

Amendment to HB 324

1 Amend the title of the bill by replacing it with the following:

2
3 AN ACT establishing a commission to study utility property valuation and recommend
4 legislation to reform the current system of taxing utility property in New
5 Hampshire, and establishing a moratorium on changes to local utility property
6 valuation methodologies.
7

8 Amend the bill by replacing all after the enacting clause with the following:

9
10 1 New Sections; Commission to Study Utility Property Valuation; Moratorium on Changes to
11 Local Utility Property Valuation Methodologies. Amend RSA 72 by inserting after section 12-d the
12 following new sections:

13 72:12-e Commission Established; Utility Property Valuation.

14 I. There is established a commission to study utility property valuation and recommend
15 legislation to reform the current system of taxing utility property in New Hampshire.

16 II. The commission shall be composed of 9 members, as follows:

17 (a) One representative of New Hampshire utility companies, appointed by the chair of
18 the house science, technology and energy committee.

19 (b) One representative of New Hampshire municipalities, appointed by the New
20 Hampshire Municipal Association.

21 (c) One representative from the department of revenue administration, appointed by
22 the commissioner.

23 (d) One representative of certified municipal assessing officials, appointed by the New
24 Hampshire Association of Assessing Officials.

25 (e) One retired member of the judiciary with experience in mediation and/or utility
26 property valuation, appointed by the chair of the house municipal and county government
27 committee, or, in the absence of an able and willing retired judge, a retired member of the public
28 utilities commission appointed by the chair of house municipal and county government committee.

29 (f) One member of the public, chosen by the assessing standards board from among its
30 current or former public members.

31 (g) Two members of the house of representatives appointed by the speaker of the house
32 of representatives, one of whom is a member of the ways and means committee and one of whom is

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1 a member of the science, technology and energy committee, with each from a different major
2 political party.

3 (h) One member of the senate, appointed by the president of the senate.

4 III. Legislative members of the commission shall receive mileage at the legislative rate
5 when attending to the duties of the commission.

6 IV. The commission shall:

7 (a) Consider defects in the current system of utility property valuation, including the
8 use of different appraisal approaches or methodologies by different municipal assessing authorities,
9 the disparate valuation of comparable utility property in different towns throughout the state, and
10 the costs and other inefficiencies involved in litigating disputes over valuation between
11 municipalities and utilities.

12 (b) Recommend legislation intended to make the state's system of utility property
13 valuation more consistent across municipalities and yet still reflective of the full and fair market
14 value of utility property in each municipality, to the extent reasonably possible.

15 (c) Consider, among other factors it deems relevant, the following questions:

16 (1) Whether the "unit" method or some other uniform statewide method of valuing
17 utility property would yield fairer and more consistent results than the present system of municipal
18 valuation under RSA 75:1.

19 (2) Whether generation facilities and other custom-built properties located in single
20 municipalities should be excluded from or treated differently in legislation that might otherwise
21 mandate a specific approach or method for assessing transmission and distribution facilities and
22 other multi-jurisdictional utility network property.

23 (3) Without regard to the above, what valuation approach or combination of
24 approaches is most likely to yield valuation results that are both (i) consistent across municipalities
25 and (ii) reflective of the full and fair market value of utility property in each municipality. In
26 considering this question, the commission shall also consider whether different approaches or
27 methods are best suited for valuing different classes of utility property, or whether a single one of
28 the following valuation approaches or methods can be expected to produce results that are both
29 consistent and reflective of fair market value across various municipalities and classes of utility
30 property:

31 (A) The "modified net book value" cost approach as described in proposed
32 amendment 2017-2515h;

33 (B) Another cost approach, such as but not limited to "reproduction cost new less
34 depreciation;"

35 (C) A market or sales approach;

36 (D) An income approach;

37 (E) An approach that combines 2 or more of the above; or

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1 (F) Some other alternative approach.

2 (4) Whether the department of revenue administration would require additional
3 resources in order to effectively, fairly, and consistently appraise and value various kinds of utility
4 property located in municipalities throughout New Hampshire, if tasked with appraising and
5 valuing utility property throughout the state for purposes of local property taxation.

6 (5) What appeal process should be available to a utility or municipality that believes
7 a valuation made by the department of revenue administration or any other appraising agency has
8 not resulted in a fair market valuation of specified utility property.

9 V. The first meeting of the commission shall be called by the first-named house member,
10 who shall serve as chairperson of the commission. The commission shall meet as often as necessary
11 but no less often than monthly, and shall hear testimony from both stakeholder witnesses and from
12 independent utility property valuation experts with experience in other states. Five members shall
13 constitute a quorum.

14 VI. The commission shall receive assistance from the support staff of the house and senate
15 ways and means committees, and the house science, technology and energy committee.

16 VII. The commission shall report its findings and any recommendations for proposed
17 legislation to the speaker of the house of representatives, the president of the senate, the house
18 clerk, the senate clerk, the governor, and the state library on or before September 15, 2018.

19 72:12-f Moratorium on Changes to Local Utility Property Valuation Methodologies. Until April
20 1, 2021, assessing officials of municipalities in the state shall continue to use the utility property
21 valuation method for local property taxation within their respective municipalities that was in effect
22 on the effective date of this section. No changes to the method for determining the appraised value
23 of utility property shall be implemented without legislative authorization.

24 2 Prospective Repeal. RSA 72:12-e, relative to the commission to study utility property
25 valuation, is repealed.

26 3 Effective Date.

27 I. Section 2 of this act shall take effect September 15, 2018.

28 II. The remainder of this act shall take effect upon its passage.

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2017-2521h

AMENDED ANALYSIS

This bill establishes a commission to study utility property valuation and recommend legislation to reform the current system of taxing utility property in New Hampshire. The bill also establishes a moratorium until April 1, 2021 on changes to local utility property valuation methodologies.