

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 Hampshire.
5

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

7
8 1 New Section; Commission to Study Utility Property Valuation. Amend RSA 72 by inserting
9 after section 12-d the following new section:

10 72:12-e Commission Established; Utility Property Valuation.

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

13 II. The commission shall be composed of 11 members, as follows:

14 (a) Two representatives of New Hampshire utility companies, one from an electric
15 utility and one from a water or gas utility, appointed by the chairperson of the house science,
16 technology and energy committee.

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

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

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

23 (e) One retired member of the judiciary with experience in mediation and/or utility
24 property valuation, appointed by the governor, or, in the absence of an able and willing retired
25 judge, a retired member of the public utilities commission, appointed by the governor.

26 (f) Two members of the assessing standards board, consisting of the chairperson of the
27 board, or his or her designee, and a member appointed by the board.

28 (g) Two members of the house of representatives appointed by the speaker of the house
29 of representatives, one of whom is a member of the ways and means committee and one of whom is
30 a member of the science, technology and energy committee, with each from a different major
31 political party.

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

33 III. Legislative members of the commission shall receive mileage at the legislative rate

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1 when attending to the duties of the commission.

2 IV. The commission shall:

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

8 (b) Recommend legislation to reform the current system of municipal taxation of utility
9 property, guided by the principles and recommendations unanimously adopted by the assessing
10 standards board on February 16, 2018, intended to make the state's system of utility property
11 valuation more consistent across municipalities and yet still reflective of the full and fair market
12 value of utility property in each municipality, to the extent reasonably possible.

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

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

17 (2) What valuation approach or combination of approaches is most likely to yield
18 valuation results that are both consistent across municipalities and reflective of the full and fair
19 market value of utility property in each municipality. In considering this question, the commission
20 shall also consider whether different approaches or methods are best suited for valuing different
21 classes of utility property, or whether a single one of the following valuation approaches or methods
22 can be expected to produce results that are both consistent and reflective of fair market value across
23 various municipalities and classes of utility property:

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

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

28 (C) A market or sales approach;

29 (D) An income approach;

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

31 (F) Some other alternative approach.

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

36 (4) What appeal process should be available to a utility or municipality that believes
37 a valuation made by the department of revenue administration or any other appraising agency has

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1 not resulted in a fair market valuation of specified utility property.

2 (d) Exclude from its deliberations all generation and Federal Energy Regulatory
3 Commission (FERC) regulated transmission properties.

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

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

11 VII. The commission shall report its findings and any recommendations for proposed
12 legislation to the speaker of the house of representatives, the president of the senate, the house
13 clerk, the senate clerk, the governor, and the state library on or before November 1, 2018.

14 2 Prospective Repeal. RSA 72:12-e, relative to the commission to study utility property
15 valuation, is repealed.

16 3 Effective Date.

17 I. Section 2 of this act shall take effect November 1, 2018.

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

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2018-1070h

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.