Assessing Standards Board
Regular Board Meeting

Approved as written

DATE: February 15, 2019       TIME: 9:30 a.m.

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

BOARD MEMBERS
(E) Excused absence

Senator James Gray               Paul Brown, Municipal Official, Towns >3,000
Senator Kevin Cavanaugh (E)       Sherman Hallock, Municipal Official, <3,000
Representative Peter Schmidt      David Marazoff, NHAAO, At-Large Member
Representative Mark Proulx         Loren Martin, NHAAO, Towns, <3,000
Betsey Patten, Public Member, Chair    Joe Lessard, NHAAO, Towns >3,000
Robert Gagne, NHAAO, City Official Len Gerzon, Public Member (E)
Thomas Hughes, NHDRA               Thomas Thomson, Public Member
Jim Wheeler, Municipal Official, City

MEMBERS of the PUBLIC

Mary Pinkham-Langer, NHDRA     Joe Devarenne, Concord
Charelle Lucas, GES

Chair Patten convened the meeting at 9:30 a.m. and welcomed those in attendance. Introductions of the Board followed. Mr. Wheeler was in attendance by conference call due to inclement weather.

Chair Patten welcomed Sherman Hallock from the Town of Dorchester as the Municipal Official representing a municipality with a population less than 3,000.

Minutes

Mr. Gagne motioned to accept the minutes of January 28, 2019; seconded by Representative Proulx. No discussion. Chair Patten called the motion to accept the minutes of January 28, 2019, as written. Mr. Wheeler and Mr. Hallock abstained. Motion passed unanimously with two abstentions.

Mr. Gagne motioned that a roll call vote occurs on all motions when a board member conference calls in to a meeting; Mr. Brown seconded the motion. Chair Patten called the motion. Roll Call: Mr. Hallock, Aye; Ms. Martin, Aye; Mr. Brown, Aye; Mr. Hughes, Aye; Chair Patten, Aye; Mr. Gagne, Aye; Representative Proulx, Yes; Mr. Marazoff, Aye; Mr. Lessard, Aye; Mr. Thomson, Aye; Mr. Wheeler, Aye. Motion passed unanimously.

Mr. Thomson requested Mr. Hughes refer this to the Department’s legal counsel to make sure this process is correct and appropriate. Mr. Brown felt the process was correct but that the person calling in could not be considered in the quorum requirement; a quorum must be met with members in attendance. Mr. Gagne agreed.
Rulemaking Hearing

Mr. Hughes reported the rulemaking hearing was held on February 4, 2019, at the DRA. There was one person in attendance who did not offer comment. He reported himself; Ms. Patten, Mr. Gagne, and Mr. Lessard were in attendance representing the Board and Ms. Pinkham-Langer. He reported no comments have been received on the rules in the last 10 days. However because yesterday was the last day to postmark correspondence, the DRA will not move forward until verifying on Tuesday, February 19, 2019, that no comments were received.

Chair Patten stated there had been some talk on the definition of ‘sales chasing’ and she thought there would be some input at the hearing but there was none. Mr. Gagne added Ms. Pinkham-Langer did some research about what transpired when the Board defined ‘sales chasing’ and the rules are using the definition the Board adopted and that there was healthy discussion about it at the time. He has not heard anything more about it or received anything in writing or verbally with the specific issue and feels the Board can proceed.

Ms. Pinkham-Langer added the concern had mentioned the proposed definition was not consistent with the existing definition in the Assessing Manual and Equalization Manual. The definitions in the manuals are being used because the new rules have not yet been adopted. She suggested the manuals be updated with the new definition once the rules are adopted. Chair Patten asked Ms. Pinkham-Langer to identify where the changes would need to be made in each of the manuals, if and when the rules are approved by JLCAR.

Mr. Lessard motioned to move forward with rulemaking and file the final proposal if no comments are received by February 19, 2019, (postmarked by February 14, 2019), and if comments are received the Board will meet on Friday, February 22, 2019, at 11:00 a.m. to review and consider; if no comments are received, there will be no meeting; Mr. Gagne seconded the motion. Mr. Thomson asked if any changes had been made to the Certification of Assessors. Chair Patten stated a task was added to have a discussion about additional requirements however that discussion has not taken place. Ms. Pinkham-Langer added these rules were amended for clarification purposes prior to them being approved in March of 2018; no changes have been made since then. Mr. Thomson expressed some concern with the 80-hour requirement for Measurer/Listers and requested the Board review the training requirements for all certification levels. He compared these requirements to the licensing requirements of a licensed forester which are significantly more. A brief discussion followed.

Representative Proulx added that current licensing requirements are pushing people out of the different trades and the legislature and JLCAR are looking at this. If the current training requirements are preparing individuals to function adequately, the requirements may be difficult to change.

Ms. Pinkham-Langer briefly explained the changes made prior to the March 2018 approval that included clarification of levels and a new section relating to training and additional requirements for a Measurer/Lister. A suggestion was made to find ways to better identify the various components of the process and levels of certification rather than changing them; another suggestion was to add a section to the Assessing Reference Manual with this information. After further discussion, it was agreed to move forward with the proposed rules and to add the review of training and experience requirements to the task list.

Chair Patten called the motion. Roll Call: Mr. Hallock, Aye; Mr. Brown, Aye; Mr. Hughes, Aye; Chair Patten, Aye; Mr. Gagne, Yes; Representative Proulx, Yes; Mr. Marazoff, Aye; Mr. Lessard, Aye; Mr. Thomson, Aye; Mr. Wheeler, Aye. Motion passed unanimously.
Low-Income Housing Tax Credit

A discussion ensued pertaining to the reporting requirements of the low-income housing tax credit. This report has not been provided on a consistent basis and the information requested in RSA 75:1-a, is considered irrelevant. Mr. Hughes contacted Mr. Jim Menihane, Director of Multi-family Originations & Business Development at the New Hampshire Housing Finance Authority (NHHFA) to inquire what information would be helpful to them. Mr. Menihane indicated project names and addresses would be most helpful as well as whether the properties are being taxed at the 10% of their rental income or under the formula. To obtain this information, a statutory change would be required.

Suggestions for information that might be useful to report included list of properties, which of those have opted in, the number of units and values. Due to timing and required legislative change, it was suggested this be added to the task list.

Mr. Gagne motioned to add to the task list information to report on LIHTC properties and to discuss modifying the RSA for the next legislative session; Mr. Lessard seconded the motion. A discussion followed about the changes to the MS-1 relating to the information required to be reported under the current statute. It was mentioned that statute requires the information to be collected; it does not require the municipalities to provide it. A suggestion was made to provide the information as an attachment to the MS-1 rather than changing the report. Ms. Martin offered to provide the current information required by statute for those properties she is aware of within the 70 or so communities Avitar does assessing for to help the DRA complete the report. Chair Patten added she feels it is important to be able to explain the reason for the RSA change and to clarify the process and that can be accomplished through further discussion.

Chair Patten read from prior minutes explaining Selectman Stohl’s concern and reason for requesting this information, “…to show the impact on communities who have this type of property that receive this credit. The smaller communities that have properties in this program appear to suffer a significant loss in value versus the larger communities...This value needs to be made up by the other taxpayers...”

Mr. Gagne felt that during the process of discussing a change in the statute, the Board should have a more robust discussion about whether this information needs to be collected at all. He added if the NHHFA wants that information they can request it from the City of Manchester and it might be something they can do directly rather than involving this formal process through the DRA.

Chair Patten called the motion to add the task to modify the RSA for the low-income housing tax credit for the next legislative session. Roll Call: Mr. Hallock, Aye; Ms. Martin, Aye; Mr. Brown, Aye; Representative Schmidt, Abstained; Mr. Hughes, Aye; Chair Patten, Aye; Mr. Gagne, Aye; Representative Proulx, Yes; Mr. Marazoff, Aye; Mr. Lessard, Aye; Mr. Thomson, Aye; Mr. Wheeler, Aye. Motion passed unanimously with one abstention.

USPAP Filing Time

A discussion took place about the impact of changing the USPAP report filing date from 30-days after the MS-1 is submitted. Mr. Hughes distributed a report showing the percentage relating to the number of extension requests compared to revaluations performed for the years 2015-2018. The results were in 2018 24%; in 2017 15%; in 2016 20% and in 2015 14%. He explained the additional columns on the report that represented the following information: delivered on time with or without and extension; not delivered on time with or without an extension; not delivered. Because this year is still in process, the category of not delivered may include those who requested an extension and are still within their time frame to deliver.
A discussion followed about whether the information was useful to determine if the change created a hardship for those reporting. Based on the information, it was suggested no hardship was created for those who filed on time but it may create one for those who typically do not file on time. Mr. Hughes stated would have expected a big impact in the first year. He added this change went into effect in May of 2018 and not everyone may have been aware; contracts were already in place; it was presented at the NHAAO meeting but not everyone attends the meetings so there were reasons why people may not have been aware of the change. One other issue is if an appraiser is not the individual filing the MS-1 they may not know when it was submitted and when the report is due. It is his intent for the department to be more proactive next year by sending a letter including the due date and information about filing an extension once the MS-1 has been submitted.

A brief discussion followed whether this information needed to be reported again. Because of the lateness of the change, this information may not be truly representative. It was suggested to collect this same information for one more year to gather more complete data. Mr. Marazoff motioned to collect this data for 2019; Ms. Martin seconded the motion. No further discussion. Chair Patten called the motion. Roll Call: Senator Gray, Yes; Mr. Hallock, Aye; Ms. Martin, Aye; Mr. Brown, Yes; Representative Schmidt, Aye; Mr. Hughes, Aye; Chair Patten, Aye; Mr. Gagne, Yes; Representative Proulx, Aye; Mr. Marazoff, Aye; Mr. Lessard, Aye; Mr. Thomson, Aye; Mr. Wheeler, Aye. Motion passed unanimously.

A brief discussion followed about the 5-year update class and when changes are made to the information presented. As a rolling class, it was explained new information is added and the previous fifth year changes are either incorporated or dropped. There is some generic content that is there all the time but the update also includes statutory changes.

**HB 700 Update**

Chair Patten gave an update on House Bill 700. Everyone in attendance either supported the bill or had cautious no opposition; it was felt it was a compromise they could live with. There are three items to be amended or considered further:

- Buildings, warehouses and garages are to be assessed at the local level not under the formula
- Clarify “final assessed value”
- The effective date

It was the third item that caused some consternation. The Commission report recommended, “The effective date of the proposed legislation should as part of this balanced compromise in order to maximize the potential savings to the taxpayers and ratepayers, be one year after the final resolution of all pending litigation between the various utility companies and various municipalities for tax years 2018 and earlier but said effective date should be no later than 2021.” There was a comment made by a drafter of legislation that the recommendation in the Commission’s report was not allowed to be construed by statute. The current effective date is 60 days after passage. The concern with the suggested change is that it would not be effective until all outstanding court cases are resolved. Chair Patten stated she does not believe this to be an assessing issue rather a timing issue. She felt if this could not be resolved, the entire compromise could be at risk. Representative Abrami requested a subcommittee and it was granted. They will be meeting on Friday, February 22, 2019, at 9:00 a.m. Discussion followed.

Mr. Gagne felt if a date certain was not established, if it is after all the litigation is settled, it will never go into effect. His opinion was an effective date of April 1, 2020. The question about the final 2018 value; is it the final value on the bill or the final settlement or court decision in the case of an appeal? One idea to try to create some incentive to settle sooner was if there was no settlement by April 1, 2020, the final value would be the value on the tax bill. He
added that the two individuals that filed the minority reports both testified that effectively they were okay with the majority report in its entirety, including the 70 (original cost) / 30 (net book value) formula.

**Next Meeting**

Friday, February 22, 2019, at 9:00 a.m. at the LOB, Room 202 - Subcommittee on HB 700

✓ Regular Board Meeting at 11:00 a.m. – if needed. (Board will be notified Wednesday morning)

Friday, March 8, 2019, at 9:30 a.m. at the LOB, Room 303 – Regular Board Meeting

Friday, March 15, 2019, JLCAR Meeting

Friday, April 12, 2019, at 9:30 a.m. – Location to be determined – Regular Board Meeting

**Other Business**

Senator Gray brought forth the concern expressed by Mr. Haas pertaining to an assessor’s authority to report something in a residence for taxation purposes when they are not allowed inside to verify. A brief discussion ensued including statutory intent that allows an assessor to use their best judgment to report what they believe exists in a property when they are not allowed inside. It was added this belief is based on reasonable conclusions. It was suggested this question be discussed further at a future meeting to provide a response to the inquiry by Mr. Haas.

Representative Proulx **motioned to adjourn; seconded by** Representative Schmidt.

Chair Patten adjourned the meeting at 11:25 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:

**Telephone:** (603) 230-5096
**Facsimile:** (603) 230-5947
**Web:** www.revenue.nh.gov
**E-mail:** asb@dra.nh.gov

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109 Pleasant Street, Concord

**In writing to:**
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