

## Final Draft Minutes

Tax Exemption Policy Committee

Minutes of February 19, 2020

Attendees: Councilor Keith Nyhan, Chairperson; Councilor Gail Matson, Councilor Linda Kenison, and Councilor Robert Werner (by phone).

Public Attendees: None

City Staff: Kathryn Temchack, Director of Real Estate Assessments, Shoshanna Cone, Administrative Assistant, Assessing

The meeting was opened at 12:00 pm by Chairperson Nyhan.

The minutes of January 23, 2019 were approved on a motion by Chairperson Nyhan, seconded by Councilor Matson; assented. Councilor Werner was not present at the last meeting and Councilor Kenison is new to the committee so neither was able to vote on approval of the January 23, 2019 minutes.

Committee members reviewed the exemption and credit amounts last adopted by the City Council. A spreadsheet, comparing the same information for thirteen (13) other cities and towns was provided to the committee. It was noted that Concord ranked 5<sup>th</sup> highest among the fourteen comparative communities relative to overall exemption value(s) as a percentage of taxable value. In 2018, Concord ranked 6<sup>th</sup>.

The committee reviewed the (2019) total property valuation to the pre-recession valuation (2008) and the changes in the tax rate during that same time period. For the first time in eleven years, the current year valuation surpassed the pre-recession valuation. The total valuation before deducting optional exemptions in 2008 was \$4,342,000,500 and \$4,433,101,874 in 2019. The municipal portion of the tax rate has increased from \$6.84 in 2008 to \$9.77 in 2019.

The committee reviewed the report listing the reasons for the denial of elderly exemption applicants for the past year. Director Temchack reported that two property owners were denied after requalification due to not responding to the request for requalification. Thirteen homeowners were denied due to the income or asset limit. The closest differences between the City's adopted single income limit of \$34,100 and the actual incomes for the two closest applicants who were over the adopted limit were \$40.97 and \$73.00. The closest applicant to the married income limit of \$46,800 was over by \$277.16.

The closest asset difference - for a denial based upon assets - was \$282,413 over the \$95,000 limit.

Director Temchack reported that there was an increase of 2.8% for cost of living to social security wages in 2018 which equated to \$39 for single recipients and \$67 for married recipients. After review, the committee felt increases to the current income levels were appropriate. A recommendation was made to increase income levels to \$34,300 for single and \$47,200 for married. No increase was recommended for the asset limits. Motion by Chairperson Nyhan, second by Kenison; unanimous assent.

The current elderly exemption amounts are \$73,000 for ages 65-74; \$119,000 for ages 75-79 and \$203,000 for 80 and older. The committee made no recommendation to change the current adopted elderly exemption amounts.

The committee noted that unlike the elderly exemption, there is no financial means testing for the blind exemption. Accordingly, the committee expressed its belief that the City's state delegation should be encouraged to consider legislating financial means testing for the blind exemption. The committee made no recommendation to change the current adopted blind exemption of \$120,234.

Councilor Kenison asked for an explanation of why the difference in credit amounts for the veterans' credits compared to other communities. The committee discussed that the credits amounts are added to the amount to be raised by tax revenue and the City has a much higher percentage of exempt property than the other communities. It was noted that last year the City adopted the optional All Veterans' Tax Credit in addition to the Veterans' Tax Credit. The committee recommended waiting a year to see the full effect of the newly adopted All Veterans Tax Credit. The committee made no recommendation to change the veterans' credit amount.

The optional tax credit for service connected total disability credit under RSA 72:35 was legislatively amended to allow an increase to the optional credit from \$701 - \$2,000 to \$701 - \$4,000. Presently, the Council has approved a \$2,000 optional credit. The committee made no recommendation to change the service connected total disability credit amount of \$2,000.

Director Temchack notified the committee of the optional added definition to the Solar Exemption to include electric storage systems. There is no information on file about how many homeowners would qualify under this new definition. The committee recommends adding a question about storage collection units and their use to our Solar Exemption application and that the Assessing Office send letters to the current qualified homeowners with the Solar Exemption asking if they have the energy storage systems. Councilor Werner mentioned that there is a pilot program regarding home battery storage that is occurring in Lebanon, NH. The committee recommends waiting to see the outcome/results of the pilot program and the results of the letter inquiries before making a decision on the added definition. Motion by Chairperson Nyhan, second by Matson; unanimous assent.

The meeting was adjourned at 12:43 pm on a motion by Chairperson Nyhan and seconded by Councilor Matson; unanimous assent.