

Draft: December 3, 2016

Approved: December 13, 2016

Town of Lyme, New Hampshire
Public Hearing
Tax Study and Advisory Committee
November 14, 2016
Town Office Conference Room

Committee members present: Susan J. Mackenzie (Chair), Nancy Allison, Eric Colberg, Karl Furstenberg, Rusty Keith, Carola Lea, Sam Levy, W. McClave (Secretary), Dennis Stern, Jeff Valence, and Michael Whitman.

The hearing was called to order at 7:00 PM by the Chair, Susan MacKenzie.

She began by introducing the Committee to the members of the public attending and continued by reading the charge of the Select Board to the Committee, which was to investigate ways and means to decrease the tax burden on long term, fixed income retired residents who wish to continue to reside in Lyme but who can no longer meet the tax burden. She explained that under New Hampshire law, in terms of raising revenue, the Town can only do what the Legislature allows by statute. The Committee's obligations include meetings open to the public, which had been held, a public hearing (such as this one), and a final report to the Select Board by the end of January 2017 with recommendations that might be presented for action at Town Meeting in March.

She noted the Committee had examined short and long term ideas and alternatives, exploring possible revenue sources, alternate methods of helping people deal with the increasing tax burden of the Town, current programs available, and also exploring the reasons for escalating taxes.

Presentations were given on specific ideas that had been reviewed and discussed.

The first was by Nancy Allison about beach and recreation fees. A proposal had been made to charge non-residents for use of the Town beach facilities at Post Pond. While it appeared a good idea in principle, after extended review of programs in other towns, administrative and enforcement issues, and a practical evaluation of how much might be raised and the effort required to achieve it, the Committee had unanimously determined not to recommend the proposal to the Select Board.

The next item was report on a review by the Committee of the possibility of obtaining payments in lieu of taxes by properties in Lyme that are exempt from tax (i.e. school, library, church, Town owned properties, etc.) That review revealed the status of those properties appeared to be correct and was not a productive route to revenue.

The possibility of obtaining a crusher to turn glass into sand had likewise been reviewed. This appears to hold some promise but issues of space, capital cost and cooperation with other towns would need to be worked out – something to be considered in the future.

Other items considered but dropped because of statutory limitation include a homestead tax/credit, senior rebate, room & meals tax, air bnb issues, rental property fee, and resident tax.

Mr. Valence reported on a “Guide for Seniors” that the Committee had completed, in large part due to the hard work and efforts of Dennis Stern, laying out the various programs, support services and organizations and other sources of assistance currently available and how to access them. One useful mechanism is voluntary tax liens. The Guide is now available at the Town Office, the Library, the church, and on the Town website.

Michael Whitman reported on a proposal for the Town to change its current single tax bill in December to two-part billing, in June and December, as done in many other towns. Study had indicated the Town would save some interest cost, but would incur additional administrative expense. It appears the practice would be approximately revenue neutral. However, while many were indifferent to the change, others felt the practice would make budgeting easier for some people. Therefore a recommendation to the Select Board for the matter to be put to Town Meeting for consideration appeared to be appropriate.

One of the few areas the Town can garner additional revenue is by raising the vehicle registration fee by \$5.00/vehicle/year. It is estimated this would raise approximately \$10,000 annually. Sam Levy discussed the merits of this proposal, noting it is common in other towns, and the Committee’s recommendation is that the money raised be dedicated to road maintenance, a pressing need in the Town caused and used by vehicles. Representative Patricia Higgins, present in the audience, reported a bill was expected to be introduced in the Legislature allowing the amount to be raised to \$10 if a town so voted.

Rusty Keith gave a presentation explaining the basics of town budgeting and real estate taxes, that is to say, a budget is proposed and voted on at Town meeting, setting the amount to be raised by taxes. The assessed value in the Town is then used to determine a tax rate (\$ per thousand of assessed valuation), which when applied to a specific property’s assessment yields the tax bill for that property. He went on to discuss in detail various tax credits and deductions from assessment that are available under state law (discussed below). He also set forth how assessing is done in Lyme, with a single professional appraiser, with the Select Board bearing the responsibility for appeals, reports to the State’s Department of Revenue, etc. Mr. Keith proposed Lyme adopt a three-person, elected Board of Assessors as authorized by statute and as used by other towns, including Hanover. He indicated such a Board would increase local insight and oversight of the assessment process, lend transparency to the assessing process and assist and reduce the work load of the Select Board members. After discussion the Committee

had recommended the proposal, on the condition that people elected to the board complete a training course on the subject provided by the state, and the Board, if adopted, be comprised of the three elected members and, *ex officio*, a member of the Select Board and the Town's professional appraiser.

Mr. Keith went on to discuss various tax relief benefits available under state law, including those for veterans, blind, elderly, disabled, current use, and conservation, noting that where discretion was allowed, Lyme was very generous.

Karl Furstenberg presented a proposal by the Committee to change the allocation of funds generated by the Land Use Change Tax (LUCT) from being allocated 100% to the Conservation Fund to being allocated 50% to the Conservation Fund and 50% to the general fund, reasoning as follows. The LUCT generates funds when land is no longer preserved in current use but rather used for purposes that attract a general assessment. He noted, reiterating what Mr. Keith had said earlier, preserved land is generally assessed lower than it would otherwise be and the Town receives less in taxes. When the land is no longer preserved, the Town general fund should recoup some of the previously lost revenue, particularly in light of the current budget strain borne by all taxpayers, the fact that a large portion of the Town is already preserved or in conservation, and that the Conservation Commission has approximately \$200,000 currently available if it needs to act quickly. Estimates of amounts to be generated were difficult to ascertain, but were felt to average approximately \$7500 per year. It was the recommendation of the Committee the matter be submitted to the Select Board to be a warrant article at Town Meeting.

The formal presentations concluded and comments and questions were invited from the floor.

The first comment suggested that while the LUCT had worked well, the rate should be increased. It was noted this was the purview of the Legislature.

The second commenter indicated that studies have shown current use doesn't burden towns and more than pays for itself, preserving a great amenity. Others compared the New Hampshire program to those in New York and Vermont, where the state gives rebates to towns, but based on a broad based tax system.

The next commenter said we should really be talking about the causes of rising tax demands, where the big requirements are coming from – increasing school enrollment, often from rental units, other education and special needs requirements from the state and federal government that can fall disproportionately on a small town like Lyme. It was felt this broad social issue would be more equitably met by being spread over a broader base, such as state-wide.

A disagreement arose concerning current use, with Rusty Keith indicating he felt it was a benefit granted by the government and others indicating land in current use did not impose a cost on the Town and properties that did, perhaps such as rental units, should pay a larger share of the costs they impose.

A question was asked about the transfer station, with the answer being the bad news was recycling no longer generated a profit but was now a cost and that was why fees had been increased. Could the Skiway be taxed? - already contributing a \$33,000 annual payment in lieu of taxes, providing free skiing for Lyme children, and attracting business to Town.

A question was asked about the cost of unfunded Federal and State mandates. Mr. Valence explained requirements and funding with respect to special education, indicating the State allocates some funds and that special education was supposed to be federally funded but that never happened. Costs have risen considerably, particularly with respect to out of district placement of special needs students. In addition, retirement costs have been down-shifted to towns.

In response to a question, comments on the proposal for a three person assessment board were mixed, with some for, some opposed.

A question was asked about the likelihood of a cell tower for the Town – issue for a different committee.

The hearing was adjourned at 8:16 pm.

Respectfully submitted,

W. McClave, Secretary