



TOWN OF SUNAPEE
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EQUALIZATION RATIO INFORMATION

The equalization ratio is used by the State of NH and Sullivan County to collect and distribute tax dollars based on assessed value. Every town and city in the state goes through this process every year. While not trying to be exhaustive, I will attempt to supply definitions and statistical standards which help us understand the process. Accompanying this narrative explanation are the numbers which were derived by the State of New Hampshire Department of Revenue Administration for the time period of October 1st to September 30th. The reason for this date range is to use sales 6 months prior and 6 months after April 1 of every year.

Individual Ratio – is a single assessment divided by the corresponding sale price of that property.

Overall Assessment Ratio – Total ratio of all valid sales from October 1, thru September 30 of any tax year.

Median Ratio – The middle ratio when a set of ratios is arrayed in order of magnitude. As per state standards the ratio should fall between .90 and 1.10 in the year of certification.

Weighted Mean Ratio – The sum of the assessments divided by the sum of the sales prices in a ratio study. As per state standards the ratio should fall between .90 and 1.10 in the year of certification.

Stratum – A class or subset of the population being studied. For example: Single Family Residential, Waterfront, Vacant Land and Condominiums.

Coefficient of Dispersion – The (COD) is a measure of assessment equity and represents the average deviation of a group of ratios from the median ratio expressed as a percentage of the median. A COD is calculated for the entire sampling and for each stratum. As per National Assessment Standards, CODs should be under 20 in rural and recreation areas, under 15 for older heterogeneous and under 10 for new, more homogeneous areas. Since New Hampshire is generally rural and has diverse property types the state standard is 20.

Price Related Differential – The (PRD) is calculated by dividing the mean ratio by the weighted mean ratio. It measures vertical inequities (differences in the appraisal of low-value and high-value properties) in assessments. PRDs greater than 1.03 tend to indicate assessment regressivity (lower value properties assessed at higher ratios. PRDs less than .98 tend to indicate assessment progressivity (lower-valued properties assessed at lower ratios than higher-valued properties). PRDs in New Hampshire should be between .98 and 1.03 during the year of certification.