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MY TURN

## **Utility customers pay for unfair assessments** **Legislature had a chance to solve the problem**

By JIM ROCHE - For the Monitor

Cities and towns throughout the state are inappropriately taking advantage of their ability to independently assess electric, gas and water infrastructure (buildings, pipes, transformers, poles and wires). Many are using unjust assessments and collecting excessive property taxes from utilities.

As a consequence, we're all paying for it through higher electricity and other utility costs. As with any other cost of doing business, electric, gas and water providers pass these local property tax costs on to customers.

Higher electricity costs are bad enough for residential customers. They are serious burdens for manufacturers and other large energy users like ski resorts, health care providers, colleges, hotels and even employers in financial services with large campuses. If we don't change this and do something soon to lower electricity costs in New Hampshire, we'll see a steady decline in manufacturing, the most important sector of our state by nearly every economic measure.

New Hampshire Electric Co-op, an 84,000 member-owned utility, recently reported a 70 percent increase in municipal property taxes paid over five years, directly attributable to enormous and unjustified increases in the assessed value of their property by many of the towns they serve.

In their March 2017 newsletter to members, the Co-op writes, "one town tripled the assessed value of the Co-op's property in a single year. In another town, we added \$2 million of property in 2015, yet our assessment went up \$8 million. In yet another town, our property valuation was doubled in 2014 and increased by another 25 percent in 2015."

That's why BIA is supporting House Bill 324, a bill designed to implement a fair and consistent method for assessing property owned by utility companies. HB 324 requires municipalities to accept the assessment conducted by the New Hampshire Department of Revenue Administration for valuing and taxing utility property. This assessment by the DRA already takes place for the purposes of collecting the statewide utility property tax, and municipalities are given this assessment, but many choose to do their own assessments that are double, sometimes triple what's provided by the DRA.

If the DRA assesses a utility pole at \$100, municipalities should not be allowed to assess the same pole at \$300. That's a money grab that ultimately ends up on utility bills.

This lack of an established standard of assessment is obviously a problem for consumers – residential and businesses alike – yet many cities and towns are actively fighting HB 324.

Apparently, they believe that when these costs are passed on to customers by utilities, customers will blame the utilities for increasing their rates, not the cities and towns for artificially increasing the tax imposed on utilities.

Utilities are fighting back in the courts. Yet ironically, taxpayers bear the costs on both sides of the legal battle, no matter which party wins. The municipalities' legal costs are passed on directly through property taxes. The utilities' legal costs are passed on through increased utility rates.

In Bow earlier this year, Eversource won a major victory against this kind of unfair municipal taxation. In 2012, Bow assessed the value of Eversource-owned Merrimack Station coal-fired plant at \$159 million. The utility sued and won a court judgment setting the assessed value at \$18.9 million. The result? Taxpayers in Bow are now on the hook for repaying more than \$14 million to the utility, which was unjustly taxed by their town. This could have been easily avoided had HB 324 been in place.

Which is why it was very discouraging for BIA to learn that the New Hampshire House Science, Technology and Energy Committee decided to "retain" HB 324 for further study. Sometimes this happens because a bill legitimately needs more work. In this case, however, the bill was retained as a clever parliamentary maneuver to make the legislation "go away," sort of death by neglect. HB 324 is not a complex issue requiring months and months of study. It's a one-page bill that should be passed by the Legislature.

This is not the first time the Legislature has dealt with utility property tax assessment issues. Just last year the Legislature passed, and the governor signed into law, legislation establishing a formula for valuing poles and conduit associated with telecommunications providers. Although the solution was different from that proposed in HB 324, the underlying objective was the same – to end widely varying and often inflated property tax assessments by municipalities. Electricity, gas and water users deserve fair and transparent assessments, something they would finally get with the passage of HB 324.

*(Jim Roche is president of the Business and Industry Association.)*