

Senate Executive Departments and Administration Committee

Deb Chroniak 271-1403

HB 323, relative to standards for revaluations established by the assessing standards board.

Hearing Date: April 26, 2017

Time Opened: 10:51 a.m.

Time Closed: 11:04 a.m.

Members of the Committee Present: Senators Carson and Soucy

Members of the Committee Absent: Senators Reagan, Gannon and Woodburn

Bill Analysis: This bill modifies a reference to the Uniform Standards of Professional Appraisal Practice used by the assessing standards board in establishing standards for revaluations of property.

Sponsors:

Rep. Abrami

Rep. Vose

Rep. Azarian

Rep. Lovejoy

Rep. D. Thomas

Sen. D'Allesandro

Who supports the bill: Representative Patrick Abrami, Rockingham 19; Representative Dianne Schuett, Merrimack 20; Representative Michael Vose, Rockingham 9; Steven Hamilton, Director, Municipal and Property Division, Department of Revenue Administration; Henry Veilleux for Mark Lambert, Unitil; Teresa Rosenberger, Divine, Millimet, Branch, Pennichuck Water Works, New Hampshire Electric Co-op and New Hampshire Telephone Association; Ellen Scarponi, Fair Point; Stefanie Lamb, Business and Industry Association (BIA); Betsey Patten, Chairman, Assessing Standards Board (ASB)

Who opposes the bill: No one

Who is neutral to the bill: No one

Summary of testimony presented in support:

Representative Patrick Abrami

- This does not resemble the bill he originally filed. Was worked over by the House ED & A Committee.
- Regular bill addressed the powers and duties of the Assessing Standards Board.
- This bill was used as a vehicle to change one of the standards they use, and he is fine with the changes which were made.

Teresa Rosenberger (in support)

- Speaking for Pennichuck Water Works and New Hampshire Electric Co-operative.
- Legislation is a step in the right direction in solving the utility valuation problem. The ASB recommended last summer that this change be brought forward to move towards solving the utility valuation problems.

Steven Hamilton

Betsey Patten (testimony provided) (speaking first)

- Assessing is very important in the state of New Hampshire.
- The Uniforms Standards of Professional Appraisal Practice (USPAP) is the source of appraisal standards in the United States.
- Developed and maintained by the Appraisal Foundation, an organization authorized by Congress. The International Association of Assessing Officers (IAAO) and local New Hampshire Association of Assessing Officials (NHAAO) have both adopted these standards.
- In 2016 Legislature adopted HB 193, which incorporated Standard 6 into the process for appraising property using Mass Appraisal method. The method is appropriate for most of the property in New Hampshire, however, there are special purpose properties that are reviewed using Standards 1 and 2 and, currently, the Department of Revenue Administration (DRA) does not have the authority to review. Removing reference to Standard 6 (RSA 21-J:25-b, I(c) (HB 323, line 4) will give the DRA the authority to review all the special purpose property reports.
- The appropriate RSA is 21-J:14-b, I(c)

Steve Hamilton

- Uniform Standards of Professional Appraisal Practice are critical.
- Comprehensive standards which guide the principles of the development of appraisals of property for taxation and the reporting of such appraisals to the municipalities contracting with assessors and appraisers.
- The current Mass Appraisal Standard, Standard 6, is the only portion of the national standard that the Assessing Standards Board can adopt.
- The Assessing Standards Board problem is twofold:
 - o Current standards are being renumbered. Mass Appraisal Development and Reporting currently are all under Standard 6 within USPAP, but for 2018-19 will be split into Standard 5 and Standard 6.
- Reporting will become Standard 6, but the development of appraisals of property will be stranded from this reference.
 - o Secondly, many properties are valued using a single property technique and are not included in a Mass Appraisal which are how most residential properties are appraised.
- These may be special purpose properties, e.g., ski area, amusement park, race track, properties that are not using a Mass Appraisal technique. The correct standard for these are Standard 1 for the development appraisal; Standard 2 for the reporting.
- The Department receives hundreds of these appraisal reports from individuals, specific special purpose properties up to the revaluation of the entire City of

Manchester.

- Currently, they cannot examine the single property appraisals due to not having standards to compare those reports to.
- This provides the ability and pathway to complete that work and make sure that all taxpayers in the governing bodies of these municipalities can understand how the appraisals were developed and what they mean.
- The change does not impose USPAP on all municipalities or on the entire process, but it allows the Assessing Standards Board to adopt a standard based on entire USPAP, not just Standard 6.

Senator Carson asked if the Uniform Standards were updated every year. Mr. Hamilton stated every two years. **Senator Carson** asked if this came before the Board every two years for adoption. Mr. Hamilton said standards for revaluation the Assessing Standards Board adopts are adopted once in every five year assessment review cycle, and before the beginning of that assessment review cycle the Assessing Standards Board reviews and adopts the standards that will be put in place for the coming cycle. **Senator Carson** asked if there were opportunities for the public to come in and discuss whether they want to adopt the new standard. Mr. Hamilton stated yes, that all of their meetings are open to the public and there is time for public testimony.

Henry Velleiux

- For Mark Lambert **(in support) (testimony provided)**
- Until supports and so do its stakeholders.

Stephanie Lamb (in support) (article provided)

- Biggest concerns is the lack of consistency between valuations of properties in the path road to utility customers. Of particular concern are the larger energy users.
- In HB 324 they summarized their concerns relative to the path through in unfair valuation.

Summary of testimony presented in opposition: No one

Future Action: Pending

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Date Hearing Report completed: May 1, 2017
[file: HB 323-F report]