

TAX RATE DROPS SLIGHTLY BUT ASSESSMENTS JUMP DOUBLE DIGITS SO TAXES RISE

by Chuck Douglas

A drop in the tax rate set by the State Department of Revenue Administration was more than offset by a rise in property assessments and taxes due to revaluation in Bow this year. The new rate of \$26.21 per thousand represents a 5% decrease from the 2018 tax rate of \$27.78.

The 2019 tax rate breaks down as follows:

Municipal (Town government)	\$ 7.11
School District	\$14.70
Merrimack County	\$ 2.54
State Education Tax	<u>\$ 1.86</u>
	\$26.21

The property tax rate dropped in large part due to a revaluation of property that was conducted this year, as well as the addition of 24 new residential properties valued at \$8.2 million and one new commercial warehouse property valued at \$17.2 million. In total the Town's net assessed valuation increased from \$1,163,760,273 to \$1,274,587.874 or over \$100 million.

WHY REVALUE?

State law requires that a full revaluation for the tax assessed value of real estate must be done every five years. Towns that waited the full five years – like Bow – have seen big jumps in assessments. Assessments are supposed to reflect current market values and are based largely on sale and resale date of comparable properties, year-over-year improvements and other factors – some of which can be subjective.

The last full revaluation conducted in Bow was in 2014. In 2014, the median sales price for a single-family home in Bow was \$285,000. By comparison, the median sales price for a single-family home today is \$360,000. Single family homes have an average increase in assessed value of 16%; condominiums at an 18% increase; and commercial and industrial properties have an average increase of 10%. As the real estate market changes (up or down), if assessments stay the same, our assessments would be out of sync with the current market. The Town is required to have assessments between 90% and 110% of current market values. The equalization rate for Bow in 2018 was determined by the State of New Hampshire Department of Revenue to be 87.9%. The

State Department of Revenue Administration's Municipal Division reports a flood of calls from Bow and a couple of other towns that are in the same boat.

HOW WAS IT DONE?

Bow has 3,100 plus residences and many lots and business properties. The Assessing Department hired Vision Appraisals who did them all in a few weeks, so many were guesses based on photographs and field cards of data.

DISPARITIES ABOUND

In August when the new assessments were reported to each property owner the letter said that private homes would likely average 16% increases and condos would likely average 18% increases. Private homes and individual neighborhoods do not lend themselves to comparisons as easily as condo communities do, and there are four condominium developments in Bow: The Pines, Windchimes, Stone Sled Farm and several buildings at White Rock which do allow easier comparison and reveal some significant variations in how revaluations were conducted. While a detailed analysis requires significant effort and expertise, initial comparisons using the publicly available town tax records reveal the following disparities among the condo developments.

The Pines ~ There are 26 separate houses in The Pines with few paying taxes above \$10,000, even with a 16% to 17% increase. No homes had tax increases of higher than \$1,900. Most had increases between 12-18% with total 2019 tax bills running from a low of \$7,900 up to the mid-\$9,000's. While more research needs to be done on valuations, and especially the revaluation process, tax increases are a direct result of that revaluation process. Recent sales include homes in the mid-\$300,000 range with at least one at more than \$400,000.

Windchimes ~ There are just under 30 homes at Windchimes. The tax bills run in the mid-\$8,000's to the low \$9,000's, so the valuations are likely somewhat similar to those at The Pines and Stone Sled Farm. The highest increases were around \$1,200 for less than a handful of homes, reflecting increases in the 17-18% range. The majority had increases in the \$900-1,000 range. Recent sales include homes in the mid-\$300,000 range.

Stone Sled Farm ~ Only one property has ever been bought or sold in this 44-unit condominium association at a price above \$400,000. However, 10 properties were just assessed over \$400,000. 31 condos had increases over 30% with three jumping over 45%. One unit went from an assessed value of \$280,300 in July to \$409,000 this fall for a \$129,000 value increase. Another went from \$339,500 to \$456,000 for a \$117,000 jump in assessment of 34%.

The inequality can be seen when compared to the homes in Bow some seniors sold to downsize into an over-55 community in Bow. One homeowner was taxed \$12,000 a year on their Bow home a mile away but now in Stone Sled Farm they are taxed \$10,000 a year for zero lot ownership and half the square footage they formerly had. Another homeowner, who will be appealing her assessment, said “We pay for water from our own well; pave our own streets; plow our own streets; pay for our own trash removal and have no kids to burden the schools. We pay \$306 per month or \$3,672 a year for the above services as a maintenance fee other homeowners don’t bear. And we have no tennis court, pool or clubhouse.”

DISPARITIES ELSEWHERE

While many condo owners at Stone Sled Farm are faced with tax increases of \$2,000 or more, some individual homes in Bow with multiple bedrooms, baths and other luxury features (like swimming pools) did not have their valuations increased, which means that their owners are paying lower taxes. By comparison, a condo owner at Stone Sled had a \$2,500 (31%) tax increase on their 1,800 square foot condo, but the larger home in Bow they sold in 2014 had just a small increase of around \$500 – yet has double the bedrooms and bathrooms (4 of each), double the square footage, and a large in ground pool. The tax bill for the condo now exceeds the tax bill for the much larger home.

APPEALS

Many appeals will be filed in Bow after taxes are paid first. An application for abatement must be obtained from the Assessing Department in the Municipal Building. The first step is to ask the Board of Selectmen to abate and this must be done before March 1, 2020. If it is found that the application has merit, an abatement of taxes will be issued. If a taxpayer is still dissatisfied after the decision of the Selectmen, they may file with the Board of Tax and Land Appeals in Concord or the Superior Court, but not both, prior to September 1, 2020, and they will decide the case a year or more later.