Town of Columbia

Docket No. 18361-00RA

ORDER FOR REASSESSMENT

On September 7, 2000, the department of revenue administration ("DRA") filed a petition, pursuant to RSA 71-B:16, V (Supp. 2000), requesting the board to order a reassessment of all property within the Town of Columbia ("Town"). On January 11, 2001, a public hearing was held in accordance with the board's December 5, 2000 order to receive testimony and evidence to determine if the board should order a reassessment pursuant to its authority in RSA 71-B:16, III. Present at the hearing were representatives of the DRA and the three selectmen from the Town.

The DRA argued an order for reassessment was appropriate due to: 1) the time elapsed since the last complete reassessment in 1990; 2) the relatively high coefficients of dispersion ("COD") in the past three years; and 3) the lack of any specific plans by the Town to perform either an update or a complete reassessment.

The Town stated it had appropriated $10,000 in 1999 for a reassessment and placed it in an expendable capital reserve fund. The Town also stated it hoped to raise additional funds so it could finish funding and complete a town-wide reassessment for tax year 2004. The Town acknowledged there are problems with assessment equity. The Town stated it had planned to do

an assessment update of manufactured homes for tax year 2001, but held off once the DRA filed its petition with the board. Based on preliminary numbers, the Town estimated the total cost of a computer-assisted, mass appraisal would be approximately $50,000.

Right to Equitable Assessment

The right to equitable assessment and taxation is guaranteed not only by statute (see RSA ch. 75) but, even more importantly, by the New Hampshire Constitution. N.H. CONST. Pt. 1, Art. 12th and Pt. 2, Art. 5th and 6th. "In this State probably no constitutional principle is better understood than that the taxation of property requires a proportional valuation and a uniform rate." Opinion of the Justices, 81 N.H. 552, 558 (1923). Note is made of the following pertinent decisions of the supreme court, among others: Opinion of the Justices, (Reformed Public School Financing), No. 00-179, __N.H.__, http://www.state.nh.us/courts/supreme/opinions/ 00012/ojschool.htm (December 7, 2000); Claremont School District v. Governor, 142 N.H. 462, 471 (1997); Opinion of the Justices, 106 N.H. 202 (1965); Opinion of the Justices, 101 N.H. 549 (1958); Rollins v. City of Dover, 93 N.H. 448 (1945); Trustees of Phillips Exeter Academy v. Exeter, 92 N.H. 473 (1943); Town of Bow v. Farrand, 77 N.H. 451 (1915); Amoskeag Mfg. Co. v. Manchester, 70 N.H. 336 (1900); Winnepiseogee Lake Cotton & Woolen Mfg. Co. v. Town of Gilford, 67 N.H. 517 (1896); State v. United States & Canada Express Company, 60 N.H. 219 (1880); Edes v. Boardman, 58 N.H. 580 (1879); Morrison v. City of Manchester, 58 N.H. 538 (1879); and Opinion of the Justices, 4 N.H. 565 (1829).

Board's Rulings

RSA 71-B:16, III provides:

Order for Reassessment. The board may order a reassessment of taxes previously assessed or a new assessment to be used in the current year or in a subsequent tax year of any taxable property in the state: ...

III. When in the judgment of the board, determined in accordance with RSA 71-B:16-a, any or all of the property in a taxing district should be reassessed or newly assessed: ....

RSA 71-B:16-a provides:

Criteria for Ordering Reassessment. Prior to making any determination to order a reassessment or a new assessment under RSA 71-B:16, III, the board shall give notice to the selectmen or assessors of the taxing district and, if requested, hold a hearing on the matter at which the selectmen or assessors shall have the opportunity to be heard. The board shall not order any such reassessment or new assessment unless it determines a need therefor utilizing the following criteria:

I. The need for periodic reassessment to maintain current equity.

II. The time elapsed since the last complete reassessment in the taxing district.

III. The ratio of sales prices to assessed valuation in the taxing district and the dispersion thereof.

IV. The quality of the taxing district's program for maintenance of assessment equity.

V. The taxing district's plans for reassessment.

The last complete reassessment was performed for the Town by the DRA in 1990 with a manual card system. Since that time, the Town has hired several individual appraisers to annually assess new construction. In 1996 the Town reduced land assessments by 25% based on a review of sales at that time.

As part of the investigation and in preparation for the January 11, 2001 hearing, the

board's review appraiser, Mr. Stephan Hamilton, submitted an analysis dated November 15, 2000 of reported sales in the Town within the past three years (the "Study"). The Study indicated a town-wide median ratio of 1.01, a COD of 27.6 and a price-related differential ("PRD") of 1.09. The Study also included the stratification of various property types which showed a median-ratio range from .73 to 1.61. The stratification highlighted several property types with either a high level of assessment variation (high COD) or with a level of assessment that varied significantly from the town-wide median ratio (most notably, manufactured-housing sales had a median ratio of 1.61).

The board finds both the time elapsed since the last reassessment and the CODs and PRDs, town-wide and by strata, indicate a need for a reassessment in keeping with several RSA 71-B:16-a criteria.

The selectmen are to be commended for recognizing, with the assistance of their appraisers, the need for immediate review of the manufactured-home assessments. The board finds the 1.61 median ratio for manufactured homes versus a town-wide median ratio of 1.01 indicates this property type is disproportionately assessed to a significant degree. Consequently, the board orders the Town to proceed with an update of all manufactured homes for tax year 2001 as it had initially planned to do. While certainly there are other property types, such as land and older improvements that may also warrant an update, the board, after reviewing the detailed sales analysis contained in the Study's appendix, concludes that it would be difficult to update these property types on a manual system for tax year 2001. To address these problems and other general assessment equity concerns, the board orders the Town to conduct a town-wide

reassessment effective for tax year 2004.

The board finds the Town's general plan for raising adequate funds to perform the reassessment over the intervening years is reasonable and that, while the CODs indicate there are significant variations within the assessments, they are not of such magnitude to warrant ordering an earlier town-wide reassessment. Two factors have bearing on this conclusion. First, the board considered the relatively small size of the Town (723 parcels), the resulting annual number of sales and the heterogeneous rural and seasonal mix of property within the Town. As the International Association of Assessing Officers Performance Standards (recited on page 6 of the Study) indicate, the market in such a community is less consistent, and thus, a higher COD is acceptable. Stated another way, because of the small number of sales in the Town available for the DRA to analyze in its annual equalization study, the resulting confidence level for the CODs is low. (See International Association of Assessing Officers, Mass Appraisal of Real Property, 271 (1999). Second, 35% of the Town's current tax base is utility property, which does not routinely sell. Consequently, the usual measures of assessment equity (median ratios, COD, PRD) that are part of an assessment-to-sales ratio study relate to only 65% of the Town's tax base.

The ordered 2004 town-wide reassessment must comply with applicable statutes and regulations, including Chapter REV. Part 600 of the DRA's rules on reassessment. Further, Mr. Hamilton will review the procedures and analyses employed in both the manufactured-home update and the town-wide reassessment. The involvement of Mr. Hamilton is not intended to supplant the selectmen's assessing responsibility or the DRA's responsibility to monitor

appraisal pursuant to RSA 21-J:11, II. Rather, based on its experience with other ordered reassessments, the board believes that a more active participation by its review appraiser during the reassessment process will be beneficial to the Town instead of waiting until the reassessment process is complete. In short, the board wants to ensure, as much as it is possible, that the Town receives the highest quality reassessment for the funds expended.

To ensure this order is being carried out in a timely fashion and to facilitate Mr. Hamilton's review, the Town shall, starting April 1, 2001, and every three months thereafter until the manufactured-housing update is complete, notify the board, in writing, as to its progress in carrying out this step. Thereafter, the Town shall report to the board every six months, on April 1 and October 1, as to its progress in carrying out the reassessment order for tax year 2004.

Upon receipt of the order, the Town shall post the order in two public places in the Town.

SO ORDERED.

BOARD OF TAX AND LAND APPEALS

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Paul B. Franklin, Member

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Michele E. LeBrun, Member

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Douglas S. Ricard, Member

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Albert F. Shamash, Esq., Member

CERTIFICATION

I hereby certify a copy of the foregoing order has been mailed this date, postage prepaid, to: Chairman, Selectmen of Columbia; Gut Petell, Director, Property Appraisal Division, Department of Revenue Administration; and, Mark Bennett, Esq., counsel, Department of Revenue Administration.

Date: February 5, 2001

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Lynn M. Wheeler, Clerk