Understanding Property Assessments and Taxation

MEET THE ASSESSING DEPARTMENT STAFF

- Kathryn Temchack, Director
- Susan Golden, Deputy Assessor
- Stephanie Hines, Administrative Assistant
- Dixie Brown, Appraiser
- Joseph Devarenne, Appraiser
- Lynn Omundson, Assessing Tech

WHAT IS THE ASSESSING DEPARTMENT REQUIRED TO DO?

- Responsible for taking the inventory and appraisal of property for taxation
- Valuation of property
- Issuing warrants for the collection of taxes
- Review assessment appeals

WHAT IS THE BOARD OF ASSESSORS AND WHAT DO THEY DO?

- The Board of Assessors is appointed by the city manager for an unlimited term.
- The Board consists of 3 members
- The Board of Assessors is responsible for signing the warrant authorizing collection of taxes
- Grants or denies appeals

WHO ARE THE BOARD OF ASSESSORS?

- George Hildum, Chairperson
- Guy Petell
- Tom Sargent

- All residents of Concord
- The Board of Assessors meets on an as needed basis

HOW SHOULD PROPERTY BE APPRAISED?

- RSA *75:1* THE SELECTMEN ***SHALL*** APPRAISE ...ALL TAXABLE PROPERTY AT ITS ***MARKET VALUE***

A few statutory exceptions...

EXCEPTIONS:

- Property in Current Use (79-A:5)
- Residences on commercial/industrial zoned land (75:11)
- Residential rental property developed subject to a covenant under the low income housing tax credit program (75:1-a)
- Land with discretionary easements (79-C:7)
- Open space land with conservation restrictions (79-B:3)
- Earth and excavations (72-B)
- Land under qualifying farm structures (79-F)

HOW OFTEN SHOULD ASSESSMENTS BE UPDATED?

- RSA 75:8 Revised Inventory

ANNUALLY, In Accordance with the state assessing standards, the assessors ***shall*** adjust assessments to reflect changes so that all assessments are reasonably proportional within that municipality…

- RSA 75:8-b

Requires municipalities with over 10,000 residents to hold 2 public hearings and obtain governing body approval for annual market value appraisals

REASONS FOR ADJUSTING VALUES

- Building permits/demolition permits
- Zoning changes
- Sub-divisions, boundary line adjustments, lot mergers
- Increases or decreases to the real estate market
- Other changes that would affect value

KEY QUESTIONS IN DETERMINING MARKET VALUE

- **How often?**
- **As of what date?**
- **How are values adjusted?**

AS OF WHAT DATE?

- RSA 74:1 states every April 1st
- Maintains consistency and fairness
- Considers all factors affecting value for each property on that snapshot in time

HOW IS VALUATION DETERMINED?

- **Inspection of sold properties**
- **Research and analysis of all qualified sales**
- **Request and analyze rents, expenses, and interest rates of commercial/industrial properties**
- **Analysis results are applied uniformly to <u>every</u> parcel within the community**

HOW DOES THE CITY DETERMINE MARKET INCOME AND EXPENSES?

- Mail Income and Expense Forms to Commercial and Industrial Property Owners
- Real Estate Income and Expenses (Not Business Income and Expenses)
- The Information is confidential
- Recent Appraisals
- Rental Listings/Advertisements

MARKET VALUE AND ASSESSMENTS

How Sales in the Market Place Affect Assessed Values

WHAT IS MARKET VALUE?

Market value is what <u>a willing buyer</u> will pay to <u>a willing seller</u> for a property; both buyer and seller acting knowledgeably, prudently, and neither being under any obligation to buy or sell with normal exposure time.

WHERE DOES THE CITY OBTAIN INFORMATION ABOUT SALES?

- Deeds
- Questionnaire responses
- Fee appraisals
- State of NH PA-34 forms
- Property inspections
- Conversations with brokers/relators

DEFINITION OF AN UNQUALIFIED SALE

An <u>unqualified sale</u> is a sale involving circumstances that cause the selling price of a property to be either <u>abnormally high or low</u>.

EXAMPLES OF UNQUALIFIED SALES

- Family sale
- Estate sale
- Multi-parcel sale
- Court settlement
- Government sale
- Bankruptcy
- Short Sale
- Includes personal property
- Foreclosure
- Foreclosure resale
- Intra-corporate transfer
- Abnormal exposure time

WHAT MAY CAUSE PROPERTY VALUES TO CHANGE

- Physical changes or corrections to buildings(improvements) and land
- Changes in zoning
- Land use approvals
- Subdivisions
- Changes in market
- Neighborhood changes

APPROACHES TO MARKET VALUE

- **Sales Approach**
- **Cost Approach**
- **Income Approach**

Concord uses a market-driven cost approach for residential properties and the cost/income approaches for commercial/industrial properties.

WHAT ARE THE ACCEPTABLE ASSESSMENT RANGES?

- Assessment level
- Assessment uniformity

LEVEL OF ASSESSMENT

- Overall ratio of assessed values to market values
- Example: Assessment $276,900 divided by selling price of $289,400= a ratio of 95.68%
- Assessing Standards Board requires ratio standard =.90 – 1.10 %

UNIFORMITY REQUIREMENTS

- Coefficient of dispersion (COD) measures the appraisal uniformity compared to the overall median ratio of the community
- Permits direct comparisons between property groups

ASSESSING STANDARDS BOARD REQUIREMENTS

- Each major strata group should be appraised within 5 percent of the overall level of appraisal of all properties
- If the overall level is 95% each property class or type (residential, commercial, condos, colonials, capes, south end, west Concord, east Concord, etc.) should be appraised between .9025% and .9975%

WHEN COD IS TOO HIGH…

- EXAMPLE:
- MEDIAN = 1.00 COD = 25 TAX RATE = $27.67

- Selling Price = 100,000 100,000 100,000
- Assessment = 75,000 100,000 125,000
- Assessment divided by $1,000 X $27.67=
- Taxes Due: $2,075.25 $2,767.00 $3,458.75

- Difference in Assessments = $50,000
- Difference in Taxes = $1,383.50

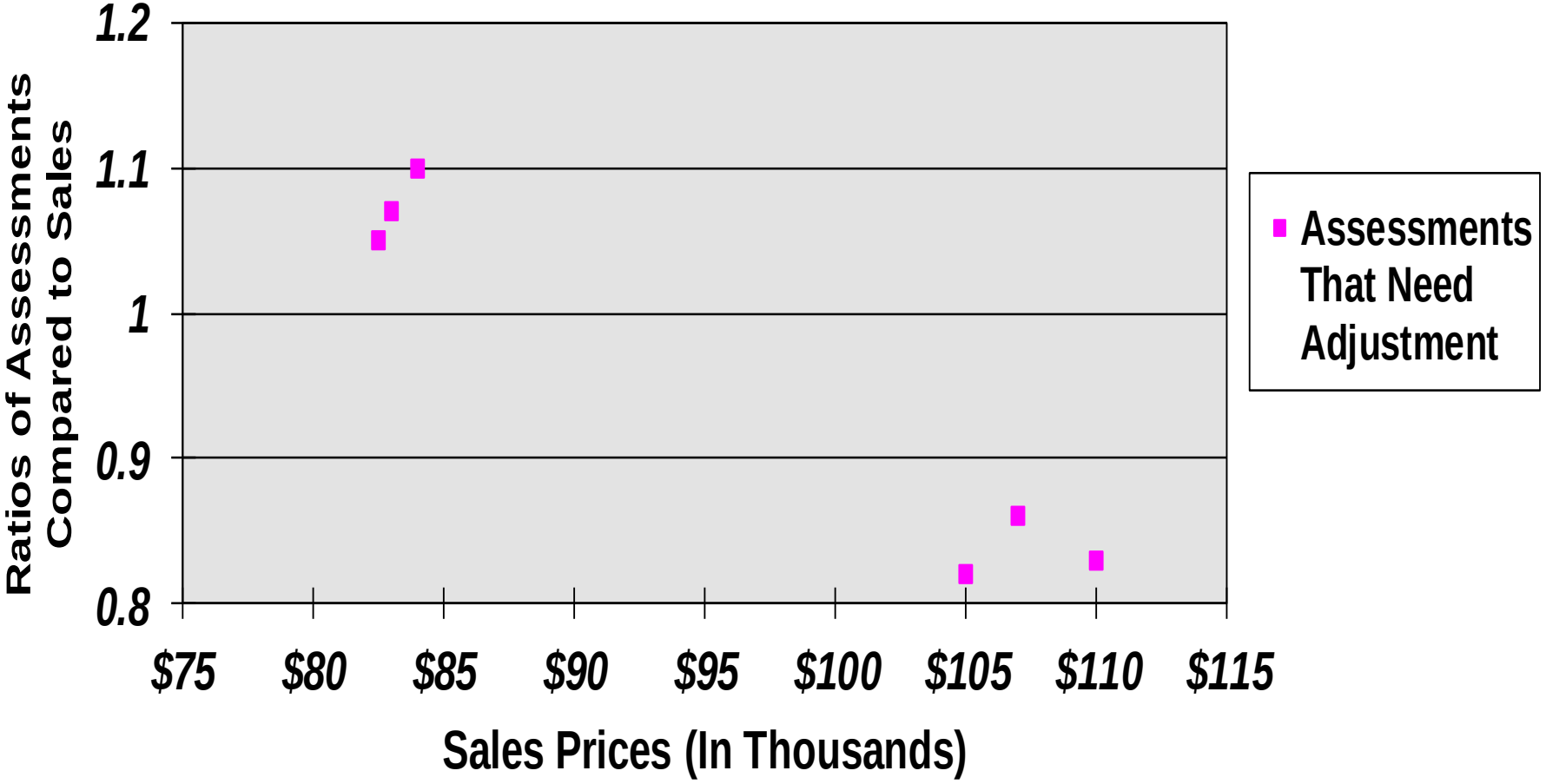
A LOW COD IS A GOOD THING!

- Example:
- MEDIAN= 1.00 COD = 10 TAX RATE= $27.67

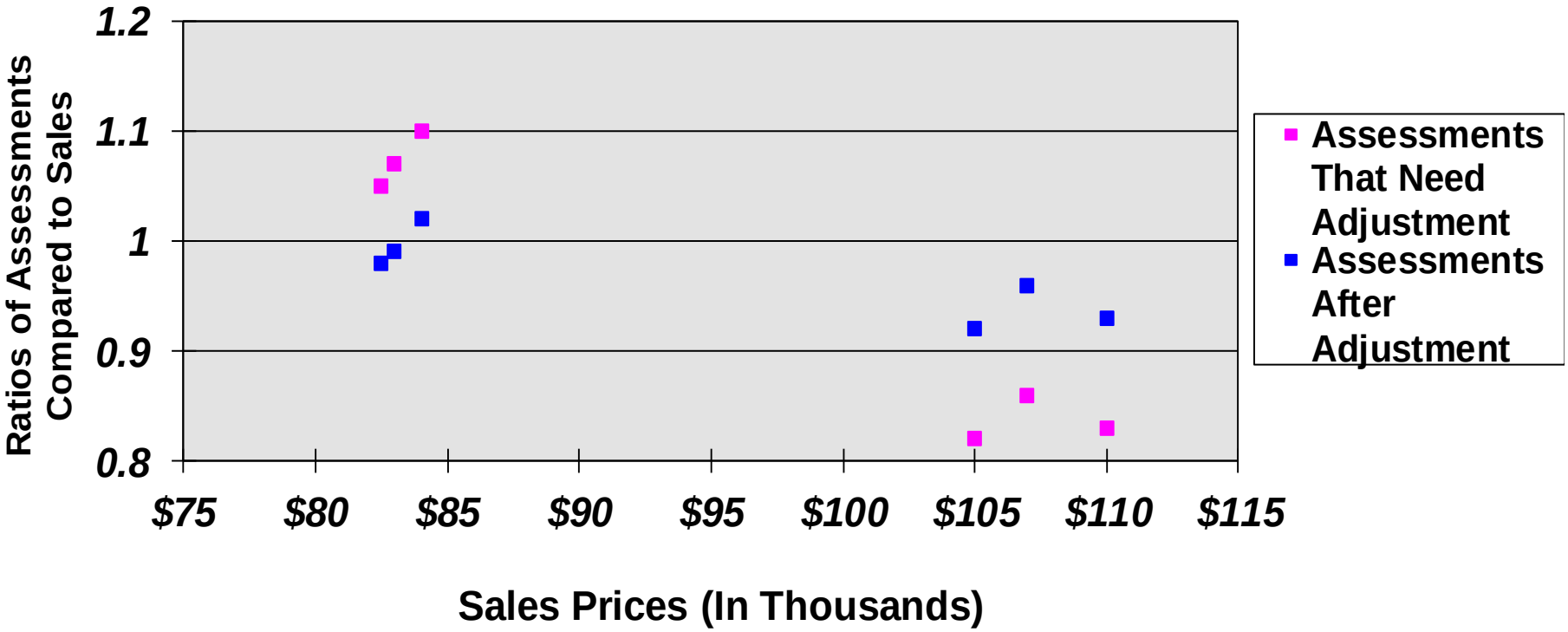
- Selling Price = 200,000 200,000 200,000
- Assessment = 195,000 200,000 205,000
- Assessment divided by $1,000 X $27.67
- Taxes Due $5,395.65 $5,534.00 $5,672.35

- Difference in Assessments = $10,000
- Difference in Taxes = $276.70

RATIOS FROM COMPARISON OF ASSESSMENTS TO SALES



RATIOS FROM COMPARISON OF ASSESSMENTS TO SALES



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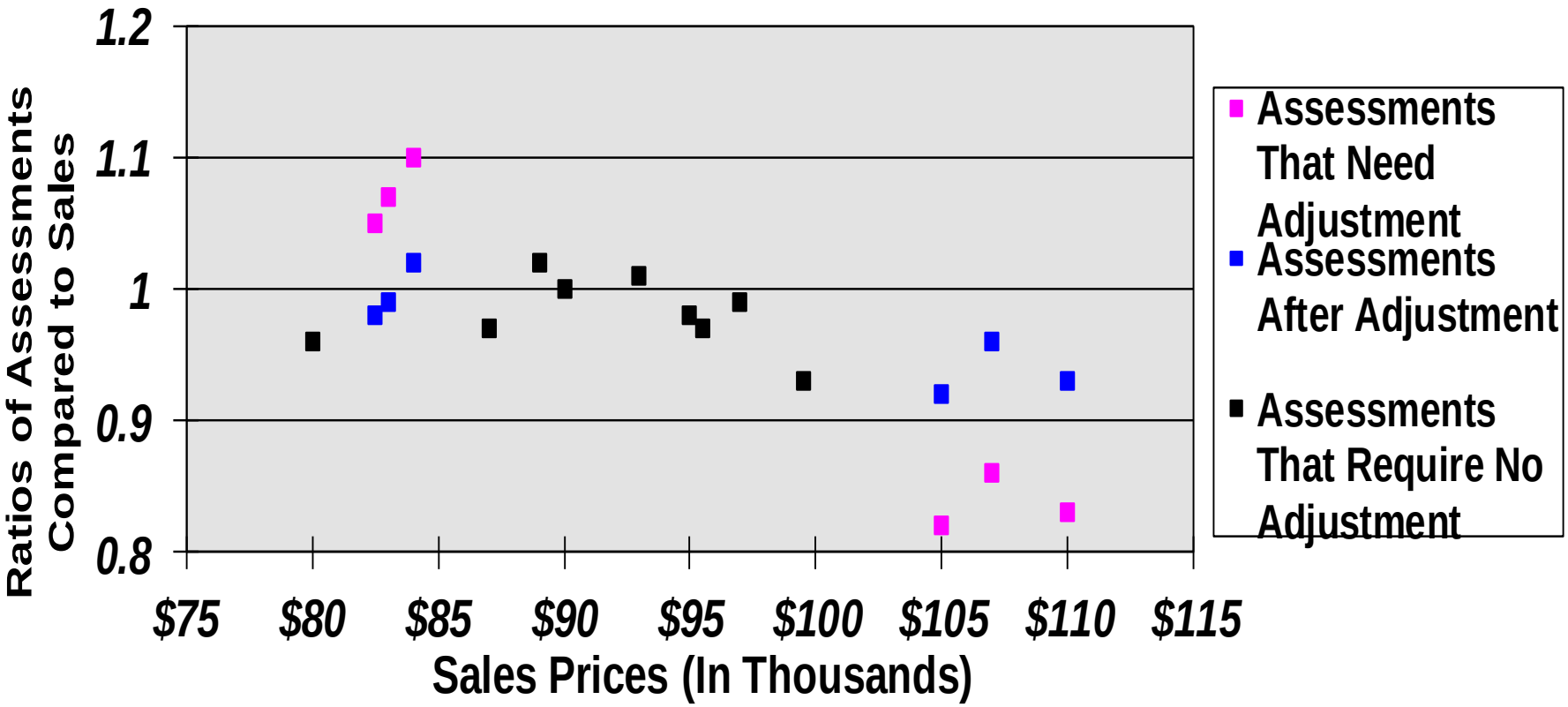

PROPERTY TAX YEAR

- **RSA 76:2**

The property tax year shall be April 1 to March 31 and all property taxes shall be assessed on the inventory taken on April of that year.

- **Tax year 2016 is April 1, 2016 through March 31, 2017.**
- **Assessments mailed in the fall of 2016 will reflect market values as of April 1, 2016.**

WHAT IS THE TAX RATE?

- The tax rate has four components:
  - City – funds fire, police, general services, administrative, recreation, etc…
  - County-funds county jail, nursing home, registry of deeds, sheriff, etc…
  - Local education-funds schools
  - State education-funds schools

MAILING OF THE TAX BILL

- **Concord mails tax bills twice a year. Each mailing has two payment coupons . The first mailing is in May with the coupons for the July 1st and October 1st payments.**
- **The second mailing is in November with the coupons for the January 2nd and March 31st payments.**

WHY DO MY TAX BILLS ALWAYS CHANGE?

- Since the assessments are not final or completed until the fall each year, the first two quarterly tax bills for 2016 were calculated based on the previous 2015 assessment. (estimate bills)
- The January 2 and March 31 bills reflect the new 2016 assessment and the new tax rates set in November. (final bills)

WHAT IS THE CURRENT TAX RATE?

- **Concord**

City	$9.68
County	2.90
School	12.70
State Educ.	2.39
Total Tax Rate	**$27.67**

- **Penacook**

City	$9.68
County	2.90
School	18.51
State Educ.	2.25
Total Tax Rate	**$33.34**

Continued….

- The new tax rate is determined in late fall.
- The total tax liability for 2016 was calculated by multiplying the new 2016 assessment value by the new 2016 tax rate.
- The January and March bills are calculated by subtracting the amounts billed in July and October from the total taxes due and then dividing by 2.

Example January/March 2017 Bills:

- July and October payments were $1,745.66 each
- New Assessed value $262,100
- New Tax Rate x .02767
- Total Tax Bill $ 7,252.31
- Subtract $1,745.66x2 (July and October bills) - 3,491.32
- Balance to be Paid $ 3,760.99/2
- January/March Bills Each $ 1880.50

OCTOBER & JULY TAX BILL EXAMPLE

CITY OF CONCORD, NEW HAMPSHIRE REAL ESTATE TAX BILL

Collection Office, 41 Green St., Concord, NH 03301 — **Payment Remittance:** P.O. Box 9582, Manchester, NH 03108-9582

TO: [redacted]

ASSESSMENT INFORMATION		TAX RATE/CALCULATIONS			BILLING INFORMATION (603) 225-8540		MAILED ON: 5/23/2016
Account Number: [redacted]		City	4.8000	1,225.92	Past Due Prior Tax Years **		0.00
Location: [redacted]		County	1.4900	380.55	Past Due - Current Tax Year *		0.00
Map/Lot/Bldg/Unit [redacted]		Local Ed	6.0750	1,551.56	Total Delinquent Taxes		0.00
Land Value	107,700.00	State Ed	1.3050	333.30	Past due amounts do not include interest or costs. For payoff amounts contact the Collection office at 225-8540		
Building Value	147,700.00	Total*	13.6700				
Total Value	255,400.00	Gross Tax		3,491.33	2016 Real Estate Tax		
Total Exemptions	0.00	Less Credits:		0.00	Tax Due	07/01/2016	1,745.66
Taxable Value	255,400.00	Annual Tax**		3,491.33	Less Payments processed by	05/18/2016	0.00
Veteran's Credit*	0.00				Amount Due	07/01/2016	1,745.66
Exemption (s)	0.00				Tax Due	10/01/2016	1,745.67
Elderly	0.00				Less Payments processed by	05/18/2016	0.00
Blind	0.00				Amount Due	10/01/2016	1,745.67

*1/2 vet credit-May billing only
Total credit amount is shown on November bill

*1/2 Last Year's Final Rate, May billing only
**1/2 estimated annual tax, May billing only

*Amounts outstanding after the due dates incur 12% interest
** Amounts outstanding after lien incur 18% interest

Detach at perforation above and mail this remittance coupon with your **October** *payment.*

City of Concord, P.O. Box 9582, Manchester, NH 03108-9582

Please verify your mailing address below. If it is incorrect, kindly write your current address and sign your name below.

Street: _____

City, State, Zip: _____

Signature: _____

Location: [redacted]

[redacted]

Coupon

Tax Due	10/01/2016	1,745.67
Less payments rec'd by	05/18/2016	0.00
Bill printed	05/23/2016	
Amount Due	**10/01/2016**	**1,745.67**

Account Number: [redacted]

***Please note that payments are applied to oldest unpaid taxes first. If this is not your intent, you must come in to the office to pay. ***

01 0000000752 6 10012016 2016 0000000000 0000174567 0000174567 6

Detach at perforation above and mail this remittance coupon with your **July** *payment.*

City of Concord, P.O. Box 9582, Manchester, NH 03108-9582

Please verify your mailing address below. If it is incorrect, kindly write your current address and sign your name below.

Street: _____

City, State, Zip: _____

Signature: _____

Location: [redacted]

[redacted]

Coupon

Tax Due	7/01/2016	1,745.66
Less payments rec'd by	05/18/2016	0.00
Bill printed	05/23/2016	
Amount Due	**7/01/2016**	**1,745.66**

Account Number: [redacted]

***Please note that payments are applied to oldest unpaid taxes first. If this is not your intent, you must come in to the office to pay. ***

01 0000000752 6 07012016 2016 0000174566 0000000000 0000174566 0

JANUARY & MARCH TAX BILL EXAMPLE

CITY OF CONCORD, NEW HAMPSHIRE REAL ESTATE TAX BILL

Collection Office, 41 Green St., Concord, NH 03301 — **Payment Remittance:** P.O. Box 9582, Manchester, NH 03108-9582

TO: [redacted]

ASSESSMENT INFORMATION		TAX RATE/CALCULATIONS			BILLING INFORMATION (603) 225-8540		MAILED ON: 11/14/2016
Account Number [redacted]		City	9.6800	2,537.13	Past Due Prior Tax Years **		0.00
Location: [redacted]		County	2.9000	760.09	Past Due - Current Tax Year *		0.00
Map/Lot/Bldg/Unit [redacted]		Local Ed	12.7000	3,328.67	Total Delinquent Taxes		0.00
Land Value	108,700.00	State Ed	2.3900	626.42	Past due amounts do not include interest or costs. For payoff amounts contact the Collection office at 225-8540		
Building Value	153,400.00	Total*	27.6700				
Total Value	262,100.00	Gross Tax		7,252.31	2016 Real Estate Tax		
Total Exemptions	0.00	Less Credits:		0.00	Tax Due	01/02/2017	1,880.50
Taxable Value	262,100.00	Annual Tax**		7,252.31	Less Payments processed by	11/07/2016	0.00
Veteran's Credit*	0.00				Amount Due	01/02/2017	1,880.50
Exemption (s)	0.00				Tax Due	03/31/2017	1,880.48
Elderly	0.00	Less:			Less Payments processed by	11/07/2016	0.00
Blind	0.00	October		1,745.66	Amount Due	03/31/2017	1,880.48
		July		1,745.67			

*1/2 vet credit-May billing only
Total credit amount is shown on November bill

*1/2 Last Year's Final Rate, May billing only
**1/2 estimated annual tax, May billing only

*Amounts outstanding after the due dates incur 12% interest
** Amounts outstanding after lien incur 18% interest

Detach at perforation above and mail this remittance coupon with your **March** *payment.*

City of Concord, P.O. Box 9582, Manchester, NH 03108-9582

Please verify your mailing address below. If it is incorrect, kindly write your current address and sign your name below.

Street: _____

City, State, Zip: _____

Signature: _____

Location: [redacted]

[redacted]

Coupon

Tax Due	3/31/2017	1,880.48
Less payments rec'd by	11/07/2016	0.00
Bill printed	11/14/2016	
Amount Due	**3/31/2017**	**1,880.48**

Account Number: [redacted]

***Please note that payments are applied to oldest unpaid taxes first. If this is not your intent, you must come in to the office to pay. ***

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Detach at perforation above and mail this remittance coupon with your **January** *payment.*

City of Concord, P.O. Box 9582, Manchester, NH 03108-9582

Please verify your mailing address below. If it is incorrect, kindly write your current address and sign your name below.

Street: _____

City, State, Zip: _____

Signature: _____

Location: [redacted]

[redacted]

Coupon

Tax Due	1/02/2017	1,880.50
Less payments rec'd by	11/07/2016	0.00
Bill printed	11/14/2016	
Amount Due	**1/02/2017**	**1,880.50**

Account Number: [redacted]

***Please note that payments are applied to oldest unpaid taxes first. If this is not your intent, you must come in to the office to pay. ***

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WHAT WILL THE 2017 JULY AND OCTOBER TAX PAYMENTS BE?

- The July and October 2017 tax payments will be calculated multiplying the 2016 tax rate by the 2016 final assessed value and dividing the amount by 4.
- $262,100 X .02767= $7,252.31
- $7,252.31 divided by 4=$1,813.08
- The July and October 2017 payments will each be $1,1813.08

Property Tax Relief Programs

- There are a number of state laws enacted to reduce or postpone payment of property taxes.
- Most of the tax relief programs are targeted to certain categories of tax payers (for example: elderly, blind, low income).
- You can apply for more than one program!
- There are different types of tax relief programs and each program has its own rules.

FILING DEADLINES FOR EXEMPTIONS AND CREDITS!

- The deadline for filing for **tax credits or exemptions** for the 2017 tax year is **April 15, <u>2017</u>**!!
- Includes religious, educational, and charitable exemptions.
- Charitable exemptions must also file financial documents before June 1st.

EXEMPTIONS

Exemptions reduce the taxable value of your home. If your home is worth less, your tax bill is reduced.

Example (tax rate $27.67 per $1,000, Exemption amount=$72,818)

Assessment	$200,000
Tax before exemption	$5534
Assessment	$200,000
Exemption amount	-$72,818
Assessment after exemption	$127,182
Tax with exemption	**$3,519.13**

EXEMPTION FOR THE BLIND RSA 72:37

- Mandatory Exemption
- Application for 2017 taxes: **April 15, 2017** Legally blind as determined by Blind Services Program, NH Vocational Rehabilitation
- Concord has adopted a $120,234 exemption

ELDERLY TAX EXEMPTION RSA 72:39-a

- Mandatory exemption
- Deadline for 2017 taxes: **April 15, 2017**
- Owned in whole or part by individual over age 65 (or if owned by spouse, married for 5 years)
- Resident of state for prior 3 years (as of April 1)
- Income limits set at a *minimum* of $13,400 (single) $20,400 (married)
- Asset limits set at a *minimum* of $35,000 (not including home)
- Minimum relief is $5,000 reduction in assessed value

CONCORD'S ELDERLY TAX EXEMPTION

- Net income of less than $45,800 if married, $33,400 if single
- Net assets (excluding home) less than $90,000
- Tax Relief depends on age
- Aged 65-74: $72,818 reduction in assessed value
- Aged 75-79: $118,420 reduction in assessed value
- Aged 80 and older: $202,124 reduction in assessed value

Tax Credits

Credits directly reduce the amount of tax you must pay. They don't change the assessed value of your property.

Example (tax rate $27.67 per $1,000) :

Assessment	$200,000
Tax	$5,534
Minus Credit ($150)	- $150
Tax after credit	**$5,384**

VETERAN'S TAX CREDIT RSA 72:28

- Mandatory
- Deadline for 2017 taxes: **April 15, 2017**
- NH resident who served 90 days in qualifying war/conflict & honorably discharged OR
- NH resident who ended service due to service connected disability OR
- Surviving spouse of same
- Certain time frames require receipt of specific medals
- Eligible conflicts are listed in RSA 72:28
- City of Concord credit is $150

VETERAN TAX CREDITS SERVICE CONNECTED DISABILITY RSA 72:35

- Mandatory Credit
- Deadline for 2017 taxes: **April 15, 2017**
- Honorably Discharged
- Total and permanent service connected disability
- Surviving spouse will continue to get credit
- City of Concord credit is $2,000

VETERAN TAX CREDITS-SURVIVING SPOUSE OF VETERAN KILLED IN SERVICE RSA 72:29-a

- The surviving spouse of any veteran who dies while on active duty is eligible for a credit
- Credit can be on residential or non-residential property in spouse's community
- City of Concord credit is $2,000

DEFERRALS

- **<u>Deferrals</u>:** allow you to postpone paying your taxes.
- Deferrals don't reduce you home's **assessed value.**
- Deferrals don't give you a credit or rebate or otherwise reduce the **amount** of tax you pay.
- Deferrals only permit you to pay your taxes **at some later date.**

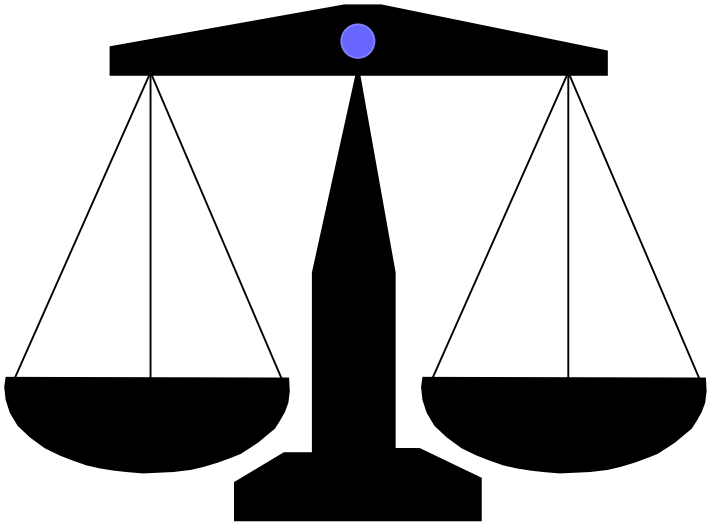
TAX DEFERRAL FOR ELDERLY AND DISABLED RSA 72:38-a

- Mandatory program
- Deadline for 2016 taxes: **March 1, 2017**
- Disabled individuals who have owned home for at least 1 year OR
- Individuals age 65 and older and who have owned home for 5 years
- Must live in home
- Prove that paying tax causes "undue hardship"

TAX DEFERRAL FOR ELDERLY AND DISABLED (continued)

- If granted can defer all or part of taxes up to 85% of property's "equity value." Equity value is the assessed value minus all liens, mortgages …etc.
- 5% annual interest charge.
- The deferred taxes and all interest must be paid when your home is sold or upon your death.

The Appeal Process



THE APPEAL PROCESS

- **The appeal process <u>is</u> your right to demonstrate that your assessment is unfair or incorrect**
- **A higher tax bill <u>is</u> <u>not</u> grounds for an appeal**

WHAT ARE GROUNDS FOR AN APPEAL?

- Incorrect physical data
- Assessment does not reflect market value
- Assessment exceeds the general level of assessment in the city

WHAT SHOULD BE INCLUDED WITH ANY APPEAL

- Include in application any information to support your claim that your home is over valued– compare your home to other similar homes. BE SPECIFIC!
- Supply copies of appraisals
- Copies of income and expenses for past 3 years
- Copies of leases
- Copies of rental advertising

THE APPEAL PROCESS PROCEDURES AND DEADLINES

- **The appeal must be in writing**
- **Applications for appeal are available after the January and March tax bills are mailed**
- **Completed applications must be returned by no later than <u>March 1st</u>**
- **If there is no decision on your appeal by July 1st, you should consider it a denial. If you wish to continue your appeal to a higher level, you must file to the higher level on or before September 1st.**

CHAIN OF APPEAL

LOCAL APPEAL TO THE BOARD OF ASSESSORS

By March 1, following notice of tax

APPEAL TO THE BOARD OF TAX AND LAND APPEALS

Between July 1, and on or before September 1, following notice of tax

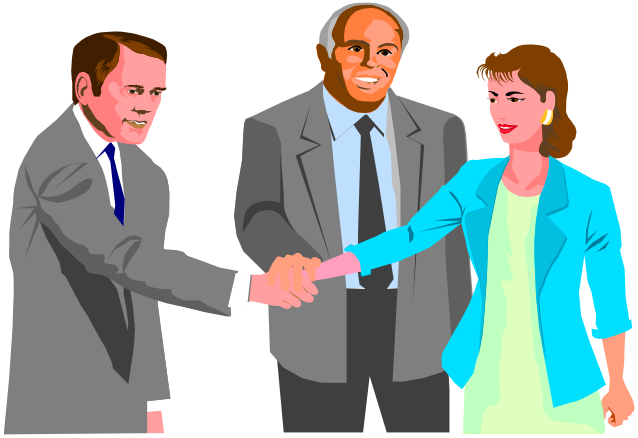
APPEAL TO THE SUPERIOR COURT

Between July 1, and on or before September 1, following the notice of tax

HOW TO CONTACT US

- Telephone: 603-225-8550 Monday through Friday between 8:00 am and 4:30 pm
- In person: Concord City Hall located at 41 Green Street; enter the front doors and we are the first office on the right
- Website: www.concordnh.gov click on Departments and then on Assessing.
- To access the City's online database: http://www.concordnh.gov/assessing. Then click on Accessing On-line Database on the far right.

COMMUNICATION IS THE KEY…



- **Review your assessment records regularly**
- **Submit income and expense forms when requested**
- **Have your property inspected**
- **Ask questions**
- **Pay your taxes during the appeal process**
- **Working together we can be confident of fairness and equity for all property owners!**