

Committee Report

CONSENT CALENDAR

March 10, 2021

HOUSE OF REPRESENTATIVES

REPORT OF COMMITTEE

**The Committee on Municipal and County Government
to which was referred HB 411,**

**AN ACT establishing a commission to study the
equalization rate used for the calculation of a property
tax abatement by the New Hampshire board of tax and
land appeals, the superior court, and all cities, towns,
and counties. Having considered the same, report the
same with the recommendation that the bill OUGHT TO
PASS.**

Rep. Richard Lascelles

FOR THE COMMITTEE

COMMITTEE REPORT

Committee:	Municipal and County Government
Bill Number:	HB 411
Title:	establishing a commission to study the equalization rate used for the calculation of a property tax abatement by the New Hampshire board of tax and land appeals, the superior court, and all cities, towns, and counties.
Date:	March 10, 2021
Consent Calendar:	CONSENT
Recommendation:	OUGHT TO PASS

STATEMENT OF INTENT

This bill establishes a commission to study the equalization rate used for the calculation of a property tax abatement. The commission will consider any inequity in the current system of equalization and establish a method to eliminate the use of two separate equalization rates reported by the Department of Revenue Administration in separate years, one of which is used for tax assessment purposes and one of which is used for tax appeal purposes. This will result in the same equalization rate being used by the New Hampshire board of tax and land appeals, the Superior Court, and all cities, towns, and counties.

Vote 19-0.

Rep. Richard Lascelles
FOR THE COMMITTEE

Original: House Clerk
Cc: Committee Bill File

CONSENT CALENDAR

Municipal and County Government

HB 411, establishing a commission to study the equalization rate used for the calculation of a property tax abatement by the New Hampshire board of tax and land appeals, the superior court, and all cities, towns, and counties. **OUGHT TO PASS.**

Rep. Richard Lascelles for Municipal and County Government. This bill establishes a commission to study the equalization rate used for the calculation of a property tax abatement. The commission will consider any inequity in the current system of equalization and establish a method to eliminate the use of two separate equalization rates reported by the Department of Revenue Administration in separate years, one of which is used for tax assessment purposes and one of which is used for tax appeal purposes. This will result in the same equalization rate being used by the New Hampshire board of tax and land appeals, the Superior Court, and all cities, towns, and counties. **Vote 19-0.**

Original: House Clerk

Cc: Committee Bill File

Voting Sheets

HOUSE COMMITTEE ON MUNICIPAL AND COUNTY GOVERNMENT

EXECUTIVE SESSION on HB 411

BILL TITLE: establishing a commission to study the equalization rate used for the calculation of a property tax abatement by the New Hampshire board of tax and land appeals, the superior court, and all cities, towns, and counties.

DATE: March 8, 2021

LOB ROOM: Hybrid

MOTIONS: OUGHT TO PASS

Moved by Rep. Lascelles

Seconded by Rep. Pauer

Vote: 19-0

CONSENT CALENDAR: YES

Statement of Intent: Refer to Committee Report

Respectfully submitted,

Rep John MacDonald, Clerk



2021 SESSION

Municipal and County Government

 Bill #: 411 Motion: OTP AM #: _____ Exec Session Date: 3/8/21

<u>Members</u>	<u>YEAS</u>	<u>Nays</u>	<u>NV</u>
Dolan, Tom Chairman	19		
Piemonte, Tony Vice Chairman	1		
MacDonald, John T. Clerk	2		
Tripp, Richard P.	3		
Guthrie, Joseph A. <i>W Wallace</i>	4		
Lascelles, Richard W.	5		
McBride, Everett P.	6		
Melvin, Charles R.	7		
Ayer, Paul F.	8		
Pauer, Diane	9		
Porter, Marjorie A.	10		
Treleaven, Susan GS	11		
Gilman, Julie D.	12		
Maggiore, Jim V.	13		
Stavis, Laurel	14		
Mangipudi, Latha D.	15		
Vann, Ivy C.	16		
Klee, Patricia S.	17		
Gallager, Eric B.	18		
TOTAL VOTE:	19	0	

Public Hearing

HOUSE COMMITTEE ON MUNICIPAL AND COUNTY GOVERNMENT

PUBLIC HEARING ON HB 411

BILL TITLE: establishing a commission to study the equalization rate used for the calculation of a property tax abatement by the New Hampshire board of tax and land appeals, the superior court, and all cities, towns, and counties.

DATE: March 8, 2021

LOB ROOM: Hybrid **Time Public Hearing Called to Order:** 9:55 a.m.

Time Adjourned: 10:00 a.m.

Committee Members: Reps. Dolan, Piemonte, J. MacDonald, Tripp, Guthrie, Lascelles, McBride, Melvin, Ayer, Pauer, Porter, Treleaven, Gilman, Maggiore, Stavis, Mangipudi, Vann, Klee and Gallagher

Bill Sponsors:
Rep. Merner

TESTIMONY

* Use asterisk if written testimony and/or amendments are submitted.

Rep. Maggiore - Introduced the bill.

***George Sansoucy** - Worked on the technical elements of this bill. Request is create a study commission to study equalization of a property. Study commission will best work to study this problem. It is something that is magnified in all properties. We don't want to commit any activities for committees due to COVID. We would ask the committee to retain bill.

Respectfully submitted,

Rep. John MacDonald
Clerk

House Remote Testify


Municipal and County Government Committee Testify List for Bill HB411 on 2021

Support: 5 Oppose: 2 Neutral: 0 Total to Testify: 2

[Export to Excel](#)

<u>Name</u>	<u>City, State</u> <u>Email Address</u>	<u>Title</u>	<u>Representing</u>	<u>Position</u>	<u>Testifying</u>	<u>Si</u>
Lucas, Charelle	Lancaster, NH gsansoucy@sansoucy.com	A Member of the Public	Approximately 70 NH communities	Support	Yes (3m)	3/
Sansoucy, George	Lancaster, NH gsansoucy@sansoucy.com	A Member of the Public	Approximately 70 NH communities	Support	Yes (10m)	3/

Testimony

Archived: Tuesday, April 20, 2021 10:54:57 AM
From: C L
Sent: Wednesday, February 24, 2021 11:38:30 AM
To: ~House Municipal and County Govt
Cc: George E. Sansoucy; George Sansoucy; Troy Merner
Subject: HB411
Importance: Normal
Attachments:
[HB411.pdf](#) 

Dear Municipal and County Government Committee Chair and Members,

RE: HB411

Thank you for your time and consideration on HB411 pertaining to equalization.

Our office has had discussion with prime sponsor, Troy Merner, of house bill 411. We write on his behalf, to recommend HB411 be retained in committee and revisited in the fall. While we know first-hand the importance of HB411 and would prefer to see this bill processed and passed onto the Senate, we do understand the current difficulties the House and Senate are faced due to COVID.

Due to the underlying circumstances, and understanding the Senate wishes to not pass any bills that are to create committees and/or commissions, we ask that HB411 be retained in committee.

We would like to opportunity to speak when HB411 is due to have its public hearing, and also provide written testimony for the committee to retain on file for the fall of 2021.

Please call at (603) 788-4000 should you have any questions.

Charelle Lucas of George. E. Sansoucy, P.E., LLC

HB 411 - AS INTRODUCED

2021 SESSION

21-0459

05/10

HOUSE BILL **411**

AN ACT establishing a commission to study the equalization rate used for the calculation of a property tax abatement by the New Hampshire board of tax and land appeals, the superior court, and all cities, towns, and counties.

SPONSORS: Rep. Merner, Coos 7

COMMITTEE: Municipal and County Government

ANALYSIS

This bill establishes a commission to study the equalization rate used for the calculation of a property tax abatement.

Explanation: Matter added to current law appears in ***bold italics***.
Matter removed from current law appears ~~[in brackets and struckthrough.]~~
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty One

AN ACT establishing a commission to study the equalization rate used for the calculation of a property tax abatement by the New Hampshire board of tax and land appeals, the superior court, and all cities, towns, and counties.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 1 New Section; Commission to Study the Equalization Rate Used for the Calculation of a
2 Property Tax Abatement. Amend RSA 76 by inserting after section 20 the following new section:

3 76:20-a Commission to Study the Equalization Rate Used for the Calculation of a Property Tax
4 Abatement.

5 I. There is established a commission to study the equalization rate used for the calculation
6 of a property tax abatement. The commission shall consider any inequity in the current system of
7 equalization and establish a method to eliminate the use of 2 separate equalization rates, reported
8 by the department of revenue administration, in 2 separate years, one of which is used for tax
9 assessment purposes and one of which is used for tax appeal purposes, so that the same equalization
10 rate is used by the New Hampshire board of tax and land appeals, the superior court, and all cities,
11 towns, and counties.

12 II. The commission shall be composed of the following members:

13 (a) One member of the assessing standards board, appointed by the board.

14 (b) One member representing the certified municipal assessing officials, appointed by
15 the New Hampshire Association of Assessing Officials.

16 (c) The commissioner of the department of revenue administration, or designee.

17 (d) Two members of the house of representatives, both of whom are members of the
18 municipal and county government committee, appointed by the speaker of the house of
19 representatives.

20 (e) One member of the senate, appointed by president of the senate.

21 (f) Three public members, appointed by the New Hampshire Municipal Association, one
22 of whom shall be a municipal attorney practicing before the board of tax and land appeals and
23 superior court in tax abatement cases, one of whom shall be a municipal official of a town or city
24 with relevant tax abatement and equalization experience, and one of whom shall be a member of the
25 public, engaged in property valuation for municipalities.

26 III. Legislative members of the commission shall receive mileage at the legislative rate when
27 attending to the duties of the commission.

28 IV. The commission shall study and report as to whether legislation is recommended to
29 correct the inequity in the tax appeal process by establishing a method to eliminate the use of 2

HB 411 - AS INTRODUCED

- Page 2 -

1 separate equalization rates reported by the department of revenue administration in 2 separate
2 years, with one rate used for tax assessment purposes and the other rate used for tax appeal
3 purposes, so that the same equalization rate is used for both tax assessment purposes and in any
4 subsequent appeal to the board of tax and land appeals or the superior court.

5 V. The members of the commission shall elect a chairperson among the members. The first
6 meeting of the commission shall be held no later than February 1, 2022, and shall be called by the
7 first-named house member.

8 VI. The commission shall report its findings and any recommendations for legislation to the
9 speaker of the house of representatives, the senate president, the house and senate clerks, and the
10 governor on or before November 1, 2022.

11 2 Repeal. RSA 76:20-a, relative to the commission to study the equalization rate used for the
12 calculation of a property tax abatement, is repealed.

13 3 Effective Date.

14 I. Section 2 of this act shall take effect November 1, 2022.

15 II. The remainder of this act shall take effect upon its passage.



George E. Sansoucy, PE, LLC
Engineers & Appraisers

March 1, 2021

Municipal and County Government Committee
Legislative Office Building Room # 301
109 North Main Street
Concord, NH 03301

RE: HB 411 - establishing a commission to study the equalization rate used for the calculation of a property tax abatement by the New Hampshire board of tax and land appeals, the superior court, and all cities, towns, and counties.

Dear Municipal and County Government Committee Chair and Members,

I would like to thank you and it is my pleasure to have this opportunity to address you today regarding the proposed HB411, sponsored by Representative Merner of Lancaster N.H. As a reminder, this identical bill passed your committee unanimously last year in the 2020 legislative session, unanimously, and was due for crossover into the Senate. But unfortunately, due to COVID this bill effectively died. Representative Merner has reintroduced the identical language again into this 2021 legislative session because the issue of equalization is still before us today.

HB411 addresses a bipartisan matter that affects all communities in the state in some manner, and some communities substantially. During the last major Public Service Company of New Hampshire trial at the Board of Tax and Land Appeals (BTLA) involving a combined 95 communities, including the City of Nashua, the current equalization system when applied to appeals cost, the 95 communities approximately \$256,000,000 in automatic devaluation, and an additional tax abatement for most of the communities. The additional tax abatement portion caused by equalization, on an average tax basis in New Hampshire, was approximately \$6,000,000.

The issue is simple and there are also several solutions that are also simple, yet complex to explain. Any number of them could work provided there is a consensus. Equalization issues can best be handled in a study commission to bring this consensus for a solution. As we have learned from HB700, valuation and assessment issues that foster litigation can be resolved.

The issue is the following: when communities and the Department of Revenue Administration (DRA) set the annual tax rate and apply it to property values, those values are established using a tentative equalization rate. The tentative equalization rate is the only rate known at the time the tax rate is being set. The market sales that are used to equalize the values for the 2021 tax rates and the apportionments are transactions that have occurred two years prior, from October 1, 2019 – September 30, 2020. The equalization rate developed by the DRA, from these 2019-2020 market sales is the tentative rate for 2021, and is the only rate known in November of 2021.

George E. Sansoucy, PE, LLC
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7 Greenleaf Woods Dr., Unit 102 Portsmouth, NH 03801 Tel: 603.431.7636 mail@sansoucy.com
101 Gulliver Street, Fountain Inn, SC 29644 Tel: 864.408.7988
Remittance Address 86 Reed Road., Lancaster, NH 03584

If a taxpayer disagrees with their 2021 assessment, they may file an abatement by March 2022. The community has until July 1, 2022 to rule on the abatement. The taxpayer has until September 1, 2022 to file an appeal to the Superior Court or BTLA. When the value is set and the taxes are assessed in November of 2021, the tentative equalization rate is used to establish the value of property and the level of assessment in the communities. By the time an appeal is heard in 2023 or thereafter, the final equalization rate for 2021 has been calculated and announced by the DRA, in the spring of 2022. The market sales used to calculate the final 2021 equalization rate are transactions occurring from October 1, 2020 – September 30, 2021. This final equalization rate was not known when the tax rate was set.

The final equalization rate for 2021 becomes the tentative equalization rate for 2022. Under the rules of the BTLA and the DRA, this final equalization rate for 2021 must be used to determine the value of the property for a 2021 appeal. In doing so, the fair market value that the town or city must use to determine, an abatement will change from the value that the town based its original tax rate on. If the equalization rate is dropping like it is presently because the market is rising, the town or city is faced with issuing an abatement amount simply resulting from the difference between the tentative and final equalization rates, irrespective of any judgment made on the basis of the appeal. For some communities, this difference can be substantial and exceed 10%-15% in a year. Only a taxpayer who files an appeal can avail themselves of these types of reductions and refunds whereas a taxpayer who does not appeal will continue to pay taxes at the higher amount based on a higher fair market value by equalization.

The irony of the current appeal process and the use of the tentative equalization rate is that it creates an inequitable tax for all taxpayers who do not file appeals. Also, the use of the tentative rate disrupts the communities budgeting process year over year because it requires the town to budget on a tentative rate, not the actual rate, exposing the town to more significant budget shortfalls when abatements are issued. This scenario is called an automatic equalization abatement which the town or city, under the current system, is not able to foresee.

The purpose of this bill is to form a study commission to arrive at a consensus solution to normalize and eliminate this inequity in the appeal and taxation process. The study commission is tasked with establishing a method so that taxes are abated on an appeal based on the taxes paid and the value of the property in the first instance, and not on a payment greater than or less than the original taxes paid per dollar of valuation.

While we know first-hand the importance of HB411 and would prefer to see this bill processed and passed onto the Senate, we do understand the current difficulties the House and Senate are faced due to COVID. Due to the underlying circumstances, and understanding the Senate wishes to not pass any bills that are to create committees and/or commissions, we ask that HB411 be retained in committee until the fall of 2021.

Very truly yours,


GEORGE E. SANSOUCY, P.E., LLC

Bill as
Introduced

HB 411 - AS INTRODUCED

2021 SESSION

21-0459

05/10

HOUSE BILL **411**

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