Assessing Standards Board
Regular Board Meeting

Draft

DATE: January 10, 2020   TIME: 1:00 p.m.

LOCATION: Legislative Office Building, Room 305, 33 North State Street, Concord

BOARD MEMBERS
(E) Excused absence

1. Senator James Gray
2. Senator Kevin Cavanaugh (E)
3. Representative Peter Schmidt
4. Representative Mark Proulx
5. Betsey Patten, Public Member, Chair
6. Robert Gagne, NHAAO, City Official
7. James Gerry, NHDRA
8. Jim Wheeler, Municipal Official, City

MEMBERS of the PUBLIC

9. Paul Brown, Municipal Official, Towns >3,000
10. Sherman Hallock, Municipal Official, <3,000
11. David Marazoff, NHAAO, At-Large Member
12. Loren Martin, NHAAO, Towns, <3,000
13. Joe Lessard, NHAAO, Towns >3,000
14. Len Gerzon, Public Member
15. Thomas Thomson, Public Member
16. Tom Hughes, BTLA
17. Kristin McAllister, Tri-Town
18. Joseph Devarenne, Concord
19. Jim Michaud, Hudson
20. Sam Greene, DRA
21. Rosann Lentz, Portsmouth
22. Robert Tourigny, Neighbor Works
23. Jim Rice, Durham
24. Charelle Lucas, GES
25. Adam Denoncour, DRA

Chair Patten convened the meeting at 1:00 p.m. and welcomed those in attendance.

Introductions of the Board followed.

Minutes

Representative Proulx motioned to approve the minutes of December 6, 2019; seconded by Mr. Gagne. No discussion. Chair Patten called the motion to approve the minutes of December 6, 2019, as written. Motion passed unanimously.

Elections

Chair Patten opened the floor for nominations for Chairman. Mr. Gagne nominated Betsey Patten; Representative Schmidt seconded the nomination. No other nominations submitted. Mr. Gagne moved to close nominations; Mr. Lessard seconded the motion. Chair Patten called the motion to close nominations. Motion to close nominations passed unanimously. Chair Patten called the motion to accept the nomination for Betsey Patten as Chairman. Motion passed unanimously.
Chair Patten opened the floor for nominations for Vice Chairman. Representative Schmidt nominated Robert Gagne; Representative Proulx seconded the nomination. No other nominations submitted. Representative Schmidt moved to close nominations; Representative Proulx seconded the motion. Chair Patten called the motion to close nominations. Motion to close nominations passed unanimously. Chair Patten called the motion to accept the nomination for Robert Gagne as Vice Chairman. Motion passed unanimously.

Annual Report

The 2020 Annual Report was distributed. There were a few minor changes submitted and a suggestion to verify when the Asb rules became effective. Chair Patten asked the Board to bring any additional changes to the next meeting before approving.

Certification Subcommittee Report

Mr. Marazoff presented the subcommittee’s recommendations to the full Board.

USPAP 15-Hour Course

- The subcommittee did not recommend requiring the USPAP 15-Hour course to become an Assessor Assistant.

Assessor Supervisor Designation

- New applicants will be required to take a comprehensive classroom exam.

It was suggested this exam be the Certified New Hampshire Assessor (CNHA) exam or very similar to it. The NHAAO Certification Committee would work in conjunction with the Department of Revenue (DRA) to update and provide a review prior to the exam. The DRA will be responsible for proctoring the exam.

- Individuals who are currently certified at the level of assessor supervisor but have not taken the CNHA exam shall, upon recertification, be required to take the exam;

- Individuals who are currently certified at the level of assessor supervisor and have taken and passed CNHA exam will not be required to take the exam upon recertification;

- The exam would have to be taken for recertification within 5-years of the rule being adopted to maintain the supervisor designation; and

- The supervisor designation is not grandfathered. If an individual has the supervisor designation and either decides not to take the exam at the time of recertification or does not pass the exam; they will be downgraded to the assessor level.

After a brief discussion about the authority to participate in informal reviews; it was agreed the intent is for both an assessor assistant and an assessor to be able to participate in the informal review process. A change was previously approved by the Board to add that provision in the rules under the duties of an assessor (it already exists under the assessor assistant duties). The subcommittee discussed and were in agreement that an individual with an assessor supervisor designation is the only person that can supervise informal reviews.
USPAP Continuing Education Requirement

- The subcommittee did not recommend a change to the USPAP 5-year requirement.

The subcommittee discussed the possible disconnect between the USPAP 7-Hour Update needed once every 5-years for recertification and USPAP being updated every two years. A couple of points included:

- Minimal changes occur to Standards 5 and 6 that are applicable to mass appraisal;
- All USPAP reports must follow the most recent edition of USPAP to be in compliance; taking a course or not does not change that; and
- It would create a cost burden to the individual.

The Board received, reviewed and discussed correspondence from Christian Kuhn, Deputy Assessor in Rochester, pertaining to the proposed changes to certification and the negative consequences he feels the changes would create. Mr. Gagne stated he spoke with the assessor in Rochester and confirmed the statements made by Mr. Kuhn are his own opinions and not the opinions of the City of Rochester or their assessor.

Mr. Gagne motioned to change the requirement for supervisor status that qualifies a certified supervisor the individual needs to pass a comprehensive exam to be based on the current CNHA exam as updated by DRA and members of the NHAAO Certification Committee; seconded by Mr. Gerry. No further discussion. Chair Patten called the motion. **Motion passed unanimously.**

Mr. Gagne motioned that if an individual has taken the comprehensive exam to be a Certified New Hampshire Assessor (CNHA) they will not have to retake that exam to maintain their supervisor status; seconded by Representative Proulx. No further discussion. Chair Patten called the motion. **Motion passed unanimously.**

Mr. Gagne motioned the test would be required to be completed by all individuals currently certified as supervisor status within 5-years of the rule being adopted; seconded by Mr. Gerry. No further discussion. Chair Patten called the motion. **Motion passed unanimously.**

Mr. Gagne motioned to clarify the duties of an assessor in the rules that they can participate in informal hearings but cannot supervise them; seconded by Mr. Lessard. After a brief discussion Mr. Gagne withdrew his motion; Representative Proulx withdrew his second.

Mr. Gagne motioned that a statement be added in the rules under duties of an assessor that they cannot supervise informal hearings; seconded by Mr. Lessard. No further discussion. Chair Patten called the motion. **Motion passed unanimously.**

Mr. Gagne motioned that the comprehensive exam be 100 questions and a 70% requirement to pass; seconded by Ms. Martin. A brief discussion about a review followed. The subcommittee did include in their recommendations a review to be provided prior to the exam by the DRA and NHAAO Certification Committee. The process for not passing the exam was discussed by both the Board and the subcommittee; further discussion followed. Mr. Michaud inquired whether the test and/or the specific test results are covered under RSA 91-A:5, IV. and suggested this be looked into, possibly by revenue counsel, before a request is received. Chair Patten called the motion for the exam to be 100 questions and requiring a 70% to pass. **Motion passed unanimously.**
Mr. Gagne motioned if the individual does not pass the initial exam; they may retake the exam within 30-
days of the initial exam date. If they do not pass the exam on the retake, they will have to wait a year to take
it again; seconded by Representative Proulx. Discussion followed pertaining to when the 30-days and one-year
time period would begin. No consensus was reached and it was agreed the specific details could be discussed at a
later date. Chair Patten called the motion. Motion passed unanimously

Ms. Lentz commented that working with the subcommittee and DRA on this, she hopes everyone sees how
concerned assessors are about their certification and how much pride they take in their training, education and
certification. This process showed that assessors feel everyone should have the supervisor designation and be
tested for it because it adds credibility and taxpayer confidence in this profession. Chair Patten added the time,
education and training required for the various levels of certification up to and including supervisor will be presented
at the forum because it is important for people to understand.

Low-Income Housing Tax Credit (LIHTC)

Mr. Gagne introduced Robert Tourigny, Executive Director of NeighborWorks of NH, to speak about RSA 75:1-a,
Low-Income Housing Tax Credit (LIHTC), and explain how the program has been working for them over the past
ten years.

Mr. Tourigny submitted a letter to the Board detailing the issues that have arisen from the application of LIHTC
formula and provided a brief summary.

NeighborWorks Southern New Hampshire is a private, non-profit, community development organization whose
focus is to create affordable housing in Manchester and surrounding communities. As a taxpayer he has seen the
results over the past 10-years of utilizing this formula and how it impacts the performance of their portfolio and
ultimately the rents they charge to their tenants. The expectation when the original bill passed was that this formula
would establish uniform assessments for multi-family properties however the results have resulted in volatility and
unpredictable year-to-year swings in value based on the structure of the formula. This has been discussed with
other owners of properties of this type, assessors, local municipalities, investors and the NH Housing Finance
Authority (NHHFA) who administer this program state-wide.

Some of the concerns include:

- Variables built into the formula including:
  - Capitalization rates;
  - Vacancy rates;
- Required 10-year lock in period; and
- Lack of circuit breaker on the high end.

The circuit breaker on the low end provides assurance that organizations like this will never pay more than 10% of
gross income in taxes however without a circuit breaker on the high end, if capitalization and vacancy rates go
down, taxes can still go up considerably. It is important to keep rents stable; without having predictable costs,
providing affordable housing is very challenging. It is the hope of this organization and others that a discussion can
take place to review, apply modifications to the formula and ultimately stabilize assessments.

Mr. Gagne stated year-to-year increases of 40%, 36% and 24% respectively, occurred for three of the four
management companies in Manchester; the fourth increased 2-3% due to their allowance to expense services.
These increases occur based on inputs assessors do not control and he agreed this should be looked at and
suggested adding this to the task list. Ms. Lentz stated she is having the same issue in Portsmouth and does not
feel these properties owned by charitable organizations should be assessed using the LIHTC program; they should fall under RSA 72:23-k. She added using the vacancy and cap rates ultimately causes disproportionate assessments of these properties. After further discussion, it was determined information will be requested from the respective property owners, reviewed by a subcommittee and a recommendation prepared for the legislature. Mr. Gagne volunteered to chair the subcommittee.

Mr. Gagne motioned to add the LIHTC issue on the task list; seconded by Mr. Lessard. Chair Patten called the motion. No further discussion. Motion passed unanimously.

North Country Public Forum

A discussion followed about the information that would be provided at the upcoming public forum. Mr. Greene summarized the presentation points that included the NH Constitution Part II. Article 6, statutory authorities and the roles of the DRA and the ASB, the process of certification for assessors, the Stoddard decision and its impact on what is taxable, contributory elements of property value including views, waterfront, etc. and a brief summary of the appeal process. Mr. Gerry added a brief presentation will be given on how tax rates are set; examples of what raises and lowers tax rates on property and how credits and exemptions impact individual community tax rates.

Chair Patten clarified this forum is to address some of the concerns received at the public forum in Manchester and provide an opportunity to hear comments; it is not about hearing whether or not people like or agree with the property tax system. The charge of the ASB is to make sure the property tax system created by the Constitution and NH Statutes is followed fairly and equitably. The presentation will be kept brief and handouts will be available.

The public forum is scheduled for Thursday, January 30, 2020, at 5:30 p.m. at White Mountain Regional High School (Snow date of February 6, if needed)

Equalization Subcommittee

Mr. Gagne stated now that House Bill 700 has passed and there is a formula and a way forward with utilities, he would like to hold a meeting of the Equalization subcommittee to prepare and bring their recommendations to the full Board.

An inquiry was made as to where in the process the manual update was. Mr. Gerzon responded that the manual was complete pending the view assessment information. A copy of the draft manual and applicable changes was requested to be distributed to the full Board for review.

Legislative Update

Senator Gray summarized the following Board requests:

➢ Senate Bill 483 Relative to the property tax exemption for educational organizations.

➢ Senate Bill 484 Establishing a commission to study payments in lieu of taxes.

➢ Senate Bill 538 Establishing a commission to study property tax exemptions for charitable organizations.

Other Bills of Interest:

➢ House Bill 1237 Relative to reporting of information for utility property valuation.

- Ms. Lucas stated this bill is seeking to obtain mandatory reporting for transmission property.
House Bill 1490 Establishing a committee to study the taxation of property owners on private roads.

HB 1421 Relative to the application of the equalization rate to be used for the calculation of a property tax abatement by the New Hampshire board of tax and land appeals, the superior court, and all cities, towns and counties.

This issue is similar to current use; when values are developed, the ratio for the prior year is used because that is what is known at the time; when an appeal is filed, the current ratio is used causing abatement requests. Using the prior year ratio for both would clarify appeals. This proposal should be limited to specific properties and not abatements in general; and a clarification, the correct ratio is the median ratio not the equalization ratio (also known as the weighted mean). Ms. Lucas added they understand this bill as written does create some unintended consequences; they are looking for input for clarification to make the language better or to at least identify the issue. She welcomed comments and information to help assist with getting the language for the bill correct.

HB 1467 Relative to the taxation of commercial and residential property.

This bill is attempting to allow communities to have a different, higher tax rate set for non-residential properties; similar to Massachusetts.

Next Meeting

At the Call of the Chair

Mr. Gagne motioned to adjourn; seconded by Representative Proulx.

Chair Patten adjourned the meeting at 2:57 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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