

# City of Berlin, NH

## Office of the City Manager



February 7, 2020

Municipal and County Government Committee  
NH House of Representatives  
107 North Main Street, LOB 301  
Concord, NH 03301

**Re: Support of HB 1421**

Honorable Chairman Clyde Carson and Committee Members:

At their meeting of January 20, 2020 the Berlin City Council discussed HB 1421. The Council voted unanimously to support this very important bill.

The current application of the median ratio at the BTLA introduces a significant and unintended inequity amongst the taxpayers of our community and other communities in the State. This inequity becomes most apparent and exaggerated in communities in which utility property is a large portion of the tax base. Having said that, it exists in every community in which there are utilities. In Berlin, this inequity is magnified by the fact that approximately 40% of our tax base comes from utility valuation.

When the annual tax rate is calculated in the fall of each year and there is a rising property market, the current practice of replacing the median ratio, which was reflected in values when all tax bills were produced, with the new ratio, which was not available when bills were sent out to taxpayers, will produce an automatic reduction in utility value and hence result in a guaranteed abatement for the utility. The funds used to pay this abatement will invariably come from funds raised from the other taxpayers in the community. Utilities know this and will file for an abatement based on this alone. The average citizen's tax bill does not get recalculated using the latest ratio. The result is that the effective ratio is different for the utility who has applied for an abatement and most, if not all other tax payers, for the same tax billing period. This creates a severe inequity in the tax system and inappropriately shifts tax burden from one group to another. The most equitable approach would be to do what HB1421 calls for, that is to require that the median ratio, in place at the time of tax billing, must remain in use for all taxpayers through the abatement process. In other words, there should be only one effective median ratio that applies to each tax billing cycle.

Please support this important bill.

Sincerely,  
CITY OF BERLIN

James A Wheeler  
City Manager

cc: Mayor & Council  
Coos County Delegation

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