

1 Current Use Board
2 Agricultural Land Assessment Model
3 Subcommittee Meeting
4

5 **Draft**

6
7 **DATE:** July 27, 2023

TIME: 12:30 p.m.

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9 **LOCATION:** Department of Revenue - Training Room, 109 Pleasant Street, Concord NH

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11 **SUBCOMMITTEE MEMBERS:**

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13 Chuck Souther, Chair, Public Member, Agriculture
14 Representative Josh Yokela
15 Anton Bekkerman, Dean's Designee, UNH College of Life Sciences and Agriculture
16 Shawn Jasper, Commissioner, NH Department of Agriculture, Markets and Food
17 Norm Bernaiche, Assessing Official, Population >5,000
18 Tom Thomson, Public Member

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20 **MEMBERS of the PUBLIC:**

21 Robert Johnson, NH Farm Bureau Jasen Stock, NHTOA
22 Larissa Robinov Senator Ruth Ward
23 Susan Bryant-Kimball Rick Evans
24 Bradford Keith John Biglow
25 Jon Rice Tom Hughes

26
27 Mr. Souther convened the meeting at 12:30 p.m.

28 Mr. Bernaiche ***motioned to accept the minutes of the March 30, 2023, meeting;*** Representative
29 Yokela ***seconded the motion.*** There was a question whether Representative Yokela was on the
30 subcommittee or member of the public at the last meeting. It was noted that Representative Piemonte
31 was a member of the subcommittee and Representative Yokela, as his replacement, would also be. The
32 minutes will be amended to reflect Representative Yokela as a subcommittee member and removed
33 from members of the public. No other changes. Chair Souther called the motion to approve the minutes
34 of March 30, 2023, as amended. Commissioner Jasper abstained. All others approved. ***Motion passed***
35 ***majority vote.***

36 At the previous meeting, the subcommittee voted to move forward with proposed Method 2, which
37 uses a traditional economic approach of calculating agricultural land value by incorporating long-term
38 productivity measures. Mr. Bekkerman explained the process by which he compared the current
39 assessment range to a 10-year average determining a land value-to-assessment ratio that could be
40 applied annually to the current values. The challenge he posed was how to covert these annual updates
41 to assessed values. After some discussion, it was clarified that the numbers produced by the model
42 were, in fact, the values at which assessments would be made and that there wasn't a need to link them
43 to the \$25-\$425 range that has been used in many past years.
44

45 There was a question about the cap rate and whether there was a separate rate for land and buildings.
46 Mr. Bekkerman wasn't positive but would clarify. He stated he was aware of two rates, short-term and
47 long-term. The long-term rate is most used for infrastructure and land acquisition.

48 Mr. Bernaiche suggested to expect the rates to be higher. There are two parts to the implementation
49 and use of this method. The first is a 5-year phase-in using the old and new rates, both low and high
50 respectively, that will soften the impact and get us where we want to be.

- 51 • Year 1 - 80% of the old value + 20% of the new value
- 52 • Year 2 - 60% of the old value + 40% of the new value
- 53 • Year 3 - 50% of the old value + 50% of the new value
- 54 • Year 4 - 40% of the old value + 60% of the new value
- 55 • Year 5 - 20% of the old value + 80% of the new value

56 The second is to use a 5-year rolling average on price for the development of the rate to minimize
57 volatility. There is no way to predict the numbers or how they might fluctuate. It will be consistent and
58 transparent and that is the goal and intent.

59 Mr. Bekkerman added another way to decrease volatility would be to use an Olympic Average on an
60 annual basis where you drop the high and low values and average the remaining three values while
61 maintaining the integrity of the values on an annual basis. Another thought would be to extend the
62 implementation to seven or eight years instead of five to get to a market based system that reflects
63 more current income capitalized land values.

64

65 Commissioner Jasper expressed concern about changing these values annually when other classes of
66 property are changing every five years. It was noted that the timber values change annually, and these
67 values are equalized annually keeping them at the same level of assessment as other property in the
68 municipality.

69 The model is using income-producing capability and the numbers produced are without any
70 adjustment. The range of \$25-\$425 is being abandoned as it is unknown how and when the values were
71 established. The result of \$339-\$714 is, in fact, the proposed starting values. The impact will be
72 lessened using the 5-year phase-in and 5-year rolling average.

73 A brief discussion followed about addressing unproductive and wetland values. It was noted that those
74 values have always been the lowest value of all assessment ranges. No adjustments will be necessary.

75 Mr. Souther expressed concern about the low end of the farmland value going from \$25 to \$339.

76 Commissioner Japser expressed concern about the discrepancy between forest land ranges and the
77 farmland range and feels it will create a problem.

78 Mr. Thomson stated the farmland assessment range has been the same for a long time. The Board is
79 trying to create something that is transparent and defensible and can be presented to the public,
80 similar to the forest model.

81

82 Mr. Bernaiche suggested if you develop an income based formula, the numbers are what they are.
83 Inputs can be discussed. When the formula generates the numbers, politically its not to say whether its
84 right or wrong, the Board will decide. If we bring the formula to the Board that is economically based
85 and defensible, then that is what we do. The political part of it is we phase it in and if we want to do
86 something after that, we can. If there is something that tells us we should be doing something different,

87 we can cross that bridge when we get to it. The Board will receive input from the public and can adjust
88 from there, if necessary.

89
90 Mr. Bernaiche *motioned to go forward with the final outputs of the Method 2 calculations being low*
91 *of \$339 and a high of \$714, with a 5-year implementation period.* Mr. Thomson *seconded the*
92 *motion.* No further discussion. Chair Souther called the motion. Commissioner Jasper opposed; all
93 others approved. *Motion passed with a majority vote of 5-1.*

94
95 Mr. Thomson *motioned to adjourn*; Mr. Bekkerman *seconded the motion.* Chair Souther called the
96 motion. *Motion passed unanimously.*

97 Chair Souther adjourned the meeting at 1:18 p.m.

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99 Respectfully Submitted, Stephanie Martel
100 NH Department of Revenue Administration – Municipal and Property Division

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

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104 Telephone: (603) 230-5096 In person at 109 Pleasant Street, Concord
105 Facsimile: (603) 230-5947 In writing to:
106 E-mail: cub@dra.nh.gov Current Use Board
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