

WRITTEN TESTIMONY BEFORE THE WAY AND MEANS COMMITTEE
FEBRUARY 7, 2019
REGARDING HB 700
BY ROSANN MAURICE-LENTZ, ASSESSOR FOR THE CITY OF PORTSMOUTH

On behalf of the City of Portsmouth I am submitting written testimony in opposition to HB 700, an act relative to the valuation of utility company assets for local property taxation.

The City of Portsmouth supports the proposed legislation in part.

Since 2015, the City of Portsmouth has been in litigation with Eversource over the valuation of their assets within the City. These assets include the distribution rights of ways and various other properties owned by Eversource throughout the City. Like other municipalities that have been through the long and expensive litigation, the City of Portsmouth supports a methodology that would envelop consistency of valuation along with the assurance that the welfare of municipalities and their taxpayers are met and litigation costs would diminish.

When comparing the proposed legislation to the study commission report, it appears the proposed legislation has fallen short. The study commission outright excluded office/garage/warehouse buildings owed in fee by the Utility Companies as being part of any unified methodology along with any land owned in fee. The proposed legislation only refers to the land owned in fee not be valued using a unified methodology; this oversight will cause future litigation if not clarified.

Within the City of Portsmouth, Eversource owns a 17,000 square foot office building on 4.3 acres currently utilized as their Service Center. This property is valued at over \$3.0 million. Recently before the Rockingham Superior Court, Eversource argued that the Service Center building was part of their transmission and distribution assets and should be valued at net book; the City disagreed. Eversource has already made the argument that their Service Center building be value at net book. This supports further clarification within this proposed legislation addressing office buildings and other buildings that are comparable in use and should be taxed just like other non-utility taxpayers.

For Tax Years 2015, 2016 and 2017, the City calculated Eversource's assessments using the New Hampshire Department of Revenue Administration's (DRA) values; a unified method of valuing Utility Property. The City of Portsmouth taxpayers have been spending a significant amount in defending their assessments against a Utility Company that did not agree with a unified methodology and requests that all factors that may result in future litigation be part of this proposed legislation.