

1 Assessing Standards Board
2 Subcommittee to Review HB 411 Proposed Legislation
3 Relating to the Equalization Rate Used for Abatements
4

5 **DRAFT**

6 **DATE:** December 9, 2022

TIME: 11:00 a.m.

7 **LOCATION:** NH Department of Revenue – Training Room, 109 Pleasant Street, Concord

8 **SUBCOMMITTEE MEMBERS**

9
10 Betsey Patten, Chair

Joe Lessard

11 Loren Martin

Robert Edwards

12
13 **MEMBERS of the PUBLIC**

14 Scott Bartlett

Chris Boldt

15 Robert Gagne

Sam Greene

16
17 Chair Patten convened the meeting at 11:05 a.m.

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19 The purpose of this meeting is to discuss concerns relating to the proposed legislative change
20 recommended by the HB 411 Commission relating to the equalization rate used for abatements. The
21 issue, one median ratio is used to determine a value; a different median ratio is used for an abatement. A
22 lengthy discussion ensued, and opinions expressed.

23
24 *“The Commission recommends that the following draft language be put forth as proposed*
25 *legislation and if incorporated, should be amended to new subsection RSA 76:16-f:*

26
27 *If an abatement is granted under RSA 76:16, RSA 76:16-a or RSA 76:17, with a determination*
28 *of market value, the market value of the property for a given tax year shall be equalized by*
29 *multiplying the market value of the property by the previous tax year’s median ratio as*
30 *determined by the Department of Revenue Administration under RSA 21-J:3. The market value*
31 *of the property shall be equalized at 100% in any tax year for which the municipality conducts*
32 *a full reassessment in accordance with RSA 75:1 and RSA 75:8-a.”*

33
34 Mr. Gagne explained his concern. The original intent of the bill related only to properties that were
35 assessed annually, in particular, utility properties. Properties that are assessed annually are required to be
36 equalized prior to being reported on the MS-1 and the only known ratio at that time is the prior year
37 ratio. All other properties, including residential, commercial and industrial, are typically valued every
38 five years and it is for these properties that this solution seems unfair. When an abatement is filed, for
39 any property, he believes the current ratio should be applied, rather than a stale ratio, so that every
40 taxpayer is treated the same. The courts have ruled when an abatement is filed, the prior year median
41 ratio be used, and the Commission’s recommendation is to do the same.

42
43 Mr. Gagne suggested that most assessors know their ratio prior to submitting an MS-1, which is
44 typically very close to the median ratio determined by the DRA and that this solution could possibly be

45 used rather than using the prior year ratio. It was acknowledged, however, that not all municipalities
46 would have the time and/or resources to be able to do that.

47
48 Mr. Bartlett stated that most communities do not assess properties at market value every year and that
49 most assess property at market value only once every 5-years, including utilities. For those in-between
50 years, a substitute value is used for utility properties. He explained the Commission's goal was to find
51 something that is fair and that applies to everybody. He does not believe in treating certain types of
52 property differently; he believes all properties should be treated the same. If every other property is
53 being assessed using the previous year's ratio, why should the properties that file an abatement get a
54 benefit that no one else does, that is discovered after the fact? He suggests valuing properties on a 5-year
55 cycle as required by the Legislature and the ASB and allow assessors the opportunity to do their work on
56 the information they know rather than force them to know the future.

57
58 Mr. Gagne suggested two ways to approach this: (1) Update values annually which is costly and not
59 reasonable; and (2) for those properties who are valued annually, set the values for those properties in
60 the year of a revaluation and keep them until the next revaluation, like all other properties, adjusting for
61 improvements when applicable. Mr. Bartlett stated the second approach does not address the problem of
62 large commercial and industrial properties, who should not get the abatements that would result from
63 doing that.

64
65 Attorney Chris Boldt, representing DTC Lawyers, explained that the Commission represented a large
66 group of stakeholders that unanimously voted for the proposed legislative change and asked that the
67 ASB support their hard work and final report and not attempt to change it. The proposal is in line with
68 the DRA's Rev rule 1907.04 that was implemented as a result of HB 700 relating to the distribution
69 assets of various utility companies.

70
71 He added that his experience includes about 15 years of utility cases, most recently an appeal and
72 decision in the City of Berlin, filed by PSNH solely because of a decrease in the City's equalization ratio
73 that went from 110.7 to 96.4, and not on the value; a value that had been used for a number of years. In
74 the Supreme Court decision, one that is not limited to utility property, it prescribes the ratio to be used
75 by the community.

76
77 This statutory change requires the use of information that is known. Every property type, including
78 utilities, residential and commercial, will have the same opportunity and same ratio applied. Many cases
79 filed at the BTLA are ratio driven; cases towns should not have to deal with. He encouraged the
80 subcommittee to recommend to the full Board to leave the language as is, to allow a process that will be
81 used equally, provide predictability for communities and allow the revaluation process to adjust as
82 necessary.

83
84 An inquiry was made about the participation of the utility representatives on the Commission. Mr.
85 Wheeler reported that the utilities did not participate.

86
87 Mr. Wheeler briefly explained the following information illustrating an example of the inequity that
88 occurs when two equalization ratios are used for utility abatements. When the property market increases,
89 utility companies consistently file abatements however in decreasing property markets, they do not as
90 they would result in owing money to municipalities; money all other taxpayers are responsible to pay.

94 An Increasing Property Market results in an abatement for PSNH of \$278,455

95

4/1/17 Market Value of Smith Hydro \$49,000,000			
	2016	2017	Difference
Equalization Ratio	110.7%	96.2%	14.5%
Equalized Value	\$54,243,000	\$47,138,000	\$7,105,000
Taxes (@ \$39.19/\$1,000)	\$2,215,783	\$1,847,338	\$278,455

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97 A Decreasing Property Market results in \$182,429 owed to the Town by PSNH

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4/1/17 Market Value of Smith Hydro \$49,000,000			
	2015	2016	Difference
Equalization Ratio	101.2%	110.7%	-9.5%
Equalized Value	\$49,588,000	\$54,243,000	-\$4,655,000
Taxes (@ \$39.19/\$1,000)	\$1,943,354	\$2,125,783	-\$182,429

99

100 Based on the information provided, Mr. Gagne stated he had no further concerns and would support the
101 proposed legislative change.

102

103 Ms. Martin *motioned to support and recommended HB 411 Report and proposed statutory change to*
104 *the full Board*; Mr. Lessard *seconded the motion*. Chair Patten called the motion. *Motion passed*
105 *unanimously*.

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107 Mr. Lessard *motioned to adjourn*; Mr. Greene *seconded the motion*.

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109 Meeting was adjourned without exception at 12:05 p.m.

110

111 Respectfully submitted,

112

113 Stephanie Martel, ASB Clerk
114 Municipal and Property Division
115 NH Department of Revenue Administration

116 All meetings are recorded and available upon request.

117 Documentation relative to the Assessing Standards Board may be submitted, requested or reviewed by:

118 Telephone: (603) 230-5096

In person at:

119 Facsimile: (603) 230-5947

109 Pleasant Street, Concord

120 Web: www.revenue.nh.gov

121 E-mail: asb@dra.nh.gov

In writing to:

122 NH Department of Revenue

123 Assessing Standards Board

124 PO Box 487

125 Concord, NH 03302-0487