Ms. Patten opened the meeting at 11:20 a.m.

The meeting began with a brief review of the April 6 meeting which included discussion about how to value land and land rights, opinions about whether or not there was a problem; how some utilities did not pay for land rather they offered alternatives such as free electricity for a year and the pros and cons of using original cost for valuing land.

Mr. Hamilton introduced an idea for a formula that would provide the use of local land value information that would recognize the attributes of each community by using information from MS-1 report filed every year by all municipalities. By combining the total residential and commercial land values and dividing by the combined total number of acres, this would create an average rate of value for land in each community. This process would provide for distinction between larger communities whose commercial land values may be significantly higher than the residential values; it introduces local impact and addresses location.

Three different types of land were discussed including fee, rights-of-way and occupancy of public rights-of-way. The average land value per acre would represent the fee land and value of the rights-of-way and public rights-of-way could be calculated using some kind of factors. The formula would create the appropriate weighting based on the number of commercial and residential acres in the town, which would be the starting point for all types of land being discussed. The value for the current year would be based on the previous year MS-1.

Mr. Gerzon suggested an analysis of how other states handle this issue of valuing utility land should be considered in this process. It was observed that while 35 states rely on the centralized unit method, it would be a difficult process to employ and local control would have to be given up to do that. The purpose of the weighting, in the formula submitted to the legislature and this one, would create the ability to value the property and allocate in a single step at the local level. Mr. Gerzon questioned whether the value derived by the State under RSA 83-F would equal the sum of the values of all of the communities and if not, how that would be reconciled. Mr. Hamilton followed the language in law will have to be clear that the value developed by municipalities under Chapter 72 will be different than the value derived under RSA 83-F and for this class of property the value does not reflect the highest and best use but the current use of the property and it will have to describe what that means and how the formula was constructed.

Discussion followed. Mr. Lessard did not feel that looking into how other states have solved this would be necessary. The subcommittee has determined how they do not want to proceed and has moved forward to find an acceptable solution for both the municipalities and the utilities. He added that this is an effort to find a politically
suitable and expedient resolution because this issue has been going on for too long. Mr. Hamilton added the legislature has examined the issue and information and have shown the interest to make something happen. He believes this situation can get to a place where disputes will begin to resolve themselves; where the municipalities are satisfied and there is a process to spread a tax burden fairly amongst these property owners.

Mr. Gagne stated the differences will not be known until this has been done and the results will show whether this process was a good one or if there needs to be some adjustments. He added this will be a good test for the DRA values as well but this formula follows the principles of measurable, simple and repeatable so that whoever uses this calculation with these numbers should come up with the same results. After a brief discussion, it was agreed using the MS-1 figures would be a good place to start and the factors would be the challenge.

Ms. Patten requested information from DRA and Mr. Hamilton to include two towns representing small, medium and large towns or cities to begin an analysis. Mr. Hamilton stated he would do that and added that some detailed information had been requested and received about land and land rights which he will also include to help test the sensitivity of the factors that might be applied to each.

Next Meeting

Friday, April 20, 2018 at 1:00 p.m. at DRA

Ms. Patten adjourned the meeting at 12:20 p.m.

Respectfully submitted,
Stephanie Derosier
Municipal and Property Division
NH Department of Revenue Administration

All meetings are recorded and available upon request.

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

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