Land Use Change Tax Incomes from Ten Selected New Hampshire Towns 1988-1994

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Charles A. Levesque, Principal
Innovative Natural Resource Solutions
P.O. Box 1767
Hillsboro, NH 03244

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Foreword

This research report, which is a continuation and update of an earlier study conducted by myself in 1989, was made possible by a grant from the Statewide Program of Action to Conserve our Environment (S.P.A.C.E.). This updating of the original research was undertaken by Charles A. Levesque of Innovative Natural Resource Solutions. I assisted Mr. Levesque at the onset in terms of the necessary data needed to complete the quantitative calculations. The calculations were performed using spreadsheet templates from the original study. Therefore, the methodology is identical for both studies and the results can be directly compared. The only difference is the prevailing economic conditions during the two periods of time. I personally reviewed both a draft of this report and the data calculations which form the basis for it. From that review I can attest to the validity of the results contained in this study.

To assist the reader who wishes to compare the results between the two time periods, the entire original report is contained in an appendix. Additionally, detailed discussions of the model and calculations can be found in that appendix.

I would like to personally commend S.P.A.C.E.'s continuing interest in and support of research investigations on land use policy issues, in general, and current use taxation, specifically.

Dr. Douglas E. Morris
Associate Professor of Resource Economics

University of New Hampshire

July 7, 1995

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EXECUTIVE SUMMARY

A 1989 study by Dr. Douglas E. Morris of the University of New Hampshire documented an analysis of the returns of the Land Use Change Tax from current use lands in ten New Hampshire towns for the period 1980-1987. The towns were: Amherst, Boscawen, Canterbury, Durham, Gilford, Haverhill, Londonderry, Madbury, Merrimack and Rollinsford.

That study revealed that of 249 parcels exiting current use in the ten towns for the period, lost tax revenues resulting from the enrollment of the lands in current use were re-captured when the lands exited the program. Additionally, an average compounded annualized return of 56% came to those communities from the taxes levied for the change in use. The total land use change tax collected by the towns for the 1980-87 period was $1,493,173.

The Statewide Program of Action to Conserve our Environment (S.P.A.C.E.) organization sought to have Dr. Morris update the study for the years 1988-1994 in order to assess if the change use penalty was continuing to return lost revenues to communities in New Hampshire. Dr. Morris assisted in the design of this new study which was undertaken by a private consulting firm.

The new study revealed that 332 parcels exited current use from these same ten towns during the period 1988-94. These parcels represented 2,116.42 acres. The average period of time during which the parcels exiting the program had been in the current use program was 11.4 years. A total of $ 2,681,221 was returned to the towns through the land use change tax for the period. These returns allowed the towns to re-capture all the lost tax revenues plus an average compounded annualized return of over 48%.

The ten towns appear to have become more sophisticated in their assessment of the land use change tax during the latter part of the seven-year study period as compared to the earlier part. This has resulted in increased change use tax revenues for the towns.

The study also revealed that the ten towns are assessing forestland inconsistently within the value ranges set by the Current Use Board. Some towns are consistently using the median of the value range while others are using the high end. No towns are using the low end of the range.

Residential home construction is the primary land use to which current use lands are being put once they exit the program.

A summary table on the next page reveals many of the data results from this study.

Land Use Change Tax Study Summary Table
Parcels Exiting Current Use in 10 Selected NH Towns
Period 1988-1994

TOWN	# Parcels coming out of Current Use	Acres coming out of Current Use	Avg. # Yrs in Current Use	Total Land Use Change Tax	Average Internal Rate of Return (to the town)	Weighted Average Internal Rate of Return
Amherst	61	477.79	14.05	$ 662,900	29.43 %	45.37 %
Boscawen	8	17.1	10.43	$ 9,048	249.57 %	416.38 %
Canterbury	34	104.02	12.32	$ 58,555	27.41 %	30.00 %
Durham	27	282.23	14.33	$ 254,857	41.30 %	43.57 %
Gilford	14	47.75	12.71	$ 47,130	19.21 %	28.01 %
Haverhill	69	199.45	14.20	$ 81,472	17.08 %	20.53 %
Londonderry	26	219.67	8.73	$ 411,358	26.50 %	45.25 %
Madbury	31	99.09	9.71	$ 83,330	3.03 %	12.32 %
Merrimack	55	551.98	9.27	$ 878,242	81.93 %	50.76 %
Rollinsford	7	117.34	8.29	$ 194,329	67.86 %	79.05%
TOTALS/AVG	332	2,116.42	11.4	$2,681,221	56.33 %	48.22 %

Land Use Change Tax Incomes from Ten Selected New Hampshire Towns
1988-1994

INTRODUCTION

In 1989, as part of a series called Land Use and Growth in New Hampshire, Dr. Douglas E. Morris of the University of New Hampshire's Department of Resource Economics and Community Development, published a research bulletin entitled "Town Incomes from the Land Use Change Tax, 1980-87". The study carefully documented the land use change tax receipts of the eight-year period in ten selected New Hampshire towns. The project was designed to determine if towns in New Hampshire were re-capturing the lost tax revenue from lands enrolled in the Current Use Program when those lands came out of the Program due to a change in use.

Today, over 2.7 million acres of New Hampshire's private land is enrolled in the Current Use Program. This total represents 49.26 % of New Hampshire's land base and 60 % of its taxable land. Although not a great deal of land exits from the program because it no longer qualifies (no statewide total of this is available), some lands have been removed from the program since the inception of current use in 1973. When this occurs, a 10% *land use change tax (LUCT)* is assessed against the exiting land parcel based on the full market value of the land at the time of the change in use. The legislative intent of the LUCT is for the municipality to gain a return from the lost tax revenue incurred during the years the land was enrolled in current use. This return is compared to what it might have yielded in property tax revenue had the land been assessed at non-current use or *ad valorem* rates. The 1989 Morris study addressed the question of whether or not the town's receipts from the LUCT offset the property taxes not collected because the parcel was enrolled in current use and was not being assessed at the higher market value level of *ad valorem* assessment. The new study addresses the same issue in exactly that same way.

The results of that original study were clear. Using an Internal Rate of Return calculation, the study showed that, on average, during the 1980-87 period, the ten communities recaptured the lost tax revenue plus a 56% return. Quoting directly from the study:

> "It appears safe to say that the taxpayers have been adequately reimbursed for their investment in open space."

The original study is included in its entirety in Appendix A of this document.

In 1994, the Statewide Program of Action to Conserve our Environment (S.P.A.C.E.), the private organization that initiated the drive for a Current Use Program in the late 1960s, sought to have the 1989 study updated by Dr. Morris to include the more recent tax years. The intent was to assess whether or not the findings of the first study were still valid given the extra seven years since the last study. Dr. Morris was not able to undertake the update due to other professional commitments, but he agreed to assist a private contractor in updating the 1989 study in order to assure replication of the methodology of the first study and to assure the S.P.A.C.E. board that the results from the update would be valid, from a research perspective.

Innovative Natural Resource Solutions, a Deering, NH firm, was chosen to update the 1989 study for the years 1988-94. This report outlines the results of that update and includes several other analyses which the S.P.A.C.E. Board requested.

METHODOLOGY

As with the original study done by Dr. Morris, the methodology for this update was fairly straightforward.

Initially, town assessing offices in the ten selected towns were contacted. The towns involved were: Amherst, Boscawen, Canterbury, Durham, Gilford, Haverhill, Londonderry, Madbury, Merrimack and Rollinsford. For a look at the geographic distribution of these communities, refer to the map on page 5 of Appendix A. These towns were originally chosen by Dr. Morris because they showed a reasonable distribution across the state and also showed significant land use change tax activity. Additionally, other town studies conducted by the University of New Hampshire's Department of Resource Economics and Development had been undertaken with these towns and others, and working relationships had been developed. The ten towns were not chosen randomly.

Data Collection

Appointments were set up with the assessing offices in each community and the raw data was collected on tally sheets by three different data collectors from January to March of 1995. Records on current use lands in each of New Hampshire's municipalities are kept in various ways. Most of the communities involved with this study now have property tax records computerized, but most of the current use specific data associated with parcels exiting the program are kept manually. In every case, the assessing office staffs were very helpful in facilitating the data collection. On average, it took nearly 2 days of data collection in each town office. Should this study be replicated again in the future, it is highly recommended that all data collection be accomplished through direct input into laptop computer spreadsheet software on site (more about the spreadsheeting methodology later in this report). Among the data collected on the data sheets (see Appendix B for a sample), the following key data were included:

- year of change in use
- tax rate, *ad valorem* and C.U. assessment for each year the parcel was in current use
- acreage of land exiting
- assessment of the land exiting at the full market rate
- amount of LUCT levied

In the ten towns studied, 332 parcels of land exited the program during the period of 1988-94 due to a change in use. In the original study, 249 parcels had exited from 1980-87. This represents a 33% increase in number of parcels exiting in a period of 7 years versus the original study's 8-year analysis period.

The land use change tax collected by the ten towns for the 1988-94 period totaled $2,681,122. The total tax collected by the towns for the 1980-87 period was $1,493,173. Again, comparing the 7-year period of the update study with original 8-year period, the

1988-94 period represents an 80% increase in LUCT collected by the ten towns. Table 1 shows the town by town breakdown of this data.

Table 1. Land Use Change Tax Summary for Ten New Hampshire Towns, 1988-94

TOWN	# Parcels coming out of Current Use	Acres coming out of Current Use	Avg. Acreage of Parcels Exiting C.U.	Total Land Use Change Tax
Amherst	61	477.79	7.8	$ 662,900
Boscawen	8	17.1	2.9	$ 9,048
Canterbury	34	104.02	3.1	$ 58,555
Durham	27	282.23	10.5	$ 254,857
Gilford	14	47.75	3.4	$ 47,130
Haverhill	69	199.45	2.9	$ 81,472
Londonderry	26	219.67	8.5	$ 411,358
Madbury	31	99.09	3.2	$ 83,330
Merrimack	55	551.98	10.0	$ 878,242
Rollinsford	7	117.34	16.8	$ 194,329
TOTALS	332	2,116.42	6.4	$2,681,221

Data Calculations and Analyses

Once the data was collected, it was entered into Microsoft *Excel* spreadsheeting software. The many outputs required, including the Internal Rates of Return, as well as the totals for the various data categories, were calculated within *Excel*. To understand the investment analysis model used to develop the Internal Rate of Return (IRR) calculations, one needs to understand the basic elements within the IRR methodology. In this study, the annual tax shifts (the difference between the property tax paid under current use assessment versus what would have been paid had the parcel not been in current use) are considered costs to the community. The LUCT reaped at the end of the period during which the parcel was in current use is considered the return on this investment (cost) made by the town.

In return for these investments (costs) incurred annually by the town, the town (and public at large) receives benefits, or dividends, in the form of open space amenities and the net savings which may be accruing the town because the land is not developed (thereby not requiring developed real estate services, which may outweigh the tax revenues received as a developed property). These two dividends or benefits are not calculated or estimated and this likely results in underestimating the returns accrued to the town by the LUCT. The lump sum gain returned to the town in the form of the LUCT, received when the property exits current use, is, however, available.

The Internal Rate of Return calculation estimates ***i***, which is the interest rate which the town might have to pay if it decided to borrow funds (and break even) to make up the difference between the current use tax and full value tax collected. As Morris wrote:

> "Since these rates of return are realized by towns, they could be considered estimates of society's explicit returns from this open space program."

A more involved explanation of this model by Morris can be found in Appendix A, beginning on page 2.

To further illustrate the methodology used in the spreadsheeting software, a sample parcel from Londonderry is included in Table 2.

For this parcel of 42.55 acres, taxes were shifted from this parcel to other properties in the town for the 8 years during which it was in current use. In 1988, the parcel use changed and it no longer qualified for current use and, as a result, the change use penalty was assessed. The "full value" at that assessment was $361,675 and the LUCT of $36,167.50 was levied.

The **taxes paid** are calculated for each of the years in current use by multiplying the current use assessment by the **full value rate** (the equalized tax rate is used here because current use assessments are always at 100% valuation since the Current Use Board sets the assessment values annually). The **possible taxes** column is what the parcel would have yielded in property taxes had the parcel not been enrolled in current use. This is determined by multiplying the **ad valorem assessment** by the **local tax rate**. The difference between these two calculated taxes is the **taxes not paid**.

The property taxes actually paid for the period were $1,499.32. The possible taxes, had the property not been in current use, are $7,519.65. The difference between the two, or $6,020.33, is easily offset by the $36,167.50 collected from the LUCT.

Table 2. Sample Parcel Calculation of Internal Rate of Return (parcel from Londonderry)

Acres 42.55	Year*	Years** in C.U.	Current Use Assessment	Full Value Rate	Taxes Paid	Ad Valorem Assessment	Local Tax Rate	Possible Taxes	Taxes not Paid	Cash Flow Calculation
	80	8	2846	0.00267	7.60	31913	0.0065	207.43	199.84	-199.84
	81	7	2846	0.00257	7.31	31913	0.00677	216.05	208.74	-208.74
	82	6	2846	0.00275	7.83	31913	0.00765	244.13	236.31	-236.31
	83	5	10,191	0.02853	290.75	31913	0.02911	928.99	638.24	-638.24
	84	4	10,191	0.02737	278.93	31913	0.03075	981.32	702.40	-702.40
	85	3	10,191	0.02519	256.71	31913	0.03359	1,071.96	815.25	-815.25
	86	2	10,191	0.02333	237.76	31913	0.04022	1,283.54	1,045.79	-1,045.79
	87	1	10,191	0.01941	197.81	31913	0.03806	1,214.61	1,016.80	-1,016.80
	88	0	10,191	0.02106	214.62	31913	0.04298	1,371.62	1,157.00	-1,157.00
Totals					1,499.32			7,519.65	LUCT→	36,167.5
		Total	Saved by the	Landowner	7,519.65	-1,499.32	=6,020.33			
						INTERNAL	**RATE of**	**RETURN**	→	58%

* years the parcel was in current use ** countdown of the number of years the parcel was enrolled in current use
LUCT = Land Use Change Tax

The Internal Rate of Return calculation is seen in the last column of Table 2. The series of investments (costs) are seen as negative numbers and the LUCT gain of $36,167.50 is seen as a positive number. The IRR calculation yields a return on the investment which accounts for the time value of money. The 58% represents an annualized compound return. A more detailed graphic analysis of the IRR implications can be seen in Appendix A on page 7.

RESULTS

The IRR Results

The Internal Rate of Return spreadsheet calculation was run 332 times, one for each of the parcels which exited the current use program in the affected towns during the period from 1988-94.

The results show that in all ten towns, and as an overall average, positive Internal Rates of Return resulted. In order to best represent the resulting IRRs as an average for each town, weighted averages were calculated. These account for the differences in impact which, for example, a 10% IRR makes on a $ 25,000 LUCT versus a 90% IRR on a $ 500 LUCT. The method used to calculate weighted average Internal Rate of Returns for each town was to take the IRR for each parcel and multiply it by the amount of the change use tax. The totals of these were then divided by the sum of all the change use taxes for the town. Table 3 shows how it was done for the town of Rollinsford.

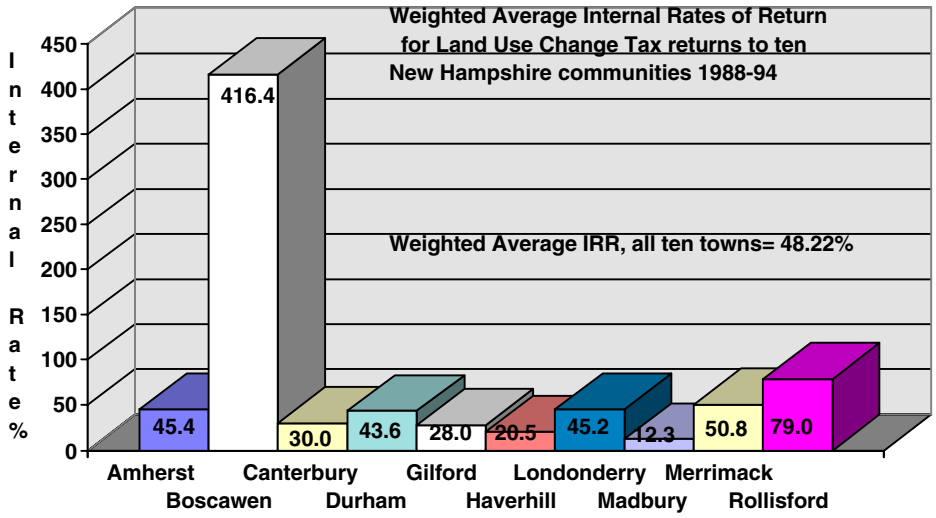
Table 3. Internal Rate of Return Weighted Average Calculation, Rollinsford.

Parcel	Change Use Tax (LUCT)	IRR as decimal	LUCT x IRR	Weighted Avg. IRR Calculation
1	$ 630	1.34	844.9	
2	4,380	.40	1,764.4	
3	400	.26	105.9	
4	4,500	.76	3,407.0	
5	42,060	.65	27,414.9	
6	136,358.6	.86	117,221.6	
7	6,000	.48	2,859.7	**153,618.4/194,328.6 =**
Totals	194,328.6	(avg .68)	153,618.4	**.79 or 79%**

The weighted average IRR for all the towns combined is 48.22 %. The weighted average for all towns from the original study was 56%, not appreciably different despite the fact that parcels exiting current use during the 1988-94 period have been enrolled for more years than the 1980-87 period parcels. The appreciating value of land is likely accounting for the continued high Internal Rate of Return from the LUCT. Parcels exiting during the period from 1988-94 averaged 11.4 years in the program with a range of 8.29 years for Rollinsford and 14.33 years for Durham.

Average Internal Rates of Return can be seen in Figure 1 on page 8.

Figure 1.



Internal Rates of Return for the individual towns range from a high of 416.4% for Boscawen to a low of 12.3% for Madbury. The small number of parcels (8) in Boscawen skewed the IRR result for that town simply because a very high return resulted when a few of the parcels exited there. Using the weighted average calculation to arrive at the overall 10 town average puts the small number of parcels and large IRR for Boscawen in context and the resulting total average IRR for the ten towns of 48.22% is not skewed by the Boscawen case. The reason for such a high return on the few parcels in Boscawen is because of the relatively short period of time that the few were in current use, and the fact that the change use tax was very high relative to the lost tax revenue to the town for the period the parcels were in current use. As an example, one parcel was in current use for only two years. The taxes paid on the portion of the parcel which exited current use for those two years was $ 1.92 while the possible taxes for the parcel, had it not been in current use, were $ 31.29. The change use tax levied when this .8 acre parcel changed use was $2,240 and the resulting Internal Rate of Return was 1,642%

Another useful comparison of data is to look at the individual town LUCT Internal Rate of Return ranges against its weighted average IRR. Table 4 includes these comparisons.

Table 4. Weighted Average, Maximum, and Minimum Rates of Return From the Land Use Change Tax by Town

Town	Weighted Average	Maximum IRR	Minimum IRR
Amherst	**45.37%**	**869%**	**-120%**
Boscawen	**416.38**	**1,642**	**-16**
Canterbury	**30.00**	**64**	**-12**
Durham	**43.57**	**515**	**-23**
Gilford	**28.01**	**56**	**-22**
Haverhill	**20.53**	**88**	**-25**
Londonderry	**45.25**	**106**	**-33**
Madbury	**12.32**	**62**	**-66**
Merrimack	**50.76**	**938**	**-11**
Rollinsford	**79.05**	**134**	**26**
ALL TOWNS	**48.22**	**1,642**	**-120**

The range of IRR values represented in Table 4 were wide -- from 1,642% for the parcel described above in Boscawen, to -120% for an Amherst property. Only one town, Rollinsford, did not have at least one LUCT parcel which yielded a negative return.

A negative Internal Rate of Return on a parcel simply means that the town did not recoup the taxes not paid for the period the parcel was in current use. Using an example from Haverhill will help to describe this phenomenon. A parcel was enrolled in current use for eight years. During that time, the taxes paid on the portion of the parcel which later exited current use was $ 22.11. Possible taxes for the parcel had it not been enrolled in current use for those eight years was $ 251.90. The penalty assessed when the parcel exited was $80. The resulting Internal Rate of Return was -25%.

Other Investigations

In addition to the analyses of the LUCT described above, the S.P.A.C.E. Board asked that three other investigations occur as part of the ten town data gathering process. Specifically, information about the following subjects was requested:

- how the municipality went about determining the assessment for the LUCT in terms of the timing of the assessment;
- how the municipality determined forest land assessments under current use; and
- where available, the use to which the parcels were put when removed from current use.

Information for all three was largely anecdotal in many, if not most, cases. Assessing officials in the communities were asked the first two, i.e.:

1. When do you assess the LUCT?
2. How do you determine the assessment for forest land under current use within the ranges set by the Current Use Board?

With regard to the third issue, that of making a determination of the land use which the former current use land was put, in many cases information was not available. In all three cases, the information obtained was very different from the straightforward numbers sought for the LUCT analyses in this paper.

assessment for LUCT

To determine when each town went about assessing the LUCT on properties no longer eligible for current use, the assessors or assessors' administrative staffs were queried. No raw "data" was available for this analysis. Two components of the query were:

- *when* was the LUCT levied; and
- *how* was the assessment value determined.

In the case of most of the ten towns, the *when* of assessing the LUCT seems to have changed over the period of time the data were collected. As the 1990s began, especially for large acreages where an approved subdivision and development was the causal agent for triggering the LUCT levy, the towns seem to have become more skilled at assessing the LUCT only when the land in question actually changed in use. Early in the period, most of the ten towns assessed large parcel removals at the time subdivision approval was made by the planning board (or very soon after that time). A one-time LUCT was levied on the large parcel, even though no physical change in use had occurred. The assessment was based on the market value of the approved subdivision.

As an example, several 1988 situations occurred in Amherst where relatively large parcels of land, approximately fifty acres in size, were removed from current use due to a so-called change in use. A penalty was assessed based on the entire fifty acres as an approved subdivision. Had the town waited until each physical change in use occurred as the subdivision development progressed, they would have reaped more LUCT returns. This phenomenon is evidenced, at least in part, by the fact that many of the negative Internal Rate of Return calculations occurred when lands were removed from current use during the early part of the 1988-94 period.

In the latter part of the seven-year period, towns appeared to become more skilled at assessing the LUCT. When subdivisions and subsequent development occurred late in the period, in nearly all cases, the towns waited until physical changes occurred in order to assess the LUCT. This resulted in greater returns to the towns because the cumulative

value of individual physical changes occurring in a development was more than what a lump sum assessment would yield at the time of subdivision approval.

A typical situation later in the time period would go something like this. A fifty acre parcel in current use receives subdivision approval for 25 lots. The development of the parcel does not begin until eight months after the parcel receives approval. No LUCT is levied until the bulldozer begins roughing in the first road into the subdivision acreage. A LUCT is then assessed *only* for the acreage of the road being built. When the site work begins on lot number 1 in the subdivision one month later, a LUCT is levied for the two acre area only. The next LUCT is levied when the second lot is cleared. This process is followed for the entire development until less than ten acres remains undeveloped, at which time the LUCT is assessed on this remaining area because the area no longer qualifies for current use because it cannot meet the acreage requirement.

The *how* of assessing the change use tax was then answered. In most cases (and especially for the end of the period of the study), the full market value was assessed for the land area where the physical use was changed.

The conclusion here, at least for the ten towns in the study, is that towns are becoming more sophisticated at assessing land for the LUCT at the latest possible time when physical land changes are occurring, resulting in higher LUCT levies and tax recapture yields to the towns.

forestland assessment methods

Assessing agricultural land within the range of current use assessing values provided annually by the Current Use Board has become more precise in recent years since the initiation of the use of the Soils Potential Index. This allows for an assessment level (within current use assessment values provided by the Board) to better reflect the site, location, and agricultural productivity potential as cited in the current use statute. No such index is available for forestland although a similar approach has been studied in recent years.

The result is that local assessing officials are left to assess forestland within the Current Use Board range nearly as they see fit, unless the landowner brings an assessing issue to their attention. Consideration for the soils, accessibility, site factors and other productivity factors need to be taken into consideration but no formal methodology exists to do so.

Assessing officials in the ten towns were asked how they assessed forestland within the range. The results of that inquiry are included in Table 5.

Table 5. Methods for assessing forestland in Current Use in the ten towns

TOWN	Forestland Assessing Methods
Amherst	Use median value within Current Use Board range
Boscawen	Most on high end of range unless landowner gives info
Canterbury	At high end of Current Use Board range
Durham	Use median value within Current Use Board range
Gilford	Now use high end of range (used median until 1993)
Haverhill	Use median value within Current Use Board range
Londonderry	Use median value within Current Use Board range
Madbury	Use median value within Current Use Board range
Merrimack	Use median value within Current Use Board range
Rollinsford	High end of CUB range unless extreme reason to lower

Of the ten towns, six consistently use the median value within the Current Use Board set assessment ranges for forestland. The remaining four use the high end of the range. In those cases, additional information must be provided by the landowner in order for local assessing officials to consider using other than the high end of the range. From anecdotal information, this does not occur frequently in those towns. None of the towns use the low end of the range.

end use of parcels exiting current use

In collecting data on the 332 parcels exiting current use in the ten towns, incidental information about the land use the parcel went into following release from current use was sometimes available in town records or the Department of Revenue A-5 form, used to record the information on lands exiting current use and the LUCT levied on these lands. No consistent source of data existed in any of the ten towns which would allow for careful analysis of these data. As a result, only anecdotal results are given here.

Use changes ranged widely. Some in the early period of the seven years studied indicated that large parcels exiting were subdivided with the future use as residential home construction. By far, the single most likely use for lands exiting current use in these ten towns during 1988-94 was for residential home construction and use.

Other uses, in no particular order, included: lot line adjustments (land transferred but no longer met the 10 acre minimum); commercial use (dog kennel, agricultural related enterprise, etc.); transferred to town for various purposes; and rights-of-way.

CONCLUSION

An analysis of the land use change tax incomes for ten selected New Hampshire towns for the period of 1988-94 showed that the 10% tax allows for recapture of lost taxes for the period of time during which the land is in current use. This analysis also showed an average of a 48% annualized compound return over and above the lost tax revenue. A study of the same ten towns for the period 1980-87 showed similar returns. This would indicate that appreciating land values are allowing for an adequate return to the towns from the land use change tax even as parcels exiting the current use program do so after being enrolled for longer and longer periods.

The returns quoted for the change use tax in the ten towns in this study must be considered conservative estimates because the analysis did not take into account many other returns gained by the town because it had land in current use. Some of these returns include open space amenities and the net savings in taxes which the town may have experienced because land was not developed and therefore did not require costly municipal services typical of developed property in the given town.

Towns appear to be reaping larger and more consistent returns from land use change tax levies because of the increased sophistication of assessing the tax when lands no longer qualify for current use.

Towns are assessing forestland inconsistently within the value ranges set by the Current Use Board.

Residential home construction is the primary land use to which current use lands are being put once they exit the program.

These findings should be useful for public policy makers thinking about amending the current use law or the administrative rules which govern its implementation in New Hampshire.

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