Assessing Standards Board
Regular Board Meeting

Approved as written

DATE: May 11, 2018 TIME: 9:30 a.m.

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

BOARD MEMBERS
(E) Excused absence

Senator James Gray
Senator Bob Guida (E)
Representative Peter Schmidt (E)
Representative Mark Proulx (E)
Betsey Patten, Public Member, Chair
Robert Gagne, NHAAO, City Official
Stephan Hamilton, NHDRA
Jim Wheeler, Municipal Official, City (E)

Paul Brown, Municipal Official, Towns >3,000
Vacant, Municipal Official, <3,000
David Marazoff, NHAAO, At-Large Member (E)
Loren Martin, NHAAO, Towns, <3,000
Joe Lessard, NHAAO, Towns >3,000
Len Gerzon, Public Member
Thomas Thomson, Public Member

MEMBERS of the PUBLIC

Mary Pinkham-Langer, NHDRA
Charelle Lucas, GES
Tom Hughes, DRA

Ms. Patten convened the meeting at 9:35 a.m. and welcomed those in attendance. Introductions followed.

Minutes

April 13, 2018 - Regular Board Meeting

Mr. Brown motioned to approve the minutes of the April 13, 2018, regular board meeting; Mr. Gagne seconded the motion. The spelling of Ms. Davies’ name will be corrected. No further discussion. Chair Patten called the motion to approve the minutes of April 13, 2018, regular board meeting as amended. Ms. Martin abstained. All others approved. Motion passed.

April 13, 2018 – Non-Public Session

Mr. Gerzon motioned to approve the minutes of the April 13, 2018, non-public session; Mr. Gagne seconded the motion. No discussion. Chair Patten called the motion to approve the minutes of April 13, 2018, non-public session as written. All approved. Motion passed.

Assessment Review Standards 2018-2023

Mr. Hamilton reported the results of the 2017 review are being compiled and the fourth cycle of assessment review representing 2018-2023 has begun. There are no significant changes being recommended however there are a
couple of difficulties and obstacles to mention. Concern has been expressed about a single failure point causing a community to not meet a recommended standard. This occurs most often in the smaller towns with small sample sizes. Mr. Hamilton presented a proviso to accommodate this situation, “a single sample that cause the review to not be met for this test due to the number of available records to review, the municipality will be reported to meet this standard.” The communication to the community will include detailed information about the error but for reporting standards, they will be considered as having met the standard. This would apply to a single failure point only; more than one failure will not meet the standard. Discussion ensued. It was suggested that a smaller sample size of records should be able to be maintained accurately and not have any errors however it was reasoned the assessment review standards do not anticipate perfection; that is why the percentage of records such as 85, 90 and 95 have to be met; perfection is being imposed on the smaller communities and that does not seem fair.

One other concern was expressed that reporting a community met a standard even with having an error may have a potential downside. Will that deter communities from correcting the one error knowing they met the standard? Mr. Hamilton explained this is just a refinement of the communication that will help them to feel better about our standards that we develop and the way they meet or don’t meet the standard when it’s based on such a small sample. It will contain the same information identifying any problem areas and how to best manage them; similar to a community who met most of the standards and has additional work to do. A brief discussion followed about a community that may have one failure point each within multiple categories and how that will be reported.

Discussion ensued about the proviso. Mr. Gagne motioned to insert the following statement into sections III.B.2., III, B.4.e., III.C.c.1., and D.1., “If there is a single sample that causes the review to not be met for this test due to the limited number of records in this category, the municipality will be reported to meet this standard.” Mr. Lessard seconded the motion with the understanding that the DRA will send out a letter to address a community that may have one failure in multiple categories versus one failure in one category. Chair Patten called the motion. All approved. Motion passed.

Mr. Hamilton recommended a change in sections F. and F.2., to strike the reference to “Standard 6”. Mr. Gagne motioned to strike the reference to “Standard 6” in sections F. and F.2.; Mr. Lessard seconded the motion. Chair Patten called the motion. All approved. Motion passed.

Discussion followed pertaining to reports of mass appraisals under USPAP and when they should be provided to the town and DRA. There was a consensus that in order to report the values on the MS-1, the report should be complete and once the MS-1 has been submitted to DRA, the report should be provided to the towns and DRA. Mr. Hamilton stated many reports are not filed by the current deadline of January 1 and extensions for the USPAP report are granted to about 20% of reappraisals that are occurring. For the taxpayer, January 1 is typically long after the tax bill is due.

Mr. Gagne motioned to change the date from January 1 to “within 30 days of the submission of the DRA MS-1 report” in section F.; Ms. Martin seconded the motion. It was clarified this change will be effective for the 2018-2023 assessment review period. For a community doing an update in 2018, the report will be due within 30 days of submitting the MS-1 to the DRA. Chair Patten called the motion. All approved. Motion passed.

Chairman Patten requested the document reflect May 11, 2018, as the date the standards were revised and adopted by the ASB. A brief overview of how the information will be distributed followed. Mr. Hamilton stated a brief educational session will be provided to the NHAAO, the document will be updated on the DRA website under the Assessing Standards Board and Assessment Review links, and with the minutes when distributed. In addition, a pre-review meeting is held with the municipalities prior to the assessment review process. The DRA will contact the contractors and towns who have already held their meeting to make them aware of the reporting date change.
Subcommittee Update

Chair Patten reported the utility valuation subcommittee has been working towards determining how to value land and land values. The committee has agreed to use the MS-1 information for residential and commercial/industrial land values to calculate an average per acre value, per town. Mr. Hamilton added using the MS-1 values provides a way to understand and integrate local land values in a way that is a fair reflection of the diverse communities within New Hampshire. There are three different types of land and land rights the subcommittee is focusing on: (1) the occupancy of a public right-of-way because that has been considered to be a right in property that needs to be valued at the local level; (2) property which is a right-of-way; a limited set of rights in a property; and (3) fee property; property in which all the rights are owned by the utility company. A complicating factor has been in the analysis of the private right-of-way and the differentiation between regulated distribution property and regulated transmission property; property regulated by the NH Public Utilities Commission (NHPUC) and the Federal Energy Regulatory Commission (FERC). The subcommittee has reached out to Mr. Sansoucy to help understand the important distinction between NHPUC and FERC regulated rights-of-way. Additional work to be done includes converting land area to a linear foot value to be applied against the miles of certain classes of roadway, which seems to be a practical way to overcome the occupancy of the public right-of-way.

Chair Patten indicated Mr. Sansoucy submitted a letter accepting the offer to assist the subcommittee. She added she felt it would be better to have the presentation given to the whole committee so everyone can gain a basic understanding about what the differences are. Ms. Lucas indicated tentative dates Mr. Sansoucy might be available. After a brief discussion, it was determined the next full board meeting would be scheduled for June 1, 2018, at 11:30 a.m. at DRA in the hopes that Mr. Sansoucy will be able to present on that date.

Manual Subcommittee

Mr. Gerzon reported the manual subcommittee met on May 8, 2018, and assignments of the five major topics determined were distributed among the committee members. A review of the legislative changes from 2014 to 2017 will take place and applicable updates will be made to the existing information. The anticipated completion date is the end of August and the next meeting has been scheduled for June 1, 2018, at DRA at 2:00 p.m.

An additional task was identified. Previously, it had been requested that a detailed description of the information provided on the various property record cards be added to the manual. It was requested that this item be removed from the task list.

Rules Subcommittee

Mr. Hamilton reported the rules are still in the preparation stage and the initial rulemaking notice has not been filed.

Other Business

Chairman Patten confirmed the amendment to RSA 76:21 relative to the prorated assessment for damaged buildings, added to Senate Bill 1673, passed. Senator Gray added that a public hearing was held and those who attended testified in favor of it. The Senate passed it; the House concurred with a voice vote on Thursday, May 10, and it is now on path to the Governor. He added that this was the contentious bill relating to interest rates in which a compromise was agreed upon. Mr. Thomson thanked Senator Gray for his effort. Ms. Rosenberger confirmed House Bill 324 was also concurred and is now enrolled and on the path to the Governor.

Chair Patten stated that because Mr. Wheeler could not be in attendance that the vote for the study commission member will take place with an open nomination at the next meeting.
Mr. Lessard requested a discussion about whether or not the assessment review process should include a review of the permanent exemptions for charitable, religious and education organization. He stated there are many communities who provide exemptions to organizations who are not entitled to receive one. Towns, based on their interpretation of the statute, may exempt any organization they believe is charitable. A review of the exemption definition was suggested to determine whether or not it is being followed. The applicable statutes are RSA 72:23, II.-V. and RSA 72:23-L.

Mr. Gerzon stated there is a case in process that may provide some guidance to this issue. The Marist Brothers of New Hampshire, Inc. v. Town of Effingham has gone through the appeal process and is awaiting a decision by the Supreme Court. He added this case will be a good starting point with which to work backwards from. Senator Gray suggested DRA create a sample of actual information versus working form conjecture. Mr. Hamilton offered to provide some resources to help understand the various treatments of property however land use codes for specific entities are not available. Mr. Lessard felt the statute was too loose and the room for interpretation causes inequity. There are organizations that receive an exemption in one town and are denied the same exemption in another town and many towns do not take the advice of the contract assessors and use their own judgment. After further discussion, it was agreed this topic should be added to the task list.

A discussion followed about view assessments. Mr. Hamilton stated the USPAP reporting standards have provided a way to better describe the subjective estimates that are made to come up with a value of a property. He suggested a 10-year recap as data has been collected through the equalization process and believes a meaningful review could be done. After further discussion, a review of view statistics was added to the task list.

Next Meeting

Friday, June 1, 2018, at 11:30 a.m. at the Department of Revenue Administration

Mr. Gagne motioned to adjourn; Mr. Lessard seconded the motion.

Chair Patten adjourned the meeting at 11:15 a.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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