MINUTES OF THE
ASSESSING STANDARDS BOARD

Approved as Written

DATE: August 18, 2017                TIME: 9:30 a.m.

LOCATION: NH Department of Revenue – Training Room, 109 Pleasant Street, Concord

BOARD MEMBERS:

Senator James Gray
Senator Bob Guida ~ Excused
Representative Peter Schmidt
Representative Mark Proulx ~ Excused
Betsey Patten, Public Member, Chair
Stephan Hamilton, NH DRA
Jim Wheeler, Municipal Official, City
Paul Brown, Municipal Official, Towns >3,000

Eric Stohl, Municipal Official, < 3,000
Robert Gagne, NHAAO, At-Large Member
Rick Vincent, NHAAO, City Official
Loren Martin, Assessing Official, < 3,000 ~ Excused
Marti Noel, NHAAO, Towns > 3,000
Len Gerzon, Public Member
Thomas Thomson, Public Member

MEMBERS of the PUBLIC:

Brian Fogg, G.E.S.
Tressa Northrop, Unitil
Scott Bartlett, Goffstown
Cordell Johnston, NHMA
Teresa Rosenberger, Devine Millimet
Joe Lessard

Jim Michaud, Hudson
Richard Barry
Tom Hughes, BTLA
Sue Golden, Concord
Charelle Lucas, G.E.S.

Chair Patten opened the meeting at 9:30 a.m.

She introduced Chairman Barry of the Science, Energy and Technology Committee and thanked him for attending the meeting. Chair Patten explained retained House Bill 324 is currently before his committee. Chair Barry explained the committee will be meeting on September 6, to consider how to proceed with all retained bills; whether to continue as a whole committee, to form a subcommittee, or to kill them. Chair Patten stated she would attend the meeting to determine what the committee decides and bring the information to the next meeting. Introductions by the members of the board ensued.

Minutes

May 26, 2017 - Chair Patten requested a motion to accept the minutes of the May 26, 2017 meeting. Mr. Brown motioned to accept the minutes and Mr. Gagne seconded. No discussion. Chair Patten called for a vote to accept the minutes of May 26, 2017 as written. Representative Schmidt and Selectman Stohl abstained. All others approved.

June 9, 2017 - Chair Patten requested a motion to accept the minutes of the June 9, 2017 meeting. Mr. Hamilton motioned to accept the minutes and Selectman Stohl seconded. No discussion. Chair Patten called for a vote to accept the minutes of June 9, 2017 as written. Representative Schmidt, Mr. Gerzon and Mr. Vincent abstained. All others approved.
June 23, 2017 - Chair Patten requested a motion to accept the minutes of the June 23, 2017 meeting. Mr. Gagne motioned to accept the minutes and Mr. Brown seconded. No discussion. Chair Patten called for a vote to accept the minutes of June 23, 2017 as written. Representative Schmidt, Selectman Stohl, Mr. Wheeler and Ms. Noel abstained. All others approved.

Mr. Hamilton and the board thanked Ms. Derosier for her effort in completing the minutes over the last few months during the utility presentations. A handout was provided to help find ASB information on the DRA website.

Matrix

Chair Patten stated due to concern expressed about members of the board meeting to discuss the information on the matrix without posting as a public subcommittee meeting being a violation of RSA 91-A; that a meeting was not held prior to this meeting.

Mr. Hamilton reiterated the purpose of the matrix was to assemble the information presented in a way to not rate, grade or determine which one was best but to organize the information heard to be able to present to the House Committee the different valuation techniques being used and how they differ from one another. Chair Patten added the Supreme Court essentially stated that all methods of valuing utility property were viable and gave the Legislature the task to decide whether they want to define how utility property should be valued or allow the ASB to come up with a standard.

A lengthy discussion took place pertaining to the definitions provided to assist with understanding the information assembled in the matrix. Mr. Thomson expressed unease relative to assessing “potential” uses of property as stated in the Rev 601.32 definition of market value and felt a property should only be assessed for the use in which it is being used. He is concerned this could be perceived as another “view tax” issue. In response, Mr. Gagne explained that assessing for the “potential” use of a property was appropriate as it pertained to determining the highest and best use of a property. After additional discussion, it was restated this information was not an attempt to recommend changes to the definitions; it was for explanatory purposes only. No changes were made to the definition of market value.

There was brief discussion pertaining to the following definitions and no changes were made: Highest and Best Use, Regulation, Approach to Value, Economy of Scale.

A brief discussion took place about obsolescence. Functional obsolescence was defined and it was suggested that the definition for economic obsolescence be included. Mr. Hamilton stated he would add the definition to the document for the next meeting.

The other definitions of Land and Public ROW, Inputs (Independently verifiable), and Method for Transparency were briefly discussed. It was suggested that “method for” be removed and the column heading state Transparency (Yes / No). Further discussion took place about potential changes to existing column headings; suggestions to add headings; and the inclusion of segment versus unit and whether it was applicable to certain columns.

Mr. Gerzon expressed regret that the board did not convene a subcommittee meeting stating it was more efficient and less contentious to have this type of discussion with a smaller group of people. He suggested expanding, broadening and adding detail to the columns in an effort to show the summation of the work that was presented. Mr. Wheeler agreed and stated the board is essentially creating a draft and rather than being critical of suggestions; it makes sense to include everything.

Chair Barry stated what the committee is looking for is the board to present the impact to the towns, state and
taxpayer. Is this a serious problem and if so, what does the board think is the best way to solve it. Chair Patten added the board and committee are looking at this situation differently; the committee is looking at the fiscal impact of what happens when one method is used versus another; the board is focusing on the assessing practices. She added it will take time but she believes a solution can be found that will be fair and reasonable for the state, towns, taxpayers and rate payers.

Mr. Hamilton suggested changing the second column “Market Value” to “Standard Market Value Definition” which is more generic and less descriptive and leaves other descriptive distinctions for columns that are more appropriate.

A discussion took place, with the agreed upon columns, and the draft matrix was completed (draft attached). It was then asked what information the committee would need and when. Chair Barry stated he would like to see rough numbers, which methods work or don’t work and the dollar impact; which methods show the lowest assessments; the highest assessments; and what characteristics are consistent. The DRA has previously provided some of this information; if more is needed, Mr. Hamilton stated the department would provide. Chair Patten stated she would attend the September 6 committee meeting to provide an update of where the board is in the process of gathering the information; to hear what they decide to do with the bill and to get a timeline for when the board would like to have the final information presented.

Mr. Michaud clarified the process by the board has been for electric utilities only. Chair Barry stated his position on this issue is for all regulated utilities. Mr. Gagne stated House Bill 324 covers and will impact more than just the regulated utilities if adopted. Mr. Hamilton suggested adding that to the communication to the committee as the board has had that discussion. Ms. Rosenberger offered for the record the issues that have been looked at for the electric utilities also apply to and affect regulated gas and water utilities.

**Next Meeting**

Friday, September 15, 2017 at 9:30 a.m. with Location TBD

Mr. Gagne motioned to adjourn. Mr. Brown seconded.

Chair Patten adjourned the meeting at 12:12 p.m.

Respectfully submitted,
Stephanie Derosier

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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