

MINUTES OF THE
ASSESSING STANDARDS BOARD

Approved as Written

DATE: November 30, 2015

TIME: 9:30 a.m.

LOCATION: Legislative Office Building – Room 304, 107 North Main Street, Concord NH

BOARD MEMBERS:

Senator Bette Lasky ~ *Absent*

Senator Regina Birdsell

Representative Peter Schmidt

Representative Mark Proulx

Stephan Hamilton, NHDRA

Len Gerzon, Public Member, Chairman

Jim Wheeler, Municipal Official, City ~ *Absent*

Paul Brown, Municipal Official, Towns >3,000

Eric Stohl, Municipal Official, < 3,000 ~ *Absent*

Robert Gagne, NHA AO

Loren Martin, Assessing Official, < 3,000

Marti Noel, Assessing Official, > 3,000

Betsey Patten, Public Member

Thomas Thomson, Public Member

Representative Patrick Abrami ~ Absent

MEMBERS of the PUBLIC:

Rick Vincent, City of Rochester

Mary Pinkham-Langer, NHDRA

David Cornell, NHDRA

Ellen Scarponi, Fairpoint

Scott Dickman, NHDRA

Maura Weston, Weston & Assoc.

Michael Licata, Liberty

Mark Lambert, Unutil

Jon Block, Pierce Atwood

Bob Dunn, NHEC

George "Skip" Sansoucy

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

Introductions commenced with Chairman Gerzon who advised that he would not be a participant in the discussion if it is industry specific to either the telecom or utility industry although he may consider participating as a public member in a broader discussion.

Minutes of October 15th and 16th, 2015

Chairman Gerzon deferred to Ms. Betsey Patten for the sub-committee minutes of October 15th as it is unlikely the sub-committee will re-convene again at this time. Ms. Patten asked Representative Schmidt if he would like to make a motion; ***Representative Schmidt made a motion to accept the minutes as submitted, Ms. Patten seconded. All approved, motion passed to accept the minutes of October 15, 2015. Chairman Gerzon then asked for a motion to approve the October 16, 2015 minutes. Mr. Bob Gagne advised yes but he had comments. Representative Mark Proulx seconded.*** Mr. Gagne advised that he no longer represented the city, he is now the *at large* NHA AO representative. Marti Noel should be listed as Assessing Official representing municipalities greater than 3,000 and Loren Martin should be listed as Assessing Official representing municipalities less than 3,000. Paul Brown also advised he removed himself as a member of the public as he is listed both on the board and a member of the public. ***Chairman Gerzon then moved for a motion to approve the minutes as amended. All in favor, and the motion passed to approve the minutes of October 16, 2015.*** The minutes of November 12th and November 20th will be forthcoming.

Discussion of HB 547 Letter to Towns

Chairman Gerzon read into the record the letter submitted to the towns for missing information. Mr. David Cornell then did a synopsis of the responses received. Mr. Cornell advised that every community is using the

cost approach. There is a difference in how they're starting in some communities, i.e. industry indexes, company's figures etc. He advised also, that there was a difference regarding depreciation. Mr. Gagne asked which towns responded and Mr. Cornell stated Avitar (5 towns), Goffstown (Scott Bartlett), Moultonborough (Gary Karp). He further advised that CNP (Campton) notified that they were working on collecting the information as was Cross Country (Nelson and Pittsfield). Ms. Betsey Patten recapped the steps taken to meet Senator Boutin's deadline. Mr. Stephan Hamilton gave a presentation of the background of the pole assessing issues. Mr. Gagne advised of some known inputs, but asked Mr. Hamilton what would be the proposal for poles and conduits. Mr. Hamilton advised he, of course, does not have a full proposal on what that formula would look like; but he believed that is the kind of information that needs to be captured, understood and then interjected into the formula so that the same basic formula is being applied everywhere - it's the inputs which are variable and caused the wide variety of results. Mr. Hamilton also said they'd be looking into that maybe the Department - perhaps the ASB that would annually determine what the mid-point of those pole costs and range should be - using national costs services, and that they can be distilled into a single estimate or a range of value or costs. Mr. Gagne asked if something like this could be put together in time for this legislative session if something is going to happen. Senator Birdsell advised that the senate window is closed for bringing forward legislation although there is a period (possibly January) where the Senate can put through late bills. Representative Proulx and Mr. Gagne mentioned the placeholder that is in place now. Ms. Patten stated that Senator Boutin has 192, Ways & Means, that was retained/re-referred. Mr. Paul Brown stated his concern about the relationship between telephone poles and utility poles. Some are owned individually and some are owned jointly and this sounds like it will address telephone poles but aren't utility poles next in line? Mr. Hamilton replied it is not just the pole or the conduit, with utility property it's everything - every wire, every switch, every circuit breaker every piece of property which becomes real estate. He further advised this is why it is important to make the distinction between valuing it at its highest and best use and looking at its current use. Ms. Marti Noel disagreed somewhat and advised this is her first "slippery slope" that as the ASB they need to be careful that they are not assessed by legislation for every property out there that is owned in multiple towns. Ms. Patten advised that they need to remember that there is a precedent to be able to come up with a formula that is acceptable to the industry, the taxpayer, the town and to the ASB. She believed that the best way overall is to treat the telecoms and the utilities all as utilities - but that's not how the Legislature had set up telecommunications and the utilities. Telecommunications do 60 million worth of communication service tax which goes to the general fund and utilities come up for the statewide property tax and she believed that is almost 366 million. This meant the House/Senate has come up with different kinds of formulas for different kinds of properties that were difficult to assess and what the legislation wanted to use those properties for. Ms. Patten therefore felt that they are already half way down the slippery slope. Ms. Noel replied that the telecommunication companies are an independent commercial entity - they are the same as any other commercial entity and that is where her concern is. Ms. Loren Martin replied to Mr. Brown that if the ASB came up with a methodology to value poles for telecommunications it will have a trickledown effect to the electric companies as well. She used as an example that if "x" is set for a pole value for Fairpoint, she does not know how we can then value a pole for NHEC or PSNH etc. as "y". She felt that created disproportionality and had the potential to be a problem. Mr. Tom Thomson wondered if maybe the placeholder in the senate now should be to put together a committee with the ASB and come up with something concrete that involved a lot of thought vs. a rushed bill that may not be what they want. Mr. Mark Lambert of Unitil stated that one issue still remained outstanding for them is recognition of (i.e.) utility poles - the taxes based on fair market value of the asset, and he thought this may have been missed at Sub-Committee discussions. If they looked at the valuations and disparity of utility valuations over the most recent years, 100 - 250% of Unitil's net book value, there was a problem from town to town. He felt there is merit to coming up with a consistent method for valuing utility properties statewide or the problems will continue. Ms. Martin asked if this could all be addressed through ASB - the formula, a methodology, inputs or would it have to become a new law, and can a placeholder be pulled and dealt with by ASB? Ms. Patten answered that she believed that if the House and Senate allowed us to put it into rules, they would give us the authority to do that. She believed that the Senate and the House want to have a solution but the Speaker may not be happy to wait. However, if the Senate and the House will give us the tools we need and another deadline, then maybe we could do it in either rules or in legislation. Mr. Hamilton agreed and said it would require additional rulemaking authority for the board. To verify, Chairman Gerzon said the process would be (if decided as a group) to make a recommendation legislatively to gain more authority so the board can handle in one of the placeholders. Representative Schmidt advised that more authority for the board would have to come legislatively. Mr. Gagne agreed with Mr. Thomson regarding taking more time instead of rushing through for the placeholder. Mr. George Sansoucy then shared some of this thoughts and input. Mr. Gagne then stated it was time to report to the senate, and Ms. Patten confirmed that Senator Boutin is waiting and Senator Birdsell is there. Mr. Gagne asked if a motion should come from the chair of that committee or could he make a

suggestion. Ms. Patten said it should come from full ASB. Mr. Gagne asked to make a motion in the following format:

- The sub-committee and the ASB recognized there is an issue.
- The Board is working on a conceptual direction.
- That conceptual plan is not quite ready.
- The Board would like to come up with a firm solution and can do this by the next session.

Representative Schmidt advised that he would second that for discussion. Chairman Gerzon stated that the motion was made and seconded and discussion proceeded. After discussing the validity of item 3 remaining in the format, Mr. Thomson felt the Senate should know that part of the problem was because the towns would not send the information. Senator Birdsell suggested that we report it to the Senate that the board had come up with ideas but had not chosen the best idea. Mr. Gagne asked to amend his motion and take item 3 out of the format. Ms. Patten asked to add the price per pole and the letters that went out to item 1 and specify still pending based upon hearing from the towns. She also wanted to add to conceptual plan to include but not limited to inventory of poles, cost per pole, depreciation input and would like the time to work on a firm solution that we know we can get by next year. Mr. Gagne agreed. Chairman Gerzon asked Mr. Hamilton if there is going to be a direction of a cost based formula - how does he visualize that direction including the area of rights and the public right of way. Mr. Hamilton replied that they hadn't even approached that as an issue and had not been asked to address that by the Senate. Ms. Patten stated that the sub-committee was going to give that to the ASB and she thinks that if one of the placeholders needs to be used then say "let's have a study committee on reporting and what do we do with the right of way" so they can see that there is more than one issue to the telecommunication. Ms. Patten replied to Chairman Gerzon that she believed that a lot of the issue of the right of way came up from the public, and they were giving it to the board and that the issue of the right of way was not covered under 547 and they're going to "punt" the right of way to the full ASB. Ms. Patten's suggestion on this is, instead of it having it be in a report to the Senate on 547 and telecommunication we can always say "we thought of all of these things including the right of way, we thought of fair reporting" etc. Mr. Hamilton advised he had not heard enough about the valuation of the rights of way to make an informed decision. He said they're very early in their understanding of the impact there. Ms. Ellen Scarponi believed the motion is a good one and she hoped to get this done in the first session. Mr. Hamilton suggested to modify the motion to report that a solution would be forthcoming this session if available, if possible. Chairman Gerzon recapped that they are removing item 3 and instead suggested the wording to be:

- ***The sub-committee and the ASB recognized there is an issue with the telecoms.***
- ***The board has a conceptual plan of direction.***
- ***The board will work on this and attempt to have something in process for this legislative session.***

Mr. Gagne stated it was a long and arduous process with a lot of data to be reviewed. Representative Proulx agreed and liked that wording. Mr. Gagne also asked to see the letter before it is mailed. Chairman Gerzon stated he could do a draft and take in individual comments, Mr. Hamilton stated that is acceptable. Mr. Gagne asked if it would be possible to have Ms. Patten sign or at least review the letter also as chairman of the sub-committee. ***Chairman Gerzon then asked if that is the motion they will call, Representative Proulx affirmed. Chairman Gerzon asked and all were in favor – motion passed.***

Other Business

Ms. Patten suggested that the Board can decide if they want to do a continuation of the sub-committee, or a new sub-committee or as a committee as a whole. Chairman Gerzon suggested committee as a whole although he was concerned about a meeting in December. It was decided to meet on Friday, the 11th of December at 1:00 p.m.

Chairman Gerzon adjourned the meeting. The motion was seconded by acclamation.

Respectfully submitted,

Elizabeth McGill
NH Department of Revenue Administration – Municipal and Property Division

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

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