessing Contracts

After a municipality has made a decision to proceed with a revaluation and has determined what type of revaluation is needed, the next step is to decide who is going to conduct that revaluation. A few municipalities may have in-house staff that conducts all of the work or the municipality may seek to hire the personnel required for the revaluation. In most cases, however, the municipality will contract with a reappraisal contractor to conduct their revaluation. If the municipality has an on-going relationship with a contractor they may choose to simply negotiate with that contractor for the revaluation. In many cases, however, the municipality may choose to broaden their search, and seek bids from a number of contractors.

In order to do this, the municipality should send out Requests for Proposals (RFP's) to available reappraisal contractors. The RFP should be in sufficient detail so that potential bidders can clearly understand exactly what services are being requested, and should clearly state when the deadline for bids is to be submitted. To assist with identifying potential bidders, the DRA maintains a list of all reappraisal contractors that are currently conducting business in New Hampshire. In addition, the appraisal personnel with DRA are available to assist municipalities, not only with a list of reappraisal contractors, but also with preparing the RFP and evaluating the bids for any differences in their content.

Information needed for an RFP includes the number and type of parcels, identification of any special or unique properties to be valued, the date of the last revaluation, the date of the last measure and listing of all property characteristics, the current appraisal software system, the current hardware specifications, the type of revaluation, details of both interior and exterior data collection or verification requirements, informal hearing requirements, and completion date for the project.

Revaluation Contract: An agreement to complete a specified set of tasks between municipal officials and the revaluation contractor.

Once the RFPs are submitted, the municipality should carefully review each proposal, paying special attention to any differences in the proposed work to be performed, especially if a bid fails

to address items specifically asked for in the RFP. During this evaluation process, DRA appraisal personnel are available to assist the municipality, either in explaining what proposed differences might mean to the quality of the revaluation or to assist with any meetings with bidders.

Following a thorough evaluation of all bids submitted, the municipality is then ready to sign a contract for the revaluation work. The DRA maintains sample contracts for all types of revaluations that cover all of the features of an ideal or preferred revaluation and municipalities are strongly urged to use these sample contracts as guidelines for their own. Contracts must be submitted to the DRA for review prior to signing, providing DRA 10-days to review. In the case of a BTLA or court-ordered revaluation, the contract must be approved by DRA before signing. Before implementation of the contract can begin, RSA 21-J:11 I, requires the municipality to submit a copy of the signed contract to DRA, along with the names and qualifications of all personnel being employed under the contract.

For additional detail concerning appraisal contracts, please see the DRA Rev 600 rules that are available on the DRA website at www.revenue.nh.gov.

Revaluation Specifications and Contract Considerations [8]

I. Outline for revaluation specifications
   A. Instructions to bidders, including forms and format on which bid prices are to be submitted
      1. Receipt and opening of proposals and bids
      2. Submission of bids
      3. Right to reject bids
      4. Performance bond requirement
      5. Examination of facilities; responsibility of vendor to judge the condition of existing records
      6. Proposal outline and format to be followed in submitting proposal
      7. Requirements for identifying exceptions and clarifications
   B. Schedule of key dates, including
      1. Issue date of request for bid (RFB) or request for proposal (RFP)
      2. Bidders' conference dates, requirements for questions to be submitted in writing, dates by which responses will be issued
      3. Dates during which vendor may schedule a site visit
      4. Proposal and bid due dates
      5. Dates during which the jurisdiction will schedule site visits, demonstrations, or vendor presentations
      6. Vendor selection date and contract award
      7. Statutory dates that must be met by the vendor for completing the revaluation
   C. Background information for bidders
      1. Jurisdiction's computer configuration and specific needs
      2. Parcel counts
      3. Unique properties
      4. Availability of assessor's records
      5. Statutory requirements
   D. Contract considerations
      1. Include standard contract terms (many of these are mandated by local ordinance)
      2. Specific contractual requirements, including
         a) Deliverables
         b) Acceptance of deliverables by jurisdiction
         c) Payment terms
         d) Penalties for late delivery, for example, liquidated damages
         e) Retainage and provisions for release
         f) Parcel overages and underages

[8] International Association of Assessing Officers, Property Appraisal and Assessment Administration, 1990, (Chicago; IAAO), p. 475.

Contract Considerations continued

II. Contract (work) specifications – summary of work to be done
   A. Scope
   B. Public relations
   C. Personnel, behavior of employees
      1. Certification requirements
      2. Behavior of employees
   D. Ownership of records
   E. Responsibilities of parties (jurisdiction and contractor)
   F. Cooperation
   G. Specifics (technical work plan)
      1. Property record card (PRC)
      2. Unit costs
      3. Appraisal manuals to be used
      4. Valuation schedules to be developed
      5. Inspection requirements
         a) Time of day
         b) Number of callbacks (additional visits to property to contact property owner and conduct interior inspection)
         c) Interior inspection requirements
      6. Land values
      7. Field review requirements
      8. Certification of values
      9. Property owner notification
      10. Informal reviews
      11. Defense of values
      12. Training of the assessor's staff
      13. Information to be provided by the jurisdiction
      14. CAMA considerations

Section 7.6 - DRA Monitoring

RSA 21-J:11, II, provides that the DRA will, at no expense to the municipality, monitor revaluations of property and supervise appraisers as follows:

A. To assure that appraisals comply with all applicable statutes, rules and USPAP compliance..

B. To assure compliance with the terms of the appraisal contract or agreement.

C. To review the accuracy of appraisals by inspection, evaluation, and testing, in whole or in part, of data collected by the appraisers.

D. To report to the governing body on the progress and quality of the municipality's appraisal process.

A key to the DRA being able to provide competent and complete monitoring assistance starts with participating in a joint pre-review meeting with the municipality and the reappraisal

company to review in detail all of the work outlined in the contract to ensure that all parties have the same understanding of what that work product will be. This meeting should take place before the revaluation actually starts, and will help to ensure that the municipality is receiving what they understand they have contracted for, and will enable DRA to have a clear understanding of what they will be monitoring. This meeting will also be helpful in making sure the municipality and the company know what monitoring work will be performed and when, and what records and reports will be needed by the DRA to carry out their statutory responsibilities.

Following this important meeting, the DRA appraiser will begin their review. A sampling of data collection sheets will be made to evaluate the accuracy of the data being collected. As the data review is completed, details of the results will be sent to the appraisal contractor who then has 30 days to review and respond. After 30 days, the results will be reported in writing to the municipality. The DRA appraiser will also review and report on all of the documentation prepared by the appraisal company, and will attend the informal hearings following the revaluation to observe how they are conducted. Finally, the DRA appraiser will prepare a comprehensive final report for the municipality that covers all stages of the revaluation.

Monitoring Includes: A DRA review consists of a random sample of a property's physical information, informal hearings, sales data, USPAP report, and any other steps in the contract.

For more information about the monitoring process, please see the DRA Rev 603 rules that are available on the DRA website at www.revenue.nh.gov.

Section 7.7 - DRA Assessment Review Process

The DRA is required under RSA 21-J:3,XXVI, to review and report each municipality's assessments once within every five years. RSA 21-J:11-a,I, mandates that these reports reflect the degree to which assessments of a municipality achieve substantial compliance with applicable statutes and rules when considering the following:

A. 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. Assessment practices substantially comply with applicable statutes and rules.

C. Exemption and tax credit 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.

F. For all revaluations, including full revaluations, partial revaluations, cyclical revaluations and statistical updates conducted on or after the April 1, 2006 assessment year by either an independent contractor or an in-

house assessor, a report based on the most recent edition of the Uniform Standards of Professional Appraisal Practice (USPAP) Standard 6 shall be produced, which is due on January 1, following the revaluation year.

In carrying out this responsibility, the DRA relies on the standards established by the Assessing Standards Board in the above six areas. The details of these standards are set forth in Chapter 11 of this manual. Assessment review is completed once every (5) five years in each municipality in New Hampshire.

Early in the year, the DRA appraisal personnel will schedule a Pre-Assessment Review Meeting with each individual municipality. This meeting provides for a one-on-one explanation of the process with the selectmen, assessing personnel, contract assessors, and other municipal officials. The meeting also provides an opportunity for the DRA to become familiar with the assessment records of the municipality, especially the property record card. At that meeting arrangements are made for DRA to receive a copy of the municipality's database from which the DRA can obtain a random selection of properties to review for compliance with the various ASB standards.

As the various elements in the assessment review process become ready for review by DRA personnel, the DRA appraiser will schedule a visit at the municipality's convenience to review that particular element for compliance. This pattern is repeated until all of the elements have been reviewed.

Assessment Review: A review of assessment data to determine if it meets a specific set of ASB determined criteria.

Following completion of the review by the DRA appraiser, and after statistics from the annual ratio study used in the assessment review process are complete, a draft report itemizing each element of the assessment review process, the results of DRA's review, and DRA's recommendation for corrective action is sent to the municipality. The DRA appraiser will then contact the municipality to schedule a meeting, whereby the municipality and the DRA can review the preliminary results itemized in the draft report. This provides an opportunity for the municipality to review the results of the report and any DRA recommendations for corrective action, or to provide additional information that may alter the conclusions in the report. The municipality is then provided an opportunity to respond in writing to the DRA within 30 days. Those written comments are then incorporated into the final report. The final report is then sent to the municipality. A copy is also provided to the Assessing Standards Board. At that time, the report becomes a public document, available to anyone upon request. The final reports are also available on the DRA website at www.revenue.nh.gov.

Chapter 8

Public Relations

Section 8.1 – Public Relations

Strangers are just family you have yet to come to know.
-Mitch Albom

The basis for good public relations is to honor the "golden rule" of treating the public as you would like to be treated. Always try to look at a situation from a taxpayer's point of view and respond accordingly. If you know, or can sense, that the taxpayer has little knowledge of the assessment function, avoid jargon and technical words, like comps or COD, and be prepared to spend time explaining the fundamentals. Treat the taxpayer with dignity and respect. Be honest. Carefully listen to the taxpayer. Be sure you use accurate facts.

Good public relations are essential to all successful property tax programs. Poor public relations can be the downfall of even technically "good" property tax practices. For an assessor, public relations are an essential part of the job, especially during a year of reassessment or valuation update. It is important to keep taxpayers informed of any activities that might concern them and how they might be impacted.

The most typical questions from a taxpayer are "Why are my taxes so high?" or "Will my taxes go up?" In order to answer these questions, you must understand the entire property tax system. Taxes are a function of both the budget and assessment process. Therefore, a change in taxes may or may not be solely a result of a change in assessments.

Good public relations start with honesty. Let people know exactly why and how their property taxes will change as soon as possible. If the budget is expected to go up by 10%, inform the public through a press release. Don't wait for the tax bills to go out, especially during a year of revaluation. It is a disservice to the taxpayers and to those performing the assessments to allow budget increases to be blamed on the process of revaluation.

Periodic press releases let the public know what is going on and when.

During a year of a revaluation the municipality should release periodic press releases to inform taxpayers of the process such as, where measurer and listers will be working in the municipality and any other information that could help taxpayers be prepared. Appraisers analyze sales during a revaluation. General trends and assumptions can be drawn from the analysis. Don't hide these findings. Explain to taxpayers how valuation changes in particular neighborhoods differ from the average change in the municipality as a whole. Business groups and taxpayer groups are good forums for informing the public of the process and expectations. Local access television can also be used to inform the public.

During non-revaluation years public relations must continue. The municipality's website is a valuable tool to keep taxpayers informed. Another powerful public relations tool is the assessing office staff. A well-informed clerk can prevent many potential public relations problems. While we should not expect an assessing clerk to answer all questions, we should train members of our staff to able to answer the most common questions such as:

1. Why did my taxes increase?
2. What is the basis of my assessment?
3. Am I being treated the same as my neighbors?

4. How can I appeal my assessment?

> *No act of kindness, no matter how small, is ever wasted.* ***-Aesop***

We would not expect assessing clerks to answer more detailed and technical questions with regard to pricing or comparables used, etc. When the assessor becomes involved, it is helpful to respond in a timely manner. It is damaging to make a taxpayer wait for an assessor's response. In smaller municipalities with part-time assessors or contracted companies, the damage can multiply if the wait for an answer is long in coming or not coming at all.

In New Hampshire, the selectmen generally performed most of the duties of property tax assessing until the 1990's. It was at this time that private assessing firms became more common as contractors for the municipalities. Since the Claremont decisions of the 1990's, the practice of property assessment has been constantly under the microscope. The Sirrell Decision in the New Hampshire Supreme Court in 2001 mandated that assessing practices be fair and equitable. The legislature created the Assessing Standards Board (ASB) and the Equalization Standards Board (ESB) to help accomplish this task. The ASB has achieved the following:

Municipal and Assessor Standards

1. Established levels of appraisals and appraisal uniformity standards.
2. Established a 5-year Assessment Review Cycle.
3. Established standards for assessor certification.
4. Encouraged assessors to be transparent in their method(s) of determining values of property based on Uniform Standards of Professional Appraisal Practice (USPAP) Standard 6.
5. Created a reference manual called Understanding NH Property Taxes.

There are other issues that the ASB has addressed that deal with assessing. These five provide the major impact that the ASB has had on assessing in New Hampshire, thus far.

The Bottom Line

Bottom line, selectmen need to fully grasp the property tax processes themselves before they can explain it to their taxpayers. This will mean that they, and their assessing staff, will have to sit down with the "hired assessing company" to determine how the values were derived and understand the budget process, tax rate calculation, and property tax billing. The process should continue to improve as the emphasis on documentation, transparency, and accountability to the taxpayer moves forward. This can be accomplished by providing the necessary information to the taxpayers in a timely fashion and with accuracy, simplicity, clarity, and professionalism.

> Always remember that most taxpayers want to know basic facts such as "Why are my taxes so high and how will they change?"

And don't forget, taxpayers are a part of the assessing process. If taxpayers notice a problem, they need to bring it to the assessor's attention. Assessing can be subjective at times; we must remember that adjustments may occur.

Chapter 9

Taxpayer Rights

Section 9.1 - Property Record Cards/Other Public Documents

Coding for the PRC is also coordinated with the use of the electronic assessing CAMA system.

Mass appraisers use several documents in order to develop accurate and consistent values. Examples of these are Property Record Cards (PRC), tax maps and the mass appraisal manual.

A PRC exists for every parcel within a municipality. These cards provide a set of information about each property. The format may vary depending on who completes the reassessment, but there are several common elements for the PRC. The information on the PRC is generally divided into three areas: *legal information*, *site information*, and *improvements*. Examples are as follows:

- **Legal information** generally identifies who owns the parcel, where it is located, the map/block/lot or unique assessment identifier, where the legal description may be found, and the total assessment of the property. It may also contain information about the mailing address of the owner, who the previous owners of the property were, a sales history, an assessment history, a property inspection history, a building permit history, and perhaps notes or comments.

- **Site information** provides details about the use of the property, how many acres or square feet there are, in what neighborhood the property is located, and whether there are any special value influences. A land value estimate is also provided. It may contain information about such things as the zoning of the site and if there are public or private utilities available. If the property is subject to current use valuation or other jurisdictional exceptions, these should be shown. This section should provide sufficient details to understand how the land value is calculated by providing base land prices and showing adjustments that affect the value.

- The **improvements** section generally provides a detailed description and valuation of anything that has been built upon the land. Primary improvement descriptions include such things as the style and use of a building, the grade and condition of the building, the age of the property, exterior and interior construction details, and details of building features. There is generally a sketch drawn to scale that shows the primary improvements, and there may even be a photograph of the property. Secondary improvements include such items as outbuildings, garages, sheds, pools, etc. There may be minor differences in the information presented depending on the use. For example, commercial property may have such items as parking lots, lights and fences valued; while residential property may not. This section should provide sufficient details to understand how the building value is calculated by providing base unit prices and showing adjustments that affect the value.

Common Theme

There is a common theme for all of this information: it is the underlying data from which the assessment is drawn.

Some of the data elements may involve *subjectivity*. A subjective assumption might include areas of property description that cannot be physically counted or observed. Important factors that may affect the valuation of a property may include considerations such as neighborhood location,

shape or topography of the site, the grade or quality of construction, or the condition of the buildings. While not simple (such as counting rooms or bedrooms), these are important factors in the valuation of property.

Every feature of a property may not be fully described on the card. Most tax assessors utilize codes to describe property features. Codes are not an attempt to confuse the reader or the taxpayer, but are used to economize the valuable space on the property record card. A successful assessing office will have these codes readily available for anyone who reads or solicits a copy of the card. It is important to understand that what might seem like common sense to tax assessors can be confusing to taxpayers.

A revaluation manual should be made available that will describe all of the factors and features, as well as the manner in which the values were estimated. A complete understanding of how the value was developed may require reference to the manual, especially for unusual properties.

Many of the features of the land are also shown on the tax maps. Tax maps are a visual representation of the property that show where parcels are located, and can assist in understanding the proximity to other properties and geographic influences.

The property record card, tax map and manual are public documents. These should be readily available for anyone to inspect. Copies should also be provided with relative ease, but a fee may be charged to cover the cost of reproduction. Transparency in the process of developing assessed values inspires confidence in the system. When a taxpayer can see how the value was developed, the assessment becomes more credible.

Section 9.2 – Errors and Corrections

Developing tax assessments involves the collection of many data elements for each individual property. It is a process that utilizes computers to complete numerous calculations. There may be several thousand to as many as a million individual data elements, depending on the size of the municipality.

But, at its core, assessing is a human activity that may be subject to mistakes. When discovered, errors should be corrected in order to provide the highest level of accuracy and equity for all taxpayers. Most errors will involve simple items. For example: a home is not 34 feet long, it is 32 feet; there is only one fireplace where two are listed; or, there is no longer a shed on the property. These errors are simple to correct. Following verification in the field, data on the property record card must be corrected to reflect the actual property.

Other errors may involve some of the subjective estimations made in the process of a revaluation. These errors may require more detailed analysis to determine the consistency of the estimates. Checking to see that there are consistent descriptions of quality for similar homes, or looking at the reasons for neighborhood delineations are ways to check the consistency of these subjective areas of assessing. When errors are found, similar properties ought to be reviewed for changes in order to maintain consistency and equity. If possible, the taxpayer should be notified prior to the next tax billing that a mistake has been corrected on the property.

Section 9.3 – Abatements

The property tax is a special type of tax, requiring an owner to pay the municipality a percentage of the value of their property every year. It is also a tax that comes with a warranty: the abatement process. A tax abatement is a request to refund some of the taxes paid on a property.

Annually, after receiving the final tax bill of the year, property owners may file a formal request to review their property's assessment. The request must be made in writing and must be filed by the statutory deadline, usually March 1, following the date of notice of tax. The taxes need not be paid in order to file the abatement.

> Municipal abatements must be filed by March 1.

The abatement request is not a legal action. This is a request for a specific review of an administrative decision (the original valuation). The assessors have a duty to be certain that the request is genuine and that the property owner has paid more than their share of the common tax burden. This need not be an adversarial process. In fact, assessors are bound to act in the best interest of all taxpayers, including those who file abatements.

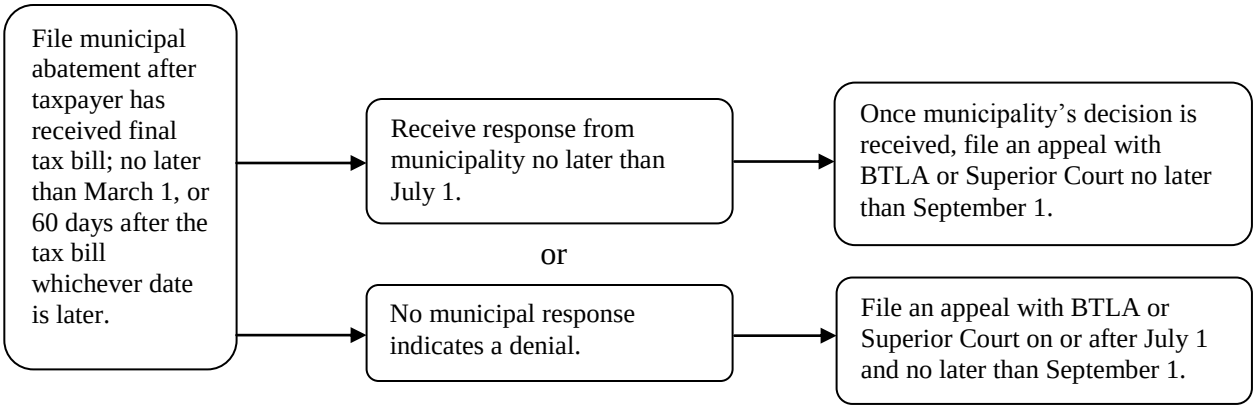
Abatement requests fall into two broad categories: physical description errors and valuation opinion differences. The municipal assessing officials may also abate for good cause shown by a taxpayer. As described earlier, physical description errors should be verified in the field and corrected. The processing of these requests should be relatively timely, and over-paid taxes should be promptly refunded, including statutory interest. Valuation opinion differences are more subtle and may require more extensive research. Depending on the level of experience of the assessing staff, some property specific appraisal work may be required. For some complicated properties, a supplemental appraisal may be required to be performed, sometimes by an outside contractor.

> **Abatement Request**:
> Filed for physical property errors and/or valuation opinion differences or for good cause shown.

It may help to have a hearing at the local level to identify the issues and hear concerns from the taxpayer. This might also be accomplished at the time of any re-inspection of a property.

It is important to remember that there is a remedial interest of justice required in the abatement process. Technical obstructions or minor legal failures are not appropriate defenses for abatement requests. Answers to abatement requests should be made in writing by July 1, following the date of notice of tax.

Abatement & Appeal Process Timeline



Section 9.4 – Appeal of Abatement Requests

The taxpayer may appeal the local assessing official's decision on their abatement request. Such an appeal may be filed if the abatement is denied, if it is granted to a level less than requested, or if the municipality does not answer the abatement request by July 1. An appeal of a local abatement request generally must be filed by September 1, following the date of notice of tax. Appeals may be filed at the BTLA, or at the Superior Court for the county that the property is located, but not both.

BTLA / Superior Court Appeals must be filed by September 1.

The BTLA is a quasi-judicial body that, among other things, hears appeals of abatement decisions. Their jurisdiction to hear these cases is identical to the Superior Court. Upon receiving such an appeal, the Board will determine that a valid local abatement application was filed timely with the municipality and that certain minimum grounds for the appeal were included.

In due course, a hearing will be scheduled for the taxpayer to show that they were over-assessed. The burden of proof rests with the taxpayer to show that the municipality has wrongly denied their abatement request. While that burden of proof rests with the taxpayer, the municipality has a burden to show that it acted reasonably, without bias, and that the taxpayer's abatement claim was without merit. Neither party is required to be represented by an attorney in an appeal to the BTLA; in fact many taxpayers appear on their own behalf. A municipality may consider if they have the required knowledge and experience to defend against the appeal, or if other professional representation is needed. A non-attorney may represent any party in a tax appeal case at the Board.

While the BTLA is generally the lowest cost alternative to appeal a denial of an abatement request, an appeal may be made to the Superior Court. The choice of venue for the appeal is up to the taxpayer, but in no case can an appeal be filed at both the Board and the Court. Generally, an attorney will be required for a case filed in Superior Court.

Abatement Appeals: Documenting and/or proving being over-assessed.

It is critical to remember that when appeals are filed, these are legal matters. In these cases, there is a natural tendency for an adversarial stance to be taken by the parties. The assessors, however,

are still public servants, and care must be taken to ensure that the truth of an abatement appeal is not lost in an over-zealous attempt to defend or prevail.

Assessors Duty:
Assessors must adhere to the decision of the BTLA or Superior court.

Whether filed at the BTLA or at the Superior Court, a final decision will be rendered in writing. Assessors have a statutory duty to follow the orders of either the Board or the Court.

Section 9.5 – Appeal of Abatement, Supreme Court

Upon receipt of a grant or denial by the BTLA or the Superior Court, either party may appeal the decision. Appeals of tax abatement cases are made to the Supreme Court of the State of New Hampshire. The Supreme Court will review these decisions and will generally reverse only if there has been a misapplication of law or a mistaken interpretation of fact. An appeal must generally be filed within thirty days of a decision.

Section 9.6 – Taxpayer Responsibilities

The process of valuation for taxation may potentially be one of the most emotional interactions between government and the people. The assessors have a statutory duty to value all property at market value and taxpayers have a duty to pay taxes to support the municipality. There are numerous requirements of statute and rule for the municipality to adequately meet the need for accurate values. But there are also legal requirements of taxpayers.

PA-28 Inventory of Taxable Property

Some municipalities require the filing of a PA-28, Inventory of Taxable Property form, to itemize property subject to the property tax. The election not to utilize this form is decided annually by vote of the board of selectmen, city council or board of alderman. If the inventory form is used, it is distributed to every property owner within the municipality on or before March 25 and must be returned by the property owner on or before April 15, or not later than June 1 if prevented from meeting the earlier date due to accident, mistake or misfortune. A penalty of up to $50 may apply for failure to file.

For all abatements and appeals of abatements by taxpayers, there are statutory deadlines. These deadlines are firm, and cannot be extended by assessors, the BTLA, or the courts.

In most revaluations, an inspection of the property to be assessed is desired. These inspections help the assessors identify the particular aspects of a property that have value.

Taxpayers have a duty to assure themselves that the information used for taxation of their properties is accurate. However, once the filing deadline for abatement has passed, the taxpayer has lost the right to request abatement for that year.

Chapter 10

Exemptions and Tax Credits

Section 10.1 – General Requirements for Tax Credits and Exemptions

The laws regarding property tax exemptions and tax credits are generally found in RSA 72. All New Hampshire statutes may be found on-line at www.gencourt.state.nh.us/rsa/html/indexes. Simply use this link to access a complete list of New Hampshire laws.

The purpose of this discussion is to attempt to simplify the maze of technical language that permeates the laws on property exemptions and tax credits. All applications made under this section shall be subject to the provisions of RSA 72:33 and RSA 72:34. It is these two statutes that answer the following questions.

RSA 72:33 Application for Exemptions or Tax Credit

Q. Which exemptions and tax credits are covered?

A. RSA 72:28, 72:29-a, 72:30, 72:31, 72:32, 72:35, 72:36-a, 72:37, 72:37-a, 72:37-b, 72:38-b, 72:39-b, 72:62, 72:66, and 72:70.

Q. What is the filing deadline?

A. April 15, prior to the date of setting the tax rate.

Q. What is the manner in which an application shall be made?

A. Permanent application must be signed under penalty of perjury on a form prescribed by the Commissioner of Revenue, Form PA-29, Permanent Application for Tax Credit/Exemptions, declaring the fact that the applicant was an owner of the property as generally defined in RSA 72 on April 1 of the year in which the exemption or tax credit was sought. Form PA-29 is available by contacting the Department of Revenue Administration (DRA) at (603) 230-5950 or by downloading it from the DRA website http://www.revenue.nh.gov/

In the case of financial qualifications, that the applicant was duly qualified at the time of application.

The PA-29 application form shall also include:

- Instructions for completing and filing the form with explanation of the grounds for requesting exemptions and tax credits pursuant to RSA 72
- Sections for information concerning the applicant, the property for which relief is sought, and other properties owned by the applicant
- A section explaining the appeal procedure and deadlines if the application is denied
- A place for the applicant's signature with certification by the applicant that the application is in good faith and the facts in the application are true.

Q. Does accident, mistake, or misfortune apply to filing these applications late?

A. If an applicant shall satisfy the selectmen or assessor they were prevented by accident, mistake, or misfortune from filing on or before April 15, said officials may accept an application at a later date. No exemption or tax credit shall be granted after the local tax rate has been set for that year.

Q. What must a person that changes residence do after filing such an application?

A. Any person who changes residence after filing such a permanent application shall file an amended permanent application on or before December 1 immediately following the change of residence. The filing of the permanent application shall be sufficient for said persons to receive these exemptions or tax credits on an annual basis so long as the applicant does not change residence.

Q. What if the selectmen or assessors believe the applicant willfully made false statements on the application?

A. In such a case, the assessing official may refuse to grant the exemption or tax credit (RSA 72:34).

Q. Are those applicants who have a life estate or who have equitable or beneficial interest for life in the property or have placed their property in a grantor/revocable trust, eligible to apply for and receive a tax exemption or credit?

A. Those applicants who claim ownership in the property due to a life estate, or grantor/revocable trust, or have equitable or beneficial interest for life as defined by RSA 72:29, VI and who are otherwise qualified to receive the exemption or credit may receive the exemption or credit.

Q. Must such an applicant do anything else before receiving the exemption or tax credit?

A. An applicant filing as an owner by life estate or beneficial interest for life must also file with their application an additional statement under penalty of perjury, a Form PA-33, Statement of Qualification for Property Tax Credit or Exemption, attesting the fact they meet the requirements of RSA 72:29 VI. Form PA-33 is available for download at the DRA website http://www.revenue.nh.gov/.

Q. Once an exemption or tax credit is granted has the selectmen's or assessor's responsibility ended for future years?

A. Assessing officials may require applicants for any exemption or tax credit to file periodically but no more frequently than annually, any information listed in RSA 72:34 or the statement required by RSA 72:33.

Q. What can assessing officials do if there is a failure to file such periodic statements?

A. Failure to file such information periodically may, at the discretion of the assessing officials, result in the loss of the exemption or tax credit for that year.

RSA 72:34 Investigation of Application and Decision by Town Officials

Q. What must assessing officials do upon receipt of an application as provided for in RSA 72:33 above?

A. Assessing officials shall examine the application for the right to the exemption, tax credit, or tax deferrals, the ownership of the property listed and, if necessary, the encumbrances reported.

Q. What should assessing officials do for those exemptions having income or asset limitations?

A. Assessing officials may request true copies of any documents as needed to verify eligibility.

Q. How must these documents be treated by the assessing officials?

A. Documents submitted in support of an application for an exemption or tax credit must be considered confidential and handled in such a manner as to protect the privacy of an applicant. After a decision has been reached on the application, all documents, and copies of documents submitted by the applicant must be returned to the applicant, shredded, or destroyed.

Q. What may the assessing officials do if they believe the applicant has willfully made any false statement in the application or the applicant did not cooperate with their request?

A. The assessing official may refuse to grant the exemption or tax credit.

Q. What is the deadline for assessing officials to respond to applicants for tax exemptions or tax credits?

A. Assessing officials have until July 1, prior to notice of tax as defined in RSA 72:1-d, to reply by first class mail in writing to any taxpayer who timely requests an exemption or tax credit. This also applies to an applicant for a tax deferral. Tax deferrals will be covered later in this chapter.

Q. How does RSA 72:1-d define "Date of Notice of Tax"?

A. RSA 72:1-d Definitions. – In this chapter:

I. "*Date of the final tax bill*" means:

a) In towns that bill annually, the date the town mails the tax bills to the taxpayers;

b) In towns that bill semiannually, pursuant to RSA 76:15-a, the date the town mails the second tax bill to the taxpayers;

c) In towns operating with an optional fiscal year, pursuant to RSA 31:94-a or a special legislative act, the date the town mails the first tax bill to the taxpayers, provided that first tax bill establishes the total tax liability for the tax year and the bill includes notice that abatements must be sought from the first tax bill; and

II. Notwithstanding subparagraph c), in municipalities that bill quarterly, pursuant to RSA 76:15-aa, the date the municipality mails the final tax bill to the taxpayers.

III. *"Date of notice of tax*" means the date the Board of Tax and Land Appeals (BTLA) determines to be the last mailing date of the final tax bill for which relief is sought.

Date of Notice of Tax: The last mailing date of the final annual tax bill.

Q. Is there a particular form that assessing officials should use to notify applicants of the decision for an exemptions or tax credit request?

A. The decision shall be sent on Form PA-35, Assessing Officials Response to Exemption/Tax Credit. The form is available for download at the DRA website. The municipality shall advise the taxpayer of its decision to grant or deny the application. It shall also advise the applicant of the appeal procedure set forth in RSA 72:34-a. A municipality may require an applicant to provide a self-addressed stamped envelope with sufficient postage to mail this decision.

Q. What happens if the municipality fails to notify the applicant of its decision by July 1, prior to the date of notice of tax?

A. If the municipality fails to notify the applicant, it shall constitute a denial.

Q. What is the appeal procedure as defined in RSA 72:34-a?

A. Whenever the selectmen or assessors refuse to grant an applicant an exemption, deferral, or tax credit to which the applicant may be entitled under the provisions of RSA 72:23, 72:23-d, 72:23-e, 72:23-f, 72:23-g, 72:23-h, 72:23-I, 72:23-j, 72:23-k, 72:28, 72:29-a, 72:30, 72:31, 72:32, 72:35, 72:36-a, 72:37, 72:37-a, 72:37-b, 72:38-a, 72:38-b, 72:39-a, 72:39-b, 72:41, 72:42, 72:62, 72:66, or 72:70, the applicant may appeal in writing, on or before September 1 following the date of notice of tax under RSA 72:1-d, to the BTLA or the Superior Court, which may order an exemption, deferral, or tax credit, or an abatement if tax has been assessed.

Section 10.2 – Veterans' Tax Credit and Property Tax Exemption

Now that we've talked about what selectmen or assessors must do when qualifying applicants for exemptions, let's discuss the statutes themselves by first looking at the Veterans' Tax Credits. A tax credit is defined as an amount of money that shall be deducted from the person's tax bill. That is to say it is a dollar amount deducted directly from the taxes owed by the individual who is receiving the benefit of the tax credit. *(See lists provided by the NH Office of Veterans Services of qualifying medals for wars and conflicts and required forms and documents for verification service).*

There are six (6) statutes that pertain to tax credits for certain qualifying individuals and/or their surviving spouses and one (1) tax exemption.

RSA 72:28 Standard and Optional Veterans' Tax Credit

Q. What is the standard veterans' tax credit?

A. The standard veterans' tax credit is $50 off the taxes on the Veteran's primary residence.

Tax Credit: Money deducted from the total tax bill.

Q. Is there an optional veterans' tax credit?

A. A municipality may formally adopt a larger amount by vote at any town meeting or by vote of the governing body, if the municipality has the town council or city form of government. This credit amount may be greater than $50 and not more than $500. The provisions for adopting an amount greater than $50 may be found in RSA 72-27-a, see section 10.5.

Q. Can a surviving spouse of a deceased veteran receive the veterans' tax credit?

A. Yes. A surviving spouse of a resident (veteran), who suffered a service-connected death, unless remarried, may have the credit amount subtracted from the property tax on any real property in the same municipality where the surviving spouse is a resident. *(72:28 III)*

Q. How does a person qualify for this tax credit?

A. In order to qualify for the veterans' tax credit applicants must satisfy the selectmen or assessors that:

- The applicant has been a resident of New Hampshire for at least one year prior to April 1 for which they are applying and has served not less than 90 days active duty during any qualifying war or armed conflict listed below.

- The applicant has been honorably discharged from active duty service. A discharge of "Under Honorable Conditions" is not considered the same as Honorable. [The most commonly found discharge paper is the DD 214. This form is normally issued upon discharge from active duty and will list all the information needed to qualify or disqualify an applicant. However, some older veterans may not have a DD 214. Please refer to a more complete list of qualifying discharge papers at the end of Chapter 10.]

Q. Can other individuals qualify for the veterans' tax credit?

A. Yes. The veteran, the veteran's spouse or the surviving spouse.

Q. What are the qualifying wars and armed conflicts applicable to the veterans' tax credit?

A. The following is the list of qualifying wars and armed conflicts:

- "World War I" between April 6, 1917 and November 11, 1918, extended to April 1, 1920 for service in Russia; provided that military or naval service on or after November 12, 1918 and before July 2, 1921, where there was prior service between April 6, 1917 and November 11, 1918 shall be considered as World War I service;
- "World War II" between December 7, 1941 and December 31, 1946;
- "Korean Conflict" between June 25, 1950 and January 31, 1955;
- "Vietnam Conflict" between December 22, 1961 and May 7, 1975;
- "Vietnam Conflict" between July 1, 1958 and December 22, 1961, **if the resident earned the Vietnam service medal or the armed forces expeditionary medal**;
- "Persian Gulf War" between August 2, 1990 and the date thereafter prescribed by Presidential proclamation or by law; and
- Any other war or armed conflict that has occurred since May 8, 1975, **and in which the resident earned an armed forces expeditionary medal or theater of operations service medal.**

Q. Can an applicant qualify if their dates of service are not within the specified dates?

A. In order to qualify for this tax credit if dates of active duty service fall outside the specific dates listed above, an applicant would have to show that an armed forces expeditionary medal or a theater of operations medal was earned in addition to the other qualifying factors listed above.

Q. Who selected the dates of active duty service?

A. Dates of service listed in the statute are not arbitrarily selected by the New Hampshire State Legislature but are the official dates of the duration of the war or armed conflict as determined by Presidential Proclamation or Act of Congress through the United State's Department of Defense.

RSA 72:29-a Surviving Spouse

Q. What is the standard surviving spouse credit?

A. The standard credit for the surviving spouse of any person who was killed or died while on active duty in the armed forces of the United States shall be $700.

- This credit may also be applied to the spouse of anyone who served in any of the armed forces of any of the governments associated with the United

States in the wars, conflicts or armed conflicts, or combat zones set forth in RSA 72:28.

Q. What property can the credit be applied to?

A. The credit amount may be applied to any property owned by the spouse, residential or not, located in the same municipality where the surviving spouse is a resident.

Q. Is there an optional surviving spouse credit amount?

A. A municipality may formally adopt a larger amount by vote at any town meeting or by vote of the governing body, if the municipality has the town council or city form of government. This credit amount may be between $701 and $2,000. The provisions for adopting a higher amount may be found in RSA 72:27-a, see section 10.5.

RSA 72:30 Proration of Tax Credit

Q. Can an applicant receive only a portion of a tax credit?

A. Any qualified individuals who own property together and are not husband and wife may receive a tax credit in proportion to the interest owned not to exceed the amount of the credit specified in RSA 72:28.

Example: If a municipality has a $250 credit limit and the property is owned by a father and a son, both of whom qualify, they may split the $250 each getting ½ of the allowable credit in that municipality, or $125 each.

RSA 72:31 Husband and Wife.

Q. Can more than one tax credit be applied for the same property?

A. Yes, a husband and wife, each qualifying for a tax credit, shall each be granted a tax credit upon their residential real estate as provided under RSA 72:28,I or II. This means that a husband and wife who own residential property together may each receive a full credit amount.

Example: If a municipality has a $500 credit allowance, the husband and the wife each may receive the full $500 credit for a total of $1,000 provided the total bill is at least $1,000.

RSA 72:32 Veterans of Allied Forces

Q. What if an applicant has active duty with an ally of the United States?

A. If a citizen of the United States or a resident of New Hampshire served on active duty with an ally of the United States in any of the wars listed in RSA 72:28, that person may receive the credit as long as they qualify otherwise under the statute. This is a relatively rare occurrence.

RSA 72:35 Tax Credit for Service-Connected Total Disability

Q. Who can receive the tax credit for service-connected total disability?

A. Any person who has been honorably discharged or an officer honorably separated from the military service of the United States and who has total and permanent (100%) service-connected disability, or who is a double amputee or paraplegic because of service-connected injury, or the surviving spouse of such a person, shall receive a standard yearly tax credit in the amount of $700 of property taxes on the person's residential property. The 90-day service requirement does not apply to this tax credit.

Q. Is there an Optional Tax Credit?

A. Yes. A municipality may formally adopt a larger amount by vote at any town meeting or by vote of the governing body, if the municipality has the town council or city form of government. This amount may be between $701 and $2,000. The provisions for adopting a higher amount may be found in RSA 72:27-a, see section 10.5.

Q. What is the prime proof of qualification for this tax credit?

A. A letter from the United States Department of Veterans Affairs attesting to the fact the applicant is rated totally and permanently disabled from service connection. The applicant must be 100% permanently disabled. An applicant shall be afforded the opportunity to present additional evidence, if needed.

Q. How is the tax credit applied to the tax bill?

A. This tax credit shall be divided evenly among the number of tax bills issued by the municipality.

Q. Can a veteran qualify for both a tax credit under RSA 72:28 and RSA 72:35?

A. Yes, so long as the requirements for each are met.

Q. What happens if the tax credit is denied?

A. Any decision to deny an application shall identify the evidence used in the denial. A person denied has the right of appeal outlined in RSA 72:34-a.

RSA 72:36-a Certain Disabled Veterans. (*Exemption*)

Q. Who qualifies under this statute?

A. Any person, who is discharged from military service of the United States under conditions other than dishonorable, or an officer who is honorably separated from military service, who is totally and permanently disabled from service connection and satisfactory proof of such service connection is furnished to the assessors and who is a double amputee of the upper or lower extremities or any combination thereof, paraplegic, or has blindness of both eyes with visual acuity of 5/200 or less as the result of service connection and who owns a specially adapted homestead which has been acquired with

the assistance of the Veterans Administration or which has been acquired using proceeds from the sale of any previous homestead which was acquired with the assistance of the Veterans Administration, the person or person's surviving spouse, shall be exempt from all taxation on said homestead.

Qualifying Awards for the Veterans' Tax Credit For Wars or Conflicts after May 8, 1975

List provided by NH Office of Veterans Services

Any of the following medals shall be considered a "theater of operations service medal" for the purposes of qualifying a veteran for the Veterans' Tax Credit in RSA 72:28. Typically, the medal will appear on the discharge papers (such as the DD214), except for those who earned the medal, but were discharged prior to the award. There must be documentation to qualify.

Afghanistan Campaign Medal	Kuwait Liberation Medal
Armed Forces Expeditionary Medal	Marine Corps Expeditionary Medal
Global War on Terrorism Expeditionary Medal	Navy Expeditionary Medal
Iraq Campaign Medal	Southwest Asia Service Medal
Kosovo Campaign Medal	

In addition, in the absence of evidence to the contrary, the award of the following decorations shall also be considered evidence of a veteran's combat service and qualification for the Veterans' Tax Credit:
Reference: **"V" Device**: "V" stands for Valor, and it is awarded to denote combat service.
If so specified, the medal must have the "V" Device to be valid.

Air Force Cross	Distinguished Flying Cross
Air Force Outstanding Unit Award **with "V" Device**	Distinguished Service Cross
Air Medal **with "V" Device**	Joint Service Commendation Medal **with "V" Device**
Army Commendation Medal **with "V" Device**	Medal of Honor
Bronze Star Medal **with "V" Device**	Navy Commendation Medal **with "V" Device**
Combat Action Ribbon	Navy Cross
Combat Infantryman Badge	Purple Heart
Combat Medical Badge	Silver Star
Combat Aircrew Insignia	

Current as of: June 25, 2010

The state legislature passed (and Governor Benson signed into law) SB 531 with an effective date of July 23, 2004. This new law clarifies the Veterans Property Tax Credit in RSA 72:28 by defining the term "theater of operations service medal" for any war or armed conflict that has occurred since May 1975, as any medal, ribbon or badge awarded to a member of the armed forces which establishes that the member served in a theater of war or armed conflict, as determined by the Director of NH State Veterans Council, with written notification to the Department of Revenue Administration. The NH State Veterans Council provided the list of medals, ribbons or badges that qualify a veteran for the property tax credit.

Military members who served (or are currently serving) in Afghanistan or Iraq will eventually be awarded the Global War on Terrorism Expeditionary Medal, the Afghanistan Campaign Medal, or Iraq Campaign Medal, which are on the list of qualifying awards. We plan to update the list as often as necessary to keep it current and accurate. If anyone has any questions or comments regarding the specific medals, please refer them to the Director of the NH State Veterans Council at (603) 624-9230.

Forms and Documents Verifying a Veteran's Active Military Service

List provided by NH Office of Veterans Service

DD 214 from any branch of the armed forces;	NAVPERS 554 from the United States Navy;
DD 215 from any branch of the armed forces;	NAVPERS 660 from the United States Navy;
DD 217 from any branch of the armed forces;	NAVPERS 661 from the United States Navy;
DD Form 2 (Retired)	NGB Form 22 from the National Guard;
Completed DD Form 4/2 from the National Guard (*See note below*)	WD AGO 53-55 from the United States Army;
GSA Form 6954 from the National Archives;	WD AGO 53-98 from the United States Army;
NA Form 13038 from the National Archives;	WD AGO 755 from the United States Army;
NA Form 13041 from the National Archives;	Verification of Service letter from the United States Department of Veterans Affairs;
NAVCG 2510 from the United States Coast Guard;	Summary of Military Service Record from the New Hampshire Korean War Bonus application;
NAVMC 70-PD from the United States Marine Corps;	Notarized statement of service letter signed by the individual's commanding officer or administrative officer.
NAVMC 78-PD from the United States Marine Corps;	Other documents approved by the Director of the NH State Veterans Council.
NAVPERS 553 from the United States Navy;	

Current as of: August 1, 2013

The above (excerpted from HB 1372) is a list of forms and documents that are usually sufficient for verifying a veteran's active military service.

For a document to be acceptable in verifying a veteran's active military service, it must show (in addition to sufficient identification data) at least three key pieces of information:

- a date of entry into active duty,
- a date of separation or release from active duty, and
- the character of the discharge (proof of honorable discharge or separation).

Note: Form DD Form 4/2 is a reenlistment form used by all branches of service. It is actually a three part form – 4/1, 4/2 and 4/3. It may or may not show character of discharge.

Revised August 1, 2013 to reflect additions in RSA 21:50, I (b) *(Effective 7/24/2013)*
Search for this list and the qualifying medals list at:
http://www.revenue.nh.gov/munc_prop/exemptions-tax-credits/vetex_cr.htm

Section 10.3 – Property Tax Exemptions

Property exemptions can be a little more complex than Veterans' Tax Credits. The goal here is to explain the basic exemptions, who qualifies to receive them, which exemptions do not require formal adoption and which exemptions have to be formally adopted by a municipality before they can be granted by a municipality.

Exemption: An amount deducted from the property's total assessed value.

An exemption can be defined as an amount of money deducted from the assessed value of a property before the application of the tax rate to determine the tax due.

> Example: If the total assessed value of a property is $200,000 and the municipality allows an exemption amount of $50,000 for a particular exemption, then the qualifying applicant would receive a tax bill figured on the difference of $200,000 less $50,000 – or $150,000.

To Adopt or Not to Adopt

There are two (2) basic classes of property exemptions in New Hampshire.

- The first class includes those exemptions that do not have to be formally adopted by the municipality before they may be granted to qualified individuals.
- The second class includes those exemptions that do need to be formally adopted by the municipality before they may be granted regardless of whether the applicant is qualified.
- All exemptions, whether requiring formal adoption, or not, also have optional provisions within them allowing municipalities to increase the exemption amount itself and also any income or asset requirements associated with the exemption. These are provided for under RSA 72:27-a (see section 10.5), and should not be confused with the two basic classes of exemptions described above.
- Clarification will be given in the specific discussion of each exemption below. All applications made under this section shall be subject to the provisions of RSA 72:33 and RSA 72:34 discussed at the beginning of this chapter.

RSA 72:23-m Applicability of Exemptions

Q. When are exemptions applicable?

A. The exemptions afforded by RSA 72:23 or 72:23-a through 72:23-k (see section 10.6), as well as exemptions granted by other provisions of law (see section 10.4), shall be construed to confer exemption only upon property which meets requirements of the statute under which the exemption is claimed. The burden of demonstrating the applicability of any exemption shall be upon the claimant.

Section 10.4 – Exemptions Not Requiring Formal Adoption

Exemptions pertaining to certain elderly people and certain blind people do not require formal adoption by municipalities. Also included in exemptions not requiring formal adoption are those to assist disabled persons or to assist deaf persons. Each is discussed in detail as follows:

RSA 72:39-a Conditions for Elderly Exemption

Q. Who qualifies for an elderly tax exemption?

A. Property owners who meet the following qualification:

1. The applicant must have been a New Hampshire resident for at least 3 years prior to the April 1 for which application is being made. Three (3) year residency applies statewide and is not limited to the municipality where the applicant now resides and where application is being made as long as the applicant owned property as of April 1 and has been a New Hampshire resident for 3 consecutive years.

2. Net income from all sources in the calendar year preceding the April 1 application shall be $13,400 if single and $20,400 if married. Per this statute, the following is the method to use when figuring net income: net income shall be determined by deducting, within one calendar year and from all money received from all sources including social security and pension payments, the amount of any of the following or the sum thereof:

    a. Life insurance paid on the death of an insured.

    b. Expenses and costs from expenses incurred in the operation of a business enterprise.

    c. Proceeds from the sale of assets.

3. Owns net assets not in excess of $35,000. This amount does not include the value of the applicant's personal residence and up to 2 acres of land or the minimum single-family residential lot size specified in local zoning ordinance whichever is greater.

Q. What is the statutory elderly exemption?

A. The minimum amount that can be offered is $5,000.

Q. Can municipalities increase the statutory minimum requirements?

A. Yes. A municipality may formally adopt a higher amount by vote at any town meeting or by vote of the governing body, if the municipality has the town council or city form of government, following the provisions of RSA 72:39-b (see below).

Q. How are assets defined under this statute?

A. "Net assets" means the value of all assets, tangible and intangible, minus the value of any good faith encumbrances. Good faith encumbrances include mortgages, personal loans, liens and other claims against the value of an asset.

Q. How is "Residence" defined under this statute?

A. "Residence" means the housing unit and related structures such as an unattached garage or woodshed, which is the person's principal home, and which the person in good faith regards as home to the exclusion of any other places where the person may temporarily live. "Residence" shall exclude attached dwelling units and unattached structures used or intended for commercial or other nonresidential purposes.

Q. Are there any other requirements that an applicant must meet to qualify for the elderly exemption?

A. Yes.

1. The property must be owned by the applicant; or

2. Owned by the applicant jointly or in common with the applicant's spouse, either of whom meets the age requirement for the exemption claimed; or

3. Owned by the applicant jointly or in common with a person not the applicant's spouse, if the applicant meets the applicable age requirement for the exemption claimed; or

4. Owned by the applicant, or the applicant's spouse, either of who meets the age requirement for the exemption claimed, and as long as they have been married to each other for at least 5 consecutive years.

Q. What happens when a spouse dies?

A. On the death of a spouse, the combined net asset amount for married persons shall continue to be used for determining eligibility for the surviving spouse unless the property sells, transfers, or the surviving spouse remarries. The income level to be used, however, will be that of a single person.

RSA 72:39-b Procedure for Adoption and Modification of Elderly Exemption

This procedure allows a municipality to adopt amounts higher than the statutory minimum limits in the following manner and in accordance with RSA 72:27-a, see section 10.5.

It allows municipalities to adopt income limits, asset limits and exemption amounts of its own choosing for the following age groups:

- 65 years of age up to age 75,

- 75 years of age up to age 80, and

- 80 years of age and over.

All other criteria listed in RSA 72:39-a must also be met.

> ***NOTE*:** The following limitation under RSA 72:40-a also applies to the Elderly Exemption and states that "*no exemption shall be allowed under RSA 72:39-b if the resident applying therefore has, within the preceding 5 years, received transfer of the real estate from a person under the age of 65 related to him by blood or marriage*." This provision deters people under the age of 65 from benefiting from the exemption who otherwise would not qualify to receive it.

RSA 72:37 Exemption for the Blind

Q. Who qualifies to receive the blind exemption?

A. Every inhabitant who is legally blind as determined by the Blind Services Program, Bureau of Vocational Rehabilitation, Department of Education.

Q. ***What is the amount of the exemption?***

A. For property tax purposes, the statutory minimum exemption amount of $15,000 shall be exempt each year on the assessed value of his or her residential real estate.

Q. Can municipalities increase the statutory minimum requirement?

A. Yes. A municipality may formally adopt a higher amount by vote at any town meeting or by vote of the governing body, if the municipality has the town council or city form of government, following the provisions of RSA 72:27-a.

Q. What is the definition of "residential real estate" for RSA 72:37?

A. The term "residential real estate" for RSA 72:37 shall mean the real estate that the person qualified for an exemption or a tax credit there under occupies as his principal place of abode together with any land or buildings appurtenant thereto and shall include manufactured housing if used for said purpose.

RSA 72:37-a Exemption for Improvements to Assist Persons With Disabilities

Q. What does "person with disabilities" mean?

A. Person with a "disability" means a person who by reason of a physical defect or infirmity permanently requires the use of special aids to enable him to propel himself.

> ***NOTE*:** The key word here is "propel". The special improvements must have been made in order to make it easier for the disabled person to get into and around the house once inside. This includes improvements such as wheel chair ramps, extra wide doorways, elevators, etc.

Q. Who qualifies for this exemption?

A. Every owner of residential real estate upon which he resides, and to which he has made improvements for the purpose of assisting a person with a disability who also resides on such real estate, is each year entitled to an exemption from the assessed value, for property tax purposes, upon such residential real estate determined by deducting the value of such improvements from the assessed value of the residential real estate before determining the taxes upon such real estate.

If the value of the improvement is not added to the assessment, there is nothing to subtract out.

Q. Can other individuals qualify for the exemption for improvements to assist person with disabilities?

A. Yes. The person with the disability can be the owner of the property or anyone else who may reside there.

Q. When does the exemption apply?

A. It only applies to the taxable years in which the disabled person actually resides in the house and the April 1 rule applies.

Ex: If the disabled person moves out on April 2, the exemption stays until the following March 31 and then ceases the next April 1.

Section 10.5 – Exemptions Needing Formal Adoption

RSA 72:27-a Procedure for Adoption, Modification, or Rescission

The following exemptions must be formally adopted through the procedure outlined in RSA 72:27-a. This statute was enacted in 2003 after the repeal of RSA's 72:28-a, 72:29-b, 72:35-a, 72:36-b, 72:37-c, 72:63, 72:67 and 72:71. These repealed statutes included specific language to be used in the warrant article for the adoption of each exemption. RSA 72:27-a replaced all these with more general guidance for municipalities to use in crafting their warrant articles.

- It starts out by listing the specific statutes it refers to, namely RSA 72:28, 72:29-a, 72:35, 72:37, 72:37-b, 72:38-b, 72:39-a, 72:62, 72:66, or 72:70.
- Towns that have not adopted the Town Council form of government RSA 49-D must address the adoption of exemptions and credits through a warrant article at any regular or special town meeting.
- Cities or towns who have adopted a charter pursuant to RSA 49-C or 49-D may adopt any exemption or credit through the normal course of operation of its governing body or as a ballot question for any regular municipal election.

Q. How shall the warrant or the vote be worded?

A. The warrant shall contain the information below:

- The vote shall specify the provisions of the property tax exemption or credit, the amount of such exemption or tax credit, and the manner of its determination as listed in paragraph I of RSA 72:27-a.

  If a majority of those voting on the questions vote "yes," the exemption or credit shall take effect within the municipalities on the date set by the governing body, or in the tax year beginning April 1 following its adoption, whichever shall occur first. This means the warrant should reference:

  - The exemption or credit being adopted.
  - The amount of the exemption or credit.
  - The amount of income and asset limits being proposed, if required.
  - The date the exemption or credit shall be applied.
  - Any additional requirements necessary under the statutes.

- A municipality may amend or rescind an exemption or credit it had previously adopted in the same manner as outlined above.

> ***NOTE***: It may be of particular importance to a municipality to consider amending or adjusting certain exemption amounts to keep pace with increases or decreases in assessed values as revaluations occur.

RSA 72:37-b Exemption for the Disabled

Q. Who qualifies for the exemption for the disabled?

A. Any person who is eligible to receive benefits under Title II (Federal Old-Age, Survivors, and Disability Insurance Benefits) or Title XVI (Supplemental Income for the Aged, Blind, and Disabled) of the Federal Social Security Act for benefits to the disabled.

Q. What is the amount of the exemption for the disabled?

A. The exemption amount shall be an amount chosen by the municipality as described in RSA 72:27-a.

> ***NOTE***: This statute also provides the option for those who had been receiving the exemption for the disabled to keep the exemption for the disabled or to opt for the elderly exemption at age 65 whichever is greater. Municipalities might want to consider keeping their exemption for the disabled amount equal to their entry level (age 65-74) elderly exemption amount.

Q. What are the requirements to receive the exemption for the disabled?

A. In addition to the Title II or Title XVI requirement the applicant must meet the following:

1. The applicant must own the property.

   a. Owned by the applicant jointly or in common with the applicant's spouse, either of whom meets the requirements for the exemption claimed; or

   b. Owned by the applicant jointly or in common with a person not the applicant's spouse, if the applicant meets the applicable requirements for the exemption claimed; or

   c. Owned by the applicant, or the applicant's spouse, either of whom meets the requirements for the exemption claimed, and when they have been married to each other for at least 5 consecutive years.

2. The applicant must have been a New Hampshire resident for at least 5 years prior to the April 1 for which the application is being made.

3. The applicant must have a net income from all sources in the calendar year preceding April 1 in the year of application not exceeding $13,400 if single or $20,400 if married. Per this statute, the following is the method to use when figuring net income: Net income shall be determined by deducting from all money received from all sources including social security and pension payments, the amount of any of the following or the sum thereof:

   a. Life insurance paid on the death of an insured.

   b. Expenses and costs from expenses incurred in the operation of a business enterprise.

   c. Proceeds from the sale of assets.

4. Owns net assets not in excess of $35,000. This amount does not include the value of the applicant's personal residence and up to 2 acres of land or the minimum single-family residential lot size specified in local zoning ordinance whichever is greater.

> In no case shall municipalities lower the **Income Level** to less than $13,400 for a single person and $20,400 for married persons and **Assets to** less than $35,000.

RSA 72:38-b Exemption for Deaf or Severely Hearing Impaired Persons; Procedure for Adoption

Q. Who qualifies for the deaf or severely hearing impaired persons exemption (how is this exemption defined in the statute?)

A. For purposes of the deaf or severely hearing impaired persons exemption the applicant shall have a 71 decibels (Db) hearing average (average from both ears) hearing loss or

greater in the better ear as determined by a licensed audiologist or qualified otolaryngologist, or rely on a visual means of communication such as American Sign Language or speech recognition, or whose hearing is so impaired as to substantially limit the person from processing linguistic information through hearing, with or without amplification, so as to require the use of an interpreter or auxiliary aid.

***NOTE*:** The 71 Db hearing loss mentioned in the statute comes from a hearing test known as the Pure Tone Average, or PTA test. The following table (Table 1) lists degrees of hearing loss in decibels that result from this test. So, as you can see, anyone with a hearing loss of 71 Db's or greater in the better ear is in the severe to profound hearing loss categories.

Table 1

Db Hearing Levels
0 – 20 Db = normal – no significant hearing loss
20 – 40 Db = early or mild hearing loss
40 – 60 Db = moderate hearing loss
60 – 70 Db = moderately severe hearing loss
70 – 90 Db = severe hearing loss
91+ Db = profound hearing loss

Q. What is the amount of the exemption for the deaf or severely hearing impaired?

A. Once adopted by a municipality under the provisions of RSA 72:27-a, any deaf person or person with severe hearing impairment as defined above shall receive an exemption each year on the assessed value, for property tax purposes, on his or her residential real estate to a value of $15,000.

1. A municipality may vote to modify or rescind the exemption as it sees fit under RSA 72:27-a, but in no case can the amount be less than $15,000.

2. The term residential real estate as used in this section shall mean the real estate which the person qualified for an exemption or a tax credit there under occupies as his principal place of abode together with any land or buildings appurtenant thereto and shall include manufactured housing if used for said purpose.

Q. What are the requirements to receive the exemption for the deaf or severely hearing impaired?

A. In addition to the hearing loss requirement the applicant must also meet the following:

1. The applicant must own the property.

a. Owned by the applicant jointly or in common with the applicant's spouse, either of whom meets the requirements for the exemption claimed; or

b. Owned by the applicant jointly or in common with a person not the applicant's spouse, if the applicant meets the applicable requirements for the exemption claimed; or

c. Owned by a applicant, or the applicant's spouse, either of whom meets the requirements for the exemption claimed, and when they have been married to each other for at least 5 consecutive years.

In no case shall municipalities lower the **Income Level** to less than $13,400 for single persons and $20,400 for married persons and **Assets to** less than $35,000.

2. The applicant must have been a New Hampshire resident for at least 5 years prior to the April 1 for which the application is being made.

3. The applicant must have a net income from all sources in the calendar year preceding April 1 in the year of application not exceeding $13,400 if single or $20,400 if married. Per this statute, the following is the method to use when figuring net income: Net income shall be determined by deducting, within a calendar year, from all money received from all sources including social security and pension payments, the amount of any of the following or the sum thereof:

   a. Life insurance paid on the death of an insured.

   b. Expenses and costs from expenses incurred in the operation of a business enterprise.

   c. Proceeds from the sale of assets.

4. Owns net assets not in excess of $35,000. This amount does not include the value of the applicant's personal residence and up to 2 acres of land or the minimum single-family residential lot size specified in local zoning ordinance whichever is greater.

Q. Are there other exemption options for the deaf or severely hearing impaired?

A. Yes. In addition to the exemption provided in this section, a person may claim an exemption for the improvements to assist persons who are deaf or severely hearing impaired as follows:

1. Every owner of residential real estate upon which he or she resides, and to which he or she has made improvements for the purpose of assisting a person who is deaf or severely hearing impaired who also resides on such real estate is each year entitled to an exemption from the assessed value, for property tax purposes, upon such residential real estate determined by deducting the value

of such improvements from the assessed value of the residential real estate before determining the taxes upon such real estate.

2. The exemption under this paragraph shall apply only in taxable years during which the person who is deaf or severely hearing impaired resides in the residential real estate for which the exemption is claimed on April 1 in any given year.

Q. When does the exemption apply?

A. It only applies to the taxable years in which the deaf or severely hearing-impaired person actually resides in the house and the April 1 rule applies.

Example: If the deaf/severely hearing impaired person moves out on April 2, the exemption stays until the following March 31 and then ceases the next April 1.

***NOTE*:** The exemption applies to the owner of the property or anyone else who may reside there.

Section 10.5.1 – Property Exemptions

Property vs. People Exemptions

The following property tax exemptions must be adopted by the municipality in accordance with RSA 72:27-a, but these exemptions are associated with the real estate itself, more specifically with the improvements, than with the people who own the property.

RSA 72:62 Exemption for Solar Energy Systems

Q. What type of property qualifies for the solar exemption?

A. An exemption from the assessed value, for property tax purposes, for persons owning real property which is equipped with a solar energy system as defined in RSA 72:61.

If the value of the improvement is not added to the assessment, there is nothing to subtract out.

Q. What is the definition of a solar energy system?

A. In this subdivision "solar energy system" means a system that utilizes solar energy to heat or cool the interior of a building or to heat water for use in a building and which includes one or more collectors and a storage container. "Solar energy system" also means a system that provides electricity for a building by the use of photovoltaic panels.

Q. What does not qualify as a solar energy system?

A. Under this definition "Passive" Solar devices such as windows, skylights, sun porches and other non-system devices would not qualify for a solar exemption.

RSA 72:66 Exemption for Wind-Powered Energy Systems

Q. What type of property qualifies for the wind-powered energy system?

A. An exemption from the assessed value, for property tax purposes, for persons owning real estate property which is equipped with a wind-powered energy system.

Q. What is the definition of a wind-powered energy system?

A. In this subdivision "wind-powered energy system" means any wind-powered devices which supplement or replace electrical power supplied to households or businesses at the immediate site.

Q. What could be considered a wind-powered energy system?

A. These are most often in the form of some kind of windmill or wind turbine. They are relatively rare in most residential and small business applications.

RSA 72:70 Exemption for Wood-heating Energy Systems

Q. What type of property qualifies for the wood-heating energy system?

A. An exemption from the assessed value, for property tax purposes, for persons owning real property which is equipped with a wood-heating energy system.

Q. What is the definition of a wood-heating energy system?

A. In this subdivision "wood-heating energy system" means a wood burning appliance designed to operate as a central heating system to heat the interior of a building. The appliance may burn wood solely or burn wood in combination with another fuel. A central heating system shall include a central appliance to distribute heat by a series of pipes, ducts or similar distribution system throughout a single building or groups of buildings.

Q. What does not qualify as a wood-heating energy system?

A. A wood burning appliance shall not include a fireplace, meaning a hearth, fire chamber or similarly prepared place with a chimney intended to be usable in an open configuration whether or not it may also be closed and operated closed; or a wood stove meaning a wood burning appliance designed for space heating purposes which does not operate as a central heating system or as a sole source of heat.

> ***NOTE*:** The key word is "system" which is a common theme to the previous three exemptions. In order to qualify for the exemption, there must be some active *system* in place rather than a simple passive type of mechanism.

Another thing to consider when implementing the Wind, Solar, or Wood-heating exemptions is the type of exemption that will be allowed. As with other exemptions, Elderly, Disabled, Blind, etc., it is recommended that a specific dollar amount be presented to voters on the warrant article

for their approval on Solar, Wind, and Wood-heating exemptions. Language such as "The cost of the system to the property owner" is vague and difficult to verify and over time becomes difficult to value in subsequent revaluations. Most revaluation companies do not include the value of these systems in their appraisals adding to the problem of what to exempt at that time. Even if they do value the systems the amount of the value may not truly represent current cost to replace. Remember too that municipalities always have the option to vote to increase or decrease, as necessary, the exemption amount in future warrants articles as provided for in RSA 72:27-a.

Section 10.6 – Religious, Educational, and Charitable Exemptions

The following discussion centers on properties that qualify under the general headings of RSA 72:23. This statute defines which entities are exempt from taxation and those that can apply for tax-exempt status. The difference is that those entities that are exempt are the basic governmental units. Property owned by the Federal Government is exempt from taxation without need of an application. Property owned by the State and property of municipal entities located within their own jurisdiction are generally exempt from taxation without application. However, property owned by state or municipal entities that is leased or rented to an outside party is taxable as real estate.

Certain other properties owned by religious, educational and charitable entities may apply for tax-exempt status under certain conditions. Let's examine RSA 72:23 in more detail.

RSA 72:23 Real Estate and Personal Property Tax Exemption.

This statute seeks to describe, by category, a great variety of other property types and the requirements that must be met in order to qualify and maintain tax-exempt status.

Government Owned Property

Q. Does property owned by governmental entities have to pay property taxes and under what circumstances might they be liable to pay property taxes?

A.

1. Property owned by the Federal Government pays no property tax under any circumstances.

2. Property owned by the State of New Hampshire, or by a New Hampshire city, town, school district or village district, or by the university or community college system of New Hampshire is exempt from taxation, unless the property is used or occupied by someone other than the aforementioned under a lease or other agreement the terms of which provide for the payment of property taxes by the party using or occupying the property. If the lease or other agreement clearly states the lessee's obligation regarding payment of taxes, the property is taxable to the lessee.

    a. The lease or other agreement must also include a provision that failure to pay property taxes when due shall be cause for the termination of said lease by the lessor. A tax collector of a governmental entity shall notify the lessor when taxes due are not paid and it shall be the duty of the lessor to terminate the

lease and pay over to the tax collector from monies received from the lease an amount sufficient to satisfy the taxes due.

b. Exception to the lease rule is that it shall not apply to leases of state-owned railroad properties which are subject to railroad taxes under the provisions of RSA 82 or which provide revenue to the State, a portion of which is distributed to municipalities pursuant to RSA 228:69,I(a).

Q. What about property owned by county governments?

A. Lands, buildings and personal property owned and used by any county for governmental purposes, including hospitals, courthouses, registry buildings, and county correctional facilities shall be exempt from taxation. An exception applies to county farms and their lands, buildings and taxable personal property that shall be taxed.

Q. How are properties owned by religious groups affected by this exemption?

A. Houses of public worship, parish houses, church parsonages occupied by their pastors, convents, monasteries, buildings and the lands appertaining to them owned, used and occupied directly for religious training or for other religious purposes by any regularly recognized and constituted denomination, creed or sect, organized, incorporated or legally doing business in this state and the personal property used by them for the purposes for which they are established, shall be exempt from taxation.

***NOTE*:** The key phrase is owned, used and occupied directly for religious training or other religious purposes. All three tests must be met. If any property owned by a religious group is not being used for religious purposes or is rented to another party not providing religious related services, then that property shall be taxed. This includes vacant land or excess land that is not being used for religious purposes.

Q. Can this exemption be applied to schools, seminaries of learning, colleges, academies or universities?

A. Yes. The buildings and structures of schools, seminaries of learning, colleges, academies and universities organized, incorporated or legally doing business in this state and owned, used and occupied by them directly for the purposes for which they are established. Including but not limited to the dormitories, dining rooms, kitchens, auditoriums, classrooms, infirmaries, administrative and utility rooms and buildings connected therewith, athletic fields and facilities and gymnasiums, boat houses and wharves belonging to them and used in connection therewith, and the land thereto appertaining. This is provided none of the income or profits are divided among the members or stockholders or used or appropriated for any other purpose than the purpose for which they are organized or established.

Q. When doesn't the exemption apply?

A. The exemption doesn't apply when lands and buildings are not used and occupied directly for the purposes for which they are organized or incorporated, and the personal property used by them directly for the purposes for which they are established.

Q. What is the amount of the Religious, Educational, and Charitable exemption?

A. With the exception of the Educational Exemption for dormitories, dining rooms and kitchens, the exemption is for the total value of the property meeting the requirements for exemption. Statute provides that if the value of the dormitories, dining rooms and kitchens exceed $150,000, the value thereof in excess shall be taxable.

Q. Can the amount of the Religious, Educational, and Charitable exemption be increased?

A. Yes. At an annual town meeting or the governing body of a city may vote to increase the amount of the exemption upon dormitories, dining rooms and kitchens.

Q. Are charitable organizations and other non-profit or 501-3c corporations exempt under 72:23?

A. The buildings, lands and personal property of charitable organizations and societies organized, incorporated, or legally doing business in this state, owned, used and occupied by them directly for the purposes for which they are established, provided that none of the income or profits thereof is used for any other purpose than the purpose for which they are established may be eligible for exemption. For the purposes of this section, the term "charitable" shall have the meaning set forth in RSA 72:23-l. Simply being a 501-3c corporation does not qualify one for the exemption.

An organization may not always be considered charitable just because they conduct non-profit activities.

***NOTE*:** This definition of charitable requires an applicant be required to provide some charitable service and be obligated by its charter to provide this service to a substantial and indefinite segment of the general public that includes residents of NH with no financial profit or benefit to its officers or members, or those of any related organization. The fact an organization's activities are not conducted for profit shall not in itself be sufficient to render the organization charitable under this Chapter. Additional information may be obtained from the New Hampshire Department of Justice, Charitable Trust Unit.

Q. How can someone apply for a Religious, Educational or Charitable exemption?

A. Applicants can apply to selectmen or assessing officials on BTLA Form A-9, List of Inventory of Taxable Properties no later than April 15 of the tax year for which the exemption is being sought. Accident, mistake or misfortune applies if the selectmen or assessing officials, at their discretion, are satisfied the information supplied is accurate. RSA 72:23-c.

1. Applicants are required to supply a copy of the organization's charter or articles of incorporation that indicates they are required by it to perform charitable acts to a substantial and indefinite segment of the population that includes NH residents.

2. BTLA Form A-12, Statement of Financial Condition, must also be filed before June 1 annually to maintain their charitable exemption. This form applies only to charitable organizations.

***NOTE*:** BTLA Form A-9 must be submitted **annually** to the municipality by April 15 or the municipality may remove the charitable organizations exemption. This form applies to religious and educational organizations as well.

Q. What if the application is denied?

A. If denied, the taxpayer may on or before September 1 file an appeal to BTLA or Superior Court (RSA 72:34-a).

RSA 72:23-a Veteran's Organizations.

This statute specifically exempts the real estate and the personal property owned, occupied and used directly by the New Hampshire Veterans Association, the United Spanish War Veterans, Veterans of Foreign Wars, the American Legion, the Disabled American Veterans, Sons of Union Veterans of the Civil War, Veterans of World War I Incorporated and any other veterans organization incorporated by Act of Congress or of its departments or local chapters or posts, shall be exempt from taxation. They must also **annually file** on or before April 15 BTLA Form A-9 and BTLA Form A-12 on or before June 1. Failure to annually file may result in the loss of the exemption for that year. Accident, mistake or misfortune applies.

RSA 72:23-b American Red Cross.

The real estate and the personal property belonging to the American National Red Cross shall be exempt from taxation. They must also annually file on or before April 15 BTLA Form A-9 and BTLA Form A-12 on or before June 1. Failure to annually file may result in the loss of the exemption for that year. Accident, mistake or misfortune applies.

RSA 72:23-d New Hampshire Congregational-Christian Conference.

RSA 72:23-e Nutfield Heights, Inc.

RSA 72:23-f Salemhaven, Inc.

RSA 72:23-g Letitia Pratt Foundation, Inc.

RSA 72:23-i Rannie Webster Foundation

RSA 72:23-j Senior Citizen Housing Development Corporation of Claremont, Inc.

RSA 72:23-k Charitable, Nonprofit Housing Projects.

The above New Hampshire organizations are exempt from ad valorem taxation but must render a payment in lieu of taxes (PILOT) on or before December 1 of each year; an amount equal to 10% of the shelter rent (income received from rents only, excluding fees for services and other types of income) received by the owner during the preceding calendar year. For cause shown, keeping in mind the nature and purpose of the corporation, the BTLA may abate all or a portion of the PILOT in any year. The owner shall on or before June 1 of each year file with the municipality in which the property is located BTLA Form A-12, Statement of Financial Condition, for the preceding fiscal year.

RSA 72:23-h Granges.

The real estate and personal property owned by Granges that are incorporated in NH shall be exempt from property taxes. If such property is rented for business purposes, the real estate shall not be exempt.

RSA 72:23-n Voluntary Payments in Lieu of Taxes (PILOTS).

The governing body of any municipality may enter into negotiations for a voluntary payment in lieu of taxes from otherwise fully or partially tax exempt properties, and may accept from such properties a voluntary payment in lieu of taxes.

Section 10.7 – Miscellaneous Property Tax Exemptions

There are a number of other exemptions that affect property taxes. These are mostly special purpose exemptions that do not affect a great many properties but are certainly worth mentioning for the benefit of those who may be affected by them.

RSA 72:7-c Exemption; Radio Towers, Antennas and Related Structures.

Radio antennas, towers and related or supporting structures used exclusively in the operation of an amateur communications station under Federal Communications Commission amateur radio service rules and regulations shall be considered personal property and are not taxable as real estate.

RSA 72:8 Electric Plants and Pipe Lines.

All structures, machinery, dynamos, apparatus, poles, wires, fixtures of all kinds and descriptions, and pipe lines employed in the generation, production, supply, distribution, transmission, or transportation of electric power or natural gas, crude petroleum and refined petroleum products or combinations thereof, shall be taxed as real estate in the town in which said property or any part of it is situated; provided that no electric power fixtures which would otherwise be taxed under this section shall be taxed under this section if they are employed solely as an emergency source of electric power.

RSA 72:8-a Telecommunications Poles and Conduits.

Except as provided in RSA 72:8-b, all structures, poles, towers, and conduits employed in the transmission of telecommunication, cable, or commercial mobile radio services shall be

taxed as real estate in the town in which such property or any part of it is situated. The valuation of such property shall be based on its value as real estate. Other devices and equipment, including wires, fiber optics, and switching equipment employed in the transmission of telecommunication, cable, or commercial mobile radio services shall not be taxable as real estate.

RSA 72:9 Where Taxable.

If the property described in RSA 72:8 or 72:8-a, shall be situated in or extend into more than one town, the property shall be taxed in each town according to the value of that part lying within its limits.

RSA 72:11 Water Works; Flood Control.

Property held by a city, town or district in another city or town for the purpose of a water supply or flood control, if yielding no rent, shall not be liable for taxation therein, but the city, town or district so holding it shall annually pay to the city or town in which such property lies an amount equal to that which such place would receive for taxes upon the average of the assessed value of such land, without buildings or other structures, for the three years last preceding legal process to acquire the same, or other acquisition thereof, the valuation for each year being reduced by all abatements thereon. But any part of such land or buildings from which any revenue in the nature of rent is received shall be subject to taxation; such payments shall be paid to the collector of taxes of the town or city in which such property lies upon notification from him, and such payment shall be made on or before December 1 in each year; provided, however, that after such acquisition the valuation thus established shall be subject to change, as to make such value proportional with the assessed value of other property in the town which is subject to taxation, so that such payment will not exceed its proportion of the public charge in that year. Any city or town aggrieved by the payment in lieu of taxes on such property shall have the same right of appeal as a taxpayer may have.

RSA 72:11-a Water Works, Flood Control, Additional Provisions.

When a city, town or district has acquired, or acquires property in another city or town for the purpose of water supply or flood control which for any reason has been exempt from taxation, such property, if yielding no rent, shall not be liable to taxation therein but the city, town or district so holding it shall annually pay to the city or town in which such property lies a sum equal to that which such place would receive from taxes from such land, without buildings or structures thereon, as determined by the commissioner of revenue administration. Such payments shall be made as provided in RSA 72:11.

RSA 72:12 Public Utilities.

All real estate of railroads and other public utility corporations and companies that is not taxed under RSA 82 and RSA 82-A shall be appraised and taxed by the authorities of the town in which it is situated.

RSA 72:12-a Water and Air Pollution Control Facilities.

Q. Who and what qualify for the water and air pollution control facilities exemption?

A. Any person, firm or corporation which builds, constructs, installs, or places in use in this state any treatment facility, device, appliance, or installation wholly or partly for the purpose of reducing, controlling, or eliminating any source of air or water pollution shall be entitled to have the value of said facility and any real estate necessary therefore, or a percentage thereof determined in accordance with this section, exempted from the taxes levied under this chapter for the period of years in which the facility, device, appliance, or installation is used in accordance with the provisions of this section. This paragraph shall not apply to privately owned landfills or ancillary facilities located at such landfills or to sewage disposal systems installed pursuant to RSA 485-A:29 through RSA 485-A:41 and rules adopted pursuant thereto, except that any exemption for a sewage disposal system granted prior to 1-1-2010 shall remain in effect.

Q. How is application made and who approves the exemption amount?

A. The party seeking the exemption shall file an application with the Department of Environmental Services (DES) if the exemption sought is for a water pollution control facility or an air pollution control facility, with a copy to the taxing authorities in the municipality where the facility is situated. Said application shall describe the facilities and their function or functions and shall state the applicant's total investment therein and the portion allocable to each function.

Q. What is the DES's role in this process?

A. DES shall investigate and determine whether the purpose of the facility is solely or only partially pollution control. If DES finds the purpose of the facility is only partially pollution control it shall determine by an allocation of the applicant's investment in the facility what percentage of the facility is used to control pollution. In making its investigation, the department may inspect the facility and request other information from the applicant as is reasonably necessary to assist it in making its determination.

> ***NOTE*:** Upon making its determination, DES shall notify the applicant and the taxing authorities of the municipality where the facility is situated whether the purpose of the facility is solely pollution control or, if not, what percentage of the applicant's investment in the facility should be allocated to pollution control.

Q. How should the taxing authorities, including DRA, handle a DES determination?

A. The taxing authorities shall each year separately appraise and describe the facility and related real estate and cause such appraisal and description to appear in their inventory. In accordance with the provisions of this section, the taxing authority shall exempt from the taxes levied under this chapter the appraised value of the facility and any real estate necessary therefore, or the exempt percentage thereof, determined by DES. The

exemption period shall begin as of the April 1 next following the receipt of the DES's determination.

Q. May the municipality or the owner of the facility appeal a DES decision?

A. Yes. Either the municipality or the owner of the facility may request a rehearing or appeal from such determination in accordance with the provisions of RSA 541. This establishes the procedure for hearings and appeals.

Q. May a facility previously exempted under the now repealed RSA 149:5 apply for a pollution control exemption?

A. Yes! Such a facility may apply pursuant to RSA 72:12-A. Since RSA 149:5 was repealed in 1996, it's unlikely this situation will arise in 2007 or later.

RSA 72:12-c Exemption Ski Area Machinery.

Q. What types of ski area machinery are considered personal property and not subject to the property tax?

A. Ski area machinery and equipment of every kind and description, except tramway towers, shall be exempt from taxation as real estate if it meets all of the following qualifications:

- It is used or useful in the operation of a passenger tramway or in the production of man-made snow, including: cables, sheaves assemblies, carriers, pipelines, compressors, pumps, electrical apparatus;
- It is not permanently affixed to the real estate upon which it is located; and
- It is capable of being removed from the real estate.

RSA 72:12-d Exemption Demountable Greenhouses.

Q. Are certain plastic demountable greenhouses exempt from taxation under RSA 72:6?

A. Yes. However, demountable, plastic-covered greenhouses shall be exempt from taxation as provided by RSA 72::6, **if all** of the following qualifications are met:

1. Removal of the demountable greenhouse will not affect the utility of the underlying real estate.
2. The demountable greenhouse is not permanently affixed to the underlying real estate with concrete or similar non-portable footings.
3. Removal of the demountable greenhouse can be accomplished without significant damage to the greenhouse and will not render the greenhouse unfit for subsequent use as a demountable greenhouse.

4. The demountable greenhouse is specifically designed, constructed, and used for culture, propagation, and protection of agricultural products.

5. The demountable greenhouse is not used for the retail sale of any non-agricultural products.

For purposes of this section, the term "demountable, plastic-covered greenhouse" means:

- Framework.
- Coverings.
- Electric services not fixed to the underlying real estate.
- Benches.
- A source of heat not fixed to the underlying real estate.
- A source of ventilation not fixed to the underlying real estate.
- An irrigation system not fixed to the underlying real estate.

RSA 72:22 Burial Places.

All public cemeteries and all property held in trust for the benefit of public burial places is exempt from taxation.

RSA 72:38 Exemption for Aviation Facilities; Partial Reimbursement for Taxes Paid.

- A town, by vote of a majority of those present and voting at any regular town meeting, acting under an article duly incorporated in the warrant for said meeting, and a city, by vote of the governing body thereof, may exempt the owner of a privately owned air navigation facility available for public use without charge, who holds as of April 1 of any year a certificate for such facility from the Department of Transportation, Division of Aeronautics, Rail, and Transit, that the facility is necessary for the maintenance of an effective airway system, from taxation of such facility for each such year. For the purposes of this section the term air navigation facility includes all the surfaces of an airport encompassed within the principal boundaries that are maintained and available for the take-off, landing, taxiing, and open air parking of an aircraft using said airport, any air navigation or communications facility associated with the airport and any passenger terminal building available for public use without charge.

- The owner of a privately owned airport, which is part of the statewide airport system and use of which is approved by the Department of Transportation, Division of Aeronautics, Rail, and Transit may after paying all local property taxes owed, apply to the director of the Division of Aeronautics, Rail, and Transit for a state reimbursement grant in the amount of the portion of property taxes paid on the qualifying area of the airport. Reimbursement grants shall be paid from general funds appropriated to the Division of Aeronautics, Rail, and Transit for each fiscal year; to the extent that such funds are available. Any application for a reimbursement grant shall be made within 6 months of the date on which the taxes were due and reimbursement shall not be made if application is made after this 6-month period. Measurements of the qualifying area of each airport shall be made by the division

and shall remain in effect until the owner notifies the division of a change in property size. In this paragraph, "qualifying area" means non-revenue producing areas that are open to the public and required for airport operation.

- Applicants for reimbursement shall apply to the division on a form provided by the division. The application form shall contain the following information:
  - The name and address of any owner.
  - The name of airport.
  - The period for which application is being made.
  - The computed acreage qualifying for reimbursement.
  - The signature of any owner and date of filing.
  - An attached copy of most recently paid tax bill.
- An owner may contest the Division's measurement of qualifying areas or other determinations with regard to reimbursement by petitioning the Department for a hearing pursuant to RSA 541-A:31-36.

Section 10.8 – Tax Deferrals

RSA 72:38-a Tax Deferral for Elderly and Disabled.

Q. Who may apply for the deferral for elderly and disabled?

A. Any resident property owner may apply for a tax deferral if the person:

a. Is either at least 65 years old or eligible under Title II or Title XVI of the federal Social Security Act for benefits for the disabled; and

b. Has owned the homestead for at least 5 consecutive years if the person qualifies as an elderly applicant, or has owned the homestead for at least one year if the person qualifies as a disabled applicant; and

c. Is living in the home.

The assessing officials may annually grant a person qualified under this paragraph a tax deferral for all or part of the taxes due, plus annual interest at 5 percent, if in their opinion the tax liability causes the taxpayer an undue hardship or possible loss of the property. The total of tax deferrals on a particular property shall not be more than 85 percent of its equity value.

Application should be made by March 1 following the date of notice of tax (RSA 72:1-d) under penalty of perjury on Form PA-30 showing that the applicant is the true and lawful owner of the property on which the deferral is claimed and that the applicant is duly qualified at the time of application.

Q. How should the available equity value be figured?

A. The total of tax deferrals shall be determined by the following formula:

- Equalize current assessments to bring to 100% of market value.
- Multiply equalized assessments by 85%.
- Subtract any good faith encumbrances (mortgages, loans, liens, etc.)
- Result equals the available equity value in the property.

Example: Assessed value = $225,000

Equalization Ratio = .92

$225,000 / .92 = $244,600 (Equalized value rounded to nearest $100)

Mortgage Balance = $65,000

Mechanic's Lien = $2,600

$244,600 - $67,600 = $177,000 (Equalized value less total encumbrances)

$177,000 x .85 = $150,450 (the available equity value in the property)

$150,450 = the cap that the total of tax deferrals may not exceed

Q. What if the deferral applicant also has a Veterans' Tax Credit of $500 and an Elderly Exemption of $25,000 with a tax rate of $17.50?

A. Example:

Assessed Value = $225,000

$225,000 - $25,000 (elderly exemption) = $200,000

$200,000 x 0.175 (tax rate) = $3,500 (assuming one tax bill per year)

$3,500 - $500 (veterans' credit) = $3,000

$3,000 = Total amount of tax to be levied for the year.

At any time during the tax deferral process, the governing body may consider abatement for good cause pursuant to RSA 76:16.

A tax deferral shall be subject to any prior liens on the property and shall be treated as such in any foreclosure proceeding.

Q. What happens when the owner of a property subject to a tax deferral dies?

A. The heirs, heirs-at-law, assignee, or devisee shall have first priority to redeem the estate by paying in full the deferred taxes plus any interest due. If the heirs, heirs-at-law, assignees, or devisees do not redeem the property within 9 months of the date of death of the property owner, the municipality may commit the accrued amount of the deferral to the collector of taxes with a warrant signed by the assessing officials requiring him or her to collect it; and the collector of taxes shall have the same rights and remedies in relation thereto as provided in RSA 76:13 and RSA 80. Prior to holding a tax sale or executing a priority tax lien under RSA 80:59, the collector shall, at least 30 days prior to such tax sale or tax lien execution, send notice by certified or registered mail to the last known post office address of the current owner, if known, or to the last known address of the deceased taxpayer, and to all mortgagees from whom permission has been sought pursuant to paragraph III of this section. Any person with a legal interest in the property may redeem it, either prior to the tax sale or tax lien execution, or subsequently as set forth in RSA 80:32 or RSA 80:69.

Q. Does the municipality have to record the lien with the registry of deeds?

A. Yes. The assessing officials shall file notice of each tax deferral granted, within 30 days, with the registry of deeds of the county in which the property is located to perfect it.

Q. What is the deadline for assessing officials to respond to applicants for tax deferral?

A. Assessing officials have until July 1 prior to notice of tax as defined in RSA 72:1-d to reply by first class mail in writing to any taxpayer who timely requests a tax deferral.

Q. Does an applicant for a tax deferral have the right of appeal, if denied by the assessing officials?

A. Yes. Under RSA 72:34-a, when a taxpayer appeals the denial of a deferral application to the Superior Court or BTLA, the Court or Board may reverse or affirm, wholly or partly, or may modify the decision brought up for review when there is an error of law or when the Court or Board is persuaded by the balance of probabilities, on the evidence before it, that said decision is unreasonable.

Chapter 11

Assessing Standards Board (ASB)

Section 11.1 – The Assessing Standards Board

The New Hampshire Assessing Standards Board (ASB) was created statutorily in 2001 with the passage of SB193, and is administratively attached to the Department of Revenue Administration (DRA), which provides administrative support for any duties needing completion; such things as scheduling and noticing meetings, providing minutes for those meetings, assessing research, distribution of approved material, and maintaining created manuals with approved changes.

Membership

The ASB is comprised of 15 members as follows:

1. Two members of the New Hampshire Senate appointed by the President of the Senate.

2. Two members of the New Hampshire House of Representatives appointed by the Speaker of the House.

3. The Commissioner of the DRA, or the Commissioner's designee.

4. Four assessing officials nominated by the New Hampshire Association of Assessing Officials (NHAAO), one for a town with a population of less than 3,000; one for a town with a population more than 3,000; one for a city, and one NHAAO representative.

5. Three municipal governing body officials who are not assessors appointed by the Governor; one for a town with a population less than 3,000, one for a town with a population more than 3,000, and one for a city.

6. Three members of the public appointed by the Governor, none of whom can be assessors or municipal officials.

The ASB has assigned to them a variety of powers and duties. These powers and duties have been divided into: those for which they recommend standards, and those for which they are to adopt rules.

Standards

In the first instance, the ASB recommends standards for the following:

1. The administration of the property tax and assessment of real property used in any state property tax system.

2. The monitoring of local assessment practices by the DRA, the adequacy of tax maps and other records, and audits by the DRA of municipalities (Assessment Review).

3. The identification of practices that constitute sales-chasing, and the penalties to be adopted by the legislature regarding such practices.

4. Any study conducted for the purpose of determining the status of assessment practices or the improvement of assessing in the state.

Administrative Rules

In the second instance, the ASB adopts rules relative to the following:

1. The establishment of certification, continuing education, and revocation and suspension standards for assessing officials.

2. The forms and procedures necessary to fulfill the duties of the ASB.

In addition, the ASB is responsible for reviewing and updating, as needed, all standards and practices it has developed or identified. As an integral part of this process, the ASB holds at least one public forum throughout the State to receive general comments through verbal and written testimony from the public on assessing standards and practices. Then, on or before December 1 of each year, it reports its findings and recommendations for proposed legislation to the Governor, Speaker of the House, President of the Senate, the House Clerk, the Senate Clerk, and the State library.

To date, the ASB has completed a number of these assigned tasks, establishing standards numbered 1 and 2 above, formalizing rules for the organization of the ASB, and for its practices and procedures, and rules for the certification of assessing personnel.

The established rules can be located on the department's website at:
http://www.revenue.nh.gov/munc_prop/assessing-board/index.htm

And finally, this Reference Manual is the culmination of the preparation of an assessing procedures manual for selectmen, boards of assessors, and anyone interested in the appraisal process.

The ASB regularly meets once or twice each month at the DRA offices. Notice of the meetings is posted on the DRA website, at the DRA offices, and on the Legislative Calendars. Posted meetings are open to the public. For additional information about upcoming meetings, call the DRA at (603) 230-5950.

Section 11.2 –ASB Members

Member	Representing	Email Address	* Term Length
Senator David Pierce	Senate	nh.sen.pierce@gmail.com	Coterminous w/Senate Term
Senator Bette Lasky	Senate	bette.lasky@leg.state.nh.us	Coterminous w/Senate Term
Representative Peter Schmidt	House	reppbs@ttlc.net	Coterminous w/House Term
Representative Priscilla Lockwood	House	priscillalockwood@myfairpoint.net	Coterminous w/House Term
Stephan Hamilton	NHDRA, Commissioner	Stephan.Hamilton@DRA.NH.GOV	Coterminous w/Appointment
Marti Noel	NHAAO	mnoel@milford.nh.gov	9/19/11 to 9/19/15
Joseph Lessard	NHAAO Population > 3,000	jlessard@municipalresources.com	9/19/11 to 9/19/15
Todd Haywood	NHAAO Population < 3,000	granitehillmunisvs@hotmail.com	9/19/11 to 9/19/15
Robert Gagne	NHAAO City Assessor	RGagne@ManchesterNH.gov	9/19/11 to 9/19/15
Eric Stohl	Municipal Official Population < 3,000	elstohl@hughes.net	10/12/11 to 9/17/15
Vacant	Municipal Official Population > 3,000		
Vacant	Municipal Official City Official		
Leonard Gerzon, Chairman	Public Member	len.gerzon@gmail.com	9/19/11 to 9/19/15
Thomas Thomson	Public Member	-	10/3/09 to 9/19/11
Betsey Patten	Public Member	blpatten@hotmail.com	6/2/2013 to 6/2/2015

Updated as of 2/20/2014

Chapter 12

Equalization Standards Board (ESB)

Section 12.1 – The Equalization Standards Board

The New Hampshire Equalization Standards Board (ESB) was created statutorily in 2001 with the passage of SB193, and was administratively attached to the (DRA) Department of Revenue Administration, which provides administrative support for any duties needing completion; such things as scheduling and noticing meetings, providing minutes for those meetings, assessing research, distribution of approved material, and maintaining created manuals with approved changes.

Pursuant to Chapter_224:199 Equalization Standards Board; Administrative Merger, beginning on July 1, 2011, the administrative and business processing functions of the equalization standards board under RSA 21-J:14-c shall be merged with and performed by the assessing standards board under RSA 21-J:14-a. The ASB has created an Equalization Subcommittee to consider the following duties and provide recommendations to the full ASB.

Powers and Duties

The ASB has assigned to them a variety of powers and duties as follows:

1. To review the procedures of the prior year's ratio studies conducted by the DRA, and to establish procedures for improving these ratio studies for the upcoming property tax year.

2. To develop standards for equalization, and to review, revise, and approve the equalization manual published by the DRA. In doing so, the ASB is to review the standards of the International Association of Assessing Officials (IAAO), as well as any other standards that are consistent with the Board's work.

3. To annually determine, vote on, and recommend to the DRA the ratio study procedures for the coming year. Prior to adopting such recommendations, the ASB is to hold at least one public forum throughout the State to receive general comments through verbal and written testimony from the public on the ratio study procedures.

4. On or before December 1 of each year, to report its findings and recommendations for proposed legislation to the Governor, Speaker of the House, President of the Senate, the House Clerk, the Senate Clerk, and the state library.

5. To adopt rules prohibiting unfunded state mandates, relative to the organization of and the practices and procedures of the Board, and other rules as necessary to fulfill their duties.

The ESB has reviewed all of the proposed changes in the DRA ratio study process as recommended by the State's expert in the Sirrell v. State of New Hampshire court case. Following their review, the ESB acknowledged and endorsed those changes already being implemented by the DRA. They then took one step further and recommended the implementation of recommended changes. And finally, the ESB has prioritized additional recommendations to investigate for possible future implementation by the DRA in its ratio studies.

As a follow up to the above, the ASB now actively reviews the annual procedures taken by DRA in implementing its annual ratio study, considers input from the DRA, assessors, municipal

officials, and the public for improvements in those procedures. The ASB then approves, by a formal vote, the recommended changes to those procedures each year.

The established rules can be located on the department's website at:
http://www.revenue.nh.gov/munc_prop/assessing-board/index.htm

Notices of the meetings are posted on the DRA website, at the DRA offices, and on the Legislative Calendars, and the meetings are open to the public. For additional information about upcoming meetings, contact the DRA at (603) 230-5950.

Chapter 13

Department of Revenue Administration (DRA)

Section 13.1 – Structure

The New Hampshire Department of Revenue Administration (DRA) was reorganized into its present structure effective January 1, 1986, and operates under the direction of a Commissioner of Revenue Administration. The DRA is responsible for the following general functions:

How can you govern a country which has 246 varieties of cheese?
-Charles De Gaulle

1. Overseeing the collection of state taxes as assigned by specific state law.

2. Providing information collected through tax administration activities to the Governor and legislature for public policy decisions, reports and accounting for the state's political subdivisions.

To carry out these mandated functions, the DRA is organized into four divisions. The four divisions, each of which is headed by a director are: Audit, Collections, Document Processing, and Municipal and Property Division. These divisions are supported by the Administration, the Central Tax Services Unit and the Office of Information Technology.

Divisions

Administration

The Administrative Unit performs administrative functions necessary to support Department operations including accounting, adjudicative and administrative hearings, legislative support, fleet and facility maintenance, human resources, project management, training coordination, purchasing and taxpayer advocacy.

Office of Information Technology

The Office of Information Technology is separate from the DRA but has embedded personnel working in the Department to design, develop and maintain computerized systems to support the administration of taxes and to automate labor-intensive functions.

Audit Division

The mission of the Audit Division is to promote voluntary taxpayer compliance with New Hampshire's tax laws through fair, impartial, and efficient selection and review of taxpayers' returns; taxpayer education; and discovery of non-filers. The Audit Division is committed to team work, professional development, and high professional standards for auditors. The Central Tax Services Unit of the Division is dedicated to courteously, knowledgeably, and effectively handling taxpayer inquiries and account maintenance.

Collections Division

The mission of the Collections Division is to ensure taxpayer compliance with the tax laws of New Hampshire by fairly and effectively recovering overdue taxes through the uniform application of state laws, rules and policies.

Document Processing Division

The mission of the Document Processing Division is to process taxpayer documents in an accurate, efficient, and timely manner. The Division is committed to continuous improvement, strong customer service, and maintaining a positive team environment.

Municipal and Property Division

The mission of the Municipal and Property Division is to assure fairness, equity and proportionality in the assessment and collection of property taxes and the administration of municipal finances in the state by establishing tax rates, providing technical assistance and education to municipal officials, monitoring revaluations, reviewing assessment practices, equalizing local assessed valuation, appraising public utility and railroad property, and administering timber and gravel taxation.

Section 13.2 –Municipal and Property Division

The Municipal and Property Division is responsible for the following:

1. Assisting and supervising municipalities and assessors in appraisals and valuations.

2. Appraising State-owned forest and recreation land.

3. Annually determining the total equalized valuation of properties in all municipalities.

The bulk of the assistance and supervision provided by the Municipal and Property Division involves monitoring and assessment review as outlined in Chapter 7 of this manual. In addition, the DRA's role in the valuation and taxation of gravel, timber, and public utilities has similarly been outlined in Chapter 6. Other functions the division assists municipalities with include:

1. Conducting data audits to determine the accuracy of existing data on property record cards so municipalities can evaluate the need for an update of their measure and listings.

2. Assisting municipalities with obtaining, understanding, using, and filing forms.

3. Training of municipal officials in assessment functions, such as current use assessments, exemptions and tax credits, and abatement and appeal procedures.

4. Training of municipal officials in understanding and explaining the assessment process and property record card information to taxpayers.

5. Assisting in the education and training of municipal field personnel and internal assessing staff.

6. Assisting municipalities with unique and special use assessments.

7. Assisting municipalities in reviewing and understanding the annual ratio study reports provided by DRA.

8. Assisting with any other miscellaneous projects as requested.

Section 13.3 – Administrative Rules

The DRA administrative rules, under the provisions of RSA 541-A, are available to be read and downloaded from the DRA website at www.revenue.nh.gov. Below are the DRA rules which relate to property tax and the administratively attached boards:

1. Rev 400 rules – Property Tax Credits, Exemptions and Deferrals
2. Rev 500 rules – Excavation Tax and Taxation of Excavation Area
3. Rev 600 rules – Property Appraisal
4. Rev 603 rules – Monitoring Requirements
5. Rev 1500 rules – Railroad and Private Railroad Car Companies
6. Rev 1800 rules – Conservation Restriction Assessment
7. Rev 2800 rules – Equalization of Assessment for Each Town, City, and Unincorporated Place Within the State
8. Cub 100 – 300 rules – Organizational rules Current Use Advisory Board
9. Asb 100 – 300 rules – Organization rules Assessing Standards Board

   Esb 100 – 200 rules – Equalization Standards Board – **REPEALED effective 7/15/2013**

Chapter 14

Real Estate Taxes

Section 14.1 – Municipal Billing

The property tax year is April 1 – March 31 and all property taxes shall be assessed on the inventory taken as of April 1 of that year; RSA 76:2. As required by RSA 76:10, the assessing officials commit the taxes to the tax collector in the form of a signed warrant and a supporting list. If the municipal tax collector finds a discrepancy of 1/2 of one percent or more between the amount of the warrant as committed to the tax collector of the municipality and the total property tax commitment calculated by the commissioner of revenue administration, based on the pertinent information provided by the municipality under RSA 21-J:34, the collector shall return the warrant to the municipality's assessing officials for correction. If a correction cannot be made to generate a warrant with less than 1/2 of one percent discrepancy, the assessing officials shall submit a revised MS-1, Summary of Inventory of Valuation Form, as required under RSA 21-J:34, I, for recalculation of the tax rate by the commissioner of revenue administration

Once the collector has the warrant with its accompanying list, they have 30 days in which to send out tax bills. Important dates to remember:

- March 31 is the last day to mail prior year tax bills (RSA 76:11)
- May 15 is the deadline for semi-annual warrant to be delivered to the collector (RSA 76:15-a)

Section 14.2 – Computation

The property tax rate is established for a particular budgetary period to ensure that each local government raises enough revenue to provide the services that the municipal legislative body says it wants and is willing to pay for.

In most municipalities in New Hampshire, the municipal legislative body is composed of the voters attending the annual budgetary town meeting. The governing body, the selectmen of the town or the school board in the school district, proposes and recommends a budget. However, only the voters can cause an appropriation to be made. The definition of the word "appropriation" can be found in New Hampshire Revised Statutes Annotated (RSA), RSA 32:3, I and II.

I. "Appropriate" means to set apart from the public revenue of a municipality a certain sum for a specified purpose and to authorize the expenditure of that sum for that purpose.

II. "Appropriation" means an amount of money appropriated for a specified purpose by the legislative body.

The laws of New Hampshire are very specific on what the municipalities may appropriate and what procedures are used to do so. For example, the municipal legislative body (the voters) may give the governing body (the selectmen or school board) the authority to borrow money for a large project. However, they may only do so by a two-thirds ballot vote or three-fifths for SB2. The legislature has also ordered the Department of Revenue (DRA) to determine that all appropriations are made in a manner consistent with procedural requirements established by statute. Any appropriations with procedures inconsistent with the law or prohibited by law must be disallowed. An example of this would be, if the vote to borrow were only a voice vote, instead

of the ballot vote, the appropriation would be disallowed. At times these disallowances may not be accepted graciously by the governing body and the legislative body. However, it ensures that all municipalities are following the same procedural requirements to adopt legal appropriations.

RSA 21-J:35 Setting of Tax Rates by Commissioner

This RSA governs the establishment of property tax rates. It states:

I. The Commissioner of revenue administration shall compute and establish the tax rate of each town, city, or unincorporated place. Any decision by the Commissioner not to certify the assessments of a municipality pursuant to RSA 21-J:11-a shall not delay or otherwise affect the setting of the tax rate for that municipality.

II. To compute and establish the tax rates of towns, cities, and unincorporated places under paragraph I, the Commissioner shall examine the reports required under RSA 21-J:34 to ensure that:

   a. All appropriations have been made in a manner which is consistent with procedural requirements required by statute.

   b. No appropriations have been made which are prohibited by statute.

   c. All revenues have been established accurately and in a timely manner which is not prohibited by statute.

   d. All calculations are correct.

III. If the Commissioner finds that appropriations were made in a manner which is inconsistent with statute he shall delete the appropriation or that portion in question.

IV. If the Commissioner finds that the estimated revenues included are inaccurate or inappropriate he shall adjust the estimates in question.

V. The Commissioner shall notify in writing the governing body of each city or town of the rate he has established. This notification shall include a detailed explanation of all changes made in the appropriations or revenue estimates submitted by the municipality or district in question.

VI. Any town, city, or unincorporated place which is dissatisfied with the tax rate set under this section may, within 10 days of notification, request an oral hearing on this matter before the Commissioner of Revenue Administration. If such a request is made, the Commissioner shall promptly schedule and conduct a hearing pursuant to rules he shall adopt under RSA 541-A. After the hearing, the decision of the Commissioner shall be final.

The Municipal Division reviews all of the documents supplied by the municipalities, schools, village districts, and counties to verify that all appropriations and revenues were voted in accordance with statute. It is very important to send all required documents in a timely manner so that if something is wrong, there is ample time to correct the problem before the tax rate is set in the fall.

Municipal Division - Forms

FOR MUNICIPALITIES		
Form #	**Form Name**	**Due Date**
MS-1	Summary Inventory of Valuation	September 1
MS-2	Report of Appropriations	20 days after meeting
MS-4	Revised Estimated Revenues	September 1
MS-5	Financial Report	April 1 or September 1 for FY
MS-6	Budget (Non-MBA)	20 days after meeting
MS-6c	Proposed Budget of the City	20 days after resolutions
MS-7	Budget (MBA)	20 days after meeting
MS-9	Report of Trust Funds	March 1 or September 1 for FY
MS-10	Report of Common Trust Investments	March 1 or September 1 for FY
MS-11	Report of Town Officials	20 days after election/appointment
MS-12	Report of City Officials	20 days after election/appointment
MS-60	Auditor's Report	March 1 or September 1 for FY
MS-61	Tax Collector's Report	February 29 or August 31 for FY
	Signed Posted Warrant	20 days after meeting
	Signed Minutes	20 days after meeting
	Annual Report	20 days after meeting
FOR SCHOOLS		
Form #	**Form Name**	**Due Date**
MS-22	School Voted Appropriations	20 days after meeting
MS-24	School Revised Estimated Revenues	September 1
MS-25	School Financial Report	September 1
MS-26	School Posted Budget (Non-MBA)	20 days after meeting
MS-26c	Dependent School Budget Form	20 days after resolutions
MS-27	School Posted Budget (MBA)	20 days after meeting
	Signed Posted Warrant	20 days after meeting
	Signed Minutes	20 days after meeting
FOR VILLAGE DISTRICTS		
Form #	**Form Name**	**Due Date**
MS-31	Village District Officials	20 days after meeting
MS-32	Report of Appropriations	20 days after meeting
MS-34	Revised Estimated Revenues	September 1
MS-35	Financial Report	April 1 or September 1 for FY
MS-36	Budget (Non-MBA)	20 days after meeting
MS-37	Budget (MBA)	20 days after meeting
	Signed Posted Warrant	20 days after meeting
	Signed Minutes	20 days after meeting
	Annual Report	20 days after meeting
ADDITIONAL INFORMATION		
OFFICIAL BALLOT VOTE DISTRICTS (RSA 40:13)		**Due Date**
Signed Official Ballot		20 days after meeting
Certified Counts on Each Question (on minutes OR on the ballot)		20 days after meeting
Minutes From Deliberative Session		20 days after meeting

Section 14.3 – Issue Dates

RSA 76:15-a Semi-Annual Collection of Taxes in Certain Towns and Cities

I. Taxes shall be collected in the following manner in towns and cities which adopt the provisions of the section in the manner set out in RSA 76:15-b. A partial payment of the taxes assessed on April 1 in any tax year shall be computed by taking the prior year's assessed valuation times ½ of the previous year's tax rate; provided, however, that whenever it shall appear to the selectmen or assessors that certain individual properties have physically changed in valuation, they may use the current year's appraisal times ½ the previous year's tax rate to compute the partial payment.

II. For the purposes of this section, the lists of assessed property shall be committed by the selectmen with a warrant under their hands and seal directed to the collector of such town no later than May 15. The collector shall mail all the bills for this partial payment no later than June 15. Partial payment of taxes assessed under this section shall be due and payable on July 1. The collector shall receive such payments, give a receipt therefore, and credit the amount paid toward the amount of the taxes eventually assessed against the property, in the same manner as prepayments under RSA 80:52-a. A payment of the remainder of the taxes assessed April 1, minus the payment due on July 1 of that year, shall be due and payable December 1. Interest charged on all taxes not paid on or before the date they are due shall be as prescribed in RSA 76:13, except that, when bills for the partial payment under this section are mailed on or after June 1, interest shall not be charged until 30 days after the last bill is mailed.

RSA 76:15-aa Quarterly Billing of Taxes in Certain Towns and Cities

Any city or town which has adopted an optional fiscal year may adopt a system for quarterly billing and collection of taxes as provided in RSA 76:15-b.

Section 14.4 – Non-Payment

The New Hampshire state laws are very clear regarding non-payment of property taxes. The Tax Collector shall follow these laws so that all taxpayers are treated equitably and fairly.

RSA 76:13 Interest

Interest at 12 percent per annum shall be charged upon all taxes except resident taxes, except as otherwise provided by statute, not paid on or before December 1 after their assessment, which shall be collected from that date with the taxes as incident thereto, except in the case where a tax bill sent to the taxpayer on or after November 2 and before April 1 of the following year interest shall not be charged until 30 days after the bills are mailed. Interest due in an amount up to $25 may be waived by the collector, with the approval and consent of the board of selectmen and the board of assessors, if in the collector's judgment the administrative and collection costs involved do not warrant collection of the amount due.

RSA 76:11-b Notice of Arrearage

The tax collector shall provide to the owner as of April 1 or current owner, if known, a summary of all uncollected and unredeemed taxes on the property. This summary may be included on or

with the tax bill, or may be sent by separate mailing within 90 days of the due date of the final tax bill.

RSA 80:59 Real Estate Tax Lien; Optional Procedure

The real estate of every person or corporation may be subject to the tax lien procedure by the collector, in case all taxes against the owner shall not be paid in full on or before December 1 next after its assessment, provided that the municipality has adopted the provisions of RSA 80:58-86 in accordance with RSA 80:87. A real estate tax lien imposed in accordance with the provisions of RSA 80:58-86 shall have priority over all other liens.

RSA 80:60 Notice of Lien

The collector shall give notice of the impending lien at least 30 days prior to the execution of said lien. Notice shall be sent by certified or registered mail return receipt requested, to the last known post office address of the current owner, if known, or of the person against whom the tax was assessed…

Note: It is important for the tax office to have the most up to date owner information at the time the lien notices go out.

RSA 80:61 Affidavit of Execution of Real Estate Tax Lien

An affidavit of the execution of the tax lien to the municipality, county or state shall be delivered to the municipality by the tax collector on the day following the last date for payment of taxes as stated in the notice given in RSA 80:60.

RSA 80:64 Report of Tax Lien (*amended effective 8/31/2008*)

Each tax collector, within 30 days after executing the tax lien to the municipality, county or state, shall deliver or forward to the register of deeds for the county in which the real estate is situated a statement of the following facts relating to each parcel of real estate subject to lien, certified by the tax collector under oath to be true; the name of the current owner, if known, or the person against whom the tax was assessed and a description of the property as it appeared on the tax list committed to the tax collector; the total amount of each tax lien, including taxes, interest, fees and costs incident to the tax lien process and making reports thereof to the register of deeds; the date and place of the execution of the tax lien, all of which shall be recorded and indexed by the register of deeds in an acceptable recording method.

RSA 80:65 Notice by Lienholder to Mortgagee

The municipality, county or state as lienholder, within 45 days from the date of execution of the lien, shall identify and notify all persons holding mortgages upon such property as recorded in the office of the register of deeds.

RSA 80:69 Redemption

Any person with a legal interest in land subject to a real estate tax lien may redeem the same by paying or tendering to the collector, at any time before a deed thereof is given by the collector, the amount of the real estate tax lien, with interest at 18 per cent per annum upon the whole amount of the recorded lien from the date of execution to the time of payment in full, except that in the case of partial payments in redemption made under RSA 80:71, the interest shall be computed on the unpaid balance, together with redemption costs for identifying and notifying mortgagees, if any.

RSA 80:70 Notice of Redemption

When full redemption is made, the tax collector shall within 30 days after redemption notify the register of deeds of the act, giving the name of the person redeeming, the date when redemption was made, the date of the execution of the tax lien and a brief description of the real estate in question, together with the name of the person or persons against whom the tax was levied.

RSA 80:76 Tax Deed

I. The collector, after 2 years from the execution of the real estate tax lien, shall execute to the lien holder a deed of the land subject to the real estate tax lien and not redeemed.

RSA 80:77 Notice to Current Owner

At least 30 days prior to executing the deed under RSA 80:76, the tax collector shall notify the current owner of the property or his representative or executor, by certified mail, return receipt requested, of the pending deeding.

RSA 80:77-a Notice to Mortgagees

At least 30 days prior to executing the deed under RSA 80:76, the tax collector shall notify each person holding a mortgage upon such property, by certified mail, return receipt requested, of the impending deeding…

RSA 80:88 Distribution of Proceeds from the Sale of Tax-Deeded Property

I. Notwithstanding any other provision of law, for any sale by a municipality of property which is acquired by tax deed on or after the effective date of this section, the municipality's recovery of proceeds from the sale shall be limited to back taxes, interest, costs and penalty, as defined in RSA 80:90…

RSA 80:89 Notice to Former Owner and Opportunity for Repurchase

I. At least 90 days prior to the offering for sale by a municipality of property which is acquired by tax deed on or after the effective date of this section, the municipal governing body or its designee shall send notice by certified mail, address service requested, return receipt requested, to the last known post office address of the owner of the property at the time of the tax deed, if known, or to the person to whom notice of the impending tax deed was given under RSA 80:77…

II. Within 30 days after the notice required by paragraph I, or if no such notice is received, at any time within 3 years after the date of recording the tax deed, any former owner of the property may give notice by certified mail, return receipt requested, of intent to repurchase the property from the municipality, and stating that such owner is ready, willing, and able to pay all back taxes, interest, costs and penalty, as defined in RSA 80:90. If all such back taxes, interest, costs and penalty have not been actually tendered within 15 days of such notice of intent to repurchase, the municipality may proceed with its offering and dispose of the property without any interest by the former owner.

RSA 80:91 Liability and Obligations Limited

With respect to actions of a municipality under RSA 80:88 and RSA 80:89, if the municipality has complied with the provisions of this chapter it shall not have any liability whatsoever to any former owner or lien holder in connection with its management of the property or for the amount of consideration received upon disposition of the property.

Section 14.5 – Exemptions and Tax Credits

Exemptions are deducted from the assessed valuation of the property. Tax credits are a certain amount of money deducted from the tax bill. Refer to RSA 72 and Chapter 10 for more detailed information.

Section 14.6 – Revaluation, Effect of

While individual property taxes may go down or even remain the same, the total amount of monies collected by the municipality is not affected by the revaluation. The budget setting process takes place within each municipality, including cities, towns, unincorporated places, school districts, and village districts early in the year. The amount of money to be collected to fund those approved budgets is set during these annual meetings and does not change dependent upon whether a municipality conducts a revaluation or not – the total amount of revenue to be generated by the municipality's property tax bills is determined by their budgets.

Real Estate taxes, as a whole, are not affected by a revaluation but by the budget process.

What could change is the amount of taxes that each property owner must pay based upon the new valuations. If there is no change in the overall budgets from the year before, individual property owners will pay more or less in taxes than the year before in relation to the percentage change in their assessed value compared to the average percentage change for all properties. As budgets increase, everyone will pay an equal percentage of that increase apart from the effect of the revaluation.

Section 14.7 – County Tax

Every city, town, and unincorporated place is responsible for paying their share of the county taxes. This share is based upon each municipality's total equalized assessed valuation from the previous year as a percentage of the total equalized assessed valuation of the county as a whole. The tax rate for that portion needed to fund the municipality's share of the county budget is determined by dividing the municipality's total dollar amount needed by the total locally assessed valuations, including utilities, then dividing by 1,000. This will result in a tax rate expressed in dollars (or fractions thereof) per $1,000 of assessed valuation. Each municipality is

required to collect and remit their full proportion of county taxes to the county, including interest at 10 percent a year from December 17, until the taxes are submitted.

Section 14.8 – Municipal Tax

Each municipality must establish a budget for their upcoming fiscal year. The tax rate for that portion of the total overall tax rate needed to fund the local municipality's budget is determined by dividing the total dollar amount needed by the total locally assessed valuations, including utilities, then dividing by 1,000. This will result in a tax rate expressed in dollars (or fractions thereof) per $1,000 of assessed valuation.

Section 14.9 – School Tax

There are currently two elements in the property tax rate that are earmarked for schools.

First, each municipality is responsible for collecting monies to pay their share of the state education tax. This share is based upon each municipality's total equalized assessed valuation, minus utilities, from two prior years as a percentage of the total equalized assessed valuation, minus utilities, of the state as a whole. The Department of Revenue Administration (DRA) determines the equalized tax rate necessary to produce $363 million, the amount of revenue to be funded. The $363 million is divided by the total equalized valuation, minus utilities, and then divided by 1,000. This will result in an equalized tax rate expressed in dollars and carried out three decimal places per $1,000 of equalized valuation. This rate is then multiplied by the individual municipality's equalized value of two years previous, without utilities, to determine an amount to be raised locally. This amount is then divided by the current year's locally assessed valuation, without utilities, and multiplied by 1,000 to determine the local state education tax rate per $1,000 of assessed valuation.

The second element of the property tax rate that is earmarked for education is that portion based upon the local school district's budget, less state grants and retained state education tax. The tax rate for that portion of the overall tax rate needed to fund the local school district is determined by dividing the total dollar amount needed by the total locally assessed valuations, including utilities, then dividing by 1,000. This will result in a tax rate expressed in dollars (or fractions thereof) per $1,000 of assessed valuation.

In both of the above cases, the municipality is required to collect and remit its schools their full portion of taxes for education.

Chapter 15

Department Forms, Additional References and Frequently Asked Questions

Section 15.1 - Forms by Category

Abatements & Appeals

A-101 Appeals

Board of Tax and Land Appeals (BTLA)

Current Use

A-5 Land Use Change Tax

A-5W Current Use Land Use Change Tax Collector's Warrant

A-10 Application for Current Use

CU-12 Summary of Forest Stewardship Plan for Current Use Assessment

PA-36 Discretionary Easement Application

PA-36A Discretionary Preservation Easement Application

PA-37 Discretionary Easement Release

PA-37A Discretionary Preservation Easement Release

PA-48 Farm Structures & Land Under Farm Structures Assessment Application

PA-49 Farm Structures & Land Under Farm Structures Assessment Use Change Release

PA-49W Farm Structures & Land Under Farm Structures Assessment Use Change Tax Collector's Warrant

PA-60 Conservation Restriction Assessment Application

PA-61 Inconsistent Use Penalty on Conservation Restriction Land

Exemptions & Tax Credits

PA-29 Permanent Application for Property Tax Credit/Exemptions

PA-30 Elderly and Disabled Tax Deferral Application

PA-33 Statement of Qualification

PA-35 Assessing Official's Response to Exemptions/Tax Credits/Deferral Application

General Assessing

Prorated Assessment Application (for Damaged Buildings)

PA-28 Inventory of Taxable Property

PA-42 Application for Exemption Residence In An Industrial or Commercial Zone

PA-47 Community Revitalization Tax Relief Incentive Penalty

PA-47W Community Revitalization Tax Relief Incentive Penalty Tax Collector's Warrant

PA-65 Alternate Assessment Election Form Low Income Housing Tax Credit Properties

PA-67 Low Income Housing Tax Credit Program, Annual Filing to Municipality

Timber & Gravel Tax

PA-7 Intent to Cut Wood or Timber

PA-9 Certification of Yield Taxes Assessed

PA-38 Notice of Intent to Excavate

Timber Tax Billing Worksheets (Excel)

Single Owner

Single Owner / Doomage

Multiple Owners (Up to 4)

Utilities, Railroad and Private Railcar - Annual Information Update

PA-20 Utility Property Tax Information Update

PA-20-E Utility Property Tax List of Pollution Control Exemptions

PA-21 Private Railcar Property Tax Information Update

PA-22 Railroad Company Property Tax Information Update

Annual Tax Returns & Estimate Payment Forms

DP-110 Railroad Tax Payment (Includes DP-110-ES Quarterly Payment Forms)

DP-111 Private Car Tax - Payment Form (Includes DP-111-ES Quarterly Payment Forms)

DP-255 Utility Property Tax Return (Includes DP-255-ES Quarterly Payment Forms)

Section 15.2 - Additional References

- Board of Tax and Land Appeals (BTLA)
- International Association of Assessing Officers (IAAO)
- New Hampshire Association of Assessing Officials (NHAAO)
  - NHAAO Certified NH Assessor List
- NH Department of Justice: Charitable Trusts (List of Charities)
- NH Department of Revenue Administration
  - Municipal Division (of the Municipal and Property Division)
  - Property Division (of the Municipal and Property Division)
    - ASB – Assessing Standards Board
    - CUB – Current Use Board
- NHMA – New Hampshire Municipal Association
- New Hampshire Deeds
- New Hampshire General Court
  - Administrative Rules
  - New Hampshire Statutes (RSAs)
- New Hampshire State Office of Veterans Services

Section 15.3 – Frequently Asked Questions

1. ***A building on my property was destroyed by fire in June. Do I have to pay the property tax for the entire year?***

   RSA 76:21 Prorated Assessments for Damaged Buildings allows a property owner, whose building was damaged by unintended fire or natural disaster that it renders the building not able to be used for its intended use, to file an application for a proration of property tax within 60 days of the event.

2. ***Is there a specific form to file?***

   Yes. Taxpayer's RSA 76:21 Proration Application to Municipality can be found on the NH Department of Revenue website at http://www.revenue.nh.gov/munc_prop/forms/index.htm

3. ***Can you explain the median ratio and the weighted mean ratio?***

   Every year the NH Department of Revenue, Municipal and Property Division, studies the sales that have occurred in each town from 10/1 of the prior year to 9/30 of the current year to determine the local median assessment to sales and weighted mean ratio. The median ratio is an indication of the local assessment as compared to the current local market. A median ratio of .90 means the local assessments are 10% below the current market, conversely a ratio of 1.10 means the assessments are 10% higher. The weighted mean ratio is the ratio that the DRA uses to equalize the overall total value of each town in the state so they all reflect the estimated 100% market value.

4. ***Can you give an explanation of the revaluation process and what is done between the full valuation years?***

   The revaluation process is the process by which the assessor studies an analysis of all recent arms length fair market sales which have occurred locally. Sometimes due to the lack of local sales data, sales from neighboring towns will be used. The sales are visited and all information is attempted to be verified with the new owner, realtor or MLS listings. From this analysis, new cost tables for land and buildings, depreciation, waterfront, views, topography, etc, such that the new assessments of the sales closely mirror the actual sale prices. Then those cost tables are used to compute new values for all other property in town. Depending on how old the inventory is (property's physical data), the process may or may not include a complete town wide re-measure and list of all properties.

5. ***Can you explain the options when one disagrees with an assessment?***

   If it is a new value established via a revaluation there is usually a hearing process where you can call to make an appointment with the assessor to review your assessment. However, every year, once you receive your final tax bill, each property owner can, prior to March 1st, following receipt of the final tax bill, file for abatement with the local assessor or selectmen, providing evidence as to why they believe their assessment is wrong. The local authority will review and usually respond in writing as to why it was granted or denied. Once received, or

after July 1st, if no response received, you can then file an appeal with the Board of Tax & Land Appeals (BTLA) or the NH Superior Court.

6. ***Can you explain why market conditions from sales and bank valuations don't always reflect tax valuation?***

   If they were all done for the same time frame, 4/1 of any year and all done correctly and accurately, they should reflect very similar (plus or minus 10%) values, but hardly ever exactly the same values. Real estate market analysis and bank appraisals are supposed to (just like assessments) reflect market value but keep in mind that each is an educated estimated opinion of market value and will vary.

7. ***Why must I pay taxes for a full year on a camper I moved out of the campground in July?***

   The statutes provide that if it existed on April 1st and remained there after June 15th and is more or less permanent, it is taxable for the entire tax year (April 1st – March 31st).

8. ***Why am I being taxed for a view?***

   You are not directly being taxed on the view, however as market sales demonstrate that views, much like waterfront, have a value in the market, it can and must be considered as part of your overall value, just like waterfront, topography, garages, etc. Although you may not be able to touch or feel the view, if the market shows views are affecting the market value of property, it must be considered. Think of it this way, the average buyer, when confronted with two otherwise similar properties will be willing to pay more for the one that has a view of distant mountains and/or water bodies than the one that views surrounding houses, buildings or trees. So, as those sales are reviewed and the land and building values are determined and deducted from the sale price, the remainder is what the buyer consciously or unconsciously attributes to the view.

9. ***How can you estimate the value of my property without doing an inspection?***

   Once the physical data of the property has been collected, maybe in the prior years, an analysis of the current sales can be used to update the land and building cost tables such that the computed assessment closely mirror the sales. Once completed, those cost tables can then be used to estimate all values across the town with the assumption that the physical data of each property is essentially the same as previously collected. As such, no inspection was made.

10. ***My house is the same as my neighbor, why am I being taxed higher?***

    If your taxes are higher, it is due to either a difference in the assessments or the affect of current use, exemptions or credits that the other property qualified for. Assuming no current use, exemption or tax credits and the neighbor property is truly similar then the values should be similar. If not, it is a good question for the assessor. Please keep in mind that it is rare that two properties are identical and size, age and condition will affect the value. But it never hurts to ask if you feel unfairly assessed.

11. I recently had my house appraised for refinancing purposes and the appraisal was considerably less than what the town has it assessed for, how can that be?

If they both reflect market value as of the same date, they should be reasonably similar, but as both are an opinion of market value based on local sales data, they can and do vary. However, usually they are done on different times and the local assessment will need to always be adjusted or equalized by the local assessment to sales median ratio so both opinions are reflecting market value as of the same date. Once adjusted, if they are more than 10% different, one or the other may have an error and filing for abatement may resolve the difference. Don't simply assume the appraisal is correct. It is just an opinion, like the assessment and subject to the same human errors.

As both the assessment and the appraisal are educated opinions of value based on the sales data and experience of the assessor and appraiser, any difference between the two opinions of 10% or less is considered to be essentially equal, neither one being more right than the other. That doesn't mean you can't file for abatement, but it is generally a guideline used by all authorities.

12. What months does my first tax bill cover? So, my second tax bill is for the last six months?

Your first tax bill is merely a prepayment of your total tax burden and covers no defined period. It is merely half of the previous year taxes. Your final tax bill covers the entire tax year (April 1st to March 31st) and is calculated by taking your assessment, times the tax rate, to figure your annual tax burden less your 1st bill (prepayment) to indicate the remainder you owe.

13. I am looking into purchasing a newly constructed home in an established neighborhood. Right now it is assessed as land only. How do I know what my taxes will be or the assessed value of the home?

Your purchase price, if at fair market value and not under any duress, is generally your best indication of value. If you apply the town's median equalization ratio to your purchase price and multiply by the tax rate, you should have a fairly accurate estimate of taxes.

14. I only paid $50,000 for the property and it's assessed a lot higher at $70,000, how do I get that lowered?

Meet with the assessor and review the property assessment and sale, but keep in mind the assessment must be equalized by the local median assessment to sales ratio first and that may resolve the difference between the purchase price of $50,000 and the assessed value of $70,000. With the level of assessment at 125%, the assessments are 25% above the market value. As such, in this case, the equalized assessment to market value is $70,000 ÷ 1.25 = $56,000 and would indicate the sale and the assessment are similar.

15. I was told that once you reach the age of 80, I don't have to pay taxes anymore?

That is not entirely true. You may qualify for an elderly tax exemption but your income and assets are also used to determine if you qualify. As each town can modify the income/asset

limits, you should check with your town to see if you meet the qualification and what exemption amounts they offer.

16. I purchased a property that has the land in current use and I don't want current use. Can I remove it?

Unfortunately, no. Once the land has been placed in current use, it must remain there until it is disqualified by a use change (development) or if your purchase now makes the parcel less than 10 acres and no longer adjacent to other land owned by you in current use.

17. I just got my second bill and it's a lot higher than the first one and I haven't made any changes. Why is it higher?

Your first property tax bill is based on your prior year value and half the prior year tax rate unless new construction or other physical changes were made and picked up by the town. The second billing is usually similar in terms of assessed value but could be higher due to new construction missed on the first bill or a revaluation that was completed bringing all assessments to their current market value. Taxes could change for the same reason, as well as the final bill being based on the new full tax rate because of increased expenditures of the school, town or county or any overall value change of the town due to a revaluation, loss of tax value due to damages or large abatements.

18. My assessment is way out of line with the real estate market, how do I get it adjusted?

If you have already determined it is really way out of line by considering the local assessment to sales ratio, then you should file for abatement with your local selectmen/assessor's office and provide all your data such as the real estate market appraisal or sales data you are relying on.

19. If my assessment went down, why did my taxes go up?

During a revaluation, the total value of the entire town may have declined, while the market data indicated your assessment reduced, it did not decline at the same rate as other properties. As such, even if spending did not increase, the tax rate would have to increase by the same percent as the total town value decrease which may have been 10%, while your property only decreased 5%, resulting in higher taxes.

20. How can I lower my taxes?

Verify all the assessment data is correct and the assessment represents fair market value and apply for abatement if it does not. If that doesn't help, participate in the school and town budget process as that is how taxes are determined.

21. What is included in amenities?

Amenities generally refer to items that a property does not own but has rights to use and transfer when the property sells. This is very common with condominium property in which land, club houses, pools, waterfront, etc. are owned in common and every owner has the right

to use. Those features usually add value in the market place when a unit is sold. The unit has a value and those intangibles also have value referred to as amenities.

22. How will I know if my assessment is equitable?

There are two very good methods of determining this. First, compare the property to similar properties that sold in the previous and current year; the value adjusted by the local median assessment to sales ratio should be in line with these sale prices. Second, if no recent sales are available, compare the assessment to other similar properties in the area; the value should be in line with these similar properties. Remember, very few properties are exactly alike and as such, values will vary but should be comparable. It seldom will be exactly the same for what seems to be a similar property.

23. If I disagree with my assessment, what are my options?

After the final tax bill for the year is received, any property owner who believes the assessment of their property is in excess of its fair market value may file for abatement with the Board of Selectmen/Assessor. The Board will review and make a determination as to the disposition of the abatement and respond, normally in writing. Should the property owner still feel the assessment is incorrect, they may after receipt of the town's response or after July 1st , but prior to September 1st following the issuance of the final bill, appeal to the NH Board of Tax & Land Appeals or the Superior Court.

24. Why is a Revaluation required?

Over time, property, neighborhoods and the market change. Properties deteriorate and with little to no maintenance, while others are meticulously maintained. Locations that were once desirable may no longer be as desirable, while others are now more desirable. As such, a revaluation is needed from time to time to ensure that as those changes occur, the assessments follow and remain fair and equitable.

This is a statutory requirement (See RSA 75:8-a), as well as a requirement of the NH Constitution.

25. Who determines my property's fair market value?

Generally speaking, the market does determine the value. However, it is the Assessor and/or the Appraiser that takes that market data and develops an opinion of market value for an individual property based on what they have learned from arms length sales of similar properties. No one number is the exact "end all be all" market value, as the market is dynamic and at the mercy of the likes and dislikes of buyers. Educated, well-trained Assessors or Appraisers, can only provide an opinion of what the most probable market value is at a given point in time and generally there is an acceptable range of +/- 10% of that number.

TAXES

I paid my taxes, I'm proud to say,
And I bought some civilization today.
I helped build a bridge and a highway, too;
I bought my three children a park and a zoo
When I paid my taxes.

I helped build a library, paid for more books;
Paid for having the streets cleaned, improving their looks.
Paid for drinking founts street corners to crown,
And paid for new street lights in the old town
When I paid my taxes.

I helped hire a free doctor and a firemen's crew;
I paid for a free nurse and some policemen, too.
I helped buy a young man a very fine job,
At a bathing beach for my Dorothy and Bob.
When I paid my taxes.

I helped build a school and hired teachers, too;
I helped buy a golf course for my son to play through.
I helped build a museum of music and art;
Now, friends, don't you think I really *was* smart
When I paid my taxes?

[9]Glossary

Abatement: (1) An official reduction or elimination of one's assessed valuation after completion of the original assessment. (2) An official reduction or elimination of one's tax liability after completion of the tax roll.

Ad Valorem: According to value.

Ad Valorem Tax: A tax levied in proportion to the value of the thing(s) being taxed. Exclusive of exemptions, use-value assessment provisions, and the like, the property tax is an ad valorem tax.

Adverse Land Use: A land use that decreases the value of nearby properties, usually because the adverse use is incompatible with the uses of the neighboring properties. A garbage dump near a residential neighborhood is an example of adverse land use.

Age/Life Method: A method of estimating accrued depreciation founded on the premise that, in the aggregate, a neat mathematical function can be used to infer accrued depreciation from the age of a property and its economic life. Another term is "straight-line depreciation" (see depreciation, accrued; and depreciation method, straight-line).

Air Rights: The right to use space above real estate. A right to use and occupy the space lying above a stated elevation or within certain distances above the ground surface, in conjunction with specified spaces on the surface for the support of foundations; for example, the rights granted by railroads to build above their right-of-ways.

Appeal: A process in which a property owner contests an assessment either informally or formally.

Appraisal: (1) The act of estimating the money value of property. (2) The money value of property as estimated by an appraiser. (3) Of or pertaining to appraising and related functions, for example, appraisal practice, appraisal services. Compare assessment.

Appraisal, Complete: The act or process of estimating value or an estimate of value performed without invoking the departure provision (USPAP).

Appraisal Card, Building: A card used by an assessor or appraiser on which is carried a sketch or photograph of a building, a description of its location, a list of the principal factors affecting its reproduction cost and depreciation, and the calculations by which such cost and depreciation are estimated. Note: The building appraisal card is frequently combined with the land appraisal card into a single document. In such event, the combination card may be used for a composite appraisal as well as for a summation appraisal. Also called a property record card.

[9] (International Association of Assessing Officers. Glossary for Property Appraisal and Assessment. 1997. (Chicago: IAAO).

Appraisal Card, Land: A card used by an assessor or appraiser on which is carried a sketch or an adequate description of a parcel of land, a description of its location, a list of the principal factors affecting its market value, and the calculations by which the market value is estimated.

Appraisal Date: The date as of which a property's value is estimated.

Appraisal Foundation, The: The organization authorized by the United States Congress as the source of appraisal standards and appraiser qualifications.

Appraisal Methods: The three methods of appraisal, that is, the cost approach, income approach, and sales comparison approach.

Appraisal Principles: The economic concepts underlying appraisal. See under principle of: anticipation, balance, change, conformity, contribution, and substitution. See also competition; demand; highest and best use; and variable proportions, law of.

Appraisal Report: The oral or written communication of a completed appraisal.

Appraisal Standards Board: The division of The Appraisal Foundation that develops, publishes, interprets, and amends the Uniform Standards of Professional Appraisal Practice on behalf of appraisers and users of appraisal services.

Appraise: To make an estimate of value, particularly of the value of property.

Appraiser: One who estimates the value of property; more commonly, one of a group of professionally skilled persons holding themselves out as experts in valuation.

Appreciation: Increase in value of a property, in terms of money, from causes other than additions and betterments. For example, a farm may appreciate if a shopping center is built nearby, and property of any sort may appreciate as a result of inflation. Contrast depreciation.

Array: An ordered arrangement of data, such as a listing of sales ratios, in order of magnitude.

Assemblage: The assembling of adjacent parcels of land into a single unit. Compare plottage.

Assessed Value: (1) A value set on real estate and personal property by a government as a basis for levying taxes. (2) The monetary amount for a property as officially entered on the assessment roll for purposes of computing the tax levy. Assessed values differ from the assessor's estimate of actual (market) value for three major reasons: fractional assessment ratios, partial exemptions, and decisions by assessing officials to override market value The process of gathering and interpreting economic data to provide information that can be used by policymakers to formulate tax policy.

Assessment: (1) In general, the official act of determining the amount of the tax base. (2) As applied to property taxes, the official act of discovering, listing, and appraising property, whether performed by an assessor, a board of review, or a court. (3) The value placed on property in the course of such act.

Assessment, Doomage: An assessment made without adequate information when a taxpayer fails to comply with laws requiring him or her to list his or her property for taxation. Compare assessment, arbitrary; assessment, penalty.

Assessment, Unit: An assessment involving a composite appraisal of a property, as distinguished from an assessment involving a summation appraisal or a fractional appraisal. Compare assessment, central. Note: Unit assessment is generally limited to specified properties extending beyond the confines of a local assessment district, but it is also applicable to properties wholly within a local assessment district.

Assessment Date: The status date for tax purposes. Appraised values reflect the status of the property and any partially completed construction as of this date.

Assessment Equity: The degree to which assessments bear a consistent relationship to market value.

Assessment Level: The common or overall ratio of assessed values to market values.

Assessment Period: (1) The period beginning with the assessment date and ending with the date on which the assessor is required to complete the original assessment. (2) Sometimes used synonymously with assessment year.

Assessment Progressivity (Regressivity): An appraisal bias such that high-value properties are appraised higher (or lower) than low-value properties in relation to market values. See price-related differential.

Assessment Ratio: (1) The fractional relationship an assessed value bears to the market value of the property in question. (2) By extension, the fractional relationship the total of the assessment roll bears to the total market value of all taxable property in a jurisdiction. See level of assessment and fractional assessments.

Assessment Ratio Study: An investigation intended to determine the assessment ratio and assessment equity.

Assessment Roll: The basis on which the property tax levy is allocated among the property owners in a jurisdiction with taxing powers. The assessment roll usually lists an identifier for each taxable parcel in the jurisdiction, the name of the owner of record, the address of the parcel or the owner, the assessed value of the land, the assessed value of the improvements, applicable exemption codes, and the total assessed value. Synonyms include cadastre, list, grand list, abstract of ratable, and rendition.

Assessment-Sale Price Ratio: The ratio of the assessed value to the sale price (or adjusted sale price) of a property.

Assessment Year: (1) A year beginning on the day after the assessment date and ending on the assessment date in the calendar year next following. (2) The 365 days beginning with the appraisal date.

Assessor: (1) The head of an assessment agency; sometimes used collectively to refer to all administrators of the assessment function. (2) The public officer or member of a public body whose duty it is to make the original assessment.

Average: The arithmetic mean.

Average Deviation: The arithmetic mean of the absolute deviations of a set of numbers from a measure of central tendency, such as the median. Taking absolute values is generally understood without being stated. The average deviation of the numbers 4, 6, and 10 about their median (6) is (2 + 0 + 4) / 3 = 2. The average deviation is used in computing the coefficient of dispersion (COD).

Bias: A statistic is said to be biased if the expected value of that statistic is not equal to the population parameter being estimated. A process is said to be biased if it produces results that vary systematically with some factor that should be irrelevant. In assessment administration, assessment progressivity (regressivity) is one kind of possible bias.

Block: An urban area, usually consisting of several lots, enclosed on all sides by public streets or by public streets and a river, a railroad right-of-way, or other more or less permanent boundary. Sometimes called a "Square."

Board of Appeals: A public body (other than a court) charged with the duty of hearing and deciding appeals taken by taxpayers or tax districts on assessments established by public officers or bodies other than the courts. Synonymous with "Board of Tax Appeals." Note: The decisions of such a board are subject to further review by the courts on matters of law, but its findings are often made conclusive as to matters of fact. Compare board of equalization; board of review.

Board of Equalization: A public body (other than a court) having jurisdiction over two or more assessment districts which together make up a single tax district, charged with the duty of examining the assessment rolls of several assessment districts, and empowered, on appeal or on its own initiative, to revise assessments by district totals and/or by totals for particular classes of property. Compare board of appeals; board of review. Note: A board of equalization may also be a board of review.

Bundle of Rights: The six basic rights associated with the private ownership of property: right to use; sell; rent or lease; enter or leave; give away; and refuse to do any of these.

Business Enterprise Value: A term applied to the concept of an intangible, nonrealty component of a property's value probably ascribable to supramarginal management competence. Different from goodwill and going-concern value.

Cadastral Map: A scale map displaying property ownership boundaries and showing the dimensions of each parcel with related information such as parcel identifier, survey lines, and easements. Annotations on recent sales prices and land value are sometimes added.

CAMA: See computer-assisted mass appraisal.

Capital Expenditure: Cash investments to acquire or improve an asset that will have a life of more than one year; as distinguished from cash outflows for expense items normally considered as part of the current operations.

Capitalization: The phenomenon whereby one or more events of economic consequence expected to happen in the future exert an economic effect on values, processes, and decisions in the present. Specifically, the conversion of expected income and rate of return into an estimated present value in the income approach to value. Property taxes, anticipated changes, and land-related government services may also be capitalized. See also yield capitalization.

Capitalization of Ground Rent: Method of estimating land value in the absence of comparable sales; applicable where there is an income stream; for example, to farmland and commercial land leased on a net basis.

Capitalization of Income Method: Method of estimating accrued depreciation similar to the sales comparison approach except that estimated values (appraisals) based on the income approach are used instead of comparable sales. Reliability depends on accurate data and appropriate methods.

Capitalization Rate: Any rate used to convert an estimate of future income to an estimate of market value; the ratio of net operating income to market value.

Capitalized Leased Property: Property included on the company books under capital leases. Capital leases are leases that are effectively considered to be sales under "Generally Accepted Accounting Principles" (GAAP).

Capitalized Value: The value of a property estimated by the income approach to value.

Capital Structure: (1) The manner in which a firm is financed, that is, the amount and kind of equity and debt that satisfies the need for funds. (2) The financing mix of debt and equity. Note: Capital structure may be based on book values or market values.

Cash-Equivalent Sale Price: An indicator of market value that is a refinement over the raw sale price, in that the effects of unusual financing arrangements and extraneous transfers of personal property have been removed. See also adjusted sale price.

Cash Flow: Amount of money left after subtracting operating expenses and debt service from rents collected. Before-tax cash flow (also called "cash throw-off") signifies that income tax effect has not been considered; after-tax cash flow includes income tax savings generated by ownership.

Cash Flow Analysis: A study of the anticipated movement of cash into or out of an investment.

Caveat Emptor: "Let the buyer beware." A common maxim stating that the buyer purchases at his or her own risk.

Chattel: Tangible personal property. See also property and mortgage, chattel.

Chronological Age: The number of years elapsed since an original structure was built. Synonyms are actual age and historical age. Contrast with effective age.

Classification: (1) The act of segregating property into two or more classes for the application of different effective tax rates by means of one or more special property taxes (see tax, special property) or a classified property tax system. For a representative scheme, see property use category. (2) In a geographic information system, the process of assigning individual pixels of a multispectral image to categories, generally on the basis of spectral reflectance characteristics.

Classified Property Tax System: (1) A system intended by law to tax various kinds of property at different effective tax rates. Thus, two different kinds of property worth the same amount of money have different tax bills. Although this could be done by applying different tax rates to different kinds of property that share a common assessment ratio, the usual approach is to apply a uniform tax rate to all properties and establish by law what the assessment ratio should be for each class of property. (2) Loosely, by extension, a set of assessment practices that has this result contrary to laws requiring uniformity.

Closing: The act of finalizing a real estate transaction that executes and delivers mortgage or property title documents.

Closing Costs: Settlement fees and expenses incurred in transferring property ownership that are paid at the real estate closing.

Closing Statement: A listing of incurred closing costs of the buyer and seller in closing a real estate transaction.

CMS: See Cadastral Mapping Specialist.

Coefficient of Dispersion (COD): The average deviation of a group of numbers from the median expressed as a percentage of the median. In ratio studies, the average percentage deviation from the median ratio.

Community Property: Property which is acquired by either spouse during their marriage that becomes owned by them equally.

Comparable Sales; Comparables: (1) Recently sold properties that are similar in important respects to a property being appraised. The sale price and the physical, functional, and locational characteristics of each of the properties are Compared to those of the property being appraised in order to arrive at an estimate of value. (2) By extension, the term "comparables" is sometimes used to refer to properties with rent or income patterns comparable to those of a property being appraised.

Comparative Unit Method: (1) A method of appraising land parcels in which an average or typical value is estimated for each stratum of land. (2) A method of estimating replacement cost in which all the direct and indirect costs of a structure (except perhaps architect's fees) are aggregated and specified with reference to a unit of comparison such as square feet of ground area or floor area, or cubic content. Separate factors are commonly specified for different intervals of the unit of comparison and for different story heights, and separate schedules are commonly used for different building types and quality classes..

Comparison Unit: Comparison units express an overall value attributable to a property in terms of the value per unit of measure. The sale price of a vacant lot, for example, can be expressed as a cost per square foot or cost per front foot. The income produced by a property can also be expressed in comparison units, such as rent per square foot.

Computer-Assisted Mass Appraisal (CAMA): A system of appraising property, usually only certain types of real property, that incorporates computer-supported statistical analyses such as multiple regression analysis and adaptive estimation procedure to assist the appraiser in estimating value.

Condemnation: (1) The exercise of the right of eminent domain to secure legal title to private property required for a public use. (2) A declaration by a constituted authority to the effect that a structure is unfit for occupancy or dangerous to persons or other property, often accompanied by exercise of the police power to limit or prohibit occupancy or to require demolition of the structure. Note: The term "expropriation" is also used to convey the first of these meanings.

Condition: A judgment of the depreciation of an improvement. Note: This is a difficult area of comparison because although the condition of the subject is known, it is difficult to know the condition of the comparable. Differences in condition may justify variances in selling prices of similar assets. An investigation of the condition of the comparables should be done, if possible.

Condominium/Condominium Unit: A condominium is a separately owned unit of real property in the same structure with other such units; the unit owners hold an undivided interest in common elements of the property, such as a lobby, swimming pool, and grounds. See also cooperative.

Confidence Interval: A range of values, calculated from the sample observations that are believed, with a particular probability, to contain the true population parameter (mean, median, COD). The confidence interval is not a measure of precision for the sample statistic or point estimate, but a measure of the precision of the sampling process (see reliability).

Confidence Level: The required degree of confidence in a statistical test or confidence interval; commonly 90, 95, or 99 percent. A 95 percent confidence interval would mean, for example, that one can be 95 percent confident that the population measure (such as the median or mean appraisal ratio) falls in the indicated range.

Consistent Use: The concept that land should not be valued on the basis of one use while the improvements are valued on the basis of another.

Construction in Progress: Property that is in a process of change from one state to another, such as the conversion of personal property from inventory to fixed asset by installation or the conversion of personalty to realty by becoming a fixture.

Contiguous: Sharing a property boundary; adjacent.

Contract Rent: The actual amount of rent, per unit of time, that is specified in the contract (lease). For very old contracts, the contract rent may be substantially less than the rent the property would bring today. Compare market rent.

Contributory Value: The amount a component of a property contributes to the total market value. For improvements, contributory value must be distinguished from cost.

Conveyances: Legal documents that transfer ownership of property. Deeds and wills are examples of conveyances. Compare real estate transfer documents.

Cooperative: A business entity, usually a corporation, that holds title to realty and that grants rights of occupancy to its shareholders by means of proprietary leases or similar devices. A cooperatively owned apartment building is legally different from a building consisting of condominium units. See also condominium and blanket mortgage.

Corner Influence: (1) The effect of location at, or proximity to, the intersection of two streets upon the value of a lot or parcel. (2) The increment of value resulting from such location or proximity; found most often in commercial properties because of greater ease of entry and exit, accessibility to higher volume of traffic, and increased show-window and advertising space.

Cost: The money expended in obtaining an object or attaining an objective; generally used in appraisal to mean the expense, direct and indirect, of constructing an improvement.

Cost, Construction: The sum of direct costs of materials and labor plus contractor's indirect costs to build an improvement.

Cost, Depreciated Reproduction: The reproduction cost of a given property, less the estimated amount of accumulated depreciation on such property. See also reproduction cost new.

Cost, Direct: A cost which can be traced directly to a particular unit of output, for example, cost of raw materials or certain labor costs. Note: A direct cost usually varies more or less directly with the number of units output. Synonymous with "prime cost." Contrast cost, overhead.

Cost, Fixed: A cost that is more or less inevitable and continuous; that does not vary with production levels; and that cannot be changed in the short run. Synonymous with "fixed charge." Compare cost, overhead.

Cost, Historic: The cost of an asset not adjusted for inflation since the date of purchase, as opposed to the current replacement or reproduction cost. Usually the basis for depreciation in accounting, which has a requirement that all information on financial statements be presented in terms of the item's original cost to the entity. Also called original cost.

Cost, Original: The cost of acquisition of a property by its present owner, plus the cost of any additions and betterments made by such owner, whether or not such costs represent prudent investments. Also called "actual cost" and "historical cost."

Cost, Overhead: A cost that is not directly traceable to any given unit of output, for example, salaries of managers, interest on funded debt, and property taxes. Sometimes referred to as "indirect cost." Note: An overhead cost does not ordinarily vary with any close relationship to units of output. It is impossible to draw a sharp line of demarcation between overhead and direct costs; the difference is purely one of degree, and any classification of costs into these two groups is necessarily somewhat arbitrary. Contrast cost, direct.

Cost, Trended: The original cost adjusted to current price levels by means of composite or individual price indexes of items entering into such cost. Note: The trended cost should closely approximate the reproduction cost if the price indexes are appropriately selected and properly constructed.

Cost Approach: (1) One of the three approaches to value, the cost approach is based on the principle of substitution-that a rational, informed purchaser would pay no more for a property than the cost of building an acceptable substitute with like utility. The cost approach seeks to determine the replacement cost new of an improvement less depreciation plus land value. (2) The method of estimating the value of property by: (a) estimating the cost of construction based on replacement or reproduction cost new or trended historic cost (often adjusted by a local multiplier); (b) subtracting depreciation; and, (c) adding the estimated land value. The land value is most frequently determined by the sales comparison approach.

Cost Manual: A guide, containing pictures, specifications of structures, and cost schedules, used to help classify construction quality and estimate the cost of replacing a structure.

Cost of Capital: The opportunity cost of capital.

Cost of Equity: See equity yield rate.

Cost Study: The determination of replacement cost new.

Cost to Cure: Estimated cost to correct or replace a component or defect within a property.

Cost Trend Factor: A factor derived from a cost index used to estimate the contemporary cost of something based on its historic cost.

Current-Market-Value Appraisals: Appraisals that reflect contemporary market values rather than market values at some point in the past. Currency is commonly taken to be implicit in the term market value.

Declaration: A term occasionally used to designate a property list filed by a taxpayer.

Deed: A document (or written legal instrument) which, when executed and delivered, conveys an interest in or legal title to a property.

Deed, Quitclaim: A deed in which the grantor conveys or relinquishes all interests that he or she may have in a property, without warrant as to the extent or validity of such interests.

Deed, Tax: A deed by which title to real property, sold to discharge delinquent taxes, is transferred by a tax collector or other authorized officer of the law to the purchaser at a tax sale.

Deed, Trust: (1) Broadly, a deed by which title to property is transferred to a trustee to be held in trust. (2) Specifically, a deed by which title to property is transferred, conditionally or unconditionally, to a trustee to be held for the benefit of creditors or obligors of the grantor. (3) Loosely, the agreement made between an issuer of bonds and the holders of such bonds that is deposited with the trustee, whether or not such agreement involves the transfer of property to the trustee. Also called "deed of trust."

Deed, Warranty: A deed containing a covenant of warranty whereby the grantor of an estate of freehold guarantees that the title that he or she undertakes to transfer is free from defects and that the property is unencumbered except as stated, and whereby the grantor, for him- or herself and his or her heirs, undertakes to defend and protect the grantee against any loss that may be suffered by reason of the existence of any other title or interest in the property existing at the time the deed was executed and not excepted therein. Contrast deed, quitclaim.

Deed Restriction: A limitation to property rights that transfers with the property regardless of the owner.

Depletion: A decrease in land value due to the removal of trees, minerals, or other such resources. Contrast depreciation; obsolescence.

Depreciation: Loss in value of an object, relative to its replacement cost new, reproduction cost new, or original cost, whatever the cause of the loss in value. Depreciation is sometimes subdivided into three types: physical deterioration (wear and tear), functional obsolescence (suboptimal design in light of current technologies or tastes), and economic obsolescence (poor location or radically diminished demand for the product).

Depreciation, Accrued: (1) The amount of depreciation, from any and all sources, that affects the value of the property in question on the effective date of the appraisal. (2) In accounting, the amount reserved each year or accumulated to date in the accounting system for replacement of a building or other asset. When depreciation is recorded as a dollar amount, it may be deductible from total plant value or investment to arrive at the rate base for public utilities.

Depreciation, Book: An accounting term referring to the total accruals recorded on the books of the owner of property summarizing the systematic and periodic expenses charged toward amortizing the investment of limited-life property over its expected life.

Depreciation, Curable: That part of depreciation that can be reversed by correcting deferred maintenance and by remodeling to relieve functional obsolescence. See also cost to cure.

Depreciation, Economic: (1) Depreciation due either (a) to an increase in supply of the property under consideration or (b) to a reduction in monetary demand for properties of the type under consideration unaccompanied by shifts in demand from such properties to other properties and/or personal services (preferred). (2) Depreciation of any sort other than physical depreciation. Note: A depression is accompanied by economic depreciation of the type indicated in 1(b) because of a general decline in purchasing power. Depressions are also accompanied by obsolescence because of changes in the relative distribution of purchasing power. Contrast depreciation, physical; obsolescence.

Depreciation, Functional: Synonymous with the preferred term obsolescence.

Depreciation, Observed: The amount of depreciation, expressed as a percentage of original or reproduction cost new, estimated on the basis of an actual inspection of the property.

Depreciation, Physical: Depreciation arising solely from a lowered physical condition of the property or a shortened life span as the result of ordinary use, abuse, and action of the elements.

Depreciation, Structural: Synonymous with the preferred term physical depreciation.

Depth Curve: A graph of depth factors showing the estimated percentage relationships between the front-foot values of a given lot and the front-foot value of a lot of standard depth as the depth of the given lot varies. Note: Usually the depth of the given lot is plotted on the x-axis, and the percentage relationship between the front-foot value of the given lot and that of a lot of standard depth on the y-axis.

Depth Factor: The ratio of the estimated front-foot value of a lot of more or less than standard depth to the estimated front-foot value of a lot of standard depth.

Digitization: (1) The process of converting spatial information, originally compiled on orthographic materials or base maps, into digital form for incorporation into a geographic information system. (2) Referencing of ground control points or lines to a remotely sensed image.

Discounted Cash Flow Analysis: (1) A yield capitalization method used to calculate the present value of anticipated future cash flows. (2) Analysis of the present value of an income-producing property by isolating differences in the timing of cash flows. Net cash flows from all time intervals involved in the analysis are discounted to present value by an appropriate discount rate.

Discounting: The process of estimating the present worth of an anticipated item of income or expense by determining the amount of money which, if presently invested and allowed to accumulate at compound interest, will exactly equal the expected item of income or expense at the time when it becomes due. Note: For example, the value of $100 due three years hence, assuming a 6 percent discount rate, is $100/1.063 = $83.96; the value of a perpetual annuity of $100 is $100/1.06 + $100/1.062 + $100/1.063 + . . . = $100/.06 = $1,666.67.

Discount Rate: (1) The rate of return on investment; the rate an investor requires to discount future income to its present worth. The discount rate is made up of an interest rate and an equity yield rate. Theoretical factors considered in setting a discount rate are the safe rate earned from a completely riskless investment (this rate may reflect anticipated loss of purchasing power due to inflation) and compensation for risk, lack of liquidity, and investment management expenses. The discount rate is most often estimated by band-of-investment analysis or sales comparison analysis that estimates typical internal rates of return. (2) In monetary policy, the rate that the Federal Reserve Bank charges member banks to borrow. Compare recapture rate.

Discovery: (1) The process whereby the assessor identifies all taxable property in the jurisdiction and ensures that it is included on the assessment roll. (2) That part of a lawyer's trial preparation in which witnesses from the opposing side answer questions.

Divided Rights: Rights to property that have been divided among several owners in partnerships, joint tenancy, tenancy in common, and time-share units.

Domicile (or Domicil): That particular locality wherein a person is legally deemed to have his or her true home or place of abode. Note: A person always has one, and only one, domicile. Domicile at one place is not lost until a new domicile is established elsewhere. In case one has more than one place of abode, domicile is determined with reference to one's attitude rather than in accordance with one's physical presence in one or other of such places. Compare residence.

Easement: (1) Broadly, any non-possessory interest held by one person in land possessed by another whereby the first person is accorded partial use of such land or the second person is restricted in the use of his or her land. (2) A right held by one person to use the land of another for a specific purpose, such as access to other property. (3) In a restricted sense, a non-possessory interest held by one person, by reason of his or her possession of a given piece of land (the dominant estate), in a second piece of land possessed by another (the servient estate), whereby the first person is accorded partial use of the second piece of land without the privilege of taking a portion of its substance. **Note**: The non-possessory interests in land that are included in the first of the above definitions but not in the second are: (1) Servitudes, in which there is not necessarily a dominant estate in land; (2) profits a prendre, which are rights to take the substance of, or income from, the servient estate; and (3) restrictions, which limit the possessor of the servient estate in the use of his or her land without according its partial use to the owner of the non-possessory interest.

Economic Life: The period during which a given tangible asset, building, or other improvement to property is expected to contribute (positively) to the value of the total property. This period is typically shorter than the period during which the improvement could be left on the property, that is, its physical life.

Economic (External) Obsolescence: (1) A cause of depreciation that is a loss in value as a result of impairment in utility and desirability caused by factors outside the property's boundaries. (2) Loss in value of a property (relative to the cost of replacing it with a property of equal utility) that stems from factors external to the property. For example, a buggy-whip factory, to the extent that it could not be used economically for anything else, suffered substantial economic obsolescence when automobiles replaced horse-drawn buggies.

Effective Age: The typical age of a structure equivalent to the one in question with respect to its utility and condition, as of the appraisal date. Knowing the effective age of an old, rehabilitated structure or a building with substantial deferred maintenance is generally more important in establishing value than knowing the chronological age.

Effective Tax Rate: (1) The tax rate expressed as a percentage of market value; will be different from the nominal tax rate when the assessment ratio is not equal to 1. (2) The relationship between dollars of tax and dollars of market value of a property. The rate may be calculated either by dividing tax by value or by multiplying a property's assessment level by its nominal tax rate.

Egress: An outlet or exit or means of exiting.

Elasticity: (1) The responsiveness of supply and demand to changes in price. Supply or demand that changes rapidly in response to price changes is "elastic." Supply or demand that changes slowly in response to price changes is "inelastic." (2) A measure of the responsiveness of tax yields to changes in economic conditions. The yield of an elastic tax increases rapidly in a growing economy. The yield of an inelastic tax increases slowly. Often measured by the formula: percent change in tax percent change in personal income

Eminent Domain: The right by which a sovereign government, or some person acting in its name and under its authority, may acquire private property for public or quasi-public use upon payment of reasonable compensation, but without consent of the owner. See also condemnation.

Encroachment: The unauthorized trespassing of an improvement on the domain of another person's land.

Encumbrance: Any limitation that affects property rights and value.

Environmental Assessment: A report showing the results of investigation into environmental contamination. This report is often required by the EPA and other regulatory agencies to establish the extent of contamination. Depending on the type and extent of contamination suspected, "Phase I" or more extensive "Phase II" assessments may be required. See Phase I and II reports.

EPA: The United States Environmental Protection Agency.

Equalization: The process by which an appropriate governmental body attempts to ensure that all property under its jurisdiction is assessed at the same assessment ratio or at the ratio or ratios required by law. Equalization may be undertaken at many different levels. Equalization among use classes (such as agricultural and industrial property) may be undertaken at the local level, as may equalization among properties in a school district and a transportation district; equalization among counties is usually undertaken by the state to ensure that its aid payments are distributed fairly.

Equalized Values: Assessed values after they have all been multiplied by common factors during equalization.

Equitable Ownership: The interest or estate of a person who has a beneficial right in property legally owned by another, for example, the beneficiary of a trust has equitable ownership in the trust property.

Equity: (1) In assessment, the degree to which assessments bear a consistent relationship to market value. Measures include the coefficient of dispersion, coefficient of variation, and price-related differential. See also horizontal inequity and vertical inequity. (2) In popular usage, a synonym for tax fairness. (3) In ownership, the net value of property after liens and other charges have been subtracted.

Escheat: The right to have property revert to the state for nonpayment of taxes or when there are no legal heirs of someone who dies without leaving a will.

Escrow: (1) A written instrument that by its terms imparts a legal obligation but that is placed by the grantor in the hands of a third party, to be held by him or her until the occurrence or nonoccurrence of a specified event, and then only to be delivered to the grantee and to take effect. (2) The agreement under which such instrument is so placed, held, and conditionally delivered.

Estate: (1) The interest which a person possesses in a single concrete article of property. (2) The aggregate interests of any person in articles of property of all descriptions. (3) The aggregate property of all descriptions left by a decedent. See also tenancy; real estate.

Estate, Leasehold: Any possessory interest in land less than estate of freehold, that is, an estate for years, an estate from year to year (periodic estate), an estate at will, or an estate at sufferance. See leasehold.

Estate in Fee Simple: An inheritable, possessory interest in land that may endure until the extinction of all lineal and collateral heirs of the first owner and that may be freely conveyed by its owner; the largest possible estate in land.

Estate of Freehold: Any one of the three types of possessory interests in land-fee simple, fee tail, and estate for life-that in feudal times were granted only to freemen. Note: Estates of freehold are said to be estates of indefinite duration and any other estate is said to be "less than freehold."

Expense: A cost, or that portion of a cost, which, under accepted accounting procedures, is chargeable against income of the current year.

Expert Witness: One who is qualified to render expert testimony.

External (Economic) Obsolescence: The loss of appraisal value (relative to the cost of replacing a property with property of equal utility) resulting from causes outside the property that suffers the loss. Usually locational in nature in the depreciation of real estate, it is more commonly marketwide in personal property, and is generally considered to be economically infeasible to cure.

Factor: (1) An underlying characteristic of something (such as a house) that may contribute to the value of a variable (such as its sale price), but is observable only indirectly. For example, construction quality is a factor defined by workmanship, spacing of joists, and materials used. Factor definition and measurement may be done subjectively or by a computer-assisted statistical algorithm known as factor analysis. (2) Loosely, any characteristic used in adjusting the sales prices of comparables. (3) The reciprocal of a rate. Assessments may be equalized by multiplying them by a factor equal to the reciprocal of the assessment ratio, and value can be estimated using the income approach by multiplying income by a factor equal to the reciprocal of the discount rate.

Federal Home Loan Mortgage Corporation (FHLMC)(Freddi Mac): An organization that facilitates secondary residential mortgages, for savings and loan associations, to increase availability of residential mortgage financing.

Federal National Mortgage Association (FNMA) (Fannie Mae):A quasi-governmental agency that purchases mortgages from originators; intended to increase liquidity in the home mortgage market.

Fee Appraisal: Appraisal of properties one at a time for pay.

Fee Simple: In land ownership, complete interest in a property, subject only to governmental powers such as eminent domain. Also fee simple absolute. See estate in fee simple; fee; and absolute ownership.

Fiduciary: Any person who occupies a position of special trust in certain of his or her relationships to another person or persons, for example, an administrator, executor, guardian, receiver, or trustee.

Fixture: (1) Attached improvements that can be real or personal property. If attached to the realty in such a manner that its removal would damage the real property or the fixture, the fixture is realty. If the fixture is removable without damage, it is generally considered personal property. (2) An item of equipment that, because of the way it is used, the way it is attached, or both, has become an integral part of a building or other improvement. A fixture, such as a bathtub, is classified as real property, but trade fixtures (fixtures used in the conduct of business) are classified as personal property.

Floor Area of Building: The total area of all floors within the finished portion of a building, measured to the center of party walls and to the outside surfaces of other exterior walls. Compare cubic content of building; ground area of building.

Foreclosure: The legal process by which a lien on a property is enforced.

Forfeiture: Reversion of property (to the state) based on a violation of a law or a stipulated restriction by the owner.

4-3-2-1 Rule: An empirical rule that ascribes 40 percent of the value of a standard lot (see lot, standard) to the quarter of the lot fronting on the street, 30 percent to the next quarter, 20 percent to the third quarter, and 10 percent to the rear quarter. Compare Harper rule; Hoffman rule; one-third, two-thirds rule. Note: Lots with a depth greater than the standard lot cannot be valued in accordance with this rule as stated above. The rule is sometimes altered by omitting the word "standard." It thereby becomes applicable to extra deep lots but produces inconsistent results as applied to lots of varying depths.

Fractional Appraisal Method: Appraisal of the individual components of a property rather than appraisal of the entire system or unit as a single operating entity.

Franchise: A privilege or right that is conferred by grant of government on an individual or a group of individuals; usually an exclusive right to furnish public services or to sell a particular product in a certain geographical area.

Freddie Mac: See Federal Home Loan Mortgage Corporation.

Free and Clear: Property that is unencumbered by any liens or mortgages.

Front Foot: The unit or standard of linear measure used in measuring frontage. Compare unit foot.

Frontage: The extent of a parcel of land along a street, road, river, or other traffic artery on which the parcel is said to face.

Full-Market-Value Assessment Standard: Assessments for which a law or other standard requires that the assessment ratio equals one.

Functional Obsolescence: Loss in value of a property resulting from changes in tastes, preferences, technical innovations, or market standards.

Functional Organization: A method of organizing personnel and practices under which the primary division is what is done to achieve the goals of the organization (such as producing the assessment roll) rather than where the activities are done. The latter method is called geographical organization. Functional organization of assessment usually means that special divisions are responsible for appraising properties by type: personalty, residential property, agricultural property, commercial property, industrial property, and vacant land. Improved land is generally the responsibility of the appraiser of the improvement.

Geographic Information System (GIS): (1) A database management system used to store, retrieve, manipulate, analyze, and display spatial information. (2) One type of computerized mapping system capable of integrating spatial data (land information) and attribute data among different layers on a base map.

Global Positioning System (GPS): A navigational and positioning system by which the location of a position on or above the earth can be determined by a special receiver at that point interpreting signals received simultaneously from several of a constellation of special satellites.

Going-Concern Value: The enhanced or synergistic value of assets due to their existence within, or assemblage into, an operating and economically viable business that is expected to continue its operation in the future with no intention or necessity of liquidation or the material alteration of the scale of operation.

Goodwill: The economic advantage over competitors that a business has acquired by virtue of habitual patronage of customers.

Government National Mortgage Association (GNMA)(Ginnie Mae): A government-owned and government-financed agency that subsidizes mortgages through its secondary mortgage market and issues federally insured mortgage-backed securities. This agency falls within the Department of Housing and Urban Development.

Grantee: One who acquires property by voluntary conveyance.

Grantor: One who voluntarily conveys property, whether by sale, gift, lease, or otherwise.

Ground Area of Building: The total area included at mean grade level within the outside surfaces of the exterior walls and the center lines of party walls, not including the area under open porches or steps or in courts or shafts. Compare cubic content of building; floor area of building.

Hazardous Waste: A solid waste that may pose a present or potential hazard to health or to the environment. This includes any solid waste that is ignitable, corrosive, toxic, or reactive.

Hectare: Unit of land measure equal to 100 meters square. Equivalent to 2,471 acres.

Highest and Best Use: A principle of appraisal and assessment requiring that each property be appraised as though it were being put to its most profitable use (highest possible present net

worth), given probable legal, physical, and financial constraints. The principle entails first identifying the most appropriate market, and, second, the most profitable use within that market. The concept is most commonly discussed in connection with underutilized land.

Historical Age: The number of years elapsed since an original structure was built. Synonyms are actual age and chronological age. See cost, original.

IAAO: International Association of Assessing Officers.

Improvement: Anything done to raw land with the intention of increasing its value A structure erected on the property constitutes one very common type of improvement, although other actions, such as those taken to improve drainage, are also improvements. Although such cases are rarely intentional, "improvements" can conceivably diminish the value of the land; note, however, that easements restricting the use and value of land are not considered improvements.

Improvements: Buildings, other structures, and attachments or annexations to land that are intended to remain so attached or annexed, such as sidewalks, trees, drives, tunnels, drains, and sewers. Note: Sidewalks, curbing, sewers, and highways are sometimes referred to as "betterment," but the term "improvements" is preferred.

Improvement to Land: Designed to enhance a site's utility for general use (fill, water, and wastewater lines, for example), or to reshape the land's natural contours for more specific use (stock tanks, for example). Any publicly constructed improvement that does not fulfill a specific use-such as curbs, gutters, and sidewalks-constitutes an improvement to land.

Improvements Other than Buildings: A fixed asset account that reflects the acquisition value of permanent improvements, other than buildings, that add value to land. Examples of such improvements are fences, retaining walls, sidewalks, pavements, gutters, and tunnels. This account contains the purchase or contract price; if improvements are obtained by gift, the account reflects the appraised value at time of acquisition.

Income: The payments to its owner that a property is able to produce in a given time span, usually a year, and usually net of certain expenses of the property.

Income Approach: One of the three approaches to value, based on the concept that current value is the present worth of future benefits to be derived through income production by an asset over the remainder of its economic life. The income approach uses capitalization to convert the anticipated benefits of the ownership of property into an estimate of present value.

Income Capitalization: The process of dividing a property's net annual income by a capitalization rate in order to arrive at an estimated value.

Income Stream: The series of payments (usually net income payments) receivable from an investment over the life of the investment. The series, of course, may be of any conceivable nature, including a constant series of equal payments (level), a series of decreasing payments that decrease by equal amounts each period (arithmetically decreasing), a series of increasing payments that grow larger each period at a constant rate (geometrically increasing), and so on.

Incurable: A part of depreciation for which it is not economical to correct the condition, and if corrected, the cost of correcting the condition exceeds the value added.

Indemnification: Bonds established to provide security against future costs resulting from previously existing contamination; usually provided by the seller to facilitate a sale of contaminated property.

Indirect Costs: (1) Overhead costs (see cost, overhead). (2) Costs incurred in construction away from the site. For example: fees, permits, insurance, and loans.

Inelastic: See elasticity.

Ingress: An entrance or means of entering.

Insolvent: Being incapable of meeting current debts.

Interest (Interest Rate): The premium paid for the use of money; a (rate of) return on capital; the equilibrium price in money markets. The interest rate usually incorporates a risk factor, an illiquidity factor, a time-preference factor, an inflation factor, and potentially, other factors. See also discount rate.

Intrinsic value: (1) The inherent worth of a thing. (2) Value that remains when cost to cure a contamination problem exceeds original market value. See value in use.

Investment Value: The worth of an investment property to a particular investor. Investment value may or may not coincide with market value depending on the requirements of the specific investor.

Investment Yield: The rate of return on capital that is generated from an investment over a period of ownership, including both income and resale.

Inwood Coefficient: A factor used to obtain the present worth of a level stream of income; also known as the present worth of 1 per period factor.

Iowa Type Curve: A classification of survivor curves by their basic mathematical shape into three families of, respectively, 6, 7, and 5 curves; hence the alternate designation of "Iowa 18 type curves." Type survivor curves are used to smooth original survivor curves, to help determine the probable life of single units, and as a means of checking the adequacy of the depreciation reserve balance or of estimating an adjustment factor in the appraisal procedure.

IRV: A mnemonic for the basic equation of the income approach: Income = (Capitalization) Rate + Value.

Iteration: One repetition or repeated cycle in a process of estimating values as close as possible to actual values by repeated approximations. The results of each approximation are used in the next one.

Jurisdiction: (1) The right and power to interpret and apply the law; also, the power to tax and the power to govern. (2) The territorial range of authority or control.

Land: (1) In economics, the surface of the earth and all the natural resources and natural productive powers over which possession of the earth's surface gives man control. (2) In law, a portion of the earth's surface, together with the earth below it, the space above it, and all things annexed thereto by nature or by man. See also improvement.

Land Ratio: The ratio of land area to building area. The land ratio can be an important factor in grouping properties for income approach appraisal by means of direct sales comparisons.

Land, Improved: Land that has been made more valuable by the application of labor or labor and capital to it or public property adjacent to it.

Land-to-Building Ratio (Land-to-Improvement Ratio): The proportion of land area to gross building (improvement) area. For a given use, the most frequently occurring ratio will be that of a functioning economic unit.

Landlord: Synonymous with lessor.

Lease: A written contract by which the lessor (owner) transfers the rights to occupy and use real or personal property to another (lessee) for a specified time in return for a specified payment (rent).

Leased Fee Estate: An ownership interest held by a lessor with the rights of use and occupancy conveyed by lease to another.

Leasehold Estate: Interests in real property under the terms of a lease or contract for a specified period of time, in return for rent or other compensation; the interests in a property that are associated with the lessee (the tenant) as opposed to the lessor (the property owner). May have value when market rent exceeds contract rent.

Leasehold Improvements: Items of personal property such as furniture and fixtures associated with a lessee (the tenant) that have been affixed to the real property owned by a lessor.

Legal Description: A delineation of dimensions, boundaries, and relevant attributes of a real property parcel that serve to identify the parcel for all purposes of law. The description may be in words or codes, such as metes and bounds or coordinates (see coordinate system). For a subdivided lot, the legal description would probably include lot and block numbers and subdivision name.

Lessee: The person receiving a possessory interest in property by lease, that is, the owner of a leasehold estate.

Lessor: The person granting a possessory interest in property by lease, that is, the conveyor of a leasehold estate, the holder of a leased fee estate.

Levy: See property tax levy.

Liability: (1) Any debt or legal obligation. (2) Used broadly to include the obligations, legal or equitable, of a business entity to its owners as well as its creditors.

Lien: (1) The legal right to take or hold property of a debtor as payment or security for a debt. (2) Any legal hold or claim, whether created voluntarily or by operation of law, which a creditor has on all or specified portions of the property owned by a person indebted to him. Compare mortgage.

Lien Date: The date on which an obligation, such as a property tax bill (usually in an amount yet to be determined), attaches to a property and the property thus becomes security against its payment. The term is usually synonymous with appraisal date but is not necessarily so.

Life Estate: An interest in property that lasts only for a specified person's lifetime; thus the owner of a life estate is unable to leave the property to heirs.

Life Tenant: The recipient of a life estate.

Liquid Assets: Assets that can quickly be converted into cash.

Liquidity: The ease with which an asset may be converted into cash.

List, Grand: (1) The combined contents of all individual tax lists within a given tax or assessment district after the completion of the original assessment and administrative review. (2) Occasionally, a list of the record owners of real estate. Compare assessment roll.

Locally Assessed Property: Property for which the assessed value is set by the assessing official of the local jurisdiction within which the property is located.

Locational Obsolescence: A component of economic obsolescence; loss in value due to suboptimal siting of an improvement.

Lot: Any one of the marketable parcels into which a tract of land is divided upon platting; applied especially to urban land. Note: A lot may or may not be coterminous with a parcel of land.

Lot, Corner: A lot located in the angle formed by two intersecting streets.

Lot, Irregular: A lot which is not rectangular in shape.

Lot, Restricted: A lot whose owner is restricted as to its use or sale by the terms of a private contractor by operation of law; for example, a lot upon which construction is restricted to residential buildings of an approved style and of a minimum cost. Note: Restrictions are ordinarily created by zoning laws and ordinances or by private contract on the deeding of property.

Map: A conventional representation, usually on a plane surface and at an established scale, of the physical features (natural, artificial, or both) of a part or the whole of the earth's surface. Features are identified by means of signs and symbols, and geographical orientation is indicated.

Map, Lot, and Block: A map of an urban area showing the division of land into lots and blocks, with dimensions.

Map, Tax: A map drawn to scale and delineated for lot lines or property lines or both, with dimensions or areas and identifying numbers, letters, or names for all delineated lots or parcels.

Map, Topographic: A map showing the horizontal and vertical locations of natural and artificial features. It is distinguished from a planimetric map by the presence of quantitative symbols showing the relief.

Market: (1) The topical area of common interest in which buyers and sellers interact. (2) The collective body of buyers and sellers for a particular product.

Marketability: The salability of a property at a specific time, price, and terms.

Market Adjustment Factors: Market adjustment factors, reflecting supply and demand preferences, are often required to adjust values obtained from the cost approach to the market. These adjustments should be applied by type of property and area and are based on sales ratio studies or other market analyses. Accurate cost schedules, condition ratings, and depreciation schedules will minimize the need for market adjustment factors.

Market Analysis: A study of real estate market conditions for a specific type of property.

Market Approach: A valuation term with several meanings. In its broadest use, it might denote any valuation procedure intended to produce an estimate of market value, or any valuation procedure that incorporates market-derived data, such as the stock and debt technique, gross rent multiplier method, and allocation by ratio. In its narrowest use, it might denote the sales comparison approach.

Market Rate of Return: The typical return on an investment in a given type of property in a given market. It is distinct from the actual rate of return indicated by a property's actual income.

Market Rent: The rent currently prevailing in the market for properties comparable to the subject property. Market rent is capitalized into an estimate of value in the income approach.

Market System: A type of economic system in which the questions of what to produce, for whom, and how are decided by the workings of an open and competitive market.

Market Value: Market value is the major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined. A current economic definition agreed upon by agencies that regulate federal financial institutions in the United States is: The most probable price (in terms of money) which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: The buyer and seller are typically motivated; Both parties are well informed or well advised, and acting in what they consider their best interests; A reasonable time is allowed for exposure in the open market; Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Mass Appraisal: The process of valuing a group of properties as of a given date, using standard methods, employing common data, and allowing for statistical testing.

Mean: A measure of central tendency. The result of adding all the values of a variable and dividing by the number of values. For example, the mean of 3, 5, and 10 is 18 divided by 3, or 6. Also called arithmetic mean.

Median: A measure of central tendency. The value of the middle item in an uneven number of items arranged or arrayed according to size; the arithmetic average of the two central items in an even number of items similarly arranged; a positional average that is not affected by the size of extreme values.

Metes and Bounds: Measurement of angles and distances; a description of a parcel of land accomplished by beginning at a known reference point, proceeding to a point on the perimeter of the property being described, and then tracing the boundaries until one returns to the first point on the perimeter, usually a corner. The angles are described by reference to points of the compass, and the distances are described in feet or chains; curves are treated as arcs on a circle.

Mill: One mill is one-thousandth of one dollar or one-tenth of one cent.

Millage; Mill Rate: A tax rate expressed as mills per dollar. For example, a 2 percent tax rate is $2 per $100, $20 per $1,000, or 20 mills per dollar.

Mineral Rights: The right to extract ore, petroleum, or other minerals from a property.

Mode: A measure of central tendency. (1) In an array of the values of a variable, the most frequently occurring value. (2) By extension for grouped data, the class with the greatest number of observations.

Model: (1) A representation of how something works. (2) For purposes of appraisal, a representation (in words or an equation) that explains the relationship between value or estimated sale price and variables representing factors of supply and demand.

Mortgage: A contract under the terms of which the legal, but not the equitable, title to a specific property of one person (the mortgagor) is conditionally conveyed to a second person (the mortgagee) as security for the payment of a debt or performance of some other act. Note: In some states, legal title to mortgaged property passes to the mortgagee on execution of the mortgage; in others, legal title passes when the debt secured by the mortgage is in default; in still others, the mortgage is simply a lien, and legal title does not pass until foreclosure proceedings have been completed.

Neighborhood: (1) The environment of a subject property that has a direct and immediate effect on value. (2) A geographic area (in which there are typically fewer than several thousand properties) defined for some useful purpose, such as to ensure for later multiple regression modeling that the properties are homogeneous and share important locational characteristics.

Net Assessed Value: The official dollar value remaining on an assessment roll after deducting the amount of any applicable partial exemptions from the gross assessed value.

Net Book Value: The value at which an asset is carried on the balance sheet. An asset's book value at any time is its cost less accounting depreciation.

Net Income: (1) The income expected from a property, after deduction of allowable expenses. (2) Net annual income is the amount generated by a property after subtracting vacancy and collection loss, adding secondary income, and subtracting all expenses required to maintain the property for its intended use. The expenses include management fees, reserves for replacement, maintenance, property taxes, and insurance, but do not include debt service, reserves for building additions, or income tax.

Net Operating Income (NOI): Annual net income after operating expenses are subtracted from effective gross income. Does not include payments for interest or principal.

Nominal: Pertaining to the named or stated value of something.

Nonconforming Use: (1) A use of property that does not comply with the applicable zoning ordinance. (2) Uses that differ noticeably from prevailing uses in a neighborhood are sometimes also referred to as "nonconforming."

Obsolescence: A decrease in the value of a property occasioned solely by shifts in demand from properties of this type to other types of property and/or to personal services. Some of the principal causes of obsolescence are: (1) Changes in the esthetic arts; (2) changes in the industrial arts, such as new inventions and new processes; (3) legislative enactments; (4) change in consumer demand for products that results in inadequacy or overadequacy; (5) migration of markets that results in misplacement of the property. Contrast depreciation, physical; depreciation, economic.

Occupancy Ratio: (1) The ratio of the occupied units (for example, square feet of floor space, living units, or rooms) of a property to the total available units. (2) The ratio of the actual gross income from leased units of a property to the total gross income that would be obtained if all units were leased at standard rates.

Open Market: A freely competitive market in which any buyer or seller may trade and in which prices are determined by competition.

Operating Expenses: Expenses necessary to maintain the flow of income from a property. These are deducted from effective gross income to obtain net operating income, which is then capitalized in the income approach to obtain an indication of market value. Such expenses generally include the costs of property insurance; heat, water, and other utilities; repairs and maintenance; replacement reserves for such items as heat and air-conditioning systems, water heaters, built-in appliances, elevators, roofing, floor coverings, and other items whose economic life will expire before that of the structure itself; management; and other miscellaneous items necessary to operate and maintain the property. Not considered operating expenses are depreciation charges, debt service, income taxes, capital improvements, and personal or business expenses of the owner. In addition, for assessment purposes, property taxes are usually treated as an adjustment to the capitalization rate rather than as an expense item.

Operating Unit: (1) The property, taken as a whole, that is used in a public utility operation. (2) A term used to define an integrated set of assets whose value is based on the interaction and contribution of the assets as a whole.

Outliers: Observations that have unusual values, that is, they differ markedly from a measure of central tendency. Some outliers occur naturally; others are due to data errors.

Overadequacy: The inability of a property to yield a reasonable return on value of the land and the reproduction cost of improvements (less accumulated physical depreciation) because of its adaptation to the production of more goods or services that can be profitably sold in the market available to it. See superadequacy and functional obsolescence.

Overall Age/Life Method: Method of estimating accrued depreciation based on straight-line depreciation in which the building is assumed to depreciate by a constant percentage each year over its economic life.

Overall Rate (OAR): A capitalization rate that blends all requirements of discount, recapture, and effective tax rates for both land and improvements; used to convert annual net operating income into an indicated overall property value.

Overimprovement: An improvement whose cost exceeds the cost of an alternative improvement by more than the excess of the present worth of the given improvement and the land over the present worth of the alternative improvement and the land, often because a structure is too large or too costly for the most profitable use of the site. Contrast underimprovement.

Ownership: The rights to the use of property, to the exclusion of others.

Parcel: A contiguous area of land described in a single legal description or as one of a number of lots on a plat; separately owned, either publicly or privately; and capable of being separately conveyed.

Parcel Identification Number: A numeric or alphanumeric description of a parcel that identifies it uniquely. Assessors use various systems, many with common features. A growing number of these systems include geocoding. In the thirty states where it exists, the Public Land Survey System, authorized by the United States government in 1785, is often a basis for parcel identification.

Parcel of Land: A contiguous urban or rural land area that is considered as a unit, is subject to single ownership, and is legally recorded as a single piece. Compare lot; plot.

Percent Condition: The difference between observed physical depreciation, expressed as a percentage of original or reproduction cost, and 100 percent.

Percent Good: An estimate of the value of a property, expressed as a percentage of its replacement cost, after depreciation of all kinds has been deducted.

Percentile: The values that divide a set of data into specified percentages when the data are arrayed in ascending order. The tenth percentile includes the lowest 10 percent of the values, the twentieth percentile includes the lowest 20 percent of the values, and so forth.

Personal Property: Consists of every kind of property that is not real property; movable without damage to itself or the real estate; subdivided into tangible and intangible. Also called "personalty."

Personalty: A synonym for personal property.

Plat: A map intended to show the division of land into lots or parcels. Upon recordation with the appropriate authorities, land included in the plat can thenceforth be legally described by reference to the plat, omitting a metes and bounds description.

Plot: (1) A relatively small area of land, generally used for a specific purpose. (2) A measured area of land; lot.

Plottage: (1) Those factors of size, shape, and location with reference to other plots that add or detract from the value of a plot for a given purpose (preferred). (2) The assembling of adjacent parcels of land into a single unit. (3) The excess cost of assembling adjacent parcels of land into a single unit under single ownership over the estimated cost at which such parcels might be acquired individually by independent purchasers. (4) plottage value. Note: Because of the variety of meanings attached to this term and its derivatives, it is suggested that the more descriptive term "assemblage" and its derivatives be used to convey all of the above meanings except the first. Compare assemblage.

Plottage Value: (1) The increment of value ascribed to a plot because of its suitability in size, shape, and/or location with reference to other plots (preferred). (2) The excess of the value of a large parcel of land formed by assemblage over the sum of the values of the unassembled parcels. Compare assembly value.

Police Power: The power of the state that curtails individual rights for the health, safety, and general welfare of all society.

Possessory Interest: (1) An interest of a person in an article of property arising from a physical relationship to the article of such nature as to confer on him or her a degree of physical control over it, coupled with the intent so to exercise such control as to exclude the general public from use of it. (2) The right to occupy and use any benefit in a transferred property, granted under lease, licenses, permit, concession, or other contract. (3) A private taxable interest in public tax-exempt property, for example, a private service station in a federal military base. Assessment of this interest presents complex valuation problems. Among the issues are whether the ownership or the use is exempt, whether the parcel should be split, and whether market rent differs from contract rent.

Power of Attorney: A written authorization in which one person gives authority to another person to act on his or her behalf.

Present Worth: (1) The value of something after discounting future payments and receipts. (2) The present value of income that is expected to be received at some future date or dates, as

ascertained by the process of discounting both the income and the anticipated expenses incident to its receipt, that is, the amount of money that, if presently invested and allowed to accumulate at compound interest, would yield net income in the same amounts and at the same intervals as is anticipated of a given property. Synonymous with "capital value" and "present value."

Present Worth of 1: (Also called the reversion factor.) The lump-sum amount that would have to be set aside to accumulate with compound interest to $1 at the end of a specified number of years and at a specified rate of interest. Alternatively, it can be viewed as the present value of $1 receivable at the end of a specified number of years and discounted at a specified rate.

Present Worth of 1 per Period: (Also called the annuity factor, or Inwood coefficient). The present worth of a series of payments of $1, receivable at the end of each year, for a specified number of years and at a specified interest rate.

Price, Market: The value of a unit of goods or services, expressed in terms of money, as established in a free and open market. Note: This term is sometimes distinguished from "market value" on the ground that the latter term assumes that buyers and sellers are informed, but this assumption is also implied by the phrase "free and open market." Compare price, sale.

Price, Sale: (1) The actual amount of money exchanged for a unit of goods or services, whether or not established in a free and open market. An indicator of market value. (2) Loosely used synonymously with "offering" or "asked" price. Note: The sale price is the "selling price" to the vendor and the "cost price" to the vendee.

Price-Earnings Ratio (P/E): The ratio of the market price per share of the common stock of a specific company to the earnings per share of common stock of that company during a twelve-month period. Typically, the ratio is based on the current market price and the most recent twelve-month period for which earnings are known. This ratio is the reciprocal of the earnings price ratio (E/P).

Price Equilibrium: In a specific period, that price at which the quantity the buyers want is exactly equal to the quantity the sellers want to sell.

Price-to-Book Multiple (P/Book): See equity market multiple.

Principal Place of Business: The place at which the person or persons responsible for the management of a business enterprise exercise their managerial powers. Note: Generally the president, treasurer, and chairman of the board of directors have their headquarters at the principal place of business. The board of directors will probably meet here, and, at any rate, the policies determined by the board will be put into operation by or through the offices at this place. The principal place of business in any given state may be a district or even a branch office.

Principle of Anticipation: The appraisal principle that value depends on the expectation of benefits to be derived in the future.

Principle of Balance: The principle of balance as used in appraising is that the greatest value in property will occur when the type and size of improvements and uses are proportional to each other as well as to the land.

Principle of Change: The principle of change asserts that all markets are in a continual state of change. According to this principle, properties generally go through the three stages of integration (development), equilibrium (stasis), and disintegration (decline).

Principle of Conformity: The principle of conformity states that the value of a group of properties will rise to its highest possible level in an area where architectural styles are reasonably homogenous and surrounding land uses are compatible with the use of the specified properties.

Principle of Contribution: The principle of contribution requires an appraiser to measure the value of any improvement to a property by the amount it contributes to market value, not by its cost.

Principle of Progression: The principle of progression holds that the worth of an inferior property is increased by its proximity to better properties of the same use class.

Principle of Substitution: The principle of substitution states that no buyer will pay more for a good than he or she would have to pay to acquire an acceptable substitute of equal utility in an equivalent amount of time.

Private Encumbrances: Private hindrances that affect value and sale price such as easements, condominium controls, and deed or subdivision restrictions.

Private Restrictions: Private parties, such as a group of homeowners, may establish private restrictions on ownership rights. Deed restrictions are a common form of private restriction.

Profit and Loss Statement: An accounting statement that shows the income and expenses of a business over a specified time.

Property: (1) An aggregate of things or rights to things. These rights are protected by law. There are two basic types of property: real and personal. (2) The legal interest of an owner in a parcel or thing (see bundle of rights).

Real Property: Consists of the interests, benefits, and rights inherent in the ownership of land plus anything permanently attached to the land or legally defined as immovable; the bundle of rights with which ownership of real estate is endowed. To the extent that "real estate" commonly includes land and any permanent improvements, the two terms can be understood to have the same meaning. Also called "realty."

Tangible Personal Property: Personal property that has a substantial physical presence beyond merely representational. It differs from real property in its capacity to be relocated. Common examples of tangible personal property are automobiles, boats, and jewelry.

Intangible Personal Property: Property that has no physical existence beyond merely representational nor any extrinsic value; includes rights over tangible real and personal property, but not rights of use and possession. Its value lies chiefly in what it represents. Examples include corporate stock, bonds, money on deposit, goodwill, restrictions on activities (for example, patents and trademarks), and franchises. Note: Thus, in taxation, the rights evidenced by outstanding corporation stocks and bonds constitute intangible property of the security holders

because they are claims against the assets owned and income received by the corporation rather than by the stockholders and bondholders; interests in partnerships, deeds, and the like are not ordinarily considered intangible property for tax purposes because they are owned by the same persons who own the assets and receive the income to which they attach.

Property, Distributable: (1) Property subject to central assessment that is certified by the central assessing officer or body to local tax districts, according to the property's actual or constructive tax within such districts, for inclusion in the local assessment and/or tax rolls. See assessment, central. (2) The personal property of an intestate available for distribution by the administrator to the heirs.

Property, Income: A property that yields to its owner a gross money income.

Property, Investment: A property that has been developed with the intention and expectation of renting it, in whole or in part, for profit. (Term not recommended for use).

Property, Noninvestment: A property that has not been developed with the intention and expectation of renting it, in whole or in part, for profit. (Term not recommended for use.)

Property, Nonoperating: Property not included in the unit being appraised, usually where the nonoperating property is not necessary to the operation of the unit and is readily assessed locally.

Property, Nonrepresentative Intangible: (1) Intangible property that, while constituting an asset of the owner, does not at the same time represent a liability of another person; for example, patents, copyrights, trademarks, goodwill, and special franchises (preferred). (2) Intangible property that does not represent an interest of any sort in specified tangible property; for example, goodwill, patents, unsecured personal notes, accounts receivable. Note: The term "liability," as used in this definition, includes the equitable obligations of a corporation to its stockholders.

Property, Operating: (1) Property actually used in the business of the owner, as distinguished from intangible property representing investments in property actually used in the business of some other person or persons. (2) As applied to public utilities, the property actually used in a public service enterprise conducted by the owner, as distinguished from intangible property representing investments in property actually used in the business of some other person or persons and the property used by the owner in the conduct of a non-public service enterprise. Synonymous with "operative property." See also property, nonoperating.

Property, Ratable (or Rateable): Taxable property.

Property Line: The boundary line that defines a parcel of land.

Property Record Card (Form): An assessment document with blanks for the insertion of data for property identification and description, for value estimation, and for property owner satisfaction. The basic objectives of property record forms are, first, to serve as a repository of most of the information deemed necessary for identifying and describing a property, valuing a property, and assuring property owners that the assessor is conversant with their properties, and, second, to document property appraisals. Use of properly designed property record forms permits an organized and uniform approach to amassing a property inventory.

Property Residual Technique: A technique used to estimate the value of a property from knowledge of its net operating income, discount rate, remaining economic life, the amount of the reversion, and the income path attributable to the property over the holding period (generally the remaining economic life of the property). The technique estimates total value by discounting anticipated income and adding the result to the present worth of the reversion.

Property Tax Levy: (1) The total amount of money to be raised from the property tax as set forth in the budget of a taxing jurisdiction. (2) Loosely, by extension, the millage rate or the property tax bill sent to an individual property owner.

Quantity Survey Method: A method of estimating reproduction cost in which a complete itemization is made of all labor and material costs by component and subcomponent and all indirect costs; these are added to obtain an estimate of the cost of a structure or a reasonable bid for a contractor to submit on a proposed project.

Rate Base: Under perfect regulation, the dollar amount on which a return is allowed as established by a regulatory agency.

Rate of Return: See discount rate.

Ratio Study: A study of the relationship between appraised or assessed values and market values. Indicators of market values may be either sales (sales ratio study) or independent "expert" appraisals (appraisal ratio study). Of common interest in ratio studies are the level and uniformity of the appraisals or assessments. See also level of appraisal and level of assessment.

Real Estate: The physical parcel of land and all improvements permanently attached. Compare real property.

Realty: (1) Any tangible thing whose fee ownership constitutes real property, that is, land or improvements. (2) A synonym for real estate.

Reappraisal: The mass appraisal of all property within an assessment jurisdiction accomplished within or at the beginning of a reappraisal cycle (sense 2). Also called revaluation or reassessment.

Reappraisal Cycle: (1) The period of time necessary for a jurisdiction to have a complete reappraisal. For example, a cycle of five years occurs when one-fifth of a jurisdiction is reappraised each year and also when a jurisdiction is reappraised all at once every five years. (2) The maximum interval between reappraisals as stated in laws.

Reassessment: (1) The relisting and revaluation of all property, or all property of a given class, within an assessment district by order of an authorized officer or body after a finding by such an officer or body that the original assessment is too faulty for correction through the usual procedures of review and equalization. (2) The revaluation of all real property by the regularly constituted assessing authorities, as distinguished from assessment on the basis of valuations most or all of which were established in some prior year. See also revaluation.

Recapture Rate: The return of an investment; the annual amount that can be recaptured from an investment divided by the original investment; primarily used in reference to wasting assets (improvements).

Reconciliation: The final step in the valuation process wherein consideration is given to the relative strengths and weaknesses of the three approaches to value, the nature of the property appraised, and the quantity and quality of available data in formation of an overall opinion of value (either a single point estimate or a range of value). Also termed "correlation" in some texts.

Rendition: A term occasionally used synonymously with declaration.

Rent, Economic: (1) In appraisal, the annual rent that is justified for the property on the basis of a careful study of comparable properties in the area; market rent. (2) In economics, the payment received by an owner of something being bought or rented in excess of the minimum amount for which he or she would have sold or rented it.

Replacement Cost New Less Depreciation (RCNLD): In the cost approach, replacement cost new less physical incurable depreciation.

Replacement Cost; Replacement Cost New (RCN): The cost, including material, labor, and overhead, that would be incurred in constructing an improvement having the same utility to its owner as a subject improvement, without necessarily reproducing exactly any particular characteristics of the subject. The replacement cost concept implicitly eliminates all functional obsolescence from the value given; thus only physical depreciation and economic obsolescence need to be subtracted to obtain replacement cost new less depreciation (RCNLD).

Replacement Reserve: An allowance in an annual operating statement for replacement of short-lived items that will not last for the remaining economic life of a property.

Required Rate of Return on Equity: A component of the discount rate, as it is understood from the point of view of band-of-investment analysis, and a component of the overall rate developed according to mortgage-equity analysis.

Right, Water: The right to a supply of water.

Right-of-Way: (1) An easement consisting of a right of passage through the servient estate (preferred). (2) By extension, the strip of land traversed by a railroad or public utility, whether owned by the railroad or utility company or used under easement agreement.

Sale, Arm's-Length: A sale in the open market between two unrelated parties, each of whom is reasonably knowledgeable of market conditions and under no undue pressure to buy or sell.

Sale, Distress: A sale made to meet the immediate and pressing needs of the seller at whatever price the property will bring.

Sale, Forced: A sale made pursuant to law; usually an auction sale that is involuntary on the part of the owner.

Sale, Normal: A sale in which neither the buyer nor the seller acts under legal or economic compulsion, in which both parties are reasonably well informed, and in which both are primarily actuated by economic motives. Compare value, market and sale, arm's-length.

Sale-Leaseback: A sale and subsequent lease given by the buyer back to the seller as part of the same transaction.

Sale of Convenience: A sale designed to correct defects in a title, create a joint or common tenancy, or serve some similar purpose. Such sales generally are transacted at only a nominal price.

Sales Comparison Approach: One of three approaches to value, the sales comparison approach estimates a property's value (or some other characteristic, such as its depreciation) by reference to comparable sales.

Sales Data: (1) Information about the nature of the transaction, the sale price, and the characteristics of a property as of the date of sale. (2) The elements of information needed from each property for some purpose, such as appraising properties by the direct sales comparison approach.

Site: The location of a person, thing, or event.

Site Amenities: The specific location-related positive attributes of a property: topography, utilities, street traffic, view, and so on.

Site Analysis: A study that determines the suitability of a specific parcel of land for a specific purpose.

Site Characteristics: (1) Characteristics of (and data that describe) a particular property, especially land size, shape, topography, drainage, and so on, as opposed to location and external economic forces. (2) By extension, any characteristics of either the site or the improvement.

Situs: The actual or assumed location of a property for purposes of taxation. In personal property, situs may be the physical location of the property or, in the instance of highly mobile property, the more-or-less permanent location of the property owner.

Square Foot: A unit of area equal to a square one foot in length on each side.

Standard Deviation: The statistic calculated from a set of numbers by subtracting the mean from each value and squaring the remainders, adding together all the squares, dividing by the size of the sample less one, and taking the square root of the result. When the data are normally distributed, one can calculate the percentage of observations within any number of standard deviations of the mean from normal probability tables. When the data are not normally distributed, the standard deviation is less meaningful, and one should proceed cautiously.

State Assessed Property: That property for which the assessed value is set by a state agency, either for taxation by the local jurisdiction affected, or for state taxation. Most often, this term applies to utility property or property with special characteristics where the state preempts local authority to achieve uniformity in assessments.

Stratify: To divide, for purposes of analysis, a sample of observations into two or more subsets according to some criterion or set of criteria.

Stratum, Strata (pl.): A class or subset that results from stratification.

Structure: Any man-made improvement that rises above ground level.

Stumpage: The amount of timber "on the stump."

Stumpage Value: The value of uncut timber.

Subdivision: A tract of land that has been divided into marketable building lots and such public and private ways as are required for access to those lots, and that is covered by a recorded plat.

Tax Base: The aggregate of the values or units to which the tax rate or rates are applied to determine the tax liability of a person or a group of persons, for example, $10,000 worth of property, $2,500 of income. Compare measure of tax; object of tax; subject of tax.

Tax Base, Property: The total of all the assessed values in a given community.

Tax Burden: Economic costs or losses resulting from the imposition of a tax. Burden can be determined only by detailed economic analysis of all economic changes resulting from the tax. In popular usage, the term often refers to the initial incidence rather than to ultimate economic costs.

Tax Calendar, Property: A calendar of the assessment year that lists important dates in the property tax system.

Tax-Exempt Property: Property entirely excluded from taxation because of its type or use. The most common examples are religious, charitable, educational, or governmental properties. This definition omits property for which the application of a partial exemption reduces net taxable value to zero.

Tax Levy: (1) The act by which a legislative body fixes either the amount of taxes to be placed in collection or the rate to be applied to a predefined tax base. (2) The amount of taxes authorized to be placed in collection by a competent legislative body.

Taxpayer: (1) A person who pays a tax in the first instance, whether he or she finally bears the burden or shifts it; generally defined in law to include all persons liable for payment of a tax whether or not they actually pay it.

Tax Rate: For the property tax, the percentage of assessed value at which each property is taxed in a given district. Distinguish between effective tax rate and nominal tax rate.

Tax Roll: An official list showing the amount of taxes charged against each taxpayer and/or each property within the jurisdiction of a tax district. Note: In property taxation, the tax roll is sometimes combined with the assessment roll into a single document.

Tax Warrant: The tax collector may ask a court to issue a document called a tax warrant directing a peace officer and tax collector to take as much of a person's personal property as is necessary to pay all taxes, penalties, and interest the person owes.

Tenancy: The act of using or occupying property, especially real property whose fee title is vested in someone other than the occupant.

Tenancy, Joint: A state of tenancy involving two or more persons owning undivided possessory interests which have arisen out of a single conveyance, no one of the tenants being free to create interests in the estate without the consent of the others, and the surviving tenants acquiring the interest of any tenant who may die. Compare tenancy in common; tenancy by the entirety.

Tenancy by the Entirety: A state of tenancy, recognized by some states, in which the husband and wife are considered as a single person, neither one being free to create interests in the estate without the consent of the other and the survivor acquiring the whole interest upon the death of either. Compare tenancy, joint.

Tenancy in Common: A state of tenancy involving two or more persons owning undivided possessory interests that have arisen out of separate and distinct conveyances, any one of the tenants being free to create interest in his portion of the estate and the heirs or devisees acquiring the interest of any tenant who may die. Compare tenancy, joint; tenancy by the entirety.

Tenancy in Severalty: A state of tenancy involving one person who owns a divided possessory interest.

Three Approaches to Value: A convenient way to group the various methods of appraising a property. The cost approach encompasses several methods for estimating replacement cost new of an improvement less depreciation plus land value. The sales comparison approach estimates values by comparison with similar properties for which sales prices are known. The methods included in the income approach are based on the assumption that value equals the present worth of the rights to future income.

Time-Adjusted Sale Price: The price at which a property sold, adjusted for the effects of price changes reflected in the market between the date of sale and the date of analysis.

Time-Share Unit: A residence, usually a condominium at a vacation or resort site, whose ownership is divided among the owners by weeks or months, giving each owner the right to occupancy for a specified time each year.

Time Value of Money: The principle that an amount of money anticipated as income in the future is always worth less than an equal amount in hand at the present time.

Title: The union of all elements constituting proof of property ownership or the instrument that is evidence of ownership.

Title Search: An examination of public records to ensure the quality of the seller's title to a property. Preparation of an abstract of title requires a complete title search, as does preparation to foreclose on a property in a delinquent tax suit.

Topographic Map: Refers to the basic description and elevation of a piece of land.

Total Economic Life: The period of time or units of production over which the operation of an asset is economically feasible, not necessarily the same as its physical life.

Trended Original Cost: (1) The cost of constructing an improvement at a particular time, adjusted to reflect inflation and deflation, as well as changes in construction costs, between that time and the appraisal date. (2) Method of cost estimating that obtains an estimate of the reproduction cost of a structure by adjusting its original, or historical, cost with a factor from an appropriate construction cost index.

Trending: Adjusting the values of a variable for the effects of time. Usually used to refer to adjustments of assessments intended to reflect the effects of inflation and deflation and sometimes also, but not necessarily, the effects of changes in the demand for microlocational goods and services.

Trending Factor: A figure representing the increase in cost or selling price over a period of time. Trending accounts for the relative difference in the value of a dollar between two periods.

Trust: An agreement whereby the owner of property (the settlor) transfers legal title to a second party (the trustee), such property to be held, managed, or disposed of for the benefit of a third party (the beneficiary) or the settlor, or both, as set forth in the trust agreement.

Trust Estate: The aggregate interests of a trustee in property of all sorts held under a trust agreement.

Trust, Investment: A corporation or trust association whose assets are largely or exclusively stocks and bonds purchased for investment purposes rather than as a means of controlling the policies of other corporations.

Trust, Revocable: A trust in which the grantor of the property held in trust retains the right to repossess the legal and equitable titles. See deed, trust.

Trustee: One who holds legal title to property under a trust agreement. Compare settlor; beneficiary.

Truth-in-Taxation (Full Disclosure) Requirements: Legal obligations for local government officials to make taxpayers aware of assessment increases, levy increase proposals, and so on, and to give taxpayers an opportunity to participate in public hearings on the changes.

t-Statistic: A particular statistic important in inferential statistics for certain kinds of hypothesis testing of certain kinds of data.

t-Test: A particular parametric statistical test useful, among other things, in testing the level of assessment.

Undivided Interest: An interest in a property that is not distinct from the interest or interests of one or more other persons as to the time during which the interest is possessory or as to the

portion of the property to which the interest attaches, for example, the interest of a joint tenant or a tenant in common.

Uniformity: The equality of the burden of taxation in the method of assessment.

Uniform Standards of Professional Appraisal Practice (USPAP): Annual publication of the Appraisal Standards Board of The Appraisal Foundation: "These Standards deal with the procedures to be followed in performing an appraisal, review or consulting service and the manner in which an appraisal, review or consulting service is communicated. . . .STANDARD 6 sets forth criteria for the development and reporting of mass appraisals for ad valorem tax purposes or any other universe of properties" (p. 1).

Unit: The property being appraised. Everything used or useful to the ongoing economic operation of the business (property). Includes tangible and intangible property.

Unit Appraisal: See appraisal, composite.

Unitary Method of Valuation: The unit rule is a method that values the property within a particular jurisdiction based on the fair share of the value of an operating enterprise, of which the property is an integral part. The unit value concept values all the property as a going concern without geographical or functional division of the whole and includes tangible and intangible assets. The unit rule concept is typically associated with the valuation of public utilities, telecommunications networks, railroads, and other transportation properties. However, the concept of unit valuation is similarly applicable to the appraisal of a single-family residence when comparable sales are used to value the entire property without segregation of land values. Similarly, when rents are capitalized into a value estimate for commercial properties, the unit rule is used.

Unit Cost: A valuation guideline expressing the relationship between cost or value of property and some unit of measure, for example, cost per square foot or per employee.

Unit of Comparison: A property as a whole or some smaller measure of the size of the property used in the sales comparison approach to estimate a price per unit.

Usable Area: The area of land that can be used, or the equivalent area after allowance for irregular topography.

Useful Life: Estimated normal operating life in terms of utility to the owner of a fixed asset or group of assets.

Utility: (1) The quality of a property or service that enables it to satisfy human wants. (2) The satisfaction obtained from the goods and services that a consumer consumes.

Vacancy and Collection Loss: The amount of money deducted from potential annual gross income to reflect the effect of probable vacancy and turnover, or nonpayment of rent by tenants. Vacancy and collection loss is commonly expressed as a percentage of potential annual gross income, and it should be based on market research, not actual rental history of a property.

Valuation: (1) The process of estimating the value-market, investment, insured, or other properly defined value-of a specific parcel or parcels of real estate or of an item or items of personal property as of a given date. (2) The process or business of appraising, of making estimates of the value of something. The value usually required to be estimated is market value.

Valuation Date: The specific date as of which assessed values are set for purposes of property taxation. This date may also be known as the "date of finality." See also assessment date.

Value: (1) The relationship between an object desired and a potential owner; the characteristics of scarcity, utility, desirability, and transferability must be present for value to exist. (2) Value may also be described as the present worth of future benefits arising from the ownership of real or personal property. (3) The estimate sought in a valuation. (4) Any number between positive infinity and negative infinity. See also market value.

Value, Actual: Market value, especially as distinguished from so-called book, par, or face values.

Value, Book: (1) The money figure at which an asset is carried on the regular books of account of the owner, after deduction of any valuation reserve carried against it. (2) The value ascribed to corporation stock by the books of account of the issuing corporation, as determined by the stated amount of the corporation's capital, surplus, undivided profits, and reserves that can reasonably be expected to accrue to the stockholders. Note: The book value of preferred stock is generally not affected by surplus, undivided profits, and reserves.

Value, Economic: Worth in a use, transaction, or exchange, as distinguished from ethical worth, esthetic worth, historical worth, and the like.

Value, Exchange: Synonymous with the preferred term market value.

Value, Fair: (1) In taxation, market value. (2) In public utility regulation, a term inappropriately applied to the combination of costs and values that commends itself to the courts as a fair rate base.

Value, Full: Synonymous with the preferred term market value.

Value, Going: The value of an entire property in active service and with an established clientele, as distinguished from its value immediately before being put into service or upon retirement from service.

Value, Improved: A loose term generally defined as that portion of the present worth of a property that represents the resale factor. (Term not recommended for use.)

Value, Intrinsic: (1) The value of an article due to its own physical qualities rather than to the rights, privileges, or immunities with respect to other properties or persons which its possession confers. (2) A term used to designate "value" that is supposed to reside within an article rather than within the minds of its actual or would-be possessors. Note: This is a term that is much abused and that might well be discarded. Although it is proper to say that the intrinsic value of a stock certificate is the value, if any, of the paper, it is not correct to say that real estate has an intrinsic value in excess of, or less than, its market value.

Value, Junk: Synonymous with the preferred term "scrap value."

Value, Liquidation: The value of one or more of the assets of a business concern under conditions in which the business is discontinued and the assets disposed of either in their entirety or separately. Contrast going-concern value.

Value, Salvage: The value which badly depreciated improvements, machines, or equipment would have if dismantled and sold in separate parts or pieces; the value of an asset at the end of its economic life. Compare value, scrap.

Value, Scrap: The value that the basic, recoverable materials (usually metals) of a physical property would have as junk if it were completely broken up or too badly deteriorated to serve its normal purpose; the value of an asset at the end of its physical life. Compare value, salvage.

Value, Sound: The value that would obtain if a property were worth its reproduction cost less physical depreciation. (Term not recommended for use.)

Value, Speculative: A loose term used to distinguish actual market prices and market values from the appraiser's estimate of present worths. (Term not recommended for use.)

Value, True: Synonymous with the preferred term market value.

Value in Use: The value of property for a specific use. The concept that holds value to be inherent in property itself, that is, the value is based on the ability of the asset to produce revenue through ownership.

Variance: A measure of dispersion equal to the standard deviation squared.

Vendee: One who purchases. Synonymous with "buyer."

Vendor: One who transfers property by sale. Synonymous with "seller."

Verify: To check the accuracy of something. For example, sales data may be verified by interviewing the purchaser of the property, and data entries may be verified by check digits.

Wasting Asset: A property or other thing of value whose value diminishes with the passage of time. For example, buildings are a wasting asset, but land and gold, traditionally, are not.

Worth, Present: See present worth.

Yield Capitalization: Any of several methods used in the income approach to value. Yield methods involve certain subtleties and assumptions that vary according to the particular method employed, but include estimating such factors as the required rate of return on investment, the remaining economic life of the property, an investment holding period, the income path, anticipated depreciation or appreciation, and reversionary value. The yield methods stand in contrast to direct sales analysis methods, in which a typical relationship between incomes and sales prices is found by simply dividing observed incomes by sales prices for comparable properties, the fraction thus obtained then being applied (in the form of a gross income multiplier

or an overall rate) to the properties being appraised. See also building residual technique, discount rate, mortgage-equity analysis, and property residual technique.

Yield Rate: (1) The return on investment applicable to a series of incomes that results in the present worth of each. Examples of yield rates are interest rate, discount rate, equity yield rate, and internal rate of return. (2) The required rate of return on equity capital; a component of the capitalization rate (or discount rate or mortgage-equity overall rate) that must be separately specified in band-of investment analysis and mortgage equity analysis.

Zoning: The exercise of the police power to restrict land owners as to the use of their land and/or the type, size, and location of structures to be erected thereon.

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