

TESTIMONY SUMMARY

TO: Committee on Natural Resources and Energy;
Committee on Fish, Wildlife and Water Resources

FROM: Douglas Farnham, Director, Property Valuation and Review,
Department of Taxes

DATE: April 7, 2016

RE: Consideration of State Purchase of TransCanada Connecticut River and
Deerfield River Dams

As the State considers the various impacts and outcomes of purchasing the TransCanada Hydro Northeast Connecticut River and Deerfield River Dams, we offer the following information related to the property valuation and taxation of the dams.

Attached is a summary of the current status of the Assessed Value of the Dams from the 2015 Grand List, including a breakdown of acreage vs. building value, the Education and Municipal Taxes collected on these nine properties annually, the impact on buildings Payment in Lieu of Taxes (PILOT) payment proportion (with and without attached land), and the Total Value of all state buildings that are subject to PILOT currently.

We also included Appraisal Values from 2010 that were generated during previous deliberations regarding the purchasing of the same properties.

According to our calculations, the loss of property taxation income for the Education Fund through a State acquisition of these properties would result in an increase of a half-cent on the homestead and non-residential tax rates. In 2016 terms, this means the “Yield” would be lower.

Additional Considerations:

- Ongoing nature of litigation around assessed values
- History of State-owned buildings and lands

Synopsis:

TransCanada are in the process of actively offering their Northeast Energy Portfolio for sale. These properties are a mix of fossil and renewable generation, including but not limited to:

- Six stations on the Connecticut River, totaling 425 MW capacity, with 19,670 acres within the project boundaries. The land is a mix of fee simple and easements.
- Two stations on the Deerfield River, totaling 37.22 MW capacity, in Searsburg and Whitingham with a total of 16,861 acres. Unlike the Connecticut River Project, Deerfield is solely within the State of Vermont.

RIVER	FACILITY	TOWN	REAL VALUE	ACRES	LAND_VALUE	IMPROVEMENT VALUE	VERMONT ED_TAX	VERMONT MUN_TAX	NH ED_TAX	NH MUN_TAX
Connecticut			267,919,800	9,643	16,943,800	250,975,900	3,747,080	1,891,545	1,805,290	8,200,496
	<i>Bellows Falls</i>	TOTAL	110,178,200	675	2,114,200	108,064,000	1,592,888	1,037,242	55,938	254,097
		Rockingham	108,820,000	514	756,000	108,064,000	1,587,793	1,033,355		
		Springfield	696,300	34	696,300	-	2,507	2,535		
		Weathersfield	459,800	-	459,800	-	1,914	753		
		Windsor	202,100	126	202,100	-	674	599		
	<i>Comerford</i>	TOTAL	45,091,600	2,832	2,651,900	42,439,700	666,170	232,397	350,770	1,593,364
		Barnet	42,439,700	579	-	42,439,700	624,670	221,705		
		Waterford	2,651,900	2,253	2,651,900	-	41,500	10,692		
	<i>McIndoes</i>	TOTAL	3,916,500	675	-	3,916,500	57,647	20,460	30,467	138,394
		Barnet	3,916,500	675	-	3,916,500	57,647	20,460		
	<i>Moore</i>	TOTAL	37,142,200	4,646	5,002,000	32,140,200	539,145	140,815	721,800	3,278,764
		Concord	3,445,300	3,302	3,445,300	-	11,856	4,922		
		Lunenburg	46,200	19	46,200	-	690	213		
		Waterford	33,650,700	1,325	1,510,500	32,140,200	526,600	135,680		
	<i>Vernon</i>	TOTAL	35,563,000	338	5,062,900	30,500,000	356,252	144,720	418,759	1,902,203
		Brattleboro	739,900	8	739,800	-	11,134	8,588		
		Dummerston	889,200	-	889,200	-	432	86		
		Putney	1,864,300	-	1,864,300	-	28,734	11,943		
		Vernon	30,500,000	330	-	30,500,000	315,797	124,044		
	Westminster	1,569,600	-	1,569,600	-	155	60			
<i>Wilder</i>	TOTAL	36,028,300	476	2,112,800	33,915,500	534,978	315,911	227,557	1,033,674	
	Bradford	450,000	-	450,000	-	6,579	3,345			
	Fairlee	374,300	-	374,300	-	5,694	1,823			
	Hartford	32,442,700	87	-	32,442,700	481,515	295,942			
	Newbury	1,472,800	-	-	1,472,800	21,061	7,879			
	Norwich	996,400	-	996,400	-	15,636	5,264			
	Thetford	292,100	389	292,100	-	4,495	1,657			

RIVER	FACILITY	TOWN	REAL VALUE	ACRES	LAND_VALUE	IMPROVEMENT VALUE	VERMONT ED_TAX	VERMONT MUN_TAX	NH ED_TAX	NH MUN_TAX
Deerfield			86,480,900	16,207	6,079,700	80,401,200	1,260,869	512,775		
	<i>Harriman</i>	TOTAL	63,331,900	5,430	4,995,600	58,336,300	904,596	391,178		
		Readsboro	624,000	387	395,600	228,400	8,415	5,949		
		Whitingham	58,107,900	1,207	-	58,107,900	827,747	362,128		
		Wilmington	4,600,000	3,836	4,600,000	-	68,434	23,101		
	<i>Searsburg</i>	TOTAL	9,800,000	2,951	-	9,800,000	147,686	52,322		
		Searsburg	9,800,000	2,951	-	9,800,000	147,686	52,322		
	<i>Somerset</i>	TOTAL	13,349,000	7,826	1,084,100	12,264,900	208,587	69,274		
		Somerset	12,264,900	6,686	-	12,264,900	191,713	67,751		
		Stratton	1,084,100	1,140	1,084,100	-	16,874	1,523		

BOTH RIVERS	Grand Total	REAL VALUE	ACRES	LAND_VALUE	IMPROVEMENT VALUE	VERMONT ED_TAX	VERMONT MUN_TAX	NH ED_TAX	NH MUN_TAX
		354,400,700	25,850	23,023,500	331,377,100	5,007,949	2,404,320	1,805,290	8,200,496

HOLD HARMLESS	Concord FY16 CU Reduction	TransCanada CU Reduction	Concord FY16 HH Payment	Concord HH Payment w/o TransCanada	Change in HH Payment
	14,030,600	2,644,900	81,181	67,253	(67,253)

BUILDING PILOT	FY16 FULL PILOT	IF ADD DAMS	DELTA	% Dams/New Tot	Payment for Dams
Full Pilot	8,715,218	10,492,885	1,777,667	17%	1,084,265
ProRation	71.38%	59.29%			

ANR PILOT	Land Value	Payment
	23,023,500	230,235

Hydro Facility Appraisal Values - TransCanada

based on 2010 Sansoucy Appraisals

4/6/2016

Connecticut River								Deerfield River			
Facility	Vermont Town	Sansoucy 2010 Appraisal to Vermont	Sansoucy 2010 Value of entire Facility *	Sansoucy 2012 Appraisal to Vermont	Change 2012 from 2010	Sansoucy 2012 Value of entire Facility *	Change 2012 from 2010	Facility	Vermont Town	Sansoucy 2010 Appraisal to Vermont	Sansoucy 2010 Value of entire Facility *
Moore	Lunenburg	17,900		18,700	800			Somerset	Stratton	1,734,600	
	Concord	3,218,300		3,717,300	499,000		Somerset		12,265,400		
	Waterford	31,751,900		34,315,900	2,564,000		<u>Total</u>		14,000,000	14,000,000	
	<u>Total</u>	34,988,100	195,000,000	38,051,900	3,063,800	210,000,000	15,000,000				
Comerford	Waterford	2,252,900		2,703,500	450,600			Searsburg	Searsburg	9,750,000	
	Barnet	41,711,600		41,039,700	(671,900)		Wilmington		-		
	<u>Total</u>	43,964,500	234,360,000	43,743,200	(221,300)	230,000,000	(4,360,000)		<u>Total</u>	9,750,000	9,750,000
McIndoes	Barnet	5,058,400	28,000,000	3,916,500	(1,141,900)	23,782,640	(4,217,360)	Harriman	Wilmington	4,494,400	
Wilder	Newbury	1,472,800		2,160,100	687,300				Readsboro	397,700	
	Bradford	712,600		1,045,100	332,500				Whitingham	58,107,900	
	Fairlee	374,300		548,900	174,600				<u>Total</u>	63,000,000	
	Thetford	292,100		428,400	136,300			<u>Deerfield River Total</u>	<u>86,750,000</u>	<u>86,750,000</u>	
	Norwich	1,132,100		1,065,500	(66,600)			GL	867,500		
Hartford	38,467,700		35,561,100	(2,906,600)		87,778,600	(3,421,400)	Ed Taxes	\$ 1,334,215.00		
<u>Total</u>	42,451,600	91,200,000	40,809,100	(1,642,500)							
Bellows Falls	Windsor	214,700		202,100	(12,600)			<u>Vermont State Total</u>	<u>358,530,100</u>		
	Weathersfield	488,500		459,800	(28,700)			GL	3,585,301		
	Springfield	739,800		696,300	(43,500)			Ed Taxes	\$ 5,514,192.94		
	Rockingham	108,696,600		112,745,400	4,048,800						
	<u>Total</u>	110,139,600	132,500,000	114,103,600	3,964,000	126,765,450	(5,734,550)				
Vernon	Westminster	941,700		1,569,600	627,900			<u>Total both Vermont and New Hampshire</u>	<u>882,950,000</u>		
	Dummerston	533,500		889,200	355,700						
	Putney	1,118,600		1,864,300	745,700						
	Brattleboro	739,900		1,183,200	443,300						
	<u>Total</u>	31,844,200	115,140,000	34,268,900	2,424,700	125,000,000	9,860,000				
<u>Total</u>	35,177,900	115,140,000	39,775,200	4,597,300	125,000,000	9,860,000					
<u>Connecticut River Total</u>		<u>271,780,100</u>	<u>796,200,000</u>	<u>280,399,500</u>	<u>8,619,400</u>	<u>803,326,690</u>	<u>7,126,690</u>				

Totals based on early 2012 estimates	278,080,200	\$809,000,000
GL	2,780,802	
Taxes	\$4,276,873.48	
	2.3%	1.6%

* Includes value in New Hampshire where applicable