

1 **Assessing Standards Board**  
2 **Subcommittee to Review**  
3 **Payments In Lieu of Taxes**

4  
5 **DRAFT**

6 **DATE:** April 12, 2024

**TIME:** 9:30 a.m.

7 **LOCATION:** NH Department of Revenue Administration, 109 Pleasant Street, Concord NH

8 **SUBCOMMITTEE MEMBERS**

9 (E) Excused

10 Robert Edwards, Municipal Official, <3,000, Chair

11 Representative Joe Guthrie

12 Joe Lessard, NHAAO, Towns <3,000

13 Betsy Patten, ASB, Public Member

14 Jim Wheeler, Municipal Official, City, Designee

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17 **MEMBERS of the PUBLIC**

18 Robert Gagne, Manchester

Emily Goldstein, ASB

19 Sam Greene, NHDRA

Tom Hughes, ASB

20 Charles Reese, ASB

21  
22 Mr. Edwards convened the meeting at 9:30 a.m. Introductions followed.

23  
24 **Minutes**

25  
26 Ms. Patten *moved to accept the February 9, 2024, minutes*; Mr. Wheeler *seconded the motion*. No discussion.

27 Chair Edwards called the motion to accept the minutes of the February 9, 2024, meeting as written. *Motion*

28 *passed unanimously.*

29  
30 **Tasks**

31  
32 Chair Edwards summarized the tasks the subcommittee created in the February meeting:

- 33
- 34 • Research New England states for standards or requirements for PILOTs.
  - 35 • Summarize properties exempt under RSA 72 including those required and/or optional.
  - 36 • Request a list of PILOTs from DRA to understand the types of properties granted a PILOT, including renewable energy facilities.
  - 37 • Determining whether there is consistency in the terms, values and payments of PILOTs and if there is a
  - 38 need to develop standards.
- 39

40 Mr. Wheeler provided a summary of statutes from the New England states relative to PILOTs.

- 41
- 42 • Maine – Does not have statutes specific to PILOTs. They have a statute that allows for municipalities to collect fees for municipal services from exempt properties.
  - 43 • Massachusetts – The focus is on economic development not necessarily tax stabilization or consistency.
  - 44 Their statutes include special tax assessment agreements (similar to a PILOT) and tax increment financing

45 agreements depending on the circumstances surrounding a project, essentially to provide a benefit for  
46 financing.

- 47 • Vermont – Uses the term tax stabilization agreements.
- 48 • Connecticut – Has PILOTs applicable to just exempt properties.
- 49 • Rhode Island – Has tax exemptions and PILOTs focused on economic development.

50  
51 Relating to the NH and Vermont statutes distributed, Mr. Wheeler, explained PILOTs in these circumstances are  
52 negotiated agreements. Both the community and company will each have a starting point, and most negotiations  
53 end up with a figure between the two, typically something different than the ad valorem tax. In both states, the  
54 governing body must present the agreement at a duly noticed public meeting, to provide the public an opportunity  
55 to speak on the matter, and then a decision is made if it is in the best interest of the public.

56  
57 The other handout relates to a white paper on PILOT considerations and model interpretation specifically for solar  
58 developments. The document considers net present value calculations, that looks at streams of revenues and  
59 expenses over the life of a project, or term, the determination of a net present value and turning that into PILOT  
60 payments over a period of years.

61  
62 Mr. Wheeler explained the company he works for begins with what the tax would be at the ad valorem value and  
63 then forecasts that across the future and comes up with a stream of tax payments. The value or payment may be  
64 negotiated. They promote the negotiation of value and what it would be over the life of the PILOT. By doing that,  
65 when the tax rate changes, the value is picked up versus having flat payments.

66  
67 Based on the information provided by Mr. Wheeler, standards do not exist for determining PILOTs. The  
68 information that is necessary to negotiate PILOTs is either unknown or is not provided to municipal assessing  
69 officials because it is considered proprietary. Municipalities therefore have to rely on companies to tell them  
70 whether a PILOT is reasonable or not. Are there standards that could be developed to provide a uniform or  
71 consistent way of determining PILOTs and would it require legislation to do so? Current NH statutes are open-  
72 ended for things like public benefit, clean energy, and not-for-profit organizations, making it difficult for  
73 municipal assessing officials to make a judgement on a PILOT.

74  
75 Mr. Lessard did not feel putting standards in legislation was the answer because they could not address all the  
76 situations that exist. The best course for smaller communities is to hire a company or assessor who values the  
77 specific type of property to determine a value as a starting point. Then find out what the company has for a value,  
78 determine the difference and begin negotiations.

79  
80 It was pointed out that if an owner wants a PILOT, they are more likely to provide the necessary information. For  
81 ad valorem purposes, the information is not typically provided to municipalities or assessing companies, when  
82 requested. This is a common issue with several property types, not just utilities.

83  
84 A couple of suggestions were offered including creating guidelines rather than standards in statute, and using  
85 income as a determining factor to calculate taxes. There are several current statutes that require properties to pay  
86 10% of their income including low-income housing tax credit and certain exempt housing properties.

87  
88 Ms. Goldstein commented on using ad valorem as a starting point in determining a PILOT for renewable  
89 generation facilities. Not all assessors or assessing contractors specialize in valuing renewable generation facilities  
90 and the cost of an appraisal is high and may cause a significant burden for the municipality. Entering into an  
91 unknown agreement of recovery costs may create a hurdle for the community who may not be willing or able to  
92 come up with those funds initially. One suggestion could be to require the company looking for a PILOT to either  
93 provide an appraisal or pay for one. This would put the ownness onto the company rather than the community.

94  
95 Mr. Hughes provided another option if it is determined that ad valorem was the starting point. Rather than  
96 focusing on income, focus on using a percentage of the tax rate, which would be more objective.

97 Mr. Gagne referenced RSA 72:23-k, that requires housing properties owned by exempt entities to pay 10% of  
98 shelter rent or the assessed value of the property multiplied by the municipal tax rate as the PILOT. If the  
99 municipality and company do not agree on a PILOT, the lesser of the two is used.

100  
101 It was noted that using an ad valorem value does open it up to appeal. Creating a PILOT is, essentially, a  
102 prospective way to avoid the ad valorem process and the threat of litigation.

103  
104 A suggestion was made to remove the voluntary payments in lieu of taxes from the report provided by DRA as  
105 they are not relevant to the topic.

106  
107 A suggestion was made that more time is needed to study the need for guidelines and to review and digest the  
108 information provided. It was also noted that it might be appropriate to wait for the results of the study commission  
109 relating to assessing power generation to see how that might impact this issue.

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111  
112 The next meeting will be held at the call of the Chair.

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114 Mr. Lessard *motioned to adjourn*; Ms. Patten *seconded the motion*.

115  
116 Mr. Edwards adjourned the meeting at 10:32 a.m.

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118 Respectfully submitted,

119  
120 Stephanie Martel, ASB Clerk  
121 Municipal and Property Division  
122 NH Department of Revenue Administration

123 All meetings are recorded and available upon request.

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

125 Telephone: (603) 230-5096 In person at:  
126 Facsimile: (603) 230-5947 109 Pleasant Street, Concord

127 Web: [www.revenue.nh.gov](http://www.revenue.nh.gov)  
128 E-mail: [asb@dra.nh.gov](mailto:asb@dra.nh.gov) In writing to:  
129 NH Department of Revenue  
130 Assessing Standards Board  
131 PO Box 487  
132 Concord, NH 03302-0487