Bill as Introduced

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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

1

2

3 4

5

6 7

8

9

10

11

12

13

14

15

16

17

18 19

20

21

22

23 24

25

26 27

28

29

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 New Section; Commission to Study the Equalization Rate Used for the Calculation of a Property Tax Abatement. Amend RSA 76 by inserting after section 20 the following new section:
- 76:20-a Commission to Study the Equalization Rate Used for the Calculation of a Property Tax Abatement.
- I. There is established a commission to study the equalization rate used for the calculation of a property tax abatement. The commission shall consider any inequity in the current system of equalization and establish a method to eliminate the use of 2 separate equalization rates, reported by the department of revenue administration, in 2 separate years, one of which is used for tax assessment purposes and one of which is used for tax appeal purposes, so that the same equalization rate is used by the New Hampshire board of tax and land appeals, the superior court, and all cities, towns, and counties.
 - II. The commission shall be composed of the following members:
 - (a) One member of the assessing standards board, appointed by the board.
- (b) One member representing the certified municipal assessing officials, appointed by the New Hampshire Association of Assessing Officials.
 - (c) The commissioner of the department of revenue administration, or designee.
- (d) Two members of the house of representatives, both of whom are members of the municipal and county government committee, appointed by the speaker of the house of representatives.
 - (e) One member of the senate, appointed by president of the senate.
- (f) Three public members, appointed by the New Hampshire Municipal Association, one of whom shall be a municipal attorney practicing before the board of tax and land appeals and superior court in tax abatement cases, one of whom shall be a municipal official of a town or city with relevant tax abatement and equalization experience, and one of whom shall be a member of the public, engaged in property valuation for municipalities.
- III. Legislative members of the commission shall receive mileage at the legislative rate when attending to the duties of the commission.
- IV. The commission shall study and report as to whether legislation is recommended to correct the inequity in the tax appeal process by establishing a method to eliminate the use of 2

HB 411 - AS INTRODUCED - Page 2 -

- separate equalization rates reported by the department of revenue administration in 2 separate years, with one rate used for tax assessment purposes and the other rate used for tax appeal purposes, so that the same equalization rate is used for both tax assessment purposes and in any subsequent appeal to the board of tax and land appeals or the superior court.
- V. The members of the commission shall elect a chairperson among the members. The first meeting of the commission shall be held no later than February 1, 2022, and shall be called by the first-named house member.
- VI. The commission shall report its findings and any recommendations for legislation to the speaker of the house of representatives, the senate president, the house and senate clerks, and the governor on or before November 1, 2022.
- 2 Repeal. RSA 76:20-a, relative to the commission to study the equalization rate used for the calculation of a property tax abatement, is repealed.
 - 3 Effective Date.

- 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.

HB 411 - AS AMENDED BY THE SENATE

05/06/2021 1203s

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

12

13

14

15

16

17

18

19

20

21

22

23

2425

26 27

28

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 New Section; Commission to Study the Equalization Rate Used for the Calculation of a 1 Property Tax Abatement. Amend RSA 76 by inserting after section 20 the following new section: 2 76:20-a Commission to Study the Equalization Rate Used for the Calculation of a Property Tax 3 4 Abatement. I. There is established a commission to study the equalization rate used for the calculation 5 of a property tax abatement. The commission shall consider any inequity in the current system of 6 equalization and establish a method to eliminate the use of 2 separate equalization rates, reported 7 by the department of revenue administration, in 2 separate years, one of which is used for tax 8 assessment purposes and one of which is used for tax appeal purposes, so that the same equalization 9 rate is used by the New Hampshire board of tax and land appeals, the superior court, and all cities, 10 11 towns, and counties.
 - II. The commission shall be composed of the following members:
 - (a) One member of the assessing standards board, appointed by the board.
 - (b) One member representing the certified municipal assessing officials, appointed by the New Hampshire Association of Assessing Officials.
 - (c) The commissioner of the department of revenue administration, or designee.
 - (d) Two members of the house of representatives, one of whom is a member of the municipal and county government committee and one of whom is a member of the ways and means committee, appointed by the speaker of the house of representatives.
 - (e) One member of the senate, appointed by president of the senate.
 - (f) Three public members, appointed by the governor, one of whom is a municipal attorney practicing before the board of tax and land appeals and superior court in tax abatement cases, one of whom is a municipal official of a town or city with relevant tax abatement and equalization experience, and one of whom is a member of the public, engaged in property valuation for municipalities.
 - (g) One representative of a New Hampshire electric utility company, appointed by the governor.
 - (h) Two members of the business community, appointed by the governor.

HB 411 - AS AMENDED BY THE SENATE - Page 2 -

III. Legislative members of the commission shall receive mileage at the legislative rate when

- IV. The commission shall study and report as to whether legislation is recommended to correct the inequity in the tax appeal process by establishing a method to eliminate the use of 2 separate equalization rates reported by the department of revenue administration in 2 separate years, with one rate used for tax assessment purposes and the other rate used for tax appeal purposes, so that the same equalization rate is used for both tax assessment purposes and in any subsequent appeal to the board of tax and land appeals or the superior court.
- V. The members of the commission shall elect a chairperson among the members. The first meeting of the commission shall be held no later than February 1, 2022, and shall be called by the first-named house member. A majority of the commission members shall constitute a quorum.
- VI. The commission shall report its findings and any recommendations for legislation to the speaker of the house of representatives, the senate president, the house and senate clerks, and the governor on or before November 1, 2022.
- 2 Repeal. RSA 76:20-a, relative to the commission to study the equalization rate used for the calculation of a property tax abatement, is repealed.

(

3 Effective Date.

- I. Section 2 of this act shall take effect November 1, 2022.
- II. The remainder of this act shall take effect upon its passage.

CHAPTER 170 HB 411 - FINAL VERSION

05/06/2021 1203s

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.

21-0459 05/10

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty One

AN ACT

13

14

15

16

17

18

19

20

21

22

23

24 25

26 27

28

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:

- 170:1 New Section; Commission to Study the Equalization Rate Used for the Calculation of a 1 Property Tax Abatement. Amend RSA 76 by inserting after section 20 the following new section: 2 76:20-a Commission to Study the Equalization Rate Used for the Calculation of a Property Tax 3 4 Abatement. I. There is established a commission to study the equalization rate used for the calculation 5 of a property tax abatement. The commission shall consider any inequity in the current system of 6 equalization and establish a method to eliminate the use of 2 separate equalization rates, reported 7 by the department of revenue administration, in 2 separate years, one of which is used for tax 8 assessment purposes and one of which is used for tax appeal purposes, so that the same equalization 9 rate is used by the New Hampshire board of tax and land appeals, the superior court, and all cities, 10 towns, and counties. 11 12
 - II. The commission shall be composed of the following members:
 - (a) One member of the assessing standards board, appointed by the board.
 - (b) One member representing the certified municipal assessing officials, appointed by the New Hampshire Association of Assessing Officials.
 - (c) The commissioner of the department of revenue administration, or designee.
 - (d) Two members of the house of representatives, one of whom is a member of the municipal and county government committee and one of whom is a member of the ways and means committee, appointed by the speaker of the house of representatives.
 - (e) One member of the senate, appointed by president of the senate.
 - (f) Three public members, appointed by the governor, one of whom is a municipal attorney practicing before the board of tax and land appeals and superior court in tax abatement cases, one of whom is a municipal official of a town or city with relevant tax abatement and equalization experience, and one of whom is a member of the public, engaged in property valuation for municipalities.
 - (g) One representative of a New Hampshire electric utility company, appointed by the governor.
 - (h) Two members of the business community, appointed by the governor.

CHAPTER 170 HB 411 - FINAL VERSION - Page 2 -

- III. Legislative members of the commission shall receive mileage at the legislative rate when 1 attending to the duties of the commission. 2 IV. The commission shall study and report as to whether legislation is recommended to 3 correct the inequity in the tax appeal process by establishing a method to eliminate the use of 2 4 separate equalization rates reported by the department of revenue administration in 2 separate 5 years, with one rate used for tax assessment purposes and the other rate used for tax appeal 6 purposes, so that the same equalization rate is used for both tax assessment purposes and in any 7 subsequent appeal to the board of tax and land appeals or the superior court. 8 V. The members of the commission shall elect a chairperson among the members. The first 9 meeting of the commission shall be held no later than February 1, 2022, and shall be called by the 10 first-named house member. A majority of the commission members shall constitute a quorum. 11 VI. The commission shall report its findings and any recommendations for legislation to the 12speaker of the house of representatives, the senate president, the house and senate clerks, and the 13 governor on or before November 1, 2022. 14 170:2 Repeal. RSA 76:20-a, relative to the commission to study the equalization rate used for 15 16 the calculation of a property tax abatement, is repealed. 170:3 Effective Date. 17 I. Section 2 of this act shall take effect November 1, 2022. 18 II. The remainder of this act shall take effect upon its passage. Approved: July 30, 2021 Effective Date: I. Section 2 shall take effect November 1, 2022.
 - II. Remainder shall take effect July 30, 2021.

Amendments

Amendment to HB 411

| 1 | Amend RSA 76:20-a, II as inserted by section 1 of the bill by replacing it with the following: |
|----|--|
| 2 | |
| 3 | II. The commission shall be composed of the following members: |
| 4 | (a) One member of the assessing standards board, appointed by the board. |
| 5 | (b) One member representing the certified municipal assessing officials, appointed by |
| 6 | the New Hampshire Association of Assessing Officials. |
| 7 | (c) The commissioner of the department of revenue administration, or designee. |
| 8 | (d) Two members of the house of representatives, one of whom is a member of the |
| 9 | municipal and county government committee and one of-whom is a member of the ways and means |
| 10 | committee, appointed by the speaker of the house of representatives. |
| 11 | (e) One member of the senate, appointed by president of the senate. |
| 12 | (f) Three public members, appointed by the governor, one of whom is a municipal |
| 13 | attorney practicing before the board of tax and land appeals and superior court in tax abatement |
| 14 | cases, one of whom is a municipal official of a town or city with relevant tax abatement and |
| 15 | equalization experience, and one of whom is a member of the public, engaged in property valuation |
| 16 | for municipalities. |
| 17 | (g) One representative of a New Hampshire electric utility company, appointed by the |
| 18 | governor. |
| 19 | (h) Two members of the business community, appointed by the governor. |
| 20 | |
| 21 | Amend RSA 76:20-a, V as inserted by section 1 of the bill by replacing it with the following: |
| 22 | |
| 23 | V. The members of the commission shall elect a chairperson among the members. The first |
| 24 | meeting of the commission shall be held no later than February 1, 2022, and shall be called by the |
| 25 | first-named house member. A majority of the commission members shall constitute a quorum. |

Election Law and Municipal Affairs April 26, 2021 2021-1203s 05/10

Amendment to HB 411

| 1 | Amend RSA 76:20-a, II as inserted by section 1 of the bill by replacing it with the following: |
|------------|--|
| 2 | |
| 3 | II. The commission shall be composed of the following members: |
| 4 | (a) One member of the assessing standards board, appointed by the board. |
| 5 | (b) One member representing the certified municipal assessing officials, appointed by |
| 6 | the New Hampshire Association of Assessing Officials. |
| 7 | (c) The commissioner of the department of revenue administration, or designee. |
| 8 | (d) Two members of the house of representatives, one of whom is a member of the |
| 9 | municipal and county government committee and one of whom is a member of the ways and means |
| 10 | committee, appointed by the speaker of the house of representatives. |
| l 1 | (e) One member of the senate, appointed by president of the senate. |
| 12 | (f) Three public members, appointed by the governor, one of whom is a municipal |
| L 3 | attorney practicing before the board of tax and land appeals and superior court in tax abatement |
| 14 | cases, one of whom is a municipal official of a town or city with relevant tax abatement and |
| 15 | equalization experience, and one of whom is a member of the public, engaged in property valuation |
| 16 | for municipalities. |
| 17 | (g) One representative of a New Hampshire electric utility company, appointed by the |
| 18 | governor. |
| 19 | (h) Two members of the business community, appointed by the governor. |
| 20 | |
| 21 | Amend RSA 76:20-a, V as inserted by section 1 of the bill by replacing it with the following: |
| 22 | |
| 23 | V. The members of the commission shall elect a chairperson among the members. The first |
| 24 | meeting of the commission shall be held no later than February 1, 2022, and shall be called by the |
| 25 | first-named house member. A majority of the commission members shall constitute a quorum. |
| | |

Committee Minutes

SENATE CALENDAR NOTICE Election Law and Municipal Affairs

Sen James Gray, Chair Sen Regina Birdsell, Vice Chair Sen Ruth Ward, Member Sen Donna Soucy, Member Sen Rebecca Perkins Kwoka, Member

Date: April 8, 2021

0.414 210004

HEARINGS

| | Thursday | | 04/15/2021 | | | |
|-------------|--------------------------|----------------------------|--|-----------|--|--|
| Election La | w and Municipal | Affairs | REMOTE 000 | 9:00 a.m. | | |
| (Name of Co | Committee) (Place) (Time | | | | | |
| 9:00 a.m. | HB 126 | relative to no | tice of execution of tax lien to mo | rtgagees. | | |
| 9:15 a.m. | HB 164 | relative to the buildings. | relative to the acquisition, sale, or demolition of municipal labuildings. | | | |
| 9:30 a.m. | HB 409 | | relative to filling certain vacancies among members of school band other school district offices. | | | |
| 9:50 a.m. | HB 411 | calculation of | establishing a commission to study the equalization rate used for calculation of a property tax abatement by the New Hampshire la of tax and land appeals, the superior court, and all cities, towns, counties. | | | |
| 10:15 a.m. | HB 486-FN | | relative to eligibility for the low and moderate income homeowned property tax relief. | | | |

Committee members will receive secure Zoom invitations via email.

Members of the public may attend using the following links:

- 1. Link to Zoom Webinar: https://www.zoom.us/j/92947850864
- 2. To listen via telephone: Dial(for higher quality, dial a number based on your current location):
- 1-301-715-8592, or 1-312-626-6799 or 1-929-205-6099, or 1-253-215-8782, or 1-346-248-7799, or 1-669-900-6833
- 3. Or iPhone one-tap: US: 13126266799, 92947850864# or 16465588656, 92947850864#
- 4. Webinar ID: 929 4785 0864
- 5. To view/listen to this hearing on YouTube, use this link:

https://www.youtube.com/channel/UCjBZdtrjRnQdmg-2MPMiWrA

6. To sign in to speak, register your position on a bill and/or submit testimony, use this link:

http://gencourt.state.nh.us/remotecommittee/senate.aspx

The following email will be monitored throughout the meeting by someone who can assist with and alert the committee to any technical issues: remotesenate@leg.state.nh.us or call (603-271-6931).

EXECUTIVE SESSION MAY FOLLOW

Sponsors:

HB 126

Rep. Cahill Rep. DeSimone

HB 164

Rep. Abrami Rep. Gilman

HB 409

Rep. Rung Rep. Danielson

HB 411 Rep. Merner HB 486-FN

Rep. Fellows Rep. Walz Rep. Adjutant Rep. Gordon

Tricia Melillo 271-3077

James P. Gray Chairman

Senate Election Law and Municipal Affairs Committee

Tricia Melillo 271-3077

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.

Hearing Date:

April 15, 2021

Members of the Committee Present: Senators Gray, Birdsell, Ward, Soucy and Perkins Kwoka

Members of the Committee Absent: None

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

Sponsors:

Rep. Merner

Who supports the bill: Cordell Johnston, George Sansoucy, Charelle Lucas, Brigitte Codling, Karen Anderson, Jennifer Boucher, Denise Vallee, Eric Pauer, Jim Michaud, Richard Hendl, Kevin Smith, Dan Langille

Who opposes the bill: Teresa Rosenberger

Summary of testimony presented in support:

George Sansoucy

- This bill seeks to establish a study commission to address an esoteric issue that has become problematic.
- The equalization rate established by the DRA that is used to set the tax rate in one year is called the tentative rate.
- This rate is based on market sales from the previous year.
- If an appeal is filed in September of the following year after the tax rate is set the final equalization rate will be known and may be different than what the taxpayer paid their taxes on.
- Because of the lag time between when the tentative rate is set and the final rate is set it can create automatic abatements with no input from the town.
- 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, the current equalization system when applied to appeals, cost the 95 communities approximately \$256,000,000 in automatic devaluation.
- With the current system there are inequities created between those residents that file appeals and those that do not.
- Additionally, it can cause municipalities to run with a deficit budget.

- The goal 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 final method created should be 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.
- He provided a table for the Committee to show examples of the inequities.

Summary of testimony presented in opposition:

Teresa Rosenberger - NH Telephone Association and Pennichuck Water

- She requests that the Committee amend the bill to add a business member and possibly a utility member.
- They have spent many years working on a formula for the standardization of utility property as it is taxed.
- In that process they worked with members of the assessing board and members of the Legislature.
- The last Commission established has a member of water, gas and electric and she is asking the same for this one.
- In the past they have had members of the public and she believes they should be from the business community.
- Senator Gray asked her to work with Mr. Sansoucy to draft this amendment.

TJM

Date Hearing Report completed: April 18, 2021

Speakers

Senate Remote Testify

Election Law and Municipal Affairs Committee Testify List for Bill HB411 on 2021 Support: 12 Oppose: 1 Neutral: 0 Total to Testify: 3

| Name | Email Address | Phone | <u>Title</u> | Representing | Position | Testifing |
|---------------------|---------------------------------|------------------|---------------------------|--|-----------------|------------------|
| Sansoucy, George | gsansoucy@sansoucy.com | (603) 788-40 | A Member of the Public | Approximately 70 Communities within New Hampshire as their Utility Appraiser | Support | Yes |
| Lucas, Charelle | glenandcharelle@gmail.com | (603)707-659 | A Member of the Public | Approximately 70 Communities within New Hampshire as their Utility Appraiser | Support | Yes |
| Rosenberger, Teresa | Not Given | Not Given | A Lobbyist | NH Telephone Assocaition | Oppose | Yes |
| Codling, Brigitte | townmanager@haverhill-nh.com | 603.787.6800 | A Member of the Public | Town of Haverhill | Support | No |
| Anderson, Karen | KANDERSON@TOWNOFNEWINGTONNH.COM | 603,436.7640 | A Member of the Public | Town of Newington | Support | No |
| Boucher, Jennifer | Not Given | Not Given | A Member of the Public | Town of Haverhill | Support | No |
| Denise, Vallee | Not Given | Not Given | A Member of the Public | Town of Gorham (Town Manager) | Support | No |
| Pauer, Eric | secretary@BrooklineGOP.org | 603,732,8489 | A Member of the Public | Myself | Support | No |
| Johnston, Cordell | cjohnston@nhmunicipal.org | 603-748- 4019 | A Lobbyist | NH Municipal Association | Support | No |
| Michaud, Jim | jmichaud@hudsonnh.gov | Not Given | A Member of the Public | Myself | Support | No |
| Hendl, Richard G | rghendl@alum.mit.edu | (603) 763-92 | An Elected Official | Town of Springfield | Support | No |
| Smith, Kevin | ksmith@londonderrynh.org | 603.432.1100 | A Member of the Public | Town of Londonderry | Support | No |
| Langille, Dan | Not Given | Not Given | A Member of the Public | Myself | Support | No |
| | | | | | | |

Testimony



George E. Sansoucy, PE, LLC

Engineers & Appraisers

April 14, 2021

Election Law and Municipal Affairs Committee State House Room # 100 107 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 Election Law and Municipal Affairs 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. This identical bill passed the House 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 and again has passed, unanimously, 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 <u>can</u> 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. For example: The market sales that will be used to equalize the values for the 2021 tax rates and the County and School apportionments, are based on market transactions that have occurred up to 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. It is issued in the spring of 2021 for the tax rates set in November of 2021. It is the only rate known in November of 2021.

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 was set and the taxes were 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 for this appeal are transactions occurring from October 1, 2020 – September 30, 2021. This final equalization rate will not be known when the tax rate will be set but is known for the actual appeal. Therefore, the equalization rate used for the appeal may force an automatic abatement completely out of the control of the town by the time the appeal is heard. This study commission bill (HB411) intends to address this issue and find a consensus solution', so that the equalization rate that the taxpayer paid their taxes on is the same equalization rate used in an appeal. This will prevent the taxpayer from receiving an abatement greater than its appeal by virtue of the equalization rate only.

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 assessed value by equalization.

The irony of the current appeal process and the use of the tentative equalization rate is that it creates an <u>inequitable</u> tax for all taxpayers who do no 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.

Also provided with this letter is a table that summarizes the value impact of the equalization rate issue on the towns and cities that participated in the PSNH case at the BTLA for 2014 through 2017. This table indicates a 128 million dollars in value in this case that was reduced as a direct result as the equalization difference and subject to abatements.

We know first-hand the importance of HB411 and will be happy to answer any questions. We urge you to support HB411.

Very truly yours,

Leonge Lansoney GEORGE E. SANSOUCY, P.E., LLC

| | | | | - | | | | - | |
|-------------|--|--|--|---|---|--|--|---|---|
| | | | _ | - | | lology on Tax A 017 Appeals) at | | ntly | |
| | A | В | C | D | E | F | G | H | I |
| Year | Total Negative from Impact Table | Total Positive from Impact Table | Total Difference from Impact Table (Col A + Col B) | Total Positive Equalization Rate Difference | Total Negative Equalization Rate Difference | Equalization Rate Difference (Col D + Col E) | Total Positive (Change in value related to BTLA methodology change) | Total Negative (Change in value related to BTLA methodology change) | Difference (Change in value related to BTLA methodology change) (Col G + Col H) |
| 2017 | (\$45,017,577) | \$3,668,019 | (\$41,349,558) | \$1,698,650 | (\$23,544,782) | (\$25,243,432) | \$12,367,821 | (\$28,473,947) | (\$16,106,126) |
| 2016 | (\$132,505,497) | \$21,411,470 | (\$111,094,027) | \$8,912,224 | (\$38,199,210) | (\$29,286,986) | \$29,481,948 | (\$111,288,989) | (\$81,807,041) |
| 2015 | (\$92,211,260) | \$20,626,013 | (\$71,585,247) | \$7,179,662 | (\$26,820,936) | (\$19,641,273) | \$30,196,326 | (\$82,140,299) | (\$51,943,973) |
| 2014 | (\$86,538,896) | \$26,411,077 | (\$60,127,819) | \$5,747,255 | (\$39,967,670) | (\$34,220,415) | \$38,835,209 | (\$64,742,612) | (\$25,907,404) |
| Total | (\$356,273,230) | \$72,116,579 | (\$284,156,651) | \$23,537,791 | (\$128,532,597) | (\$108,392,106) | \$110,881,303 | (\$286,645,847) | (\$175,764,544) |
| | | | | | | | | | |
| | | | | Hous | e Bill 411 to co | errect this | | | |

Tricia Melillo

From: Jim Wheeler < jwheeler@berlinnh.gov>

Sent: Tuesday, April 13, 2021 12:02 PM

To: James Gray; Regina Birdsell; Ruth Ward; Donna Soucy; Rebecca Perkins Kwoka; Tricia

Melillo

Subject: Senate Election Law and Municipal Affairs Committee - House Bill 411 Hearing April 15,

2021

Honorable Chair Gray and Committee Members:

On February 15, 2021 the Berlin City Council voted unanimously to support House Bill 411. The City of Berlin believes that the current application of equalization rates with regard to abatement cases before the Board of Tax and Land Appeals is inequitable. In summary, the inequity arises in that different rates are applied to different taxpayers for the same tax year. The establishment of a Commission to study this issue and make recommendations to overcome this inequity is in the best interest of all taxpayers.

Please vote yes on House Bill 411.

Sincerely,

Jim Wheeler

Jim Wheeler City Manager City of Berlin, NH

Phone: 603-752-7532

Voting Sheets

Senate Election Law & Municipal Affairs Committee EXECUTIVE SESSION RECORD

2021 Session

| | | | Bill HB 41 | 1 |
|-----------------------------------|--------------|---------------------|------------|----------|
| Hearing date:4-15-2021 | · | L | | |
| Executive Session date: | 4/26/ | <u>al</u> | | |
| Motion of: | OTP | | Vote | : |
| Committee Member | | Made by | Second | Yes No |
| Sen. Gray, Chair | <u>X</u> | | | |
| Sen. Birdsell, Vice Chair | X | | <u>\</u> | |
| Sen. Ward | | <u>\</u> _ | | |
| Sen. Soucy | X | | | |
| Sen. Perkins-Kwoka | X | | | |
| Motion of: OTP | ->1185 | 5 -7 | TO OKS | 5-0 |
| Committee Member | | | Second | Yes No |
| Sen. Gray, Chair | X | | | |
| Sen. Birdsell, Vice Chair | | | | |
| Sen. Ward | | | <u> </u> | |
| Sen. Soucy | \mathbf{X} | | | |
| Sen. Perkins-Kwoka | X | | | <u> </u> |
| Motion of: | P/A | | Vote | s: 5-0 |
| Committee Member | | Made by | Second | Yes No |
| Sen. Gray, Chair | X | | | |
| Sen. Birdsell, Vice Chair | X | | | |
| Sen. Ward | X | | | |
| Sen. Soucy | X | | | __ |
| Sen. Perkins-Kwoka | X | | | |
| Consont-su) | →> B - | - > . 5- | -0 | |
| Consent > W Reported out by: _Ser | n. Wc | ird | | |
| Notes: | | | | |
| | | | | |

Committee Report

STATE OF NEW HAMPSHIRE

SENATE

REPORT OF THE COMMITTEE FOR THE CONSENT CALENDAR

Monday, April 26, 2021

THE COMMITTEE ON Election Law and Municipal Affairs

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, the committee recommends that the Bill

OUGHT TO PASS WITH AMENDMENT

BY A VOTE OF: 5-0

AMENDMENT # 1203s

Senator Ruth Ward For the Committee

This bill as amended establishes 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. The current system has caused inequities between those residents that file appeals and those that do not and has inadvertently caused municipalities to run with a deficit budget.

Tricia Melillo 271-3077

General Court of New Hampshire - Bill Status System

Docket of HB411

Docket Abbreviations

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.

Official Docket of HB411.:

| Date | Body | Description |
|-----------|------|--|
| 1/10/2021 | Н | Introduced (in recess of) 01/06/2021 and referred to Municipal and County Government HJ 2 P. 46 |
| 3/8/2021 | Н | Public Hearing: 03/08/2021 09:00 am Members of the public may attend using the following link: To join the webinar: https://www.zoom.us/j/96469796123 / Executive session on pending legislation may be held throughout the day (time permitting) from the time the committee is initially convened. |
| 3/12/2021 | Н | Committee Report: Ought to Pass (Vote 19-0; CC) HC 18 P. 20 |
| 4/7/2021 | Н | Ought to Pass: MA VV 04/07/2021 HJ 5 P. 44 |
| 4/7/2021 | Н | Reconsider (Rep. Osborne): MF VV 04/07/2021 HJ 5 P. 50 |
| 4/7/2021 | S | Introduced 04/01/2021 and Referred to Election Law and Municipal Affairs; SJ 11 |
| 4/8/2021 | S | Remote Hearing: 04/15/2021, 09:50 am; Links to join the hearing can be found in the Senate Calendar; SC 19 |
| 4/27/2021 | S | Committee Report: Ought to Pass with Amendment #2021-1203s, 05/06/2021; Vote 5-0; CC; SC 22 |
| 5/6/2021 | S | Committee Amendment #2021-1203s , RC 23Y-0N, AA; 05/06/2021; SJ 14 |
| 5/6/2021 | S | Ought to Pass with Amendment 2021-1203s, RC 23Y-0N, MA; OT3rdg; 05/06/2021; SJ 14 |
| 6/10/2021 | Н | House Concurs with Senate Amendment 2021-1203s (Rep. Dolan): MA VV 06/10/2021 HJ 10 P. 15 |
| 7/15/2021 | S | Enrolled Adopted, VV, (In recess 06/24/2021); SJ 20 |
| 7/15/2021 | Н | Enrolled (in recess of) 60/24/2021 |
| 8/3/2021 | H | Signed by Governor Sununu 07/30/2021; Chapter 170; I. Sec. 2 Eff: 11/01/2022 II. Rem. Eff: 07/30/2021 |

| NH House | NH Senate |
|----------|-----------|

Other Referrals

Senate Inventory Checklist for Archives

| Bill Number: HB 411 Senate Committee: ELMA |
|--|
| Please include all documents in the order listed below and indicate the documents which have been included with an "X" beside |
| Final docket found on Bill Status |
| Bill Hearing Documents: {Legislative Aides} |
| Bill version as it came to the committee |
| ✓ All Calendar Notices |
| Hearing Sign-up sheet(s) Prepared testimony, presentations, & other submissions handed in at the public hearing Hearing Report |
| Prepared testimony, presentations, & other submissions handed in at the public hearing |
| Hearing Report |
| Revised/Amended Fiscal Notes provided by the Senate Clerk's Office |
| Committee Action Documents: {Legislative Aides} |
| All amendments considered in committee (including those not adopted): |
| \times - amendment # 11855 \times - amendment # 12035 |
| amendment # amendment # |
| Executive Session Sheet |
| Committee Report |
| Floor Action Documents: {Clerk's Office} |
| All floor amendments considered by the body during session (only if they are offered to the senate): |
| amendment # amendment # |
| amendment # amendment # |
| Post Floor Action: (if applicable) {Clerk's Office} |
| Committee of Conference Report (if signed off by all members. Include any new language propose by the committee of conference): |
| Enrolled Bill Amendment(s) |
| Governor's Veto Message |
| All available versions of the bill: {Clerk's Office} |
| as amended by the senate as amended by the house final version |
| Completed Committee Report File Delivered to the Senate Clerk's Office By: |
| Committee Aide Date |
| Committee Aide Date |
| Senate Clerk's Office |