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Municipal Real Estate Appraisal and Assessing Services  
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# Memorandum

Date: 02/04/2015  
To: Town of Jackson  
From: Jason Call, CNHA  
Re.: 2014 Revaluation – overall tax base

A revaluation is a process in which all property assessments within a municipality are updated to market value as of a certain date in order to maintain an equitable base to distribute the property tax. The 2014 Jackson revaluation utilized sales over the past few years to bring assessments to market value as of April 1, 2014. The previous assessment base year was 2009. In the five years since, the market has changed differently for different classes of property. All classes of property dropped in value for a few years, with most residential property rebounding over the past year or so. Sales indicated that various property segments, such as some condominium complexes and certain neighborhoods, had dropped in value at a proportionally greater rate than others and the town as a whole. Many of the areas of decreased value are the same areas that experienced proportionally greater increases during the mid-2000s.

If one were to compare the year-to-year changes in the total town assessed value, it normally increases by a few million dollars annually due to new construction. However, the number of new residential and commercial building permits has been weak since 2008 for a number of reasons. It is certainly on the rise over the past year, so the tax base is expected to rise in the short term.

The revaluation process effectively attempts to hit a moving target at a specific point in time. The net result of the 2014 revaluation was a relatively small net decrease in the town's assessment base. This was not surprising. In fact, if the town was revalued during 2010-2012, the decrease in assessed value would have been much greater. The town and the NH Department of Revenue conduct an annual ratio study comparing recent sales to the town's assessments. When the market drops, the town's equalization ratio is greater than 100% because properties are selling for prices lower than their assessments. Jackson's ratio was over 110% for a couple of years. The 2014 ratio is expected to be 100% along with improved equity between classes of property, which is the ultimate goal of a revaluation and property tax system overall. Regardless, the greatest impact on the tax rate from year to year is changes in the town, school, and county budgets.