

MINUTES OF THE
ASSESSING STANDARDS BOARD

Approved as Amended

DATE: May 16, 2016

TIME: 9:30 a.m.

LOCATION: NH Dept of Revenue, 109 Pleasant Street, Concord NH

BOARD MEMBERS:

Senator Bette Lasky ~ *Absent*
Senator Regina Birdsell ~ *Absent*
Representative Peter Schmidt
Representative Mark Proulx
Stephan Hamilton, NHDRA
Len Gerzon, Public Member, Chairman
Jim Wheeler, Municipal Official, City
Paul Brown, Municipal Official, Towns >3,000

Eric Stohl, Municipal Official, < 3,000
Robert Gagne, NHA AO
Rick Vincent, NHA AO, City Official
Loren Martin, Assessing Official, < 3,000
Marti Noel, Assessing Official, > 3,000
Betsey Patten, Public Member
Thomas Thomson, Public Member

MEMBERS of the PUBLIC:

Mary Pinkham-Langer, NHDRA
Mark Stetson, Avitar
Cindy Brown, BTLA
Scott Dickman, NHDRA
Shaun Mulholland, Allenstown
Rosann Maurice-Lentz
Ellen Scarponi, Fairpoint
Kathryn Temchack, Concord
Cheryl Gilpatrick, CNP
Jeff Earls, Cross Country
Joe Lessard, MRI
Joyce Fulweiler, Tilton

Ed Tinker, Hampton
Bruce Smith, Surry
Jon Duhamel, Nashua
Jim Michaud, Hudson
Judy Silva, NHMA
Barbara Reid, NHMA
George Hildum
Cindy Perkins, CNP
Tim Northcott, M & N Assessing
Linda Kennedy, NHDRA
Colin Stubbings, Piermont

Chairman Gerzon convened the meeting at 9:30 a.m.

Introductions followed.

Minutes:

Mr. Eric Stohl moved to accept the minutes of March 11th, Mr. Bob Gagne seconded. Ms. Marti Noel corrected the word “disadvantages” to “advantages” on page 1 under “I & E Whitepaper Subcommittee Update”, 8th line down. **Minutes approved.**

Legislative Update:

Chairman Gerzon advised that he and Ms. Betsey Patten attended the senate hearing on HB1198. Representative Proulx spoke of HB1198 being amended and the removal of oversight and that DRA would set the rate – 20/40. Ms. Betsey Patten asked if they took out anything on the cell towers etc., and Representative Proulx answered he believed metal poles were mentioned. Mr. Paul Brown asked if it had gone to conference yet; Representative Schmidt was unsure, it was not believed to be back yet. Mr. James Michaud spoke of clarifying Senator Boutin’s amendment regarding “wooden poles” and “conduits”. Mr. Steve Hamilton advised that the House concurred with Senate amendment on 1463s on May 11, 2016.

USPAP Standard 6

Ms. Marti Noel spoke against and talked of concerns on development, cost, verbiage, alternative solution etc. She also showed paperwork (Standard 2 report) to show the size difference. Ms. Patten asked if they were developed by a local assessor or contracted out. Ms. Noel confirmed one was developed by herself and one was by a contract appraiser. Mr. Hamilton asked about the single page Ms. Noel was presenting that she advised was from the NH Department of Revenue's web site. Mr. Hamilton clarified that was not a Standard 2 appraisal report and explained that the taxpayer receives a Standard 2 appraisal report for utility property; the municipality receives only the apportionment of value results that DRA uses for the equalization process. Ms. Noel spoke of concerns with changes, the cost, statistical testing, compliance, values, who will review, the inability to obtain good I & E information and then quoted Mr. Bob Keith. Mr. Hamilton clarified for the record that the NHDRA's utility appraiser is **not** filing an *amicus brief* for these appeals; he advised the Attorney General's office is representing the NHDRA and may file on behalf of the commissioner an *amicus brief*. He spoke further on this topic. Mr. Hamilton and Ms. Noel discussed their differing thoughts on whether this will "open the door" for more problems.

Chairman Gerzon injected about the information that the NHDRA submitted from several towns etc. making sure that all members et al received this "package" of information. Mr. Hamilton talked of "what will it mean when we create something", USPAP compliance review, appraisals the DRA receives now that they cannot do much with, USPAP self-declaratory, no exponential increase in the expenditures for the assessment activities annually seen, more transparency for the taxpayer, and not applying a statistical test. Chairman Gerzon read into the record (a) – (c) of "21-J:14-b Powers and Duties of the Board". He referred to that as the initiation of the process of the USPAP report that the assessors comply with – mass appraisal. He also advised that in 2006/2007 that the board made a decision they incorporated and worked out that USPAP would be brought in as Standard 6 as most people understood that it would be almost all – encompassing and it would give transparency to the taxpayers. He then discussed the transparency gap that the Subcommittee 547 had discovered. He talked of a large segment of taxpayers that don't have this type of documentation behind them; there was no standard applied to that set of taxpayers - single purpose property. He said it is now a bigger issue as many taxpayers have realized that there is a whole segment of special purpose taxpayer that really had no standard applied to them.

Representative Schmidt talked of Ms. Noel's concerns, whether Standard 6 is deficient/defective, ASB reviewing this, finding an alternative solution and then read an email he had received. Mr. Paul Brown asked about powers/duties (c) and established standards for revaluation. Mr. Hamilton answered it would depend on how the appraiser approached the problem and went on to explain. Mr. Brown and Mr. Hamilton had a brief discussion regarding revaluation, scope and clarification etc.

Mr. Bob Gagne asked a few questions regarding the proposed change – would it be enabling legislation that would allow the NH DRA to require individual property appraisals on certain specific properties. Mr. Hamilton replied no. The change itself would not provide the Department with any greater authority than it already has. Mr. Hamilton explained in more detail the authority the Department has now etc. Mr. Gagne had a question (relative to revaluations done every 5 years) about whether the DRA can make specific requirements within a contract from a city/town on how that gets done or even require that it be contracted out. Mr. Hamilton replied that the DRA does not require the content of appraisal contracts - only in a limited circumstance (BTLA). Mr. Gagne then asked another concern of the assessing community: would this change allow the DRA to require that every appraisal that is done for abatement work be compliant with USPAP. Mr. Hamilton replied that the DRA has no role in the regulation or reporting of appraisals for abatement work within a community. The DRA's role is to assure that appraisals are done by certified personnel to do appraisal work etc. Mr. Gagne then stated that he had sent out a series of questions to assessors via "list serve". He was looking for feedback citing specific concerns and specific examples. He heard back from one person. Mr. Tom Thomson asked about "unique and special properties" and "what is percent of special properties" etc. Mr. Jim Wheeler questioned about amending Section I etc. and wording of amendment(s).

Mr. Eric Stohl then asked Mr. Hamilton to confirm that if Standard 6 is struck, that does not mean that the DRA will have "more power". Mr. Hamilton confirmed that is true, the DRA would not have more power. Mr. Stohl then asked for Mr. Hamilton to confirm that if Standard 6 is struck, the DRA cannot do anything more than they currently do – it would be the Board's job to come up with how things would then be handled. Mr. Hamilton replied "exactly". Ms. Noel advised that she did have responses when she put it out on list serve and is

concerned this will be an expensive endeavor (cost & personnel) and is unconvinced that the NH DRA will have more power with this change and if there is a real basis for this change. Mr. Hamilton reiterated this is about 21-J:14-b I. (c). Ms. Loren Martin advised she also had a tremendous amount of feedback through list serve and feels the NH DRA will have more power after the change. Mr. Hamilton commented on monitoring and stated that monitoring has its own set of rules and has its own rulemaking authority. This would not impact the monitoring correspondence. This is only about the assessment review process etc.

Ms. Rosann Maurice-Lentz is not comfortable that the DRA would have the authority to tell the community they have to do a Standard 1 and Standard 2 report in order for the revaluation to be compliant – she is against that. She is not against the municipality and the assessor in that municipality having the back up where they can present their report to the DRA and request that they (DRA) review for compliance. She is very concerned about this going before the legislature. She also stated that non-compliant reports DO affect value and explained. She doesn't support this 100% but she does support a review of the report. Chairman Gerzon asked Ms. Maurice-Lentz what she would have the DRA review work product against. Ms. Rosann Maurice-Lentz replied DRA already has the standards, they have USPAP. Mr. Hamilton replied that the DRA has the Standard that is adopted by the Assessing Standards Board (assessment review process).

Mr. Scott Dickman addressed the comment about the *amicus brief*, the DRA resisted to protect the confidentiality of the documentation. He also spoke of “universe of properties”, Standard 6 and stand alone properties, Mr. Brennan and the primary of USPAP. He stated that Mr. Brennan was very clear in reminding that the primary function of USPAP is to guarantee/optimize the necessity to produce a credible appraisal. The DRA only wishes to ensure and protect the rights of every taxpayer large and small throughout the state. Mr. Eric Stohl responded regarding HB1206; those words are his – he crafted them and wished he had originally listened to Mr. Dickman.

Ms. Noel and Ms. Maurice-Lentz briefly discussed Ms. Maurice-Lentz's comments. Ms. Noel responded to Mr. Wheeler's thoughts. Mr. Hamilton and Ms. Patten discussed the DRA's role. Mr. Rick Vincent felt the simplest solution is “Section 1 e”....(from Ms. Noel). Chairman Gerzon then read the proposed change, 21-J:14-b I. (e) into the record. Ms. Patten felt that (e) should refer to USPAP to save on future confusion etc.

Ms. Barbara Reid commented on 21-J:11 Appraisals of Property for Ad Valorem Tax Purposes, Rev 601.35 “Monitoring”, Rev 609.05 DRA Final Monitoring Report and her concern the changes could be interpreted “very broadly”. Mr. Hamilton replied that is under “*Monitoring*” which is under a separate statute, a separate process – not under the assessment review process that the ASB creates the standards for etc. Ms. Reid and Mr. Hamilton then discussed.

Mr. Mark Stetson spoke of special use properties, communities respectful of the DRA's recommendations and towns that have given him (Avitar) the go ahead to speak on their behalf against Standard 6 being eliminated. Mr. Hamilton asked Mr. Stetson whether the information that Mr. Stetson sent out to listed municipalities for their opinions included information that Mr. Hamilton had sent out to the ASB members that would “give some balance to the description of the consideration of the issue in front of the board?” Mr. Stetson answered that he believed there was some balance in some communications that went out. Mr. Hamilton asked if copies of those communications could be provided for the Board's review. Mr. Stetson replied he may not have them with him but he was sure they could obtain them.

Ms. Judy Silva spoke of her concerns regarding what is the scope, properties at market value and getting to the end result – market value. Mr. Hamilton responded that many of those properties are located in many different locations. Ms. Silva asked if this was properties or taxpayers. Mr. Hamilton answered that when he talks of 2 or 3 dozen, he's talking of taxpayers - taxpayers' property. He then spoke of mass appraisal technique, process does not equal value, utility properties, how the Supreme Court looked at property, equalization process etc. Chairman Gerzon spoke of us now being in “a different genre” in trying to make the whole process of the property tax fair, equitable, transparent, accountable and uniform for all taxpayers to operate and understand.

Ms. Kathy Temchack spoke of her confusion regarding 1% properties, different input etc and she would like to know which properties those are and what type of properties they are. She feels more needs to be put into this before making a change.

Mr. Jim Michaud feels it is all “overreach” and is concerned about putting all 8 USPAP standards in including

personal property etc. – he feels this is a lot to bring into the law in the state without debate etc. He spoke of utility, scope, transparency gaps, process set up, MS-1 etc. Mr. Hamilton said that the DRA does complete the utility property appraisals for every utility that is subject to the utility property tax. Taxpayers receive a copy of an appraisal report upon request of the DRA; due to the confidentiality laws under 21-J:14 the DRA is prohibited from providing taxpayer information to the public. He advised that the DRA does comply with USPAP Standard 3 in its reviews of Standard 6 appraisals. Mr. Jim Michaud asked about the process in that if someone disagrees – what rule/law would an appraiser go to in order to work through due process. Mr. Hamilton advised there is no penalty for a report not complying – there is simply a letter identifying the area of deficiency. Mr. Michaud disagrees there is no penalty – he feels a letter (from the DRA) does have power of its own. He also spoke of his concern that the appraiser doesn't get a copy of the final UPSAP report, it goes to the municipality; it doesn't go to the contractor etc. Mr. Hamilton explained the procedure: when the report is completed under Standard 6 currently, a copy is provided to the municipality and the DRA. The DRA undertakes a review of the report that is provided and provides feedback to the author of the report directly, not to the municipality, and spoke more in depth on this procedure. Mr. Scott Dickman spoke to "overreach" and professional obligations to adhere to USPAP etc. Mr. Dickman and Mr. Michaud briefly discussed. Mr. Gagne stressed reading (c) – dropping the reference to Standard 6 does not add all those standards to the requirements of what they do etc. It says they are going to establish standards and revaluations based on the most recent edition of USPAP. It doesn't mean they're adopting standards for personal property appraisals - Mr. Michaud interjected "it allows for that, right?" – to which Mr. Gagne replied it allows for that and he thinks that's a good thing. He agreed with Mr. Stohl that accepting USPAP Standard 6 was a mistake in the first place. He doesn't want to go "part way" and revisit all of this again down the road. He further said if dropping the reference to Standard 6 happens, then they'll have the tools they need to adopt Standards for that. Mr. Gagne turned to Ms. Noel's handout and advised "this may be a direction that is more palatable to more people" but he questioned the word "willfully" (e) – he felt it should be removed. He and Ms. Noel discussed. A discussion then followed with Mr. Hamilton, Ms. Noel and Ms. Patten regarding USPAP being eliminated in the reference etc. Representative Mark Proulx also does not agree that removing Standard 6 is "overreaching".

Chairman Gerzon moved to adjourn; and Representative Proulx seconded.

Respectfully submitted,

Elizabeth McGill

Municipal and Property Division
NH Department of Revenue Administration

All meetings are recorded and are available upon request.

Documentation relative to the Assessing Standards Board may be submitted, requested or reviewed by:

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