

MINUTES OF THE
CURRENT USE BOARD

DRAFT

DATE: October 9, 2014

TIME: 9:30 a.m.

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

BOARD MEMBERS:

Senator David Pierce ~ *Absent*
Stephan Hamilton, NH DRA, Chairman
Lorraine Merrill, NH Dept. of Agriculture
Nik Coates, NHACC ~ *Absent*
Tom Mullin, Assessing Official, City
Gary Karp, Assessing Official, Population <5,000
Tom Thomson, Public Member

Representative Janet Wall ~ *Absent*
Jon Wraith, UNH Life Science & Agriculture
Susan Francher, NH DRED, Forests and Lands
Lindsay Webb, NH Fish & Game
Scott Bartlett, Assessing Official, Population >5,000
David Tellman, Public Member, Forest Land
Chuck Souther, Public Member, Farm Land ~ *Absent*

MEMBERS of the PUBLIC:

Mary Pinkham-Langer, NHDRA
Linda Kennedy, NHDRA
Robert Johnson, NH Farm Bureau

David Cornell, NHDRA
Jonathan Horton, DRED, Forests and Lands
Tanya Tellman

Chairman Hamilton convened the meeting at 9:30 a.m.

Introductions followed.

Chairman Hamilton briefly explained the annual process of establishing the proposed ranges of value, the scheduling of three public forums to receive input from the public and the rulemaking process through the Joint Legislative Committee on Administrative Rules (JLCAR).

Minutes

Mr. Wraith *motioned to accept the minutes of the January 6, 2014, rulemaking hearing as written*. Mr. Karp *seconded the motion*. No discussion. Chairman Hamilton called the motion to accept the minutes of January 6, 2014, as written. *All approved*.

Forestry Subcommittee Report

Ms. Francher provided minutes from the August 25, 2014, forestry subcommittee meeting where the proposed assessment ranges for the forest land categories for current use were discussed. A handout, provided by Mr. Dickman of the DRA, was distributed illustrating three scenarios of ranges including a 40% discount rate between the forest land and stewardship categories which was adopted last year; a 35% discount rate and a model run using the expense category applied in prior years. The discussion included the unreliability of the limited amount of expense data received and the application of that data to landowners statewide. It is the forestry subcommittee's recommendation for the board to adopt the ranges using the 40% discount rate.

Ms. Francher explained there was no hard data to support the 40% discount; however, it was discussed and agreed by the board last year that despite the lack of data, this percentage provided for a reasonable discount and acceptable difference between the forest land and forest land with documented stewardship categories. She asked the board to have this discussion once again understanding this is not a percentage discount based on hard data.

Additionally, Ms. Francher stated the Forest Inventory and Analysis (FIA) information used in the model will be changing from a 5-year cycle of information to a 7-year cycle due to funding issues. It is the intent that new FIA data will be released annually; however this means the board cannot rely on having a full panel of data for 7-years. A discussion will need to take place about how to deal with this change in data flow. This year, the data has been delayed and the subcommittee has used last year's full panel of data and included that as the next point in this rolling average of information used from FIA. Using the 40% stewardship discount, the category midpoints for the two sets of ranges would be as follows:

Forest Land Midpoints

White Pine \$128.97; Hardwood \$52.59; All other \$37.74

Forest Land with Documented Stewardship Midpoints:

White Pine \$77.38; Hardwood \$31.55; All other \$22.64

A brief discussion took place pertaining to concerns that have been raised over the past few years including the diminishing benefits of stewardship and the lowest value being less than \$20 per acre. The board has discussed the benefits and difficulties in applying separate valuation models for the different categories as well as ways to improve how the difference between the forest land and stewardship categories are explained.

Mr. Bartlett raised a concern relating to transparency due to USPAP-compliant reports not being completed and therefore not allowing the public to see what is being done. He does not believe it would be difficult to produce a report that could be presented to the board and made available to the public. Mr. Thomson stated the board has provided information to the public through the public forums, particularly throughout the transition from the old to the new model, to keep them informed of the process. Chairman Hamilton added more effort into education would be beneficial and is something the board can continue to work towards.

After a brief discussion, the board agreed the use of the available FIA data in the model was acceptable and that the 40% discount rate did provide for stability and protection of the benefit of stewardship. Ms. Francher noted the assessment ranges are calculated using 20% above and below the midpoints determined by the model.

Ms. Francher ***motioned for the assessment ranges for the forest land categories for white pine be \$103-\$155, hardwood \$42 - \$63, and for all other \$30-\$45 and for the documented stewardship categories for white pine \$62-\$93, hardwood \$25-\$38, and all other \$18-\$27.*** Mr. Bartlett ***seconded the motion.*** No further discussion. Chairman Hamilton called the motion. ***All approved.***

Proposed Farmland Assessment Range

Commissioner Merrill summarized the information provided by Michael Sciabarrasi, Extension professor-business management specialist for UNH Cooperative Extension, and recommended keeping the current use farm land assessment range at \$25-\$425 per acre.

Reports released this year from the 2012 Agricultural Census, conducted every five years, showed a 24% decrease in cropland, a 7% reduction in pastureland and an average net income per farm of -\$2,286. Despite the decline in numbers, the recommendation to keep the rates stable is to maintain a long-term look at the production of the income-producing capability of farmland.

Commissioner Merrill ***motioned for the farmland assessment range for the 2015 tax year be \$25-\$425 per acre.*** Mr. Thomson ***seconded the motion.*** No further discussion. Chairman Hamilton called the motion. ***All approved.***

Election of Chairman

Mr. Thomson ***nominated Mr. Hamilton as Chairman of the Current Use Board.*** Commissioner Merrill ***seconded the motion.*** No other nominations were made. Chairman Hamilton called the motion. ***All approved.***

Unproductive / Wetland Assessment

Mr. Bartlett *motioned for the initial assessment of the unproductive and wetland categories to be \$18 per acre.*
Mr. Karp *seconded the motion.* No further discussion. Chairman Hamilton called the motion. *All approved.*

Fall Public Forums

Tuesday, November 18, 2014 at 6:00 p.m. – Location TBD

Thursday, November 20, 2014 at 6:00 p.m. – Location TBD

Monday, November 24, 2014 at 9:30 a.m. – NH Department of Revenue Administration, 109 Pleasant Street, Concord. *To be followed by a Regular Board Meeting.*

Other Business

A discussion took place whether or not to add a brief educational element to the public forums in order to improve understanding of how the current use program, through equalization, apportionment and the various taxes, affects individuals and communities. It was suggested to present additional information in small portions at the public forums in order to keep the focus on current use issues but to allow for additional conversation to improve understanding of related issues.

When is Agricultural Land Considered Changed In Use?

A discussion took place about concerns, in particular with farm and agricultural land but may include forest, of when to issue a land use change tax (LUCT). Do temporary structures such as high-tunnel greenhouses or moveable a-frame pig shelters, compost piles and mud pits, parking for events held once or twice a year or a corn maze, require a LUCT? Does the law exclude economic benefit from current use?

Chairman Hamilton proposed forming a subcommittee to draft a section for the current use handbook to address the evolving agricultural technologies that may or may not impact farm and forest land and to come up with a few examples that may help an assessor address the majority of situations, including those discussed today. The following members volunteered to be on the subcommittee: Chairman Hamilton, Commissioner Merrill, Mr. Bartlett, Mr. Thomson, Ms. Pinkham-Langer and Mr. Karp. Commissioner Merrill suggested Mr. Souther, who was not in attendance, might be interested. Chairman Hamilton welcomed public participation as well.

Mr. Bartlett *motioned to adjourn.* Commissioner Merrill *seconded the motion.*

Chairman Hamilton adjourned the meeting at 11:27 a.m.

Respectfully Submitted, Stephanie Derosier

NH Department of Revenue Administration – Municipal and Property Division

Documentation relative to the Current Use Board may be submitted, requested or reviewed by:

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