Assessing Standards Board
Utility Valuation Subcommittee Meeting

Approved as written

DATE: May 1, 2018  TIME: 1:00 p.m.

LOCATION: NH Department of Revenue Administration, Conference Room 334, 109 Pleasant Street, Concord

SUBCOMMITTEE MEMBERS in ATTENDANCE
Representative Peter Schmidt, Betsey Patten, Bob Edwards, Steve Hamilton, Jim Wheeler, Scott Bartlett

MEMBERS of the PUBLIC
David Grant, Unitil, Tom Hughes, DRA, Charelle Lucas, GES, Emalie Colburn, GES, Len Gerzon, ASB, Robert Gagne, Manchester, Teresa Rosenberger, DMB

Ms. Patten opened the meeting at 1:08 p.m.

MS-1 Land Values

Prior to the meeting, the 2017 MS-1 information was distributed to the subcommittee members for review. Discussion ensued about the analysis and the following numbers: the median average was approximately $20,000; the average was approximately $40,000 and the range was $2,000 to $1,000,000 per acre. It was agreed to focus the discussion on the value of the public right-of-way only. The significant range led to a suggestion to determine a per linear foot value which would allow for the uniform and fair treatment of each community as the local values reported on the MS-1 would be used to determine the value. A minimum and maximum value, a set percentage of the local average value and the consideration of the miles of roads were also discussed. It was agreed that while the range is uncomfortable it is reflective of the differences in value within the communities of New Hampshire. The challenge was to find a way to smooth out the difference between the low and high values. Also suggested was a regional or county value similar to the low income housing tax credit program that uses a county capitalization rate calculated by the Department each year.

Discussion pertaining to the value of a right-of-way followed. The Supreme Court ruled that the public right-of-way has value and is taxable however what that value is, is not clear or been ruled on. The committee discussed whether the value determined for the public right-of-way should be used for those owned by non-regulated utility companies only or for all public rights-of-way owned by all entities including Comcast or FairPoint. It was suggested that it would be difficult to reconcile values for different entities using the same public right-of-way if there were different values determined for utility and non-utility ownership as the same ownership rights may not apply. The idea is the value determined would be used for everything.

Mr. Gerzon reiterated the importance of the 21 principles and the intent to provide a simple solution to a complicated valuation issue. He added there are two paths; (1) is to maintain the elements of market value or (2) understand what it means to be value “in use”. Discussion followed. It was suggested that there is no economic value or consideration for this land; it is essentially permission to use a location; there may be a highest and best use or a value in use but there is no evidence in either direction. It was suggested a fixed value related to the average overall value of property in a community is a good way to approximate a value for this use.
The committee agreed a good place to start would be to find the average value per acre by community using the MS-1 values and from there, calculate a per linear foot value. The purpose, at this time, is to find a value for the public rights-of-way owned by regulated utility companies. The suggestion of a range was reiterated using the median and average acreage prices determined by the MS-1 values submitted. Concern was expressed that using a range may create an additional challenge for towns as it would require a recalculation on an annual basis and the difficult explanation that may be needed that a town’s values are too high and therefore they are going to get less. It was suggested a range is not necessary if the average value is determined using the local values because it would reflect each community’s zoning and density requirements and value differences.

The suggestion was made to see if the NH DOT had information pertaining to the miles of road in the State. A brief discussion followed about the status of House Bill 324. It was reported it not passed the Senate as of today.

Next Meeting

Tuesday, May 22, 2018, at 9:30 a.m. at DRA

- Private rights-of-way and fee property
- Different types of transmission line corridors
  - Difference between FERC and Non-FERC transmission
- Utilities request update

The committee requested Ms. Lucas to ask Mr. Sansoucy if he would be willing to assist the committee with the transmission line discussion.

Mr. Edwards motioned to adjourn. Mr. Bartlett seconded the motion.

Ms. Patten adjourned the meeting at 3:06 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:

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 Administration
Assessing Standards Board
PO Box 487
Concord, NH 03302-0487