



Lindsey M. Stepp  
Commissioner

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**State of New Hampshire**  
**Department of Revenue Administration**

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Ora M. LeMere  
Assistant Commissioner

FIS 22 356

October 3, 2022

The Honorable Karen Umberger, Chairman  
Fiscal Committee of the General Court and

His Excellency, Governor Christopher T. Sununu  
and the Honorable Council  
State House  
Concord, New Hampshire 03301

**REQUESTED ACTION**

Pursuant to RSA 14:30-a, VI, the Department of Revenue Administration (DRA) requests authorization to accept and expend funds in the amount of \$400,000 in American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) for Equalization Web Application Upgrade and Enhancement effective upon Fiscal Committee and Governor and Council approval through June 30, 2023. This is an allowable use of ARPA SFRF funds under Section 602 (c)(1)(C) for provision of government services to the extent of the reduction in revenue. **100% Federal Funds.**

Funds are to be budgeted in FY2023 in the following account:

<b>01-84-84-840010-26XX0000 <sup>1</sup> DRA ARP EQUALIZATION WEB APP</b>		
<b><u>CLASS</u></b>	<b><u>ACCOUNT</u></b>	<b><u>FY23 REQUESTED BUDGET</u></b>
<b>EXPENDITURES</b>		
038 – Software License / Maint.	500177	\$359,600
040 – Indirect Costs	500800	\$40,000
041 – Audit Fund Set Aside	500801	\$400
<b>TOTAL EXPENSES</b>		<b>\$400,000</b>
<b><u>SOURCE OF FUNDS</u></b>		
000 – Federal Funds	16-400338	\$400,000
<b>TOTAL REVENUE</b>		<b>\$400,000</b>

<sup>1</sup> All direct program costs will be accounted for using activity 00FRF602GS8402A and all administrative and indirect costs will be accounted for using activity 00FRF602GS8402Z. Accounting classifications may be subject to technical changes at the discretion of the Department of Administrative Services' Division of Accounting Services.

## **EXPLANATION**

The State has experienced unprecedented pressure on its existing workforce, seeing staff shortages across agencies and increased wage competition with the private sector, as the negative effects of the COVID-19 health crisis continue to unfold. This reality has forced State agencies to attempt to operate with a high number of vacancies and find other means to adapt in order to achieve core responsibilities and required outcomes or deliverables.

This has resulted in the development of the State Workforce Efficiency Enhancement Program (SWEEP), an initiative focused on one-time investments in technology, systems, or other tools that will make it easier for State agencies to perform required functions over the long term as they adjust their roles and needs to the realities brought on by the pandemic and move toward a more sustainable staffing model that helps avoid burnout and encourages retention. This request is part of the overarching SWEEP effort.

This request would upgrade and enhance DRA's 11-year-old property tax equalization web application to the latest version and include additional functionality for property appraisal field staff. The upgrade and enhancements will enable field staff from the property appraisal bureau to utilize mobile friendly functionality to automate and enhance revaluation monitoring, as well as modernize the platform for existing ratio study and equalization functionality. This will provide better management oversight of field operations and convert a largely manual process into an automated web application thus allowing the DRA to better cross train and share duties between staff in anticipation of multiple retirements in the coming years.

The current tax equalization web application is used to address inconsistencies in property assessments (as not all towns and cities revalue properties every year) by adjusting each municipality's total local assessed property value to full value. The sole purpose for equalizing local assessed property values is to ensure that public taxes and state revenues shared by towns and cities will be reasonably apportioned. This includes state education tax, county tax, some cooperative school district taxes, and some village districts taxes.

The equalization process involves a detailed study of property sales throughout the state and compares those sales with the local property assessments. A by-product of the equalization process is the determination of a ratio. Generally, the ratio shows the average level at which the town or city assessed property in the previous year in comparison to full value. Ratios for each municipality are issued by the Department generally by April as a result of the Equalization Process. For example, a ratio of 90% would indicate that the town generally assessed property at approximately 90% of full

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value. The ratio does not necessarily apply to any specific property assessment, but rather indicates the average level of assessment throughout the town or city.

Over a period of several years, as the value of property increases or decreases due to market fluctuations, the ratio (the comparison of the local assessed value to full value) also fluctuates. A ratio of 100% indicates that, on the average, the municipality is assessing at full value. A ratio below 100% indicates average assessments are below full value, and a ratio above 100% indicates average assessments are above full value.

In addition to the equalization process, RSA 75:8-a requires all towns and cities in New Hampshire to reappraise all real estate within the municipality so that the assessments are at the full and true value at least as often as every fifth year. The Department of Revenue Administration is mandated by RSA 21:J:11 to review and report the degree to which assessments of municipalities achieve compliance with applicable statutes and rules. The Assessing Standards Board (ASB) has adopted recommended standards to be met by towns and cities for their assessment review. The Department's staff conducts field and file reviews of the records and assessing practices of all towns and cities in accordance with the ASB recommended standards and reports their findings to municipalities and to the ASB.

The original tax equalization web application was deployed during property tax year 2012 and combined a Mosaic GIS system, which contains parcel map and assessment information for taxable properties statewide and enables municipalities to electronically submit required data. The result was less data entry, fewer errors, and faster completion of ratio studies. The original application did not include any functionality for the assessment/revaluation review and monitoring.

Lastly, the upgrade also includes enhancements to improve the efficiency of the existing Municipal Tax Rate Setting Portal to continue to ensure that tax rates are set in a timely manner with a reduced staff.

Maintenance costs for the equalization application and Municipal Tax Rate Setting Portal will not increase as a result of the proposed enhancements and upgrades, thus this is a one-time expense.

Funds are budgeted as follows:

Class 038 – Software License / Maintenance – funds will be used for contracted services to provide upgrade and enhancements to the application as described above.

Class 040 – Indirect Costs – at a rate of 10%

Class 041 – Audit Fund Set-Aside - 1% of federal funds payable to DAS for audit fees.

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In the event that Federal Funds are no longer available, General Funds will not be requested to support this program.

Respectfully submitted,



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