

TOWN OF NEW LONDON  
CITIZENS' ADVISORY COMMITTEE  
JULY 12, 2005

PRESENT: Peter Bianchi, Barbara Brown, Celeste Cook, David Dunning, Randy Foose (State Legislator), Paul Gorman, Bob Gray, Mark Kaplan (Selectman), David Kidder (State Legislator), Marilyn Kidder, Steve Landrigan, Bob Lavoie, Jessie Levine (Town Administrator), Harmon Lewis, Doug Lyon (Selectman), Bob MacMichael, Lois Marshall, Maureen Prohl, Robert Prohl, Noel Weinstein, Stephanie Wheeler.

Mark Kaplan opened the meeting at 7:30 a.m. Three areas of business were addressed during this meeting of the Citizen's Advisory Committee.

1. General Discussion on the Town's budget, Assessments, and Tax Rate Calculation for 2005

Mark Kaplan referred members to the handout for this meeting—a review of budget information which had been presented at the non-resident's meeting on Monday. He called everyone's attention to the Fire and Highway Departments' buildings project cost-summary on page one, showing a \$96,559.33 savings from what the Town had anticipated spending on the projects. With the interest that will be saved over the life of the bond -- \$41,836.26 – a total savings of \$138,396.26 is realized. He explained that there are two reasons for the Town's savings on these projects. The first is that, while the Town normally goes to the municipal bond bank to borrow money, in this case they put the projects out to bid, and found a financial institution willing to loan the money at a lower rate, but which did not require the Town to take the entire bond down. The second reason is the amount of work the Fire and Highway Departments did on their own, as well as the volunteerism involved. Page two of the handout shows a comparison of the costs of New London's new Highway Department garage and the Fire Department building with similar sized projects in nearby towns.

Noel Weinstein asked if that will be the standard in the future (putting capital projects out to bid, rather than going right to the municipal bond bank)? Mark Kaplan said the Town will probably use both methods in the future. Doug Lyon said that in recent years, particularly in today's climate, the municipal bond bank's interest rates have been better. Jessie Levine said the municipal bond bank did bid on these projects, too, but their bid was a percentage point higher.

Bob Gray asked how the attendees at the non-taxpayer's meeting on Monday responded? The Selectmen said the response was favorable, or at least no one questioned it.

Mark Kaplan pointed out that page two also includes a pie chart of estimated revenues, showing that property taxes comprise about 56% of those. He went on to page three containing a chart demonstrating how the Town arrives at its tax rate every year. Revenues estimated at \$2,742,735 and shared revenues estimated to be \$16,832 for 2005 will be subtracted from Total Expenses estimated at \$6,236,048 for 2005. To that result will be added the overlay estimated to be \$70,000 for 2005 and the war service credits estimated to be \$83,400 for 2005. Thus, at this point it time, it is estimated that the total amount to be raised by taxes in 2005 will be \$3,629,881. When that figure is divided into the grand list of \$889,168,642, it will give the Town an unsubsidized tax rate of \$4.08, compared to the unsubsidized rate of \$4.13 last year. Some time in October, the Selectmen, in consultation with the Budget Committee, will make a determination of how much of the surplus to apply to that rate, in order to arrive at the unsubsidized, or final, tax rate for the Town (that would not include the county and state school tax, of course). Doug Lyon reminded the Committee that for many years, the Town has had a policy of maintaining a surplus of 7.5% of the total budget, in order to avoid having to do short term borrowing during the year. Short term borrowing may occur as a result of expenses having to be paid out at a different rate than that at which revenues come in— school payments would be the biggest example.

Harmon Lewis asked if these are total expenses and revenues. Which are capital expenses? Mark Kaplan referred him to the pie chart on page three, showing that Transfers to Capital Reserves comprise 11% of the Town's

expenses, Capital Outlay comprises 6%, General Government 14%, Government Buildings 3%, Public Safety 17%, Highways and Streets 17%, Sanitation 17%, Health and Welfare 2%, Culture and Recreation 8%, Conservation 1%, and Debt Service 4%. Harmon Lewis asked for a breakdown of revenues. Jessie Levine said the revenue and shared revenue numbers shown in the tax rate calculation chart on page three do not include revenue from property tax, but do include the capital reserve funds. She added that nothing has changed since the CAC reviewed these numbers right before the town meeting budget season.

She went on to inform the CAC that after last March's Town Meeting, the Town did contract with an assessor to perform a market study in order to determine if a statistical update will be needed before the Selectmen set the tax rate this fall. She said that right now, the Town is assessed at between 75% and 80% of market value, but they have noticed a shift in where the disproportionality is—it no longer lies mainly with the waterfront properties but with residential. For example, based on her non-expert review, it seems like properties on Lake Sunapee seem to be assessed at about 100% of their market value now, whereas, residential property is assessed at 80%. The market analysis will indicate if an adjustment is needed to restore proportionality. If the Town's total market value (grand list) goes up, the tax rate would go down.

In response to a question from Marilyn Kidder, Mark Kaplan said there are two ways in which the grand list would go up: new homes or revaluation. He reiterated what Jessie Levine just said, that they seem to be finding now that the lakefront property values have held steady or even declined slightly, while the in-town residences have risen in market value. Marilyn Kidder asked if they will reevaluate certain classes each year? Jessie Levine said that by 2005, the Town must certify to DRA that assessed values are between 90% and 100% of their market values. The Selectmen must decide what number to target within that range. Marilyn Kidder asked if the assessment each year is based on the market in general. Doug Lyon said yes, on sales data.

Jessie Levine said that the Town will be doing a physical inspection of part of the Town each year as well. Doug Lyon clarified that the State requires that the Selectmen look at market data every year to determine if the Town's assessments are still in compliance (the real problems occur when there is disproportionality between the different classes), and to do a complete physical inspection every five years. They have decided to accomplish the latter by inspecting 20% to 25% of the properties in Town each year. They have noted that a geographic division of the Town into four quarters would include some properties from each class each year, but are not sure if that would be practical from the assessor's point of view. Harmon Lewis asked if there is a schedule for the physical inspections. Mark Kaplan said they are going to ask the assessor to do a cross section of a quarter of the Town. Doug Lyon went on to point out that for most people, the physical inspection will not make a difference in their valuations (or their tax bills). The purpose of the physical inspections is to pick up any changes that have not yet been reflected on the Town's tax card for a particular property. Harmon Lewis asked if that isn't already accomplished through the building permits. Jessie Levine said partly (if people get building permits), but building permits are not required for interior work.

Marilyn Kidder asked to confirm then, that there is really no schedule for the specific classes to be reassessed, but that the Town will look at where the disproportionality is. In other words, if the market analysis is good, the Town will be looking at the classes that need to be looked at.

Randy Foose said that the State is saying to the communities that they've got to keep more current. Doug Lyon confirmed that, saying that State law requires that every five years, the Town must certify that it is assessed at between 90% and 100% of market valuation. Jessie Levine added that the State is allowing New London some leeway because the Town does have a plan and is in the process of hiring a joint assessor with Sunapee and Newbury. However, the Selectmen have promised the taxpayers that the Town would be brought into compliance every five years, and they plan to do that anyway.

Harmon Lewis asked how the assessor search process is going. Jessie Levine reported on that progress, saying they plan to have September 1 as the starting date for the position.

Noel Weinstein asked if that the effect on the tax rate is true also for county and state. Mark Kaplan said that yes, those rates would go down if the property value went up. Jessie Levine clarified that it is also true for the statewide school tax, and she referred to page four of the hand out showing that her estimate for the 2005 statewide school tax is \$2.97—that is, if there is no change in the grand list.

## 2. Statewide School Tax

Mark Kaplan asked the two legislators present at this meeting, Randy Foose and David Kidder, where the legislature is going with this. Will the Statewide property tax be eliminated? How does the new budget bill affect New London?

Dave Kidder clarified that they are now referring to that as the New Hampshire Equity in Education Tax. Randy Foose said it is really too early to discuss the internal structure of the bill or how it will affect the Town this year. The goal was to get rid of donor towns, and come up with a system that may be counted on two years in a row, and which will pass muster with court challenges. At the 11<sup>th</sup> hour, a new plan reinstated the statewide property tax; the House passed that and the Governor signed it. New London will no longer be responsible to pay a million and a half dollars into the state system.

He said that the State has a finite amount of money to put into education—\$860-million, and that is inadequate for the purpose. The question is how much longer can the State balance the budget on the backs of the property owners. There is bound to be discussion of an income tax in the future. Dave Kidder agreed. Advice he has received from veteran legislators is that the State will come to an income tax, but they will have to “back into it.” He noted that it is estimated that it costs \$8000 to educate one child in New Hampshire, and that number increases 3% each year. With property taxes, the State has raised only \$4000 (per child) this year. He noted that as far as property taxes are concerned, 60% of the state is in current use, so that 40% of the property owners do the “heavy lifting.”

Randy Foose went on to say that gambling, i.e. casinos in the White Mountains, is still being considered as an alternative to an income tax. However, that must take into consideration the consequences on quality of life. His own reading is that people are almost universally opposed to this. Mark Kaplan pointed out that, unlike casinos in Connecticut or other states, those in the White Mountains would be difficult to travel to in the winter.

Mark Kaplan asked how does New London figure its budget now. Randy Foose said the absence of payments into the pot drops the calculation of that pot, and creates the lower tax rate (statewide school tax rate) that New London will have to pay. They will have to wait for the recalculation of that from Concord. Jessie Levine said the \$2.97 on the hand-out is just her estimation at this point, based on her reading of the numbers. She pointed out that the school district's budget is \$2-million; of that, New London will pay \$7-million. The Town is only beholden to the school district now.

Steve Landrigan said that there seems to be no enforcement that the money distributed (for education) goes to that purpose. For example, Manchester used much of theirs for recreation. He asked what the local towns—those in this district are receiving. Randy Foose said of the seven in this district, three towns' receipts are going down, and four up. David Dunning said he would not object to an income tax if it is targeted for education. His concern is that the State would use that revenue in other ways. Dave Kidder said that an income tax bill would have to have a provision built into it requiring a two-thirds majority or a referendum in order to increase it.

Harmon Lewis said he feels the county should be abolished, leaving only two levels of government for greater efficiency. Mark Kaplan pointed out that the State passes on costs to the counties which in turn pass them on to the towns—all this without any voting. Randy Foose said there is just not the political will to consolidate services (as nursing homes) among counties. That would require forfeiting some local control.

Randy Foose and Dave Kidder will return to the September 24 Citizens' Advisory Committee meeting to go further into this subject, along with Senator Odell who is also scheduled to be at that meeting. .

## 3. Elkins

Mark Kaplan reported that the Selectmen have decided to use Upper Valley/Lake Sunapee Regional Planning Commission's services to do a study at Elkins Village, considering several factors: the need for expansion and improvements to the post office, the increase in post office and beach traffic, the pending marketing of the Mesa building, the need to protect the waterways, the park area, the aesthetics. Representatives from the Planning Board, the UVLSRPC, Selectmen and others will meet on August 8 to set up a structure for this work. Jessie Levine said that will be at 9 a.m., and will be part of the regular Selectmen's meeting. It will just be a kick off meeting, not a work session. Work sessions will be scheduled for future dates. Doug Lyon said the Elkins study will be part of the whole Town Master Plan update.

Harmon Lewis said that such a plan would concern more than Elkins. Celeste Cook agreed: Wilmot may also want some involvement with the post office changes.

Bob MacMichael read into the record a letter to the Town of New London from Darriel Barton Connors, requesting that in light of the history of Elkins Village and Anna and Lincoln' Parks' involvement with that, the public beach and post office be named for Lincoln Parks, and that an historic marker be erected.

The meeting adjourned at 9 a.m.

Respectfully submitted,

S.A. Denz  
Recording Secretary