Assessing Standards Board
Regular Board Meeting

Approved as written

DATE: December 21, 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
Representative Mark Proulx
Betsey Patten, Public Member, Chair
Robert Gagne, NHAAO, City Official
Thomas Hughes, NHDRA
Jim Wheeler, Municipal Official, City

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

MEMBERS of the PUBLIC

Reed Pavositi, Amherst
David Grant, Unitil
Joe Devarenne, Concord
Jonathan Giegerich, Unitil

Dwight Brew, Amherst
Laurel Boivin, Devine Strategies
Charelle Lucas, GES
Mary Pinkham-Langer, DRA

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

Chair Patten reported that Steve Hamilton has left the Department of Revenue (DRA) and welcomed Tom Hughes who has filled the position representing the Commissioner of DRA. Senator Gray was reappointed to the Board. No word has been received from the House therefore Representative Schmidt and Representative Proulx will remain on the Board until replaced or reappointed.

Introductions of the Board followed.

Minutes

Representative Proulx motioned to accept the minutes of July 13, 2018; seconded by Mr. Brown. No discussion. Chair Patten called the motion to accept the minutes of July 13, 2018, as written. Motion passed unanimously.

Representative Proulx motioned to accept the minutes of July 20, 2018; seconded by Mr. Gerzon. No discussion. Chair Patten called the motion to accept the minutes of July 20, 2018, as written. Motion passed unanimously.
Mr. Reed Panasiti, State Representative and Selectman representing the Town of Amherst, introduced himself and the Chairman of the Amherst Board of Selectmen, Mr. Dwight Brew. Mr. Brew expressed interest in item 3 on the agenda pertaining to the review of charitable, religious and educational exemptions criteria. He read the following statement:

“New Hampshire’s reliance on property tax to fund public schools and municipal governments require all businesses and homeowners to pay their fair share of property tax. While there is no doubt there are charitable organizations that deserve to be tax exempt from paying property taxes, the dollar amount of the charitable services should perhaps be taken into account and used to determine the ratio of property tax values that should be exempt from property taxes so that there is better proportionality between the charitable services provided and the tax exemption, particularly involving organizations with significant revenue and real estate holdings. Simply providing services for fees where the fees charged are equal to the market value of the services provided does not seem to meet the spirit of providing charitable services.”

Mr. Brew added that they have surveyed surrounding towns and the percentage of exemptions granted ranged from 0-100% and they would welcome some specificity. He briefly mentioned concern relating to one type of property in particular, non-profit medical centers, where some services are provided out of rented facilities that they are paying property taxes and others provided out of buildings owned by charitable organizations and are tax exempt; both provide services for fees.

Chair Patten stated the Board has briefly discussed concern about the inconsistent process of providing charitable, religious and education exemptions. A review of practices will be completed by the Board to determine whether or not changes might be needed to ensure uniform and consistent practices for all municipalities. She requested Mr. Brew submit the data they have collected as well as the statement just read to Mr. Tom Hughes at the DRA. She thanked Mr. Brew for his interest and bringing the information to the Board.

2018 Annual Report

Chair Patten distributed copies of the draft 2018 Annual Report; the Board took a few minutes to review. Mr. Gagne motioned to accept the 2018 Annual Report; seconded by Representative Proulx. Mr. Hughes suggested the following change under Assessment Review Standards Changes, “The date for submission of DRA MS-4 to USPAP Compliant Mass Appraisal Report…” Chair Patten stated she will add who the report will be sent to including the House, Senate, Governor and the State Library and how to contact the Board to the end of the report. Mr. Gagne motioned to accept the 2018 Annual Report, as amended; Representative Proulx seconded the motion. Chair Patten called the motion to accept the 2018 Annual Report, as amended Motion passed unanimously.

Mr. Gerzon inquired whether the Board had discretion to add recipients to the list of who receives the annual report and whether or not the Board felt the Board of Tax and Land Appeals (BTLA) and Superior Courts could also be sent a copy. He feels it would be relevant for them to receive the report due to the kind of work the Board has been doing over the last two years with the utility issue. After a discussion, Chair Patten stated she would send out a communication to the BTLA, Tina Nadeau at the Superior Court and the NH Municipal Association (NHMA) that the Board’s work on utilities over the past year is available on-line and in the annual report.

Chair Patten added that due to the lack of interest from municipal officials in the North Country who would like to be on the Board; with the Board’s approval she would like to reach out to the NHMA to see if they can assist with the communities in the three northern counties to see if they can find someone willing to serve. If the NHMA cannot find anyone interested, she would then request from the Governor the area from which to find someone is expanded.
**Utility Value Study Commission Update**

Chair Patten stated the Utility Study Commission she and Mr. Thomson took part in was intense at times as they met almost weekly. Mr. Hamilton, Mr. Bartlett, Mr. Geigerich and Ms. Shapiro spent additional time putting information together and providing various analyses to the Commission that assisted with the outcome that did include some compromise. The delay for Representative Abrami to file the final report was due to getting the four sets of minutes approved which was anticipated to be today. The final report will be distributed when available. Representative Abrami’s bill was still in Legislative Services and therefore not available for this meeting. Chair Patten stated Representative Abrami did say the bill closely mirrored what the Commission came up with.

She added that she did not vote on behalf of the ASB as there was no time to meet and discuss what was happening. She did agree with information based on her individual feeling of what was acceptable. Once the final report and House Bill are available, she will forward to the Board. It is in the Legislature’s hands. Mr. Thomson added that the DRA was well-represented by Mr. Hamilton. Senator Gray stated the report will also be available on the house under Statutory Committees. Representative Schmidt provided the LSR number and title of Representative Abrami’s bill: **LSR 2019-0195 Relative to the valuation of utility company assets for local property taxation.**

The LSR number for Representative Abrami’s bill is 2019-0195 and the title is relative to the valuation of utility company assets for local property taxation.

**Subcommittee Updates**

**Manual Subcommittee**

Mr. Gerzon reported the manual subcommittee has been dormant the past couple months. We have requested assistance from the DRA to compile the edits submitted by the subcommittee and that is where we are now. Once the DRA has completed its work, it will be forwarded to him for a final review. Once the final review has been completed, the subcommittee will reconvene.

**Rules Subcommittee**

As Ms. Martin was unable to attend today, Mary Pinkham-Langer of the DRA provided the update. Ms. Pinkham-Langer, Gravel Tax Appraiser for the DRA and member of the rules subcommittee, reported the anticipated timeline for the rulemaking process:

- **Fiscal Impact Statement** – submitted and received back
- December 27, 2018 or before - Submit Rulemaking Notice for Initial Proposal
- Monday, January 28, 2019 at 9:00 a.m. – Public Hearing at DRA
- Thursday, February 7, 2019 – Written comment due
  - Schedule February Regular Board Meeting to review comments; make potential changes and vote to proceed into final rulemaking
- Friday, March 1, 2019 – Submit Final Proposal
- Friday, March 15, 2019 - JLCAR Meeting
  - Will need Board representation to answer questions pertaining to the assessing requirements
  - DRA’s legal counsel Shaun Thomas will be in attendance to answer any technical questions

A request was made to send a copy of the rules with the proposed changes to the Board.
**Equalization Subcommittee**

Mr. Gagne reported the subcommittee was ready to make recommendations but held them back because one of the changes involved the Department no longer reporting utility values on individual towns. If legislation passes, the recommendations may be brought forward and voted on; if no legislative change is made, the subcommittee may need to review the recommendations before bringing them forward for a vote. This does not involve any rulemaking. He added this particular change does not have to coincide the assessment review cycle as it has to do with the equalization process only.

**Public Forum Summary**

**Low-Income Housing Tax Credit**

Chair Patten stated there was no recording taken at the public forum and she would do her best to summarize the meeting. The low-income housing tax credit report was discussed. The Board did receive a report after the first year or two but has not received one since. There is a statutory requirement that a report be submitted to the Board annually. Mr. Hughes could not speak for the reason the report was not submitted in past years however the DRA is looking to request this information on the MS-1 to collect this data as there is no current process to do so.

Mr. Gagne asked if the revisions on the MS-1 would be similar to the request for payment in lieu of tax (PILOT) information, specific properties or if it would just be a total. Mr. Hughes responded that he will review the RSA to determine the information required but he believes the assessed values need to be reported for each property. Mr. Gagne stated the assessing software does not have those properties coded so that they can be pulled into the MS-1 and that may be an issue. However, the PILOT section is manually entered on the MS-1 and these properties may need to be as well.

A discussion followed about the original intent of the statute and whether or not the information required to be collected annually will provide any insight into the impact of these properties. It does not appear there is a correlation to compare 2009 assessed values with 2019 assessed values. Mr. Hughes stated the DRA will be requesting the statutorily required information on the MS-1 Report in 2019 to provide data for the Board to review. The Board will review the data collected and determine 1) If the information provides relevant information; 2) Whether or not the time and effort put in by the municipalities to supply this information is necessary on an annual basis; and 3) Determine if a statutory change is needed.

**MS-1 and USPAP Report**

Discussion at the forum took place about the change of due date relating to the USPAP Report, how the change might affect this year’s reporting and that the DRA would be tracking the number of extensions requested and report to the Board.

**RSA 75:8 II-a. Revised Inventory**

The Board heard a concern from a taxpayer that he was being assessed for property that did not exist and the assessor had never been allowed into the property to verify. A brief discussion followed about the statutory language and intent and whether or not a statutory change should be considered to provide a legal standard versus a practice that an assessor use their best judgment when they are not allowed into a property. A suggestion was made to add this to the February meeting agenda for further discussion and for DRA to provide an interpretation of the language and intent in RSA 75:8 II-a.
RSA 76:21 Amendment

The amendment to the statute for prorated assessments for damaged buildings was briefly discussed.

Meeting Schedule

Rulemaking Public Hearing
Monday, January 28, 2019, at 9:00 a.m. at DRA

Regular Board Meetings
Monday, January 28, 2019, at 9:30 a.m. at DRA (Immediately following the public hearing scheduled at 9:00 a.m.)
- Agenda (subject to change)
  - Elections
  - Pending legislation
  - Review Low-Income Housing Tax Credit information

Monday, February 11, 2019 at 1:00 p.m. at DRA to review public comments received
- Snow Date: Friday, February 22, 2019 at 9:30 a.m.

Other Business

Mr. Hughes requested the supervisor certification requirement for experience defending values and the limited opportunities to attain this experience be added to the task list. The current requirement in rule is to have defended a value through testimony at the BTLA or superior court. The discussion that followed included a potential change in statute to provide for qualifying education in-lieu-of experience and the lack of opportunity to see the entire process including preparing for a case, gathering information, finding comparable sales and analyzing the information; whether or not to bring a suggested change to the existing proposed rules; and the occasion of assessors helping other assessors gain this experience.

After a brief discussion, it was suggested this be added to the task list under the review of certification and discussed further. Mr. Marazoff added the BTLA had a session at the annual conference and the idea of a mock trial was discussed for educational purposes. He offered to bring the idea to the NHAAO to see if the assessors are open to the idea and report back to the Board.

Mr. Gagne motioned to adjourn; seconded by Representative Schmidt

Chair Patten adjourned the meeting at 10:52 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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