Assessing Standards Board
Utility Valuation Subcommittee Meeting

Approved as amended

DATE:  June 8, 2018  TIME:  9:30 a.m.

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

SUBCOMMITTEE MEMBERS
*(E) Excused absence

Joe Lessard, Betsey Patten, Steve Hamilton, Jim Wheeler, Scott Bartlett, Representative Peter Schmidt (E), Bob Edwards (E)

MEMBERS of the PUBLIC

Susan Golden, Concord, Emalie Colburn, GES, Robert Gagne, Manchester, Tom Hughes, DRA

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

Minutes

Mr. Lessard motioned to approve the minutes of the April 20, 2018, meeting; Mr. Wheeler seconded the motion. No discussion. Ms. Patten called the motion to approve the minutes of April 20, 2018, as written. Motion passed unanimously.

Mr. Hamilton motioned to approve the minutes of the May 1, 2018, meeting; Mr. Wheeler seconded the motion. No discussion. Ms. Patten called the motion to approve the minutes of May 1, 2018, as written. Motion passed unanimously.

Mr. Lessard motioned to approve the minutes of the May 22, 2018, meeting; Mr. Wheeler seconded the motion. Two minor corrections were made. Ms. Patten called the motion to approve the minutes of May 22, 2018, as amended. Motion passed unanimously.

A brief summary was provided pertaining to the presentation by Skip Sansoucy at the last ASB meeting. Mr. Sansoucy explained where the types of property were reported, how they were identified and where they were located within the FERC Form 1 report. He explained in detail the FERC transmission lines and the 115 transmission lines that are part of the Eversource distribution system that will be valued under House Bill 324. He also provided information pertaining to the relationship between FERC and ISO New England and the impact of tariffs that exist. It was clarified that Eversource was the only company in NH that contained both distribution and transmission. Because of federal regulation and deregulation, a portion of Eversource’s transmissions lines are now treated as distribution and a portion are FERC tariffed.

Mr. Wheeler suggested Mr. Thomson, as the second representative of the ASB on the study commission, be invited to the subcommittee meetings. Ms. Patten stated she would invite him to the next meeting.
The valuation of the occupancy of the public right-of-way has been discussed and a formula for recommendation agreed to. The formula will convert area into per linear foot value and then a factor applied to accommodate the variations that may exist.

A discussion ensued about how to determine the value of land in fee. One suggestion was to calculate the average value per acre using MS-1 values and apply the average value to the portion of the parcel considered the primary use. Another suggestion was for the local assessor to continue valuing the land in fee and apply adjustments as needed. There were differing opinions whether or not the effort to discuss valuing land was necessary due to the lack of disputes. Some of the points made included the amount of and value for land in fee was immaterial compared to the rest of the property; there is already a process to value land including the consideration for the impact of various characteristics; the importance of completing the entire process and methodology of valuing this type of property rather than only parts of it; and land values may not be an issue now but could become one in the future.

Some pros and cons of using the MS-1 values to value land in fee were considered. Every piece of land is different and it’s an assessor’s job to determine and account for those differences; this cannot happen using an average value which will have a significant range. The consideration of using just the commercial and industrial values from the MS-1 was offered however the solution has to work for 259 very different communities; there are some communities that have no commercial property and others that only have one or two properties.

Discussion moved on to private rights-of-way, easements, and the potential impact of applying an average value to a different type of property and occupancy that occurs over backland, which to a great extent is in current use. Current use land is not included in the values being used from the MS-1 and is therefore not part of the average land values. Mr. Bartlett suggested the following formula: Average MS-1 price per acre (/) 43,560 (*) width (*) length (of right-of-way) (*) .20 (factor). He felt the 20% was a reasonable factor as it accounts for the backland and current use, as both have value that contributes to the total a value of the property. The structure of the formula was considered and essentially accepted; a lengthy discussion followed pertaining to the factor and the following thoughts were offered:

- An average backland value cannot be calculated because most of the land is in current use
- The land under the right-of-way is taxed at the current use value to the property owner
  - Caution was expressed to make sure properties were not double taxed
- The factor must consider the limitations of the use of the land with an easement
  - Permanent easement
  - As close to fee without being fee
  - Easement reflects 100% use for utility purposes
  - Remaining use for property owner is extremely limited to:
    - Roads, driveways, agriculture
    - No structure can be built

It was confirmed the land value being considered was not site value; it was the average value of all land excluding land in current use. Mr. Bartlett confirmed his calculation of backland value did reflect applicable characteristics such as topography, wetlands, accessibility, excess value and size. The factor used in this formula would have to reflect these same characteristics. Further discussion followed. It was going to be important to be able to bring to the commission the information considered and a recommendation. To do that, the members felt a little more time to review numbers to get a better understanding of backland values and how they were developed would be helpful. It was suggested to use numbers from a smaller town, medium size town and city as examples to see if the methodology makes sense and what the impact of using different factors would look like.
There was fundamental disagreement about how to value fee land. One suggestion was to use the average value per acre from the MS-1 for the primary use of the land; the other was to allow the local assessor to value the land. The subcommittee planned to discuss at the next meeting and determine whether a consensus could be reached or not. If not, both suggestions would be offered to the commission for consideration.

Next Meetings

- Utility Valuation Subcommittee - Wednesday, June 27, 2018, at 10:00 a.m. at DRA
- ASB Full Board Meeting – Friday, July 13, 2018, at 9:30 a.m. at DRA

Ms. Patten adjourned the meeting at 12:40 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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