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

The draft minutes of the July 13, 2018, meeting were not available for this meeting.

Chair Patten summarized the discussion and vote of the Board at the previous meeting to bring both recommendations submitted by the utility valuation subcommittee for the valuation of land owned in fee to the HB 324 study commission. Although the Board voted by majority vote to bring both recommendations to the commission, there was still unease among the members and after more discussion, the Board decided to continue the discussion on the valuation of land owned in fee today.

Chair Patten reported she received correspondence from Mr. Edwards, a member of the utility valuation subcommittee, and she read the following message into the record:

“I will say that if the committee resolves their differences on the land assessing aspect, I’m hopeful that the result is specific and not with factor ranges. If the committee can’t clearly define the clear criteria for precisely applying a factor choice, then I’d suggest that approach be abandoned.

My last suggestion is that the committee makes a clear recommendation. After all these months of hard study, I would hope the committee would make a recommendations and not just a listing of committee thoughts. If you don’t, I fear the commission will simply ignore all your hard work. Thanks again for letting me be on the committee.”
Land Owned in Fee

The following are the two recommendations presented to the full Board on July 13, 2018, by the utility valuation subcommittee, and voted, as amended, by the Board (8-3) to present both recommendations to the commission:

1. The average value per acre per MS-1 for primarily used land with the provision that excess land be allowed to be placed into current use assessment (RSA 79-A) if it meets criteria; and

2. Assess as if it were any other parcel of land by local assessing officials with the provision that excess land be allowed to be placed into current use assessment (RSA 79-A) if it meets criteria.

A discussion took place about the reasons for using the average value per acre per the MS-1. The recommendation was not based on achieving higher or lower values; it was to find a formula that would establish a value for a small piece of property that is part of a regulated distribution network and be able to reflect local value information. Using an average value per acre allows the local jurisdiction to value this property and to calculate a consistent, predictable result year-to-year for both municipalities and utilities. It also provides the potential for fewer disputes.

Mr. Brown presented a proposal for discussion he described as a hybrid of the two recommendations:

The local assessment of land owned by deed shall be calculated as follows:

1. Properties will be assessed as if it were any other parcel of land by the local officials, however, said assessment will not exceed the average value per acre per the MS-1 for primarily used land.

2. Utility land which otherwise qualifies may be enrolled in Current Use. All provisions of the Current Use law will apply.

3. All parcels will be assessed individually.

Some concerns raised about the proposal included a lack of provision for utilities to appeal the value of an individual parcel assessment and an upper limit of value does not promote consistency; it was also suggested this proposal provides discretion to the local assessor in the event a parcel may be overvalued using the average per acre value.

A discussion ensued about current use; the potential modification of RSA 79-A:1, of the definition of open space land to include utility land owned by deed or title by a NH PUC regulated utility or NHEC that is not used as part of the operating property. This would relocate the burden from the assessor to the taxpayer to decide whether or not to place land into the current use program. If a utility decides to put land into current use, they would accrue the benefit of current use taxation and potentially pick up the burden if they choose to develop it in the future and have to pay a land use change tax. Mr. Gerzon added he does not believe current use was ever considered by PSNH as a viable alternative. When PSNH planned to acquire land with the consultation of the NH PUC, it was for a designated, operating purpose only. A brief discussion followed pertaining to the 132-acre Concord property owned by Unitil assessed at $70,000. After some discussion and research, it was determined this parcel was in fact enrolled in current use and not used as part of Unitil’s operating property.

A discussion followed to clarify the term “primarily used land” in the first recommendation and how the excess land would be valued. Primary used land means the land used in the operation of the utility; the remaining excess land may be placed into current use, if it qualifies, or assessed the same as any other parcel. The question was raised relative to the limited rights on utility property, if those limitations would affect the ability for utility land to be placed into current use assessment. The answer was no and was compared to a property with conservation easement that limits development on a property but may still be enrolled into the current use program. There are no significant
limitations on the current use program except in the definition of open space which may need to be clarified for utility property. A brief discussion followed describing the reasons why a new subset of RSA 79-A specifically for utility property would be a good idea.

Mr. Gagne motined to drop the second recommendation: (2. Assess as if it were any other parcel of land by local assessing officials with the provision that excess land be allowed to be placed into current use assessment (RSA 79-A) if it meets criteria.), drop the [1.] and adopt the first recommendation: The average value per acre per MS-1 for primarily used land with the provision that excess land be allowed to be placed into current use assessment (RSA 79-A) if it meets criteria. Mr. Hamilton seconded the motion. Discussion followed.

Mr. Hughes asked for clarification about the excess land and how that was to be valued. At the last meeting, in the Concord example, it was implied the entire 132-acre parcel would have been assessed using the MS-1 average price per acre unless it was put into current use; it was now being stated land not used for operating purposes would be assessed as any other parcel of land. It was stated the Board is not putting words to that part of the recommendation; those are details the commission will have to work out.

Mr. Brown stated he agrees with the interpretation and hopes that the Board representatives will relay that explanation to the commission; assessing the non-primary use land will be at the discretion of the local jurisdiction.

Mr. Thomson suggested the following amendment after (RSA 79-A);”...if it meets the current use criteria.”; Ms. Patten suggested the amendment “…if it meets all the current use criteria.” Mr. Gagne accepted Ms. Patten’s the amendment; Mr. Hamilton seconded the amendment.

After further discussion, Mr. Hamilton motined to add the following sentence to the end of the recommendation: “All provisions of the current use law will apply.” Mr. Gagne agreed to the amendment; Mr. Hamilton seconded the amendment.

Mr. Gagne suggested amending the opening sentence and adding to the recommendation: “The local assessment of land owned by deed shall be calculated [by either of the following formula] as follows.” Mr. Hamilton seconded the amendment.

Chair Patten called the motion to accept the following recommendation:

The local assessment of land owned by deed shall be calculated as follows:

Average price per acre per the MS-1 for primarily used land with the provision that excess land be allowed to be placed into current use assessment (RSA 79-A) if it meets all current use criteria. All provisions of the current use law will apply.

Motion passed with a hand vote of 7 In favor; 0 Opposed; Mr. Gerzon abstained.

A few minor corrections were made to the recommendation for the Use and Occupancy of the Private Rights-of-Way:

Use and Occupancy of Private Rights of Way

The local assessment of the occupancy of [public] private rights-of-way shall be calculated by the following formula:

Average value per acre per MS-1 / 43,560 X Length of ROW X Width of ROW X Factor of .15

[Factor-range-recommended-between-.15]
Other Business

Chair Patten reported that Representative Abrami has been notified of the ASB members but has not received all of the others members for the commission and he indicated the first meeting will likely take place in August. She will forward the information of the meeting when known. He also requested to see the recommendations as soon as possible.

ASB Presentation at the NH Municipal Association Conference has been confirmed for Thursday, November 15, 2018, 1:30 - 2:45 p.m.

Next Meeting

The next meeting will be at the call of the Chair.

Mr. Gagne motioned to adjourn.

Chair Patten adjourned the meeting at 10:57 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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