

Memo

To: Mayor and Council
cc: Department Heads
From: Pat MacQueen
Date: February 22, 2011
Re: Manager's Report

DRA Assessing Follow-up

Attached is a copy of the latest DRA review of our revaluation assessments. This is basically a review of the approach that was used in the Avitar revaluation and whether that approach met all of the standards that it should which are called the Uniform Standards of Professional Appraisal Practice (USPAP) standards. Based on the fact that our revaluation was given of score of 61 out of a possible score of 61, it appears that our revaluation met the USPAP standards in every way possible.

Fire Department Revenue

The Fire Department has its new fee schedule in place and operating and has taken in its first revenue. This quite appropriately was a check for \$45 from the NH DHHS for a place of assembly inspection in their new building.

Waste District Discussions on Leachate

Several conference calls between City and District staff and both party's engineers and attorney's have been held to refine the Agreement between the AVR RDD and the City regarding the City's taking and treating the District leachate. About the only thing that is still being talked about are coming up with the definitions for the District's

leachate. When the Agreement is finalized, it will be brought back to the Council for approval.

PSNH Tax Abatement Filing

We had previously received a notice of intent to file for a tax abatement from PSNH. Attached is the actual PSNH abatement filing.

North Country Council Survey

We mailed in the two surveys we received from the Council to the North Country Council on the Northern Pass project. If any additional Councilors would like to complete the survey, we will mail them along as well as we receive them.

Pollution Control Exemptions

HB 293 and now SB 131-FN sponsored by Senator Gallus are both still under consideration in the General Court. These bills would do away with the the pollution exemptions enjoyed by many industries in various municipalities throughout the state for no good reason. The Mayor and Council have long supported the elimination of these exemptions which effectively are a state mandate that certain local governments will forego property tax revenue on behalf of the state. I made a point to try to testify on HB 293 but the hearing was cancelled. The hearing on SB 131-FN sponsored by Senator Gallus was today (if it wasn't cancelled) but I wasn't about to chance wasting the better part of a day to make that hearing so I wrote the attached letter instead.

Other Legislative Matters

The legislature has its hands full and any time that happens, it is time to be wary if you are local government. This is certainly again very true this year. The Governor has delivered his budget address to a joint House and Senate session. As you have probably heard, it provides for no new taxes at the State level, but plenty of additional property taxes at the local level. It is not enough that the State has managed to let the retirement system which it created get ridiculously in the hole and that municipalities are paying very large retirement increases each year as a result. Now, the Governor would withdraw the State commitment to pay for part of the local share of the retirement system that the State created and required municipalities to participate in. According to the LGC this would amount to an additional 54% increase in retirement rates on top of the dramatically increased rates we are already paying.

Further, the Revenue Sharing cut two years ago and was supposed to be restored will not (surprise) be restored. Additionally, not surprisingly, water and waste water grants are again being cut.

While the Governor's budget would hold level the revenue sharing from the Rooms and Meals Tax and actually increase it in 2013 as well as increase highway block grants significantly, overall LGC figures that the level of State Funding to municipalities is around 79% of what it is currently.

SB 133 Restoring The Pole Tax Exemption:

Last year the pole tax exemption for telecommunication companies was finally removed in part by the Legislature. However, SB133 which would restore this exemption which municipalities have spent decades trying to get rid of has been introduced this year to restore the exemption so that everyone in the state can pay higher property taxes in order that the telecommunications companies can have lower taxes.

Retirement Reform:

A number of bills have been introduced this year purporting to provide needed reforms to the State badly broken but required retirement system that municipalities must participate in. These House bills variously change the calculation of the average final compensation (HB 456), redefine earnable compensation (HB 265), limit the maximum annual retirement benefit (HB 463) and establish a defined contribution plan for all new employees. SB 3 in the Senate is a package of retirement reforms. Even though several years have gone by, very little has been done (except increase local employer contributions) to reform the State broken system.

HB 457 Interest Rate on Delinquent Taxes:

HB 457 is another bill which would reduce the interest rate on delinquent taxes for 12 and 18% respectively to 6 and 9%. Apparently, there are some legislators who need to come to Berlin to see that we have a number of landlords who are only too happy to receive local credit at the 12 and 18% in order not to pay their taxes. No doubt, there will be many more if the rate is lowered.

HB 362 Binding Arbitration

If people think that the so-called Evergreen legislation that legislature recently passed is a problem for municipalities, it is a spec on the wall compared to what Binding Interest Arbitration would do. It in effect turns over the decisions made about local government expenditures and services to a 3rd party "neutral" who makes a binding decision about what the final "settlement" will be and that is imposed on the municipality to fund. Such bills are put into the legislative hopper in most years and so far they haven't gotten very far. However, the danger that they will always exist which is the reason they are submitted every year. HB 362 is just such a bill.