

New Hampshire Department of Revenue Administration

Fiscal Note Quick Guide

19-0195

HB 700, *relative to valuation of utility company assets for local property taxation.*

House Ways & Means

The proposed legislation establishes a unified method of valuing the electric, gas, and water utility company distribution assets within each city or town (for purposes of local property taxation). It also establishes a 5-year implementation period. Specifically, in tax year 2020, the value of any such asset shall be a weighted average of the municipality's value for tax year 2018 (80%) and the value determined under the proposed legislation (20%). In each subsequent year, an additional 20% shall come from the value determined under the proposed legislation with a corresponding 20% reduction in the municipality's value for tax year 2018. For tax year 2024 and every tax year thereafter, the value shall be 100% determined under the proposed legislation. This proposed legislation takes effect 60 days after its passage.

The fiscal impact of the proposed legislation is indeterminable. It would affect each municipality differently depending on how the municipality's value of utility company assets for tax year 2018 compares to the value that would be determined under the proposed legislation, whether higher or lower. If the municipality's value for tax year 2018 is lower than the value that would be determined under the proposed legislation, it would experience an increase of revenues, and vice versa.

Lastly, the 5-year implementation period provided in RSA 72:8-d, VI depends on the municipality's "final locally assessed value effective April 1, 2018" (for tax year 2018). However, the proposed legislation does not specify whether "final locally assessed value" refers only to distribution assets. The municipality's value for tax year 2018 likely includes distribution, transmission, and generation assets. It is unclear whether the municipality could separate out the value by category.