

Salem Observer

Member of the Salem Board of Trade

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PUBLISHER

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Elsie Talanian
ADVERTISING MGR.

March 20, 1981

Dear Perry,

There's the old saying: Win a few, lose a few.

Well, we've won a round here in Salem, and to a greater extent than I'd realized.

The results of a revaluation program (for which I plugged editorially) are in, and the figures were used as the base for our 1980 tax bills:

Year	total base	land	percent land
1979	\$192,098,639	\$43,971,599	22.9%
1980	533,782,755	200,185,465	37.5%

How's that for a shift from improvements to land?

It's partly a reflection of the land price inflation trend which concerns us both so much; but at least there is something to be gained by a diligent effort to get all the protection present laws allow by keeping land assessment values up where they really are. A failure to do so would be fatal.

While we haven't yet "sold" the idea of site value taxation, we can claim that New Hampshire is convinced assessments must be kept current and valid. The city of Nashua is well along with a thorough-going reappraisal, intended to give them the information needed to put the records into a computer so they can be kept current as the result of ongoing input from current sales.

Salem, incidentally, voted at our Town Meeting Saturday, March 14, to buy a new computer capable of handling the new assessments, so they can be kept at 100% instead of being allowed to lapse once again over a 10-year period.

Windham, another one of the towns in the Observer readership area, voted the funds at its recent Town Meeting to pay for a full revaluation.

The series of articles I sent you on Manchester will encourage that city, eventually, to go to a reappraisal and a professional program for making the property tax work -- at least as well as it can work while two taxes are combined into one.

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You may recall my set of figures which show the state as a whole moving steadily upwards in land's percentage of the tax base, from 22% on 1970 to 26.6% in the most recent report (for 1978). That's partly land price inflation outstripping general inflation, but it's also a steady improvement in assessment practices all up and down the state.

* * *

The experience in Salem in the past two years, and particularly the past four months since the figures were published, has been interesting.

There has been the expected outcry from those people who got hurt, as the real value of their land holdings has been discovered. I am pleased to be able to say that the selectmen, who have the final authority, unanimously stood firm. They are supporting the professional staff to the hilt, and the new values are going to stick.

But there's a result I hadn't fully expected.

You will recall that Salem's sloppy assessments in 1977 skewed the results of my study in our direction, so that many homeowners would have benefited even more than I'd expected by a shift from the present tax structure to an imposition on land values alone.

Well, now that their lots are being valued at full market value, some of that advantage is being washed out. A similar study of the statistics here would be much less effective now. A majority of the homeowners would still feel some improvement, but not such a sharp one as before.

The shift now would be in favor of those businesses -- stores and factories -- which are using their sites to full advantage.

Digital Equipment Company, for instance, paid \$513,597 in taxes in 1980 (or was billed that amount; they have gone to court over it) whereas it would be taxed only \$208,769 on the same property if Salem made the full shift to land.

The Rockingham Park racetrack, which uses 260 acres of prime land as the site of a facility which could as easily exist on 100 acres, paid \$521,690 in 1980, but would have paid \$662,131 had land been our only base.

A fellow named Lloyd MacLean owns two central business sites, one used for his excellent Salem Building Supply, the other for a neighboring property which carries only a row of one-story office rentals.

He paid \$12,937 for the fully used site in 1980, and \$4,349 for the partially used site. He would have paid \$10,402 for the former and \$6,263 for the latter in case of a full shift.

That means, of course, that another study like the one I did in 1977 would work out to the strong advantage of business and industry -- a result which, I think, we would agree is important and commendable, but one which would not be easy to sell.

* * *

I said in our recent telephone conversation there was a development in New Hampshire which calls, once again, for action.

The new governor, who has twice been elected on a promise to veto a sales or an income tax, is wrestling with some powerful budget-squeeze problems, and has proposed that the existing Business Profits Tax at 8% be revised so that a business or professional organization pay either that tax or a 1% tax on gross sales, whichever be greater.

The response is exactly what you'd expect. The business community is wild. Imagine! A one percent gross sales tax. It would put grocery stores, car dealers and any marginal operation out of business.

The proposal will be defeated in this term (which runs through June 30, 1981), I feel certain, but it, together with the hard facts of the budget-squeeze, reopens the matter of new state revenue for New Hampshire.

The governor's budget, for example, would reduce the staff of the State Library from 58 people to only 21. You know how I feel about books, and so how I feel about that kind of economy.

The whole situation becomes the time and the place to push for a modest (5 mills, maybe, or even as much as 1%) state tax on land values only.

The result would be to keep the State Library open, and give the state a little money to meet the federally-mandated special education bills, etc.

More important, however, it would set the state's fine Department of Revenue Administration into the business of setting valuations on land. They would have a stake in seeing to it that the present trend toward good land values continues.

And if it worked well, as I believe it would, then it would give us a basis to push for the big one -- the almost impossible challenge as things stand right now -- a constitutional amendment making it possible for towns and cities to start a gradual shift away from improvements and toward land.

As ever,

(I'm sending copies to a few people)



from the desk of

RICHARD NOYES

TO Robert Clancy

3/21

Amel

Dear Bob,

Here's a copy of a letter I sent off to Perry Prentice yesterday. He's taken great interest in New Hampshire's situation, and has been helpful with visits here and letters to the publisher of the state's largest newspaper, whom he knows well.

I thought it might have some value in bringing you up to date on the circumstances in New Hampshire -- which would be helpful in the event things work out for a conference here in July.

Mitch Chanelis tells me (by phone) you are having difficulty getting a response from Franklin Pierce College. I found it necessary to prod them by phone.

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