

Department of Revenue Administration

v.

Town of Grafton

Docket No.: 18360-00RA

ORDER

In accordance with TAX 208.06(a)(2), Ms. Cynthia L. Brown, one of the board's RSA 71-B:14 review appraisers, filed a final report ("Final Report") on May 23, 2005 analyzing the assessment equity resulting from the reassessment ordered by the board for tax year 2003 ("Reassessment Order" dated September 24, 2001). The Final Report notes the "Town" contracted with New England Municipal Consultants, Ltd. ("NEMC") to conduct the complete reassessment for 2003. The board has reviewed the Final Report as part of its determination of whether the reassessment has been satisfactorily performed in accordance with the Reassessment Order and RSA 71-B:17. Before the board can make that final determination, however, the Final Report raises several concerns, summarized below, which require responses from the Town and its assessing contractor, NEMC.

1) The Final Report contains an analysis of 52 sales that occurred between August 23, 2003 and September 30, 2004 ("Report Analysis"). It indicated an overall median ratio of 88%, a coefficient of dispersion ("COD") of 25.73% and a price related differential ("PRD") of 114%

(Final Report at p. 12). The Final Report attached (in Addendum C) the 2004 equalization summary performed by the department of revenue administration (“DRA 2004 Analysis”) which indicated, for sales occurring between October 1, 2003 and September 30, 2004, an overall median ratio of 75.3%, a COD of 30.5% and a PRD of 119%. The results of both the Report Analysis and the DRA 2004 Analysis are strikingly different than the results of either the NEMC assessment-to-sale ratio study results (median ratio of 100.7% and COD of 10.662%, as noted on p. 3 of Final Report) and the DRA’s 2003 equalization summary results in Addendum C (median ratio 91.4%, COD 14.7% and PRD 108%). The CODs indicated by both the Report Analysis and the DRA 2004 Analysis exceed the International Association of Assessing Officers (“IAAO”) performance standards (Final Report at p. 8) and paragraph III of the Assessing Standards Board’s guidelines (recommended to the DRA by vote of September 5, 2003) ([see www.nh.gov/revenue/property_tax/asb/2003/asb_guidelines_12_19_03_.doc](http://www.nh.gov/revenue/property_tax/asb/2003/asb_guidelines_12_19_03_.doc)) and, on their face, indicate unacceptable variability in assessments. Further, the high PRDs in both the Report Analysis and the DRA 2004 Analysis (114% and 119%, respectively) also exceed the IAAO performance standards and indicate a regressive relationship of assessments for high and low-valued properties.

2) The stratification of the 52 sales utilized in the Final Report also indicate several strata have significantly different levels of assessment than the Town-wide median ratio and, in general, high CODs (e.g., vacant land sales in excess of 10 acres, vacant land sales less than 10 acres, manufactured housing sales and waterfront sales).

3) The reassessment documentation provided by NEMC to the Town and to the board’s review appraiser does not contain an analysis of sales to support the base rates and land value adjustments as required by Rev 603.15(e)(5)(a)-(d). While Addendum G of the Final Report

contains assessment-to-sale ratio studies, these studies appear to test the efficacy of certain land base rates relative to the sale of certain properties as opposed to being a deductive analysis utilizing the extraction or residual procedures to derive the base land values. Also, no neighborhood maps were available at the Town showing the location of the sales utilized during the analysis phase of the reassessment and the base rates and neighborhoods. Rev 603.15(f).

4) Finally, the Final Report at p. 15 indicates the Town does not have any plans for future cyclical inspections, updates or revaluations to fulfill its RSA 75:8 and 75:8-a assessing responsibilities.

The Town and NEMC shall respond within 60 days of the clerk's date on this order, as can the DRA, to the assessment equity concerns noted in the preceding paragraphs and outline any proposed remedies for prospectively improving assessment equity within the Town. In short, the overall question that should be addressed is: why are the assessment equity indices (CODs and PRDs) in the year subsequent to the reassessment, 2004, at the same unacceptable levels as they were preceding the ordered reassessment (see the DRA's September 5, 2002 petition) and only within the acceptable range during the reassessment year of 2003. After reviewing the Town's and NEMC's responses, the board will determine the adequacy of the reassessment or schedule a hearing to determine what additional steps are necessary to ensure improved assessment equity occurs. TAX 208.06(a)(4).

SO ORDERED.

BOARD OF TAX AND LAND APPEALS

Paul B. Franklin, Chairman

Michele E. LeBrun, Member

Douglas S. Ricard, Member

Albert F. Shamash, Esq., Member

Certification

I hereby certify a copy of the foregoing Order has this date been mailed, postage prepaid, to Mark Bennett, Esq., State of New Hampshire, Department of Revenue Administration, 57 Regional Drive, Concord, New Hampshire 03302, counsel for the DRA; Chairman, Board of Selectmen, Town of Grafton, Post Office Box 299, Grafton, New Hampshire 03240; New England Municipal Consultants, 4 Woodcrest Drive, West Newbury, Massachusetts 01985, contract assessing firm for the Town; and Guy Petell, State of New Hampshire, Department of Revenue Administration, 57 Regional Drive, Concord, New Hampshire 03301, Interested Party.

Date: June 27, 2005

Anne M. Stelmach, Clerk