MINUTES OF THE
ASSESSING STANDARDS BOARD

Approved as Written

DATE:  December 8, 2017  TIME:  9:30 a.m.

LOCATION:  Legislative Office Building (LOB) - Room 303, 107 North Main Street, Concord, NH

BOARD MEMBERS:

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

Vacant, Municipal Official, < 3,000
David Marazoff, NHAO
Robert Gagne, NHAO, City Official
Joe Lessard, NHAO, Towns > 3,000
Loren Martin, NHAO, < 3,000 ~ Excused
Len Gerzon, Public Member
Thomas Thomson, Public Member ~ Excused

MEMBERS of the PUBLIC:

Mary Pinkham-Langer, NH DRA
Jim Belanger, Hollis
Tom Hughes, BTLA
David Grant, Unitil
Jonathan Giegerich, Unitil

Jim Michaud, Hudson
Bob Edwards, Antrim
Stephen Peucker, Hillsborough
Charelle Lucas, G.E.S.
Teresa Rosenberger, DMB

Chair Patten opened the meeting at 9:35 a.m. and welcomed those in attendance.

Minutes

October 13, 2017 - Chair Patten stated the minutes were not complete at this time.

October 19, 2017 – Subcommittee minutes were in draft format and would be brought to the next meeting for approval. It was noted that corrections needed to be made to the subcommittee members in attendance.

November 2, 2017 - Subcommittee minutes were in draft format and would be brought to the next meeting for approval. It was noted that corrections needed to be made to the subcommittee members in attendance.

Presentation - Representative Jim Belanger, Chair of the Municipal and County Government Committee

Mr. Belanger, representing himself, expressed concern about the lack of consistency when assessing businesses such as storage facilities. Some towns assess them using the income approach; others on the building value. He feels to assess them on the occupancy or income approach is inconsistent and sporadic and not indicative of their actual value. He would like to see standards created for assessing different types of businesses to promote consistency rather than legislation.
His next concern was the assessment of cell towers and the lack of consideration for depreciation when valuing them. He requested the board look at how this type of property is assessed and consider creating standards for the assessment of cell towers. He added a concern that changes are made to assessments without justification unless challenged and a property owner may never know why. Chair Patten asked if he considered the towers commercial use. He responded not entirely as the towers could be considered equipment for a company used to market their product. General discussion followed.

Mr. Gagne stated information is kept on the sales of cell property to verify assessments are reasonable. The pad sites the towers are located on are sold in order to not pay rent and that provides good information about what that land is worth; there is also information available for what cell companies are willing to pay for rent and those are helpful in determining a property’s value. Chair Patten requested information on Mr. Belanger’s property to help frame the issue and create some educational information about how this property is assessed across the state.

Mr. Hamilton offered the following information to consider. Historically, when the board has adopted standards for assessing, they have been standards about appraisal performance and documentation; there has not been an adoption of any formula for valuing property. We have under some limited circumstances recommended a formula to the legislature for them to adopt; most recently House Bill 1198 for telephone poles and conduits. We have provided standards that would anticipate greater documentation of how values were determined and what elements were considered in the valuation process. General discussion followed.

**Annual Report**

Ms. Patten addressed the draft 2017 annual report that was distributed. She asked the board to review and send corrections and/or changes to Ms. Derosier before the next meeting.

**Utility Valuation Subcommittee Update**

Ms. Patten summarized the topics discussed at the first two subcommittee meetings. She explained a list of terms with similar meanings would be created to help people understand the information being presented. She stated after the first couple of meetings that some form of the cost method appears to be the direction the subcommittee is heading. Mr. Hamilton agreed and added it appears to be where the closest understanding of the common approach to valuation may be found; using the things that can be counted, measured and applied against the cost approach.

Mr. Gagne added the sales approach does not apply to property located in 100+ towns because that property cannot be sold separately and the income approach does not apply because that property does not operate as a stand-alone commercial investment property within individual municipal borders. In order to come up with a uniform way to value property located within municipal borders is to count what is there and put value on those items separately. He feels the inventory can be reported using a standardized method; the debate will come when considering what costs to apply. Mr. Hamilton added with this one approach, you would be valuing and allocating value within a community. It was clarified the cost approach has not been recommended or voted as the way the board is heading and no changes were anticipated for RSA 83-F.

Mr. Gagne added one other point; the focus has changed. The lawmakers have chosen to create a commission and so the subcommittee and the board will continue to do their work and may need to be ready to make some points even if not asked.
House Bill 324 Update

Chair Patten stated Amendment 2017-2521 for House Bill 324, states a request to set up a commission of eight (8) members to look at three or four issues of utility property valuation including parameters. It is an aggressive schedule to be able to get through the subcommittee, the full board and the Senate however if this board is unable to provide input or a recommendation, she feels the credibility of the ASB within the Senate will be diminished. She hopes to be able to make some progress and be able to provide information, answers and education despite the time limit. It was verified the Senate will review retained bills on January 9, 2018 and information would need to be ready by April or May. A brief discussion followed.

Subcommittee Update

- Equalization – Mr. Gagne Chair
  - Other Members: Mr. Hamilton, Representative Proulx, Mr. Brown, Mr. Marazoff, Ms. Kennedy
  - Manual Updates
  - Meeting Schedule
    - January 12, 2018, 1:00 p.m. at DRA
    - February 9, 2018, 1:00 p.m. at DRA

- Assessing Manual – Mr. Gerzon, Chair
  - Other Members: Mr. Lessard, Mr. Hamilton
  - Statutory updates
  - Cell Towers
  - Meeting schedule – TBD

- Rules – Ms. Martin, Chair
  - Meeting Schedule – TBD

- Utility Valuation
  - Next Meeting - Friday, December 15, 2017, 9:30 a.m. at DRA.

Other Business

Mr. Hamilton presented the board with a copy of a certification violation and settlement agreement. Mr. Hamilton mentioned the 2016 Assessment Review results distributed at the previous meeting. He stated the department is working on a few recommendations on potential changes for the assessment review standards for the next five-year cycle and will be discussed at the next meeting. It was requested the board receive those recommendations prior to the meeting for review.

Meeting Schedule

Friday, January 12, 2018, at 9:30 a.m. at DRA
Friday, February 9, 2018, at 9:30 a.m. at DRA

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:

Telephone: (603) 230-5096
Facsimile: (603) 230-5947
Web: www.revenue.nh.gov
E-mail: asb@dra.nh.gov

In person at:
109 Pleasant Street, Concord

In writing to:
NH Department of Revenue
Assessing Standards Board
PO Box 487
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