



CITY OF PORTSMOUTH

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WRITTEN TESTIMONY BEFORE THE SENATE PUBLIC AND MUNICIPAL AFFAIRS COMMITTEE

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REGARDING SB 509

BY EMILY GOLDSTEIN, DEPUTY ASSESSOR FOR THE CITY OF PORTSMOUTH

On behalf of the City of Portsmouth I am submitting written testimony in support of SB 509, a bill allowing municipalities to require income and expense information of business properties for tax appraisals.

Currently commercial property owners may, but are not required to provide income and expense information to the City for the purpose of valuation. The City of Portsmouth recently conducted a revaluation for the 2017 tax year and sent 1,372 questionnaires and received back only 91 responses. Without receiving income and expense information directly from all commercial property owners, municipalities must look to outside sources to calculate market data. This may result in valuations that are less reliable and equitable. In addition, there was concern that the commercial properties were being undervalued and shifted the tax burden to the owners of residential property. Since the commercial buyers are purchasing property based on the income-producing capabilities, it seems only fair that the valuation technique utilized to arrive at fair market value would also include analysis of the income-producing capabilities to arrive at fair market value.

The most important aspect of assessing property in New Hampshire is arriving at fair and equitable values on all property for the purpose of taxation. While we respect the confidential nature of these requests, the income and expenses that are being required refer only to real estate rental and expense information. There would be no business enterprise information being requested, as that has no impact on real estate value. Allowing municipalities the option to require commercial and industrial property owners' rental and expense information for their properties would help to ensure fair and equitable assessments throughout a community. If commercial and industrial taxpayers are not assessed appropriately due to insufficient data being provided, the homeowners will continue picking up the balance.

As written, the bill is a local option. This allows a municipality such as Portsmouth to understand and adequately value commercial and industrial properties that make up a significant portion of the tax base. Smaller communities without commercial property would not need to adopt the local option.

The City of Portsmouth is dedicated to assessing all real estate in a fair and equitable manner. Allowing municipalities the option of requiring commercial and industrial properties to supply essential income and expense information for the purposes of valuation would be vital to establishing equitable assessment for all property owners.

For the reasons above the City of Portsmouth asks that the Committee vote SB 509 Ought to Pass.