



CITY MANAGER'S OFFICE

City of Lebanon, NH
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November 9, 2022

Residents of the City of Lebanon

RE: Revaluation of Property and the Impact on Property Taxes

This year, Lebanon conducted a revaluation of all properties in the City. The periodic revaluation of properties is necessary to ensure that all property taxpayers are treated equitably. The revaluation process is also necessary to maintain compliance with NH Department of Revenue Administration (NHDRA) requirements regarding the ratio of the market value of a property compared with the assessed value the City uses to levy property taxes. This ratio, also referred to as the equalization rate, is required to be in the range of 90% to 110%, with a goal of being as close as possible to 100%. If the ratio of assessed value to market value moves outside of this range, the City is required by the Department of Revenue Administration to conduct a revaluation of property.

Normally, the revaluation process occurs every five years and the City's previous revaluation occurred in 2020. However, in recent years, there has been a rapid and dramatic increase in the market values of property, especially residential values, due to limited inventory and a number of other factors. Prior to April of this year, the City's ratio of assessed value to market value was determined to be approximately 66%. In other words, on average, the City's assessed valuation of properties reflected only 66% of the actual market value of those properties. As a result, the City was required to undertake a new revaluation of property sooner than the typical five-year interval.

Generally, when a revaluation of property occurs, the value of residential, commercial, and industrial properties rise or fall (appreciate/depreciate) in the marketplace by similar rates of change. However, in this most recent revaluation process, the rate of increase in value for residential properties was found to be much higher than the rate of increase in value of commercial and industrial properties, which is a significant change from recent trends. Since at least 2017, residential properties (single family homes and apartment buildings with 3 or fewer units) have consistently accounted for 55% of the property value in the City, while commercial and industrial properties have accounted for 40% of property values, with only minor fluctuations from year to year. In this latest revaluation, residential properties were determined to account for 59.9% of property value in the City, while commercial and industrial properties account for only 36% of property value. Utility properties make up the remaining share of the City's taxable property values (~4-5%) and that share has been reduced slightly in the latest revaluation.

The result of these changes in market values for property, especially for residential properties, is that the residential sector of the City represents a larger share of the overall tax base and, therefore, the residential sector will absorb more of the tax burden in the tax bills that will be sent out in the coming weeks.

To further explain the impact of the revaluation process on property taxpayers, the City has created a video presentation which will be posted to the City's website. You can scan the QR code or use the link provided below to access the presentation on the City's website.



<https://lebanonnh.gov/1651/2022-Lebanon-Property-Revaluation>

When a revaluation of property is conducted by a municipality, the property tax rate per \$1,000 dollars of property value generally goes down and sometimes that reduction can be significant. The first half tax bill, commonly referred to as the spring tax bill that you receive in late May or early June, is an estimate of what is anticipated to be one-half (1/2) of the total taxes to be paid by a property owner in that year. The actual tax rate for municipalities across the state is usually set in October by the Commissioner of the Department of Revenue Administration. However, this year the process has been delayed at the state level for a number of reasons and the property tax rate is expected to be set in November. As soon as the property tax rate is set by the Department of Revenue of Administration, the City will proceed with preparing and mailing the second half property tax bills to each property owner in the City.

If you have questions regarding the valuation of your property, please contact the Assessing Dept. at assessing@lebanonnh.gov or 603-448-1499. If you have specific questions regarding the actual tax bill for your property, please contact the City Clerk's Office cityclerk@lebanonnh.gov or 603-448-3054.

We understand the challenging circumstances taxpayers face as a result of the rising cost of living we are all experiencing. If you should have any additional questions or concerns, please do not hesitate to contact me.

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City Manager

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