



TOWN COUNCIL – AGENDA REQUEST FORM

THIS FORM WILL BECOME PART OF THE BACKGROUND INFORMATION USED BY THE COUNCIL AND PUBLIC

Please submit Agenda Request Form, **including back up information, 8 days prior** to the requested meeting date. **Public Hearing requests must be submitted 20 days prior to requested meeting date to meet publication deadlines** (exceptions may be authorized by the Town Manager, Chairman/Vice Chair).

MEETING INFORMATION

Date Submitted: September 27, 2019

Date of Meeting: October 9, 2019

Submitted by: Peter Albert

Department:

Time Required: 20 minutes

Speakers:

Background Info. Supplied: Yes: No:

CATEGORY OF BUSINESS (PLEASE PLACE AN "X" IN THE APPROPRIATE BOX)

Appointment:	<input type="checkbox"/>	Recognition/Resignation/Retirement:	<input type="checkbox"/>
Public Hearing:	<input type="checkbox"/>	Old Business:	<input type="checkbox"/>
New Business:	<input checked="" type="checkbox"/>	Consent Agenda:	<input type="checkbox"/>
Nonpublic:	<input type="checkbox"/>	Other:	<input type="checkbox"/>

TITLE OF ITEM

Solar Exemption Discussion

DESCRIPTION OF ITEM

The Town Council to discuss and consider the adoption of a solar exemption.

REFERENCE (IF KNOWN)

RSA:	Warrant Article:	_____
Charter Article:	Town Meeting:	_____
Other:	N/A	

EQUIPMENT REQUIRED (PLEASE PLACE AN "X" IN THE APPROPRIATE BOX)

Projector:	<input type="checkbox"/>	Grant Requirements:	<input type="checkbox"/>
Easel:	<input type="checkbox"/>	Joint Meeting:	<input type="checkbox"/>
Special Seating:	<input type="checkbox"/>	Other:	<input type="checkbox"/>
Laptop:	<input type="checkbox"/>	None:	<input type="checkbox"/>

CONTACT INFORMATION

Name:	<u>Peter Albert</u>	Address	_____
Phone Number	_____	Email Address	<u>palbert@merrimacknh.gov</u>

APPROVAL

Town Manager: Yes No: Chair/Vice Chair: Yes No:
 Hold for Meeting Date: _____

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Posted: May 15, 2019

Town Manager Cabanel spoke of having visited Station 3 (North Station) to look at the condition of the building. All apparatus, trailers, etc. were moved from the building. It appears to be a foundation with corrugated metal that weaves in and out. The critters are getting up through there. Currently the facility is not being used.

She questioned the will of the Council relative to a \$16,000 fix to fill in the spots where animals are gaining entry and eradicate the pests or if the desire is to get into a project that addresses doors, siding, windows, etc. She anticipates the cost of an expanded project to be in the area of \$75,000.

Chairman Koenig suggested the item be placed on a future agenda for discussion.

Councilor Albert questioned if the value of the property was researched as well whether it could be sold. Town Manager Cabanel responded the research was done, and the property cannot be sold.

Councilor Healey stated the proposal should include use of the grant funds.

Consent Agenda - None

Old Business

1. Solar Panel Assessment Discussion

Submitted by Town Manager Eileen Cabanel

The Town Council to be presented with information regarding how solar panels are assessed in the Town of Merrimack

Town Manager Cabanel remarked, at its last meeting, the Council expressed a desire to discuss whether to go through a method by which to offer a solar exemption. During the course of that discussion and given the questions from the public, the Council wished to understand how the Assessing Department goes about assessing the solar amenity/panels.

Loren Martin, Assessor, noted information previously provided to the Council was inaccurate. It was reported previously the value of solar panels on all properties in Town totaled \$2.6 million \pm . The actual total is \$1,855,700. Prior information indicated it was strictly residential properties. There are four commercial properties that have solar panels (were not on original list). In the original submission, because those properties are valued via the income approach, the solar panels were valued at zero.

A spreadsheet was provided to the Council for review. Ms. Martin spoke of having appeared before the Council in the 2014-2015 timeframe understanding the Town would begin assessing solar in 2016 with the town-wide update. Some installations occurred in 2014-2015; however, the majority began in 2016. The State DOR has been to the Assessors Association and presented to the Assessing Standards Board about the need to assess solar statewide; it is a fixture to the property, has to be considered, and they are going through the process to ensure all communities are doing that. The Town was proactive, had been collecting data, and understood it had to be assessed. That is why she came to the Council early on to ascertain whether there was the desire to entertain an exemption.

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There are three methods of assessment; income, sales comparison, and cost. Solar installation is not an income producing entity. When the assessment was implemented in 2016, given the number of installations that were in late 2015 forward, there was no sales data. It is difficult to rely on a sales comparison approach lacking any sales. They went out to the market and gathered information on the average cost of solar panels. At that time, the average cost was approx. \$1,100/panel installed. They recognized participants in the market would not pay to put a solar installation on their property if having to pay the full amount. There are incentives through local electric companies and tax credits and incentives through the State and Federal Government. It is those credits/incentives that have made solar an option for many.

In the cost approach, they reduced the cost per panel to \$600. There is a depreciation model. The majority of the systems addressed in Merrimack are within the 1-5-year range and have no depreciation. During the next town-wide update, based on the age of the installations, they would start to see the depreciation. There were only 6 that pre-date 2011 and 5 were very old and largely panels for water systems.

Ms. Martin stated she compiled all sales on all properties that took place after the solar panel installation. Of the 112 properties, there were 5 that sold. Four of those sales, once you equalize the assessment, indicate the value they arrived at for the panels is supported by the sales. The first sale, 5 May Drive, sold in 2018 for \$255,000 and the equalized assessment was \$293,500. That property was only on the market for 3 days and sold for \$10,000 above asking price, which leads her to believe it was put on to try to elicit offers and move quickly.

Ms. Martin stated her understanding at the last meeting of the Council, input was received from a realtor indicating solar does not add value. She provided the MLS listing sheets, which depict the panels being marketed as a saleable feature. She spoke of the difference between owned versus leased panels. Leased panels will depend on terms of lease; most are transferable. The loop net listing was included in the material provided for the D.W. Highway property that sold. While there is nothing specifically in the listing that addressed the solar panel, it is a 121,000 sq. ft. building, and it is noted in there to be 100% air-conditioned.

Asked if the \$600/panel assessment is current or if the five-year revaluation is the point at which that can be adjusted noting prices have come down and rebates are dropping, Ms. Martin stated she has not investigated it recently and cannot determine if the cost has come down. When they value property it is determined as of a date specific. At this time, it was April 1, 2016. They would not necessarily make changes until the next town-wide update for items that would impact a large group globally.

Councilor Healey stated she conducted research and also found that according to the Department of Energy and the Appraisers Institute, solar panels do increase the value, especially on resale of the home. It may cause issue if the perspective buyers do not want to enter into or pick up a lease agreement. She questioned if there is a difference in the appraisal process when considering owned versus leased. Ms. Martin responded the fact that it is attached to the real estate is what makes it taxable. There is no difference in owned versus leased. She commented not every item that is assessed has a value add to everybody. She used swimming pools as an example.

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Councilor Healey questioned how a home having Tesla shingles is appraised. Ms. Martin stated she is not aware of any in Town. They would be assessed as well as the new Tesla battery whole house systems that are being used to store energy and then use it much like a whole house generator.

Councilor Healey asked if the five-year timeframe for depreciation of solar panels is an industry standard. Ms. Martin remarked the issue is that they value as of a certain date. Your home also depreciates. They create a model, it is static as of that date, and only changes when the entire Town is changed. To only change the depreciation on solar panels and not everybody's home or shed, would cause a disproportionality. She commented she would not say it is only every five years; if the decision was made to update values this year, you would bring things to market value, as needed. By law you only have to do it once every five years. It could be sooner, but it should be based on everybody not just one specific item.

Councilor Albert noted Ms. Martin works for Avitar, and questioned the number of communities they represent. Ms. Martin stated they do assess in about 70 communities in the State and their software is in about 165. Asked how many of those communities have solar exemptions, she stated she could not provide that number off the top of her head; however, noted a lot have adopted solar. The State tracks that information as it is reported annually on the MS1. She stated she could look into that and provide an updated list from the State. She commented it is likely a 50/50 mix. Asked if exemptions are something new the communities are starting to do or if it has been ongoing for some time, Ms. Martin stated it to be a mix. Statutes date back to the '70s for wind, solar, and wood. There was a surge initially when that was out for local adoption back in the late '70s early '80s. With this latest surge they saw a lot of communities starting to look at that again. She has heard arguments for and against.

Councilor Harrington questioned if other towns also assess the panels at \$600/panel, and was informed they do. Asked if that is a standard assessment, Ms. Martin responded she does not want to say that is a fairly standard number. Other communities are assessing solar, but she is unaware of how they are assessing. They have all learned and gathered the same information, but she would not say they are all applying it the same. For all of the properties she assesses she utilizes the \$600/panel. It is tested locally through sales information.

Councilor Harrington commented the list of towns that provide exemptions is dramatically different than it was three years ago. Ms. Martin noted a lot of the initial adoptions of solar were based on cost. Some of those communities are now changing it to be based on the assessed value. The whole idea initially was to help defray the cost. Because the cost is down and they are achieving the benefits from incentives and rebates, etc., it didn't make sense, under today's structure, to exempt it based on cost.

Councilor Harrington commented part of the counter argument is, if leasing, the homeowner is not receiving any rebate. Ms. Martin noted the homeowner is gaining the benefit of the electric savings.

Vice Chairman Boyd questioned how up to date the expanded owner index is, and was informed it was updated in the a.m. Ms. Martin remarked there is one property that is not yet on the index as she has not yet entered the assessment.

Vice Chairman Boyd commented out of the 11,000± parcels in Town that are assessed, 113 have solar. He questioned if it would be problematic when an owner of solar makes an application for abatement because of not having the correct amount of comps available to do a fair analysis. Ms. Martin

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responded they have only had two abatements; 1 in 2016 and 1 in 2017 neither of which mentioned solar as a concern/issue. When looking at that, she is never really looking at any one component of the assessment. If disputing the value of your property it is the total value of the property that is under appeal. When they look at sales and adjust for those differences, even if not solar, in an appreciating market like we have seen in Merrimack and looking at sales that do support what they have on there, she would consider all of the information in any abatement.

Vice Chairman Boyd commented one of the abatements was filed in 2016, but the installation date is 2019 for the solar. There is only 1 abatement that is applicable where solar was put in prior to the abatement year of 2017.

When asked for clarification on whether looking at depreciation on the solar system, Ms. Martin stated she is not looking at depreciation other than what is already being depreciated on the assessment and looking at the equalized assessment. Changes in the market have affected all properties.

Vice Chairman Boyd questioned when doing the revaluation at the five-year point, if a homeowner had a solar array on their property for 10 years, would she factor that condition in at 85%. Ms. Martin stated it would be a factor of 85 (reduced 15%). That is the model developed for the 2016 updated values. As more data is available, if that depreciation model is not working or the cost per panel is low or high, it would be looked at and evaluated every time they update values for the Town just like they do with the value of a garage, pool, etc.

Vice Chairman Boyd commented it is conceivable for a property owner to disagree with depreciation value and apply for an abatement based on how the Town is depreciating the solar. Ms. Martin remarked that is not the case as it is the total value of the property. It may be that one component is valued over and another valued under on the record card. As long as that total value equalized as market value, they would not be entitled to an abatement.

Chairman Koenig questioned how to help homeowners understand that. Ms. Martin remarked in order to determine if the value was truly disproportionately assessed, you would have to look at every component. That is why the courts have held that you have to look at the total market value. It is difficult because they are charged with putting one assessment on a property as of a given date, and more realistically if you put a property on the market what one person is willing to pay may be different from what another is willing to pay. There is more realistically a range of values that a property could bring in the market depending on the pool of buyers at the time, interest rates, etc. When they go to defend an assessment before the Board of Tax and Land Appeals, often times if the two opinions are within 10%, which is generally an industry standard, they are deemed complimentary.

Councilor Healey asked for clarification there is no difference between whether the solar array is on the property or on the home. Ms. Martin stated that to be correct. Councilor Healey spoke of the different sizes of the solar arrays and questioned the definition of a panel. Ms. Martin stated it is each of the individual sections/panels.

Chairman Koenig questioned if it would be output capacity that would be the measure rather than the size of the panel. Ms. Martin responded when visiting a property, the capacity is not known. As each panel generates a similar capacity and can be counted, it is easier to track data by the individual panel.

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Chairman Koenig suggested the topic could be discussed at the Retreat.

New Business

1. Condition of Old Blood Road

Submitted by Stephan de Penasse

Resident of Old Blood Road to speak with Town Council about the condition of Old Blood Road.

Stephan de Penasse, 11 Old Blood Road, remarked Old Blood Road is a dirt road that has seriously deteriorated over the past few years. Since the summer of 2018, conditions have rapidly and continuously escalated to severe road conditions in terms of incremental rocks, dust, deep holes, slippery muddy condition. He provided photographs (taken early April).

Mr. de Penasse spoke of how cooperative the Public Works Department (PWD) has been. However, he believes the road has reached a point of no return. There are deep grooves on the side of the road causing the road to narrow.

The road is contingent to be paved once the last piece of real estate in the cluster development is sold. He requested the road be paved now. This road has become a safety hazard for residents and those who need to circulate as part of their jobs, e.g., mail and parcel delivery, emergency vehicles.

Scott Messina, 36 Old Blood Road

Spoke of the potholes and poor drainage around the road; cutting across and washing out. The grader comes and fills it back in; over and over again. He wished to note he has had rocks the size of baseballs left behind from the grading, and the vehicles are left to stamp them back down into the ground. Their vehicles are taking a beating. There is a financial aspect for the residents in addition to the safety concerns.

Kim Field, 33 Old Blood Road

Stated her daughter lives with an injury where her collar bone is not attached to her sternum. There are times when she wakes, is unable to move, and needs to be taken to the chiropractor. She has to drive half a mile down this road over the bumps, rocks, and grooves while watching her groan in pain over every one.

They purchased their home about five years ago, which was prior to the injury. The road was supposed to be paved in the near future. She spoke of her teenage children who are driving, and of instances where even she almost lost control of her car on the road during the winter months.

Tim Burns, 35 Old Blood Road

Commented, unfortunately, it is not a matter of if something happens on that road, it is a matter of when. He has young children that are not picked up by the bus as the buses won't travel down the road. His concern is not with his neighbors traveling down the road, as they are used to the conditions, it is with the unsuspecting driver that will come down that road at the wrong time, during the wrong season, and hurt someone.

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1 taxable. The Town is encouraged to expend the full available amount each year. Chairman Rothhaus
2 noted the bequest also covers scholarships.

3
4 Vice Chairman Koenig questioned the number of gas detection meters the Town currently has, and was
5 informed there are 4-5. One has failed, and would be replaced. Asked for additional information on
6 the calibration system, Deputy Chief Levesque stated the system currently used requires the meter to
7 be hooked to a known calibration gas and put through an involved procedure for each meter
8 individually. The new machine will enable the department to place a meter into the device, push a
9 button, and the system will run through the process independently and ensure standardized calibration
10 across all the meters. Calibration specifically is required at a minimum of every 6 months or any time
11 the meter may be exposed to an unknown gas that may alter the way the sensor works. A fresh air test
12 is done daily where the system is turned on, allowed to warm up, and normal ambient air is sampled to
13 ensure the meter is reading what the ambient air is known to be. If that test produces an error, it would
14 be an indicator that calibration is needed.

15
16 *Chairman Rothhaus declared the Public Hearing open at 7:19 p.m.*

17
18 *No public testimony was offered.*

19
20 *Chairman Rothhaus declared the Public Hearing closed at 7:21 p.m.*

21
22 **MOTION made by Councilor Boyd and seconded by Councilor Albert to approve the acceptance**
23 **and expenditure of funds from the Abbie Griffin Memorial Fund in the amount of, but not to**
24 **exceed, Seventeen Thousand Three Hundred Twenty Dollars (\$17,320) for the purchase of a**
25 **MultiRAE Lite Gas Detection Meter, an AutoRAE 2 Automatic Test and Calibration System and**
26 **EMS backpacks for the Fire Department and for a Cargo Express Trailer as well as two (2)**
27 **R.A.D. Aggressor Simulation Training Suits for the Police Department, pursuant to RSA 31:95-b**
28 **and Charter Article 8-15, and furthermore, that the Town Manager or her proxy be authorized**
29 **to sign any paperwork necessary to perfect the acceptance and expenditure. MOTION**
30 **CARRIED 6-0-0**

31
32 **2. Public Hearing – Solar Exemption Petition**

33 Submitted by Amanda Hyde-Berger

34 The Town Council will hold a public hearing to receive public input on a Group Petition received,
35 pursuant to Charter Article 10-1, B. The petition is to add Merrimack to the majority of New
36 Hampshire towns and cities that offer tax exemption for solar panels and renewable energy
37 productions and wood heating energy systems for 100% of the assessed value.

38
39 Chairman Rothhaus noted the Petition was not received in time to be included on this year's Warrant.
40 A Public Hearing is required to be conducted within a prescribed amount of time set by the Town
41 Charter.

42
43 Amanda Hyde-Berger

44
45 Stated the impetus for the Petition is her concern for the environment. The State has a goal to have
46 25% of all electricity sold in the State to come from renewable energy sources by 2025. As of 2017,
47 20% came from renewables. Her concern with the taxation of solar panels is that it hinders people

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1 from placing them on their property, which is a statement she has heard from several Merrimack
2 residents. She spoke briefly of the impacts of non-renewable energy sources that emit carbon dioxide,
3 contribute to greenhouse gases and global climate change, etc. seen throughout the county and world.
4

5 There are 135 towns in the State currently providing some sort of tax exemption. Local communities
6 that provide a 100% tax exemption include Brookline, Derry, Goffstown, Mason, Mt. Vernon, and
7 Nashua. Those having some percentage of exemption include Bedford, Hollis, Londonderry, Pelham,
8 and Windham.
9

10 She stated the desire for Merrimack to be leaders in demonstrating the importance of our climate and
11 future, and that the Council consider the Petition, and that it will be addressed in the future. Asked if
12 she currently has solar panels on her home, she indicated she does.
13

14 Councilor Albert questioned the financial impact that would be borne by the tax base should the Town
15 provide a 100% exemption, and was informed the current value is \$2,631,400. Utilizing the 2018 tax
16 rate at \$24.12/\$1,000, the Town collected around \$63,000 in taxes.
17

18 Councilor Healey questioned what occurs if panels are leased and the residence sold. Ms. Hyde-
19 Berger was unfamiliar with the process.
20

21 Asked what occurs in the instance of the amount of electricity produced being greater than the personal
22 need. Ms. Hyde-Berger stated the excess is sold back; however, she does not receive revenue. She
23 will reduce her cost, but continues to be responsible for paying the delivery fee.
24

25 Assistant Town Manager/Finance Director Micali indicated during the conversation had around the
26 need for the Public Hearing, he informed Ms. Hyde-Berger the Petition would not be on this year's
27 Ballot.
28

29 Ms. Hyde-Berger questioned if the Petition could be placed on a future Ballot, and was encouraged to
30 bring the issue forward again. Councilor Harrington commented on the issue having come before the
31 Council two years ago. She is supportive of it, and would like to see a Petition Warrant Article come
32 forward again. Town Manager Cabanel encouraged Ms. Hyde-Berger to visit her office, and extended
33 an offer to be of assistance.
34

35 Ms. Hyde-Berger commented having a tax exemption on solar panels will increase the tax burden;
36 however, she would expect revenue to be increased with the new construction occurring in Town. She
37 encouraged long-term thinking.
38

39 Chairman Rothhaus noted at least one commercial property in Town with a solar array setup that has a
40 substantial value. Those types of set-ups would make it a greater impact. He is supportive of the issue
41 being placed on the Ballot to provide the opportunity for residents to make their wishes known.
42

43 Councilor Harrington suggested the 100% exemption may not pass; however were there a cap placed
44 on the amount of exemption, she believes it would garner greater support.
45

46 Ms. Hyde-Berger questioned if there are plans to put solar panels on Town or school property.
47 Councilor Boyd commented that conversation occurred in the 2011-2012 timeframe.

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1
2 Councilor Healey questioned and was told the process of preparing the language and gathering the
3 required signatures should begin in January, and a Petition is valid for 90 days.

4
5 *Chairman Rothhaus declared the Public Hearing open at 7:37 p.m.*

6
7 Jackie Flood, 6 Shore Drive

8
9 As a Real Estate Broker with 40 years of experience selling real estate in this Town, she has conducted
10 hundreds of market opinions on houses, and is very familiar with how value is arrived at. Never in the
11 history of the marketplace has any home improvement ever been valued more than the cost of doing it
12 except for perhaps landscaping.

13
14 She referenced her property noting they have been assessed for a higher cost than what they paid.
15 They are leasing their panels, but could have purchased them for \$15,000. The first year they were
16 assessed at \$30,000. They had expected a savings of \$400/year to do the right thing. Based on a
17 \$20,400 assessment, there is a tax implication of \$492. She disagrees with the assessment of this
18 utility. She noted no market data is available to base the assessment on. She does not see the request
19 as an exemption, but bringing it to where it should be; zero.

20
21 Ben Niles, 11 Fernwood Drive

22
23 He has spent his entire career of 40 years in mortgage finance and housing, and could not agree more
24 with what Mrs. Flood stated regarding assessed values. When you appraise a property for Fair Market
25 Value, if you don't have the comps to support it, the match you use is cost. We're not trying to assess
26 an income stream from the solar energy process generated on the rooftop array. These are residential
27 properties, not income-producing properties, and they should not be assessed a value based on an
28 income potential. He encouraged the Town to review the assessment practices and the determination
29 of value.

30
31 Mr. Niles stated his understanding wood produces more carbon into the air than coal. Wood heating
32 systems is not what he would consider an environmentally friendly solution. Europe has closed many
33 of their coal plants and gone to cutting down their woodlands and burning wood. Europe's CO² and
34 Carbon emissions have gone up. If correct that wood burning puts more carbon in the air, he would
35 highly recommend that portion be removed from the warrant article as that is not the direction desired
36 from an environmental standpoint.

37
38 Chairman Rothhaus stated his belief the Statute that allows for the exemption includes that language.
39 Town Manager Cabanel noted there are three different types; solar, wind, and wood burning. The
40 Town could select one, two, or all.

41
42 Gina Rosati, 15 Dunbarton Drive

43
44 Does not have solar panels and was not aware they were taxed. She questioned if, in 2017 when this
45 was voted on, it had to be voted on by the Town or if the Council able to make that exemption
46 decision. Chairman Rothhaus stated the Council can in fact do that via an Ordinance. For him,
47 because it is coming off the tax rolls, he believes it to be something the taxpayers should participate in.

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1 Councilor Harrington stated the Council did not take a vote. It was a topic of discussion and
2 information was gathered. The Assessor addressed the questions raised. At the time, the Council felt
3 encouraged those who were interested would submit a Petition Warrant Article, which the Council
4 would support. The Council wished for the voters to make the decision. The Petitioners were
5 encouraged to submit a Petition to be placed on the Ballot.

6
7 Vice Chairman Koenig spoke of the reference to a tax on solar panels, and stated there is not a tax on
8 solar panels, there is a property tax assessment. Because the solar panels are thought to increase the
9 value of your property, the value of your tax goes up.

10
11 Mrs. Rosati stated her hope the Town will participate in activities that are greener.

12
13 Natalia Bairamova, 26 Crosswoods Path Boulevard

14
15 Stated she was before the Council two years ago. She spoke of the need for everyone to be
16 environmentally friendly. Solar is one area to be considered. She leases solar panels. The large
17 difference between leasing and owning is those who lease do not get any tax incentives. The
18 advantage of leasing is there is no cost involved for the system. She spoke of the contract language
19 indicating property taxes are included in the rate. Should she move, the new owner could take over the
20 lease or the system could be removed (at a cost of \$500). When she moves, she will take her solar and
21 that assessment will go with her.

22
23 She spoke of the give and take involved in items throughout town that impact the taxes of all residents,
24 e.g., older residents sharing in the cost of the schools.

25
26 Ms. Bairamova spoke of having recently switched her home insurance. During the process they
27 questioned whether her property had a pool, etc. She was not asked if she had solar.

28
29 She stated her belief that when this issue was discussed initially, it was to be placed on the Ballot. Last
30 year she signed a few petitions. She believes there was an issue with the Petition that kept it from
31 going forward. There was a motion before the Council to put it on the ballot, the Council deliberated,
32 and as there was uncertainty with the language that should be used, the decision was reached not to
33 rush the issue. She encouraged the Council to consider placing it on the Ballot.

34
35 Tom Atkins, 24 Amherst Road

36
37 Leases his solar panels. He stated his inability to take his solar panels with him. He has noted those
38 who lease have questioned how they can be taxed on something they do not own.

39
40 Chairman Rothhaus reiterated it is not a tax on the system, it is an assessment on the value of the
41 property. According to the Town Assessor, the value of the property increases with solar panels.

42
43 Mr. Atkins commented they may be parked on the house at the moment, but he does not own them or
44 have any responsibility for them. The assumptions are not correct. When leasing, at 20 years, if not
45 bought outright, they go back to the company. He cannot take them with him should he move; they
46 would go back to the company or someone else would have to take them. There is not an ownership

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1 aspect to that. There should not be a tax. He spoke of the financial benefit of having the solar panels,
2 which is offset by a value-add tax that will increase every year.

3
4 Chris Kolb, Mt. Vernon

5
6 Co-President of the Hillsborough County Area Renewable Energy Initiative; a non-profit volunteer
7 organization that tries to make solar more affordable for homeowners by helping them to do it
8 themselves. There are two reasons their members are interested in solar; economics and
9 environmentally friendly. A typical system that would be put on a home in Town would be approx. 5
10 kilowatts, which is the equivalent of planting about 200 trees/year. It is also good economically and
11 not just for those who have systems on their homes. Utilities are now discussing time of use rates, how
12 to incentivize storage, etc. A good portion of their costs are transmission costs, which come out of the
13 peak usage that occurs during heavy loading. The heaviest days are heavy air conditioning days in the
14 summer months. Solar offsets those costs, and is a major benefit to the utilities. It reduces costs for all
15 utility users. That money is returned to the ratepayers under the way the system works under the
16 Public Utilities Commission.

17
18 He remarked, taxes affect behavior. What is important about public policy is incentivizing the
19 behavior you want to see. Including solar panels in the valuation of the home disincentivizes solar.
20 The economics of residential solar in the State are not great. That is one of the reasons his
21 organization exists. Typical cost of a project like this would be \$11,000 for a 5-kilowatt system. It can
22 return about 7%, but given Merrimack's tax, it would take 35-30% of the return coming from electrical
23 savings.

24
25 For those who do a lease agreement, he would be surprised if they are getting quoted rates where they
26 are breaking even on their electric. What they do with their clients is purchase materials in group
27 savings and do barn raisers to put them up on the roof. Although they go all over Hillsborough County
28 and have put in 40 systems over the last 5 years, they have no participation in Merrimack. There was
29 one done in Merrimack before the tax consequences were understood, and they have not done any
30 since. There are no other towns in Hillsborough County where there are currently tax dollars collected
31 on rooftop solar. Bedford places an assessed value at \$300/panel (half of what Merrimack assesses the
32 panels at); however, Bedford exempts that value.

33
34 Asked if there are Federal tax incentives for solar. Mr. Kolb indicated there are; when you put in a
35 solar system there is a 30% off the top on all expenses to do so. That is this year. Next year it will be
36 down to 26% and then 22%. Councilor Harrington remarked if owning the system you can achieve
37 that incentive and if leasing, the company that owns the system receives that benefit. Mr. Kolb stated
38 that to be correct.

39
40 George Heavner, 29 Briann Drive

41
42 Does not believe solar panels increase the value of a property. He and his wife placed solar panels on
43 their home about 5 years ago (36 panels) at a cost of \$47,500. They own them outright. The year
44 after, their assessment went up \$80,000 (about \$1,800/year more in taxes). Their electricity bill went
45 down from about \$150/month to \$13.08/month (line charges for power going the other way). They are
46 saving about \$1,800/year, which all goes to pay the tax bill. If you argue this has increased the value
47 of the home, that value would be when someone is going to purchase the home.

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Erik Saunders, Erik St.

Spoke of his water heater, which happens to have a pipe to his roof, which he is taxed on. He has two solar thermal panels on his roof, which he has been taxed on since 2011, for having a water heater. No one else is taxed by the type of water heater they have.

Rob Link, 1 Crestview Circle

Asked if there was a vote taken to initiate taxing the panels. Chairman Rothhaus stated it is a matter of the value of the home. There was suggestion there were no comparables in Merrimack, and he is uncertain if that is the case or not, but the Town Assessor came before the Council and explained how the values are derived. They do look at homes that have sold. The value, according to the Assessor, is greater when you have solar panels. That is why it is important to recognize it is not a tax on the solar panel, it is that the value of the home has increased because of the panels.

Mr. Link stated his belief it is backwards to look at an exemption as a loss in revenue. He stated his belief younger families would be interested in properties with solar panels and would avoid a town that doesn't support them. In that sense, it would lower the property values of homes in the community.

After obtaining solar panels he refinanced his home, with Wells Fargo, and they had no interest in solar panels adding any value to his home. He does not believe there to be any value data. For those who do not own their panels, he cannot wrap his head around the logic of an increased value.

Town Manager Cabanel remarked she does not believe there is anyone on the Council opposed to an exemption. The Public Hearing is intended to allow the public to provide input, but it will be the decision of the taxpayers as to whether to grant an exemption.

Ned Reynolds, 110 Aldrich Road, Portsmouth, NH

Sells commercial solar projects for ReVision Energy, which has an office in Brentwood, NH and employs over 50 people. He is also a resident and a three-term City Councilor in Portsmouth, which is one of the 135 municipalities in the State that either fully or partially exempt the value of solar equipment from property tax base.

He was speaking as a representative of the New Hampshire based solar energy system designer and installer. They installed 380 solar and related technology projects throughout the State in the last year. He has been in the energy policy field for over 20 years. He spoke of the event held in Concord earlier in the day in celebration of NH Energy Week. He is confident it was lamented that the State has some of the highest electric rates in the country. This is because we have zero native fossil fuel resources. Most of the energy we use is imported. Seventy cents of every dollar we spend on oil, gasoline, natural gas, and electricity from the fossil fuel fired regional grid leaves the State. For that reason public policy at the State and local level should encourage and support, in every way possible, the installation and use of distributed and renewable energy resources.

We have solar energy in the State. He stated his understanding 92 Merrimack residents have already shown it does work. Thousands of homeowners and hundreds of businesses, institutions, other

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1 municipal governments across the State have already recognized and embraced the value of solar
2 energy and the contribution it makes to multiple widely held policy goals such as energy
3 independence, reduction of greenhouse gas emissions, etc.

4
5 The State provided for this exemption because those who make that investment in renewable energy
6 equipment are producing benefits for everyone in the State in terms of reduced stress on the local
7 utility grid, which reduces the need for infrastructure upgrades that are paid for by all in their utility
8 bills. The notion that exempting renewable energy property from property tax would unfairly burden
9 the rest of the taxpayers in Town ignores that fact. The cost of the energy that goes onto the grid is a
10 huge component of rates. He spoke of a study by the Independent System Operator (ISO) (grid
11 operator) of New England, which found, on the hottest day of the year, the contribution of solar energy
12 to the region's electricity supply that day, in a single hour of peak demand, saved ISO New England
13 ratepayers \$20 million collectively. Solar energy produces peak output coincident with peak demand
14 on the grid.

15
16 Councilor Boyd commented on having considered solar three years ago, and the company had
17 indicated Merrimack had the exemption. He informed them Merrimack did not. He questioned if,
18 when going into the other 104 communities in the State that don't have the exemption, if that is part of
19 their talking point to make certain potential purchasers/leases are aware. Mr. Raynolds stated they do;
20 they track it very closely and advise would be customers of the benefits and costs involved.

21
22 Councilor Albert questioned what a solar panel is constructed of, and was informed it is silicon wafer.
23 The other components include aluminum frame, transistor, wiring, and inverter. Mr. Raynolds stated
24 his company procures the panels. They are part of a procurement collaborative that sources different
25 company's panels. They come in different sizes and capacities, which is another reason why assessing
26 a panel at a flat rate of anything is not an accurate way to do it.

27
28 Chairman Rothhaus commented he is uncertain if that is how it is addressed.

29
30 Rudy Bazelmans, 174 Naticook Road

31
32 Stated the DRA database is not up-to-date. There is a large difference between the way they are
33 handled in the southern part and bigger cities in the State than in the northern part of the State.

34
35 He spoke of moving to Town from Nashua, and of being surprised, after putting in solar, to have
36 learned that although the State permits exempting them and Nashua exempts them, Merrimack does
37 not.

38
39 When talking about the value of a home, you need to consider utilities are reducing the benefits
40 dramatically now that they are not giving you credit for distribution. They are making changes so they
41 can make more money themselves. He does not believe there will be as many individuals interested in
42 this in the future. With the increased assessment and reduced benefit of solar (change in utility costs),
43 it is not worth it in Merrimack.

44
45 It is an eyesore. People complain about it sometimes. When you sell there is a fear of an obligation
46 the potential purchaser has, the increased assessment and the fact the Return on Investment (ROI) is
47 just not there. He remarked it is embarrassing to have solar. When speaking to anyone who asks him

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1 how he is doing with his solar he has to admit it is hardly paying off because of the tax situation. He
2 believes the proper thing to do is reduce the tax on any house that has solar. If distributing the \$64,000
3 of tax revenue among everyone in Town, it would be about \$6/year or 6/100th of 1% increase in the tax
4 bill.

5
6 Glenn Nakamoto, 83 Tinker Road

7
8 Stated he is probably the one who started some of the petitions in 2017 and earlier. His wife came
9 down with Cancer twice and both attempts at this were severely interrupted in the signature collection
10 phase.

11
12 They installed solar panels about 3½ years ago. He knew, at the time, there was not an exemption.
13 For him it still made sense as he was able to afford to pay cash up front, the State incentives were
14 \$3,750 versus \$1,000, and Eversource was still providing the full retail payment for net metering. That
15 made it very attractive where he could have ROI within 10 years or so. Purchasing the same system at
16 today's prices at approx. 4.5% interest on a loan (based on the savings data he has collected for the
17 past 3 years), the ROI period would be roughly 12 years. Adding the additional assessment he has had
18 for the past 3 years, it would take 18 years to break-even. Given the solar panel has a 20-year life, it
19 does not make a lot of sense to undertake. Currently there is a \$1,000 State credit and 67% retail
20 payback.

21
22 For the past three years, his assessment on the solar panels has not reduced a single dollar even though
23 the performance is steadily dropping year by year (approx. 1-2%). The first year he received his
24 assessment he sought an abatement. He showed the cost of the system and the significantly larger
25 assessment. He suggested the comps used to determine the increased value are from a community that
26 does not tax the panels.

27
28 Councilor Boyd requested Town Manager Cabanel confirm when an individual applies for an
29 abatement, comps utilized are in Merrimack. Town Manager Cabanel responded that was not the
30 purpose of the Public Hearing, and, as a result, she was not prepared to talk to that. She is uncertain of
31 the exact process for assessing the panels. She is aware it is \$600/panel. It is depreciated, but the
32 value is only changed every 5 years. A person would only see it in the 5th year.

33
34 Councilor Boyd commented if you take solar panels out of the equation and do comps with other
35 houses for the sake of an abatement, the square footage of the roof, number of panels, etc. might be
36 different from one home to another. It would be difficult for the Assessor to get what would be an
37 appropriate comp, just in evaluating the abatement process for the square footage for solar panels.

38
39 Chairman Rothhaus suggested the Council continue the discussion and discuss how to address the
40 larger operations. There are questions the Council should address with the Assessor, if necessary, at
41 some point in the near future.

42
43 Councilor Albert suggested the Council consider taking the action it can within the next few months.
44 Currently it is a \$60,000 impact, which could become greater. He spoke of the importance of a cap,
45 and suggested that be a discussion the Council have.

46

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1 Councilor Healey stated her desire to see something intermediate and then have the issue placed on the
2 Ballot at the earliest possible opportunity. She questioned if it must wait for the April 2020 Ballot.
3 Chairman Rothhaus stated that to be the case unless the Council were to pass an Ordinance.

4
5 Glenn Nakamoto, 83 Tinker Road

6
7 Has resided in Town for approx. 5 years, East Wakefield prior for about 10 years, and Massachusetts
8 for 20 years before that. He also spent a fair amount of time in Hawaii where he learned the concept of
9 distributed generation where rooftop solar, community solar, and the grid all work together in a
10 coordinated fashion. Utility folks know the writing is on the wall that revenue will begin to decrease.
11 We continue to rely on the infrastructure. New Hampshire has the New Hampshire State Energy
12 Strategy Document that talks about distributed generation and looks at a partnership between local
13 homeowners with rooftop solar, towns and communities that support large scale solar projects, and the
14 utility providers.

15
16 In Hawaii, he got involved with talking with folks to see what those partnerships looked like. On the
17 island of Kauai, on a sunny day, they generate about 77% of their electricity purely from solar. They
18 are averaging 8-9 cents per kilowatt hour whereas if they pay from fossil fuel it is over \$0.38, which is
19 double what we pay here. They are highly incentivized. They get ROI in 4-5 years. Despite that, the
20 Honolulu Council, in 2009, approved tax exemption for solar panels. In 2009, the solar penetration on
21 rooftop was less than 1%. In less than 10 years they have reached a saturation point of 10%, but with
22 that 10% came this distributed generation notion where the partnerships have started to grow, battery
23 power is starting to come into play. There is a significant future path we can learn about from places
24 that have adopted this.

25
26 Ravi Sampath, 14 Abbey Road

27
28 Moved to Merrimack 4 years ago from Upstate New York where for about 15 years he had solar
29 panels. He has had them here for 4 years. He is a very staunch environmentalist.

30
31 He spoke of the discussions that have already occurred around the assessments and the fact that
32 depreciation is only realized every five years noting IRS code states a depreciation every year. He
33 stated the Council could have the Town Assessor make that change on a yearly basis.

34
35 He remarked if the issue is put to the Ballot it needs to be done with 100% support of the Council. He
36 spoke of the idea of a cap and stated his preference would be no cap. He commented on commercial
37 properties depreciating heavily.

38
39 Regarding assessing the value of a home based on the cost of a solar panel, he remarked that does not
40 return anything to him; it is the solar power, which varies. He suggested his power generation be
41 monitored and the assessment be determined based on the energy generated. The assessment base
42 itself is wrong.

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1 Rudy Bazelmans, 174 Naticook Road

2

3 Stated concern if this goes on the Ballot there will be about 100 solar owners and another 400-500
4 voters who want solar and about 8,500 who are fearful that their taxes are going to go up. They won't
5 realize it would go up by 6/100th of 1%. They will hear it is going up and will vote it down.

6

7 Ned Raynolds, 110 Aldrich Road, Portsmouth, NH

8

9 Urged the Council not to adopt an exemption with a cap. The public benefit; reduced stress on the
10 local grid, substations, distribution wires as well as the public environmental benefits are in direct
11 proportion to the size of the system.

12

13 For the local business a solar system is a sound business strategy to lower energy costs, make energy
14 costs more predictable, insulate themselves from future increases in electricity prices and make
15 themselves more competitive. From a local economic development perspective, he suggested the
16 Town would want that.

17

18 Asked if he has solar at his home, Mr. Raynolds responded he does not as it is not suitable for it; axis
19 of roof is north/south, and property has some large trees.

20

21 Councilor Boyd questioned the percentage of his clients that purchase versus lease. Mr. Raynolds
22 stated he has not been selling commercial solar systems for that long and does not have a good
23 database. It is a far better value to purchase.

24

25 Mark Bishop, 2 Pine Tree Lane

26

27 Spoke of having solar and of the number of residents who have stopped at his home to ask about the
28 panels. He has spoken of the benefits they provide and also informed of the Assessor viewing them as
29 a home improvement and the increased assessment on his home. He suggested there would be a
30 greater number of residents installing solar panels were it not for the increased assessed value.

31

32 He commented on the negative issues in Town such as traffic, tolls, PFAS, and suggested it would
33 make sense to want to be a more progressive community, investigate geothermal for the larger
34 corporations, etc.

35

36 He does not believe the revenue gained of \$63,000 is a great impact to the Town; however, the portion
37 he is paying on his taxes means a great deal to him. There are actual home improvements he could
38 make to his home and enjoy, and be assessed at the same rate.

39

40 Natalia Bairamova, 26 Crosswoods Path Boulevard

41

42 Is pleased the Council is coming to realize the assessment is off. She remarked the reason the last
43 discussion of this issue resulted in a lengthy meeting was because a mistake made in assessing of non-
44 profits. She stated her belief that played a part. Now that additional information is available, perhaps
45 the Council will look more closely at how the assessment is done.

46

47

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1 Bill Dallas, 18 Hansom Drive

2

3 Does not have solar, and does not mind paying the additional tax that would result with an exemption.
4 He will be downsizing, and plans on putting solar on his next home. It won't be in Merrimack if there
5 is an additional assessment. He stated his hope the Council would not wait for a Warrant Article in
6 2020. He would like a discussion to occur with the Assessor to look more closely at the value
7 identified for panels. He suggested an Ordinance could be put in place until the next Town Meeting
8 when the voters could decide.

9

10 Dick Josephson, 4 Woodward Road

11

12 Stated Eversource charges him about \$0.08 cents/kilowatt hour. SolarCity charges him \$0.13 and he
13 keeps a running tab of how much each is costing and tries to keep the two the same at year end, which
14 means he turns the solar off periodically.

15

16 ***Chairman Rothhaus declared the Public Hearing closed at 9:02 p.m.***

17

18 ***There being no objection, the Council recessed for five minutes.***

19

20 ***The Council reconvened at 9:08 p.m.***

21

22 Chairman Rothhaus stated the desire for information to be gathered relative to the value of the
23 companies utilizing solar to allow the Council to reach a decision as to a cap on exemptions.

24 Councilor Albert stated the desire to receive options on what could be done in terms of an Ordinance
25 that would alleviate some of the concerns stated.

26

27 Town Manager Cabanel stated her understanding the Council wished to review the assessing practices
28 regarding how value is determined. The Assessor would be asked to attend a meeting to engage in that
29 discussion with the Council. Aside from that, should the Council wish to consider an Ordinance, there
30 is a process for doing that.

31

32 Councilor Harrington stated the desire for the Council to evaluate the issue and determine the available
33 options for addressing it. She would like to engage in a discussion to determine if the appropriate
34 action is adopting an Ordinance. Councilor Albert stated agreement.

35

36 Councilor Harrington remarked most of the towns she looked at exempted 100% of the assessed value.
37 All agreed there is an assessed value or there would not be the need for an exemption. We can debate
38 what the percentage is and have the Assessor explain the amount of and basis for the assessment.

39

40 The question of available comparables came up. Town Manager Cabanel commented she spoke with
41 the Assessor earlier in the day who indicated it is charged based on some kind of standard.

42

43 Councilor Boyd stated agreement this issue has been discussed since 2016 when a corporation came to
44 the Council looking to do a Pilot (Payment in lieu of taxes) because of certain federal grants and tax
45 credits they would achieve if going to build a solar array on their property. At the time, they were
46 supposed to present to the Council. That never occurred. A great deal of documentation was provided
47 but a presentation was not. It felt hurried at the time. The Council voted against it, which he felt was

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1 prudent. On February 16, 2017, the Council voted (3-2) to put an exemption on the warrant article for
2 2017. It was for an exemption of 50% capped at \$5,000. Chief Currier raised concerns regarding
3 specific fire and safety standards. A motion to reconsider prevailed 4-1.
4

5 The Council has been exposed to a lot of different information. Although this law has been in
6 existence since 1975, it only seems to have been promulgated to municipalities in our State within the
7 last 10-15 years.
8

9 Regarding the assessed value, the point was made that we have 97 residents that have a solar array on
10 their property. As was brought up during public comment, there is the question of if a resident applies
11 for an abatement and there are no other homes that allow the Assessor to make a qualified opinion.
12

13 The Council has taken the stance it will do its due diligence to make a determination of how to proceed
14 on this issue. The question of whether this should be addressed through Ordinance or placing it on the
15 Warrant is a philosophical conversation. There is the need to understand the implications on both
16 residential and commercial properties.
17

18 Councilor Boyd spoke of a discussion he had with an Assessor in the City of Manchester who pointed
19 out to him there is a variety of different assessing software available. Some communities don't have
20 the ability to assess solar based on their software. He explained Manchester has historically not valued
21 solar. If applying for an exemption they were providing it, but they were not physically altering the
22 assessing card. The 2021 revaluation will be different as they are changing the software and will have
23 the ability to assess a value for that component.
24

25 **Legislative Updates from State Representatives**

26
27 Representative Nancy Murphy, on behalf of herself and Representatives Rung, Stack, and Thomas,
28 thanked everyone who attended the Merrimack Village District Annual Meeting to vote to approve
29 PFAS filtration of our public wells to protect the health of our community.
30

31 Given New Hampshire is #1 in the nation for pediatric cancer, breast cancer, esophageal cancer, and
32 bladder cancer, and we know PFAS is known to be associated with cancer, thyroid,
33 neurodevelopmental, reproductive and other health issues, it behooves us to do everything we can to
34 protect our environment and human health.
35

36 As victims of an industrial polluter that refuses to take responsibility for this contamination, it is
37 reprehensible that Merrimack residents must pay to filter these toxic chemicals out of our drinking
38 water. However, our community has been informed, and voted overwhelmingly (by a 92% margin) to
39 protect ourselves. We will finally have PFAS free water because citizens fought for and voted for it.
40 She thanked members of the Council, MVD Commissioners, Merrimack Citizens for Clean Water,
41 community members, and all involved in this process.
42

43 Representative Murphy encouraged residents to attend the PFAS Community Health Fair on
44 Wednesday, April 3rd, from 5:00 - 8:00 p.m. in the Merrimack High School cafeteria.
45

46 The bills discussed at the Council's last meeting are moving to the Senate side of the State House.
47

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Administration, Common, and Maintenance Bays. The total cost for the renovation of existing building, new building and site improvements will come to \$3,300,000.

Finance Director Micali spoke about the town's current debt and pointed out that one bond is retiring this summer. The bond for the highway garage would replace the retiring bond and there would be no change to the tax rate.

Chairman Harrington declared the Public Hearing open at 7:57 p.m.

No public comment was offered.

Chairman Harrington declared the Public Hearing closed at 7:58 p.m.

Councilors Koenig, Flood and Chairman Harrington all stated their belief that this is the correct approach and time for the updated Highway Garage.

MOTION made by Councilor Mahon and seconded by Councilor Koenig to move the Highway Garage bond for the amount of \$3,300,000 to the warrant.

A Voice Roll Call was taken, which resulted as follows:

Yea: Councilor Koenig, Vice Chairman Rothhaus, Councilor Flood, Councilor Mahon, Councilor Boyd, Councilor Harrington

6

Nay:

0

MOTION CARRIED 6-0-0

Legislative Updates from State Representatives – None

Town Manager's Report – None

Consent Agenda – None

Old Business

1. Adoption of Optional Property Tax Exemption for Solar Installation

Submitted by James Bernard

The Town Council to consider the adoption of optional property tax exemption for solar installation, pursuant to Town of Merrimack Charter Article 10-1.

Councilor Flood Recused herself.

Mr. Bernard spoke of the need for the Town of Merrimack to adopt a tax exemption for solar systems. Currently homes with solar panels are being assessed as having a higher value. Mr. Bernard's home assessment was increased by \$30,400.00 based on the installation of leased solar panels. That increase equals a \$57.73/month tax increase based on the new tax rate of \$22.79. Mr. Bernard's solar panels

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save approximately \$36.00/month in electric cost so the assessed value is negating any potential cost savings he might see.

Mr. Bernard pointed out that The State of New Hampshire has set a goal of producing 25% of its power from renewable sources by the year 2025. New Hampshire RSA 72:61-72 permits cities and towns to offer exemptions from local property taxes for certain renewable energy installations including solar systems. Assessing property tax on Solar Systems is a huge disincentive and runs counter to the overall goal of the state. Mr. Bernard wants the Town of Merrimack to adopt a 100% tax exemption of the assessed value for solar systems.

This item was brought up at the December 15, 2016 Town Council meeting. Many of the same questions are still unanswered such as should the cost of the system itself or the assessed value of the system be exempt and at what percentage. Chairman Harrington said back in December she stated her support of a Citizen Petition Warrant Article. That option was not utilized and the Council is now being asked at the last minute to put forward a Warrant Article. The timing and lack of historical information regarding assessed values of solar systems makes this a very tough decision for the Council.

Discussion ensued regarding what the solar exemption amounts are of other cities and towns similar to Merrimack, and how we should approach this. The main consensus is that a solar system exemption would not be tax neutral so any exemption should not be 100%.

MOTION: made by Councilor Boyd and Seconded by Councilor Koenig that the Town Council enact the RSA 72 or the Solar Energy Exemption at 50% of assessed value of the solar capped at \$5, 000.00.

ON THE MOTION: Councilor Koenig stated that the 50% may be considered a token amount but it is something. He was really hoping to be able to get more information over this coming year, however, since this is before the Council now 50% is what he is willing to approve.

A Voice Roll Call was taken, which resulted as follows:

Yea: Councilor Koenig, Councilor Boyd, Councilor Harrington	3
Nay: Vice Chairman Rothhaus, Councilor Mahon	2

MOTION CARRIED 3-2-0

Chairman Harrington stated that she is begrudgingly voting yes. This number of 50% is a token and a tax exemption would be an incentive for more people to look into solar, and that is what tipped the scale for her.

Finance Director Micali read what the Warrant Article will be to make sure the Council agrees with the language:

To see if the Town will vote to adopt the provisions of RSA 72:61 through RSA 72:64 inclusive which would provide an optional solar property tax exemption for properties assessed value

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for property tax purpose for the persons owning real property which is equipped with solar energy systems intended for use at the immediate site. Such property tax exemption shall be in the amount of equal to 50% of the assessed value capped at up to \$5,000 of qualifying equipment under these Statues.

The Council talked about The Warrant language such as qualifying equipment and asked Fire Chief Currier to speak about permitting. Chief Currier stated that a town ordinance on solar systems was completed that day and now needs to go through extensive vetting. The wording that you are looking for could be different based on the system. We are still going to need to address this next year if there is confusion because we are making a Warrant Article based on an ordinance that is not written.

MOTION made by Chairman Harrington and seconded by Councilor Koenig to reconsider the previous vote.

ON THE QUESTION: Councilor Boyd asked Chairman Harrington to clarify her reason for making a motion to reconsider? Chairman Harrington stated that after hearing from Chief Currier about the effect the unfinished town ordinance may have on this action there are too many factors to make this a clear Warrant Article.

A Voice Roll Call was taken, which resulted as follows:

Yea: Councilor Koenig, Vice Chairman Rothhaus, Councilor Mahon, Councilor Harrington

4

Nay: Councilor Boyd

1

MOTION CARRIED 4-1-0

Councilor Koenig reiterated he was hoping that we could get something worded that could work for a year, however, it is clear that there are too many challenges to make this pass legal muster. Due to this reason he can no longer support going forward.

RECONSIDERATION OF ORIGINAL MOTION: that the Town Council enact the RSA 72 or the Solar Energy Exemption at 50% of assessed value of the solar capped at \$5, 000.00.

A Voice Roll Call was taken, which resulted as follows:

Yea: Councilor Boyd

1

Nay: Councilor Koenig, Vice Chairman Rothhaus, Councilor Mahon, Councilor Harrington

4

MOTION DENIED 1-4-0

Chairman Harrington expressed her hope that Mr. Bernard not give up and hopefully next year there will be enough public signatures for a Citizen Petition Warrant Article.

Councilor Flood rejoined the Council

There being no objection, the Council took a three-minutes recess at 8:40 p.m. The Council reconvened at 8:42 p.m.

Approved: January 12, 2017

Posted: January 17, 2017

2. **Solar Exemption Ordinance Discussion**

Submitted by Assessor Loren Martin

Town Council to be presented with solar exemption details and to discuss and consider the implementation of a solar exemption to the Town of Merrimack Town Code.

Ms. Martin provided the Council with updated information relative to properties that were assessed for a solar array on their property, the associated assessment, and the resulting tax.

Chairman Harrington spoke of having been contacted by residents who have installed solar panels on their homes, and are concerned with their assessed value increasing as a result. She stated her desire for the Council to engage in a discussion of a solar exemption.

Ms. Martin commented when previously before the Council she was asked if the Town could expect anything contentious with the update of values conducted in 2016. A solar exemption would be something new.

Chairman Harrington noted she questioned whether residents are informed of the likelihood of an increase assessed value as a result of installation of solar panels, and was told they are officially notified. Ms. Martin stated there to be 130 properties, in total, that had applied for a building permit. Properties on that list were visited last year during the update. Forty eight properties were picked up and assessed with solar arrays on them, 47 more will be added for 2017, and there may be even more. For the properties that have yet to be assessed, they are putting in estimated assessments and an estimated tax based on what has been installed. There are properties that were duplicated on the building permit list, and there were properties where a permit was applied for and the project never went through.

To date, there are 95 properties for 2017. Total assessment associated with these properties is \$1,968,200 with an estimated tax of \$44,855. When asked, she stated the assessment to be based upon the number of panels. Currently a cost approach is being used. The best way to quantify it will be through sales. The difficulty in Merrimack is that solar has only started being seen fairly recently; a comparison of the sale price of a home prior to and after solar arrays have been added has not yet been seen. Right now what is being used is replacement cost; new, less depreciation. What is being assessed on them is less than what purchasers are actually paying for them, but it is closer to a true cost than it would be to anything market derived at the moment.

Councilor Dwyer questioned if the addition of a solar array is viewed in the same way as the installation of a built-in swimming pool, which increases the assessed value of a home, and was told that is the case. He noted that to be something to look at when considering an exemption. It is irrelevant whether the panels were purchased through a special deal, came for free, etc. the end result is an increased assessed value of the property.

Ms. Martin spoke of the information provided that identified the cities/towns in New Hampshire that have adopted a solar exemption, and the date of adoption. A lot of the exemptions cited that were adopted right when the exemption was available were based on cost. Ms. Martin stated her firm has strongly recommended to towns that if adopting an exemption it should be based on assessed value. A

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lot of the more recent adoptions are based on assessed value, and may have a cap, e.g., 100% of assessed value up to \$10,000 or \$20,000.

Councilor Boyd questioned if there is any science to arriving at a fair figure for the Council to consider from a policy perspective. He suggested if something the Council wants to consider he would look to Ms. Martin for direction. Chairman Harrington stated her belief the Council is left without any such guidance. Councilor Mahon stated his displeasure with the language of the Statute. Chairman Harrington noted, out of the 234 cities/towns listed on the information provided, 43 base their exemptions on assessed value.

Councilor Boyd questioned if it is the purview of the Council to come up with two sets of exemptions; residential and commercial. Ms. Martin stated her belief that latitude does not exist in the Statute. A commercial solar farm where energy is sold elsewhere would be a taxable entity that would not qualify for an exemption.

Councilor Flood spoke of her residence and the fact that she leases the solar panels. Her assessment (\$27,000) was based on the number of panels. Each panel was valued at \$750. She could have purchased them all at \$15,000. She believes that to be an area that should be corrected. She stated she is in favor of an assessment noting she had panels put on her residence at no cost to her. She added, as a Real Estate Broker, she has had potential buyers look at additions such as a pool, and turn away from a property as a result.

Councilor Flood stated she and her husband chose to install the panels to be green and for their own enjoyment; not thinking that anyone would ever be interested in purchasing their home and wanting to assume the lease for the panels. She stated her belief it is somewhat of a detriment. Ms. Martin commented, with leased solar panels, it could be a detriment to future sales. That will be better understood over time.

Councilor Flood stated her opinion the solar panels are simply a utility on the roof; simply her electrical system. Ms. Martin remarked it helps reduce utility cost so that is what is being touted as what people would be willing to spend in the market to get a benefit. Councilor Flood noted, for her home, the savings are estimated to be \$400 - \$500 whereas the increase in taxes is approx. \$600. She stated her desire to see something equitable and based on common sense when looking towards what could be the financial benefit of adding to your home whether it is solar panels, new kitchen, etc.

Vice Chairman Rothhaus commented on the analogy of a swimming pool remarking if a \$40,000 swimming pool were installed, it would not necessarily increase the value of the home by that same amount. Ms. Martin agreed cost does not always relate to market, e.g., you may spend \$40,000 and it may increase the value by \$20,000. Vice Chairman Rothhaus commented once we build up a little history in this part of the country we will have a more accurate understanding of what the real value will be. He stated his opinion most do it for the green component. It may result in a small financial cost to be green.

Councilor Mahon remarked the issue being danced around is someone has to pay for this. We take it off the tax base and all of the other taxpayers that don't have solar would be subsidizing those who do. The Council is starting the budget process and constantly wringing hands about how to manage the

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services and deal with the revenue issues, and here we are contemplating another reduction in what Town would have for a source of revenue. It is an issue that really needs to be taken into consideration.

Chairman Harrington stated the only way she would consider any option would be if it were put on the ballot for the citizens to vote on particularly given any exemption would have a tax impact.

Councilor Flood stated her point to be that an increased assessed value based on the cost of the solar panels is greater than the resale value added to the home. In her opinion assessments should be based on market value. Ms. Martin remarked it is believed they value the properties at market value. If you are exempting a portion of that, you would be decreasing the value. Councilor Flood suggested it would be decreasing the value only to where it should be. Ms. Martin suggested they may disagree on that issue. Councilor Flood remarked with a Veterans' exemption for example, you receive an exemption from the real value. With the solar panels, she believes the value to be untrue. She reiterated at the time she had solar panels installed the cost to purchase was \$15,000 yet her assessed value increased by \$27,000.

Ms. Martin stated her organization has gathered data statewide from all of the solar companies. The average cost to install a panel is about \$1,000/panel. They are being assessed \$750 - \$800/panel. The true cost if you were to go out and purchase solar panels is about \$1,000/panel installed.

Councilor Koenig commented it was mentioned previously that states that have had solar for a length of time has been able to work an assessment/value for the market. He asked if Merrimack's numbers could be compared against those town's relative numbers to gain an idea of what resale value would be. Ms. Martin responded comparing property values in New Hampshire to values in California, Florida, etc. is difficult. Councilor Koenig clarified he was referring to delta costs for solar panels. Ms. Martin commented she was looking at an article from Berkley earlier in the day. They had studies done in Pennsylvania that indicated on average the value add was \$19,000. It might be \$35,000 per property on average in California. It does provide some indication, but the size of the system, how much it can power, etc., are all factors.

Councilor Koenig commented that is where the science comes in because you can look at percentage deltas, cost per square foot, etc. There ought to be some way to generate a formula that provides an idea, e.g., $\frac{3}{4}$ of the cost is close to what we expect the resale value of the home to change. Ms. Martin remarked were she to compare it to what is being looked at in Pennsylvania that was what they were experiencing in the survey that was reviewed. On an average basis, we are right in line with that.

Councilor Koenig questioned, using a panel count, are the panels all sufficiently equal as far as power output, etc. Ms. Martin stated the newer systems are. The older systems are a little different and would be depreciated for that. The newer systems are all relatively comparable in what their output is; number of kilowatts per panel.

When asked, Ms. Martin stated when looking at a cost approach it would be replacement cost less depreciation. The vast majority of the systems being looked at are all brand new systems. Depreciation would be looked at again in five years when they do the update. That depreciation cycle would come in like everything else.

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Councilor Boyd questioned how, if considering a cost option, the Council would determine cost, e.g. would property owners provide copies of their leases, bills, etc. Ms. Martin responded that is why she would steer the Council away from that option. She spoke of a town that adopted it in the '70s at 100% of cost. A taxpayer walked in the door recently with an invoice for \$110,000. At the time the community was not assessing solar panels so there was no added assessment to the property and the taxpayer is now looking for an exemption of \$110,000. The way their Warrant was worded she is not sure how they could not grant an exemption of \$110,000 of which they spent less than half themselves; the rest was through credits, etc. The out of pocket cost was not \$110,000, but that was the cost of the system and that is how their warrant was worded.

Councilor Flood commented too much interference from government on any new product hinders the performance of the market.

Councilor Boyd echoed the remarks of the Chairman with regard to the matter being a question to be put on the ballot for the citizenry to vote upon.

Ms. Martin stated her opinion putting the item on the ballot is the fairest way to proceed.

Councilor Boyd noted there would remain the issue of crafting a Warrant Article identifying how an exemption would be viewed, e.g., percentage of cost, assessed value, etc.

Councilor Mahon noted if the Council were to adopt an exemption, it would become effective on April 1, 2017. If adopted by the voters, it would become effective April 1, 2018. Ms. Martin questioned if there is the option of making it retroactive if put before the voters this year. Councilor Mahon was uncertain. Councilor Flood cited language that reads: "If the exemption or credit shall take affect within the town or city on the date set by the governing body in the tax year beginning April 1st following adoption or whichever shall occur first." Either the Warrant Article or the Council sets the date or it takes place the following April 1st, whichever is first.

Councilor Dwyer stated he was leaning towards placing the question on the ballot. However, he does not see the urgency at this time. It may be that additional data is needed, and the matter could be taken up by the Council during its next Retreat.

Councilor Koenig stated his belief there are several ways for this to move forward; the Council could adopt a policy, which he is hearing the Council is not very interested in doing, the Council could put together a Warrant Article sponsored by the Council and put it before the voters, and it could come through as a Petition Warrant Article. The Town Council could either decide to put that on the Warrant or if there were sufficient signatures it could go on the Warrant by default at whatever the Petition Warrant Article wording was. He suggested if there is concern or a desire to put it on the Warrant, there is reason for the Council to consider whether it wishes for it to come through the Council directly or look to see if a resident wishes to put a Petition Warrant Article forward.

When asked, Assistant Town Manager/Finance Director Micali stated the last day for acceptance of Petition Warrant Articles is February 14, 2017.

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Councilor Boyd remarked he has given thought to 50% of the assessed value capped at \$20,000, which he believes is sensible based on the average assessed values of properties with solar.

3. Road Acceptance of Windy Hollow Circle

Submitted by Deputy Public Works Director/Town Engineer Dawn Tuomala

At the Planning Board meeting on December 6, 2016, per Subdivision Regulations Section 5.01.1(f), the Planning Board has released the performance bond in favor of the two year maintenance bond and recommended acceptance of Windy Hollow Circle by the Town Council. Acceptance of the road is conditioned upon receipt of the two year maintenance bond in the amount of \$55,982.

MOTION made by Councilor Boyd and seconded by Councilor Mahon to accept Windy Hollow Circle as a Town Road contingent upon receipt of the two-year maintenance bond in the amount of Fifty Five Thousand Nine Hundred Eight Two Dollars (\$55,982)

ON THE QUESTION

Dawn Tuomala, Deputy Director, Public Works Department/Town Engineer, stated Windy Hollow Circle to be a cluster sub-division that was constructed off of Tomasian Drive. Councilor Koenig questioned if the road is sufficiently complete, and the Public Works Department (PWD) comfortable taking over responsibility for maintenance, and was informed that is the case.

Councilor Koenig questioned the impact to the Town when accepting a road such as this. Deputy Director Tuomala responded for the next two years the maintenance bond will remain. Once the road is accepted as a Town road, the Town will be responsible for plowing and other Town services.

MOTION CARRIED 7-0-0

4. Road Acceptance of Crows Nest Circle

Submitted by Deputy Public Works Director/Town Engineer Dawn Tuomala

At the Planning Board meeting on December 6, 2016, per Subdivision Regulations Section 5.01.1(f), the Planning Board has released the performance bond in favor of the two year maintenance bond and recommended acceptance of Crows Nest Circle by the Town Council. Acceptance of the road is conditioned upon receipt of the two year maintenance bond in the amount of \$36,741.

MOTION made by Councilor Boyd and seconded by Councilor Dwyer to accept Crows Nest Circle as a Town Road contingent upon receipt of the two-year maintenance bond in the amount of Thirty Six Thousand Seven Hundred Forty One Dollars (\$36,741). MOTION CARRIED 7-0-0

5. Economic Revitalization Zones (ERZ) for Southern D.W. Highway Corridor and 15 Caron St. Submitted by Community Development Director Tim Thompson
Request Town Council authorization to submit application to the NH Department of Resources & Economic Development to amend (add to) Southern D.W. Highway ERZ and 15 Caron Street ERZ.