



Londonderry Conservation Commission
Tuesday, January 24, 2012
Minutes
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1 Present: Deb Lievens, Gene Harrington, and Mike Speltz

2

3 D. Lievens called the meeting to order at 7:35 PM.

4

5 Red Deer Road; hazard trees- While performing a site inspection at 24 Red Deer Road regarding
6 hazard trees, G. Harrington and P. Nickerson learned that the owner had hired a contractor to
7 fill in and grade a drainage swale with an underground pipe that runs the width of his property.
8 G. Harrington contacted the owner about filing an After-the-Fact Dredge and Fill permit with
9 the State Department of Environmental Services. The owner said he would instruct the
10 contractor to file the necessary paperwork.

11

12 Musquash Field Day- This annual event will take place February 11, 2012. Commissioner Mike
13 Considine will take care of most of the details and D. Lievens said she will issue the press
14 releases and will post flyers in various locations around town.

15

16 TV show- M. Speltz will be recording a show at the Cable Studio with Mark Oswald on January
17 26 regarding the Land Use Change Tax issue (see attached presentation).

18

19 Land Use Change Tax- D. Lievens and M. Speltz will attend the 2012 Deliberative Session of the
20 Londonderry Budgetary Town Meeting on February 6. They will be speaking in favor of
21 retaining 100% of the Land Use Change Tax (LUCT) for conservation purposes. A citizen's
22 petition is seeking to redirect a portion of the LUCT to the general fund.

23

24 DRC- Nevins Expansion 7-123;

25 Comments: Have they prepared a Conditional Use Permit for work in the detention
26 pond?

27

28 The meeting adjourned by consensus at 8:15 PM.

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30 Respectfully submitted,

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32

33

34 Jaye Trottier

35 Secretary

Allocating the Land Use Change Tax

Londonderry 2012 Town Meeting

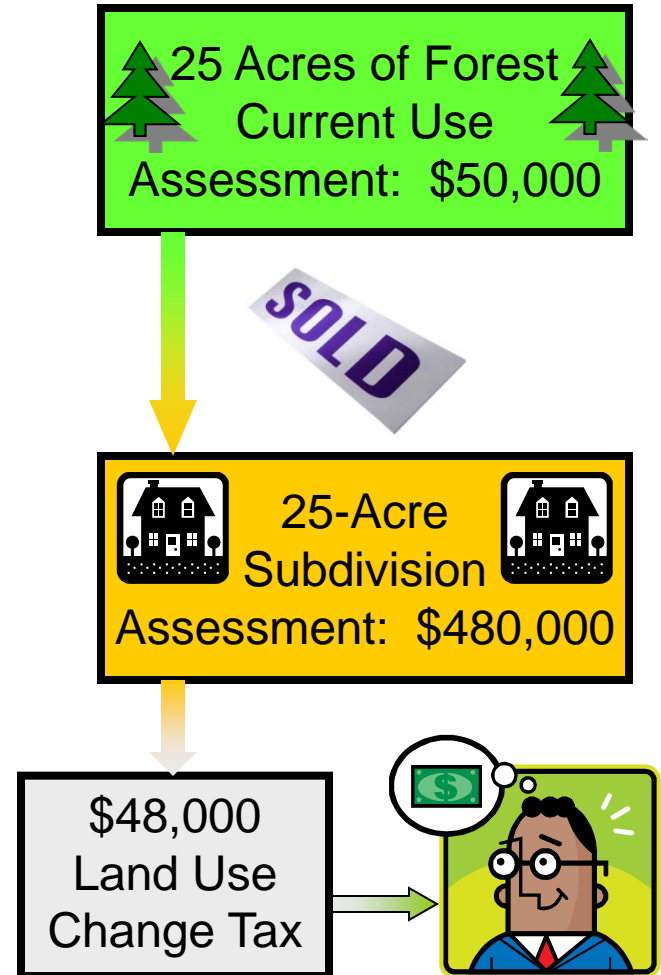
What is the Land Use Change Tax?

- **Current Use tax status is a special tax rate used for open space; land is assessed at its “current use” value (farm or forest) rather than its potential development value.**
- **The Land Use Change tax is assessed on land that changes from “Current Use” to “developed.” The tax is 10% of the development value**



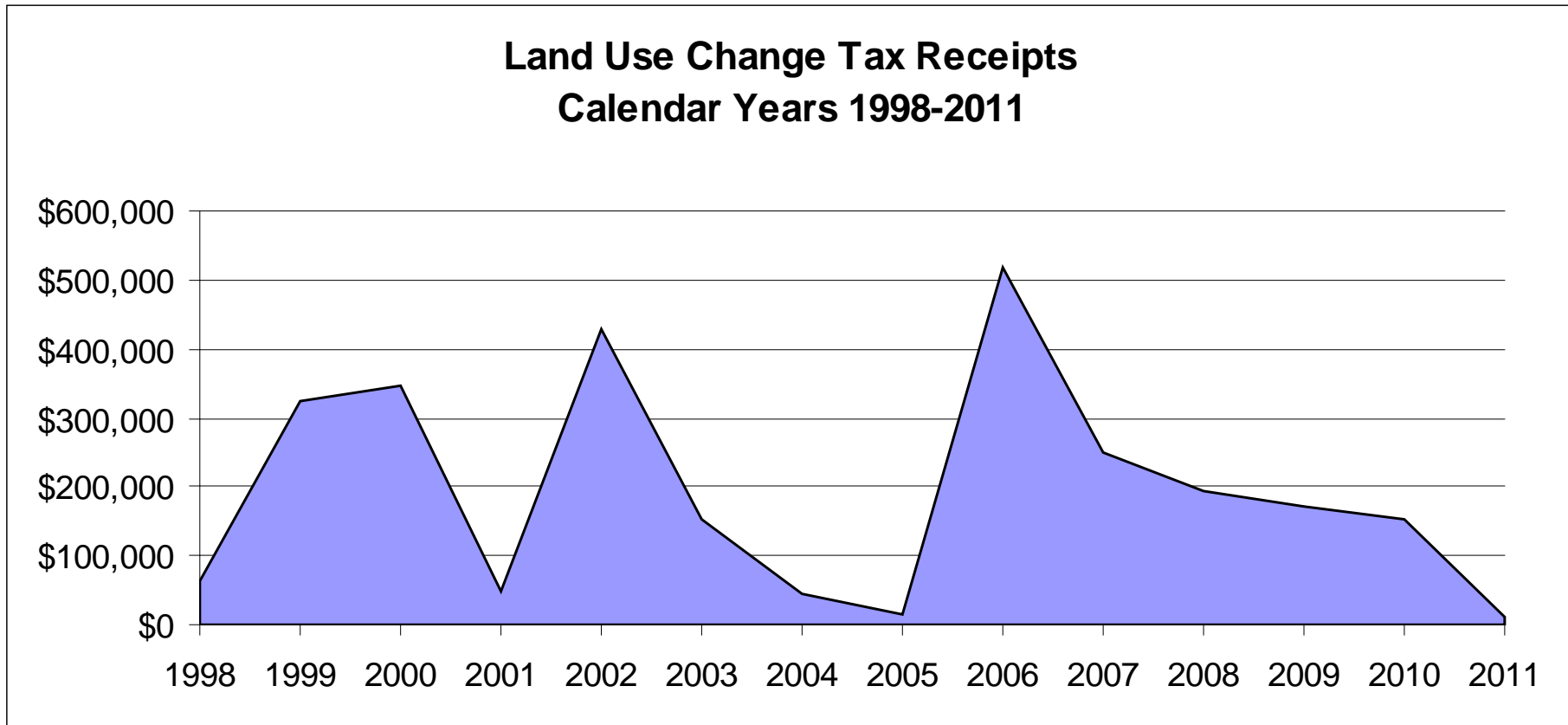
An Example

- A 25-acre forested parcel is assessed at \$2,000 per acre (\$50,000).
- The parcel is sold to a developer who subdivides it into 12 house lots, valued at \$40,000 apiece, so the “highest and best use” value is \$480,000.
- A 10% tax is assessed as the use changes from forested open space to residential; the tax is \$48,000.



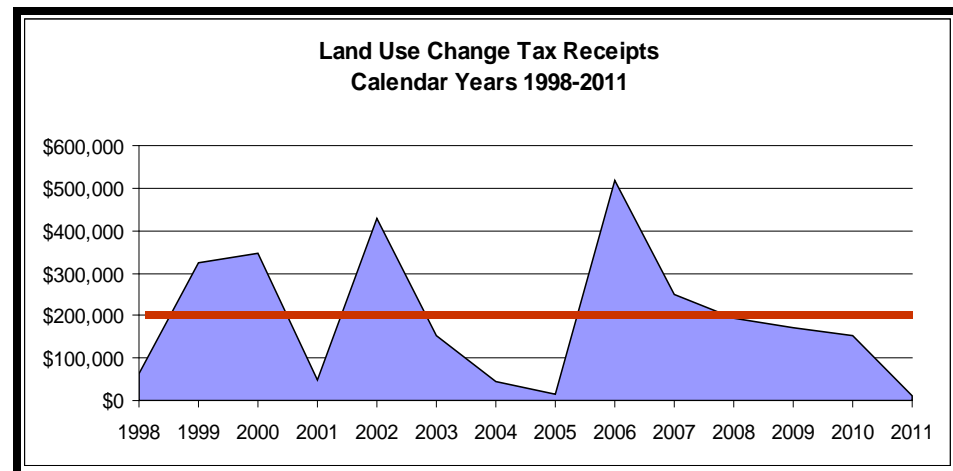
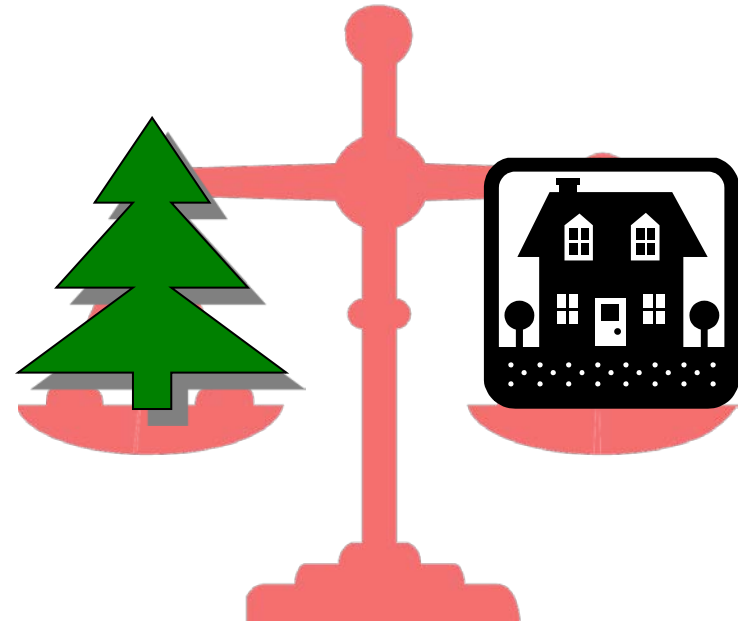
The Land Use Change Tax Varies

The tax reflects development; it cannot be predicted from year to year



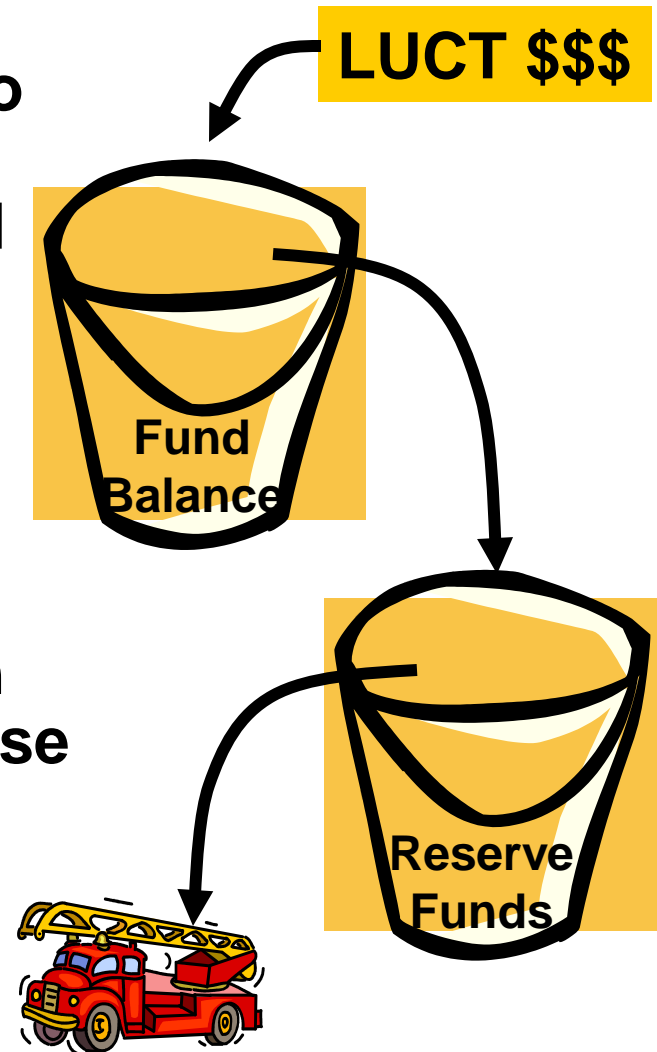
Why the State Allows the Tax to be Used to Protect Open Space

- The tax “counterbalances” the pace of development: receipts are highest when open space is most threatened
- Open space protection occurs over many years, smoothing out the “ups and downs” in tax receipts



Allocating the Tax to the General Fund

- The tax cannot be budgeted (too unpredictable), but could be added to the undesignated fund balance
- From there it could be used to replenish reserve accounts for heavy equipment or large maintenance costs
- If sent to the general fund, open space bonding costs will increase or open space protection will decrease

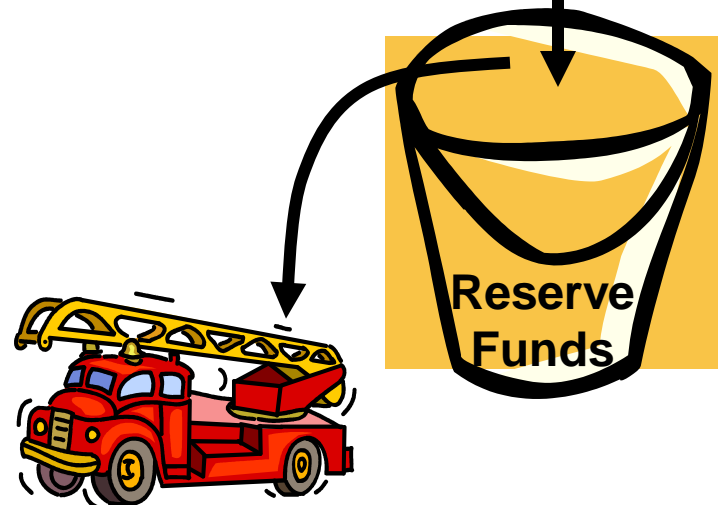


Why Make a Change?

- Due to the recession, the town has “fallen behind” on replenishing its Reserve Funds for capital equipment and major maintenance
- If we do not “make up” the shortfall, we will face a large expense in the future
- The tax could help fill the gap

Town staff estimates \$5M for capital equipment in the next 8 years, FY13-FY20

LUCT \$0.5M
Property tax \$2.6M
Fund balance \$2.9M



The Proposal

- **End the current practice of using all of the tax for open space protection**
- **Allocate:**
 - **First \$100,000 (about half the average) to open space protection**
 - **40% of the remainder to open space protection**
 - **60% of the remainder to the general fund**
- **Formula could be amended at Town Deliberative Session, February 6, 2012**

If the Policy Had Been in Effect...

Average of \$70,000 per year to General Fund

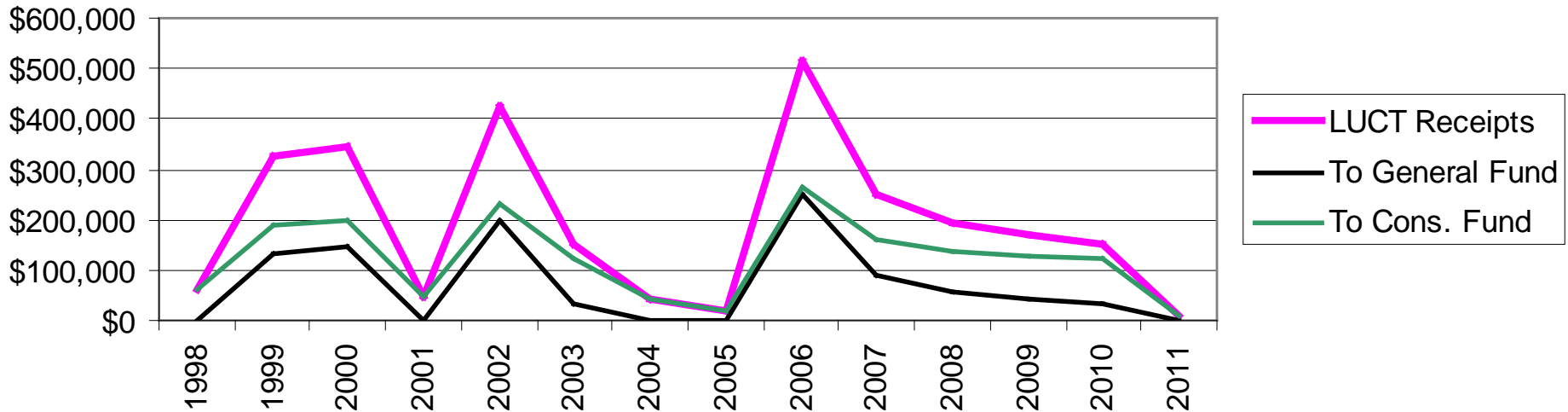
Reduces tax rate by 1.3 cents, \$3.90 on a \$300K house

Notional Land Use Change Tax Receipts, Calendar Years 1998-2008

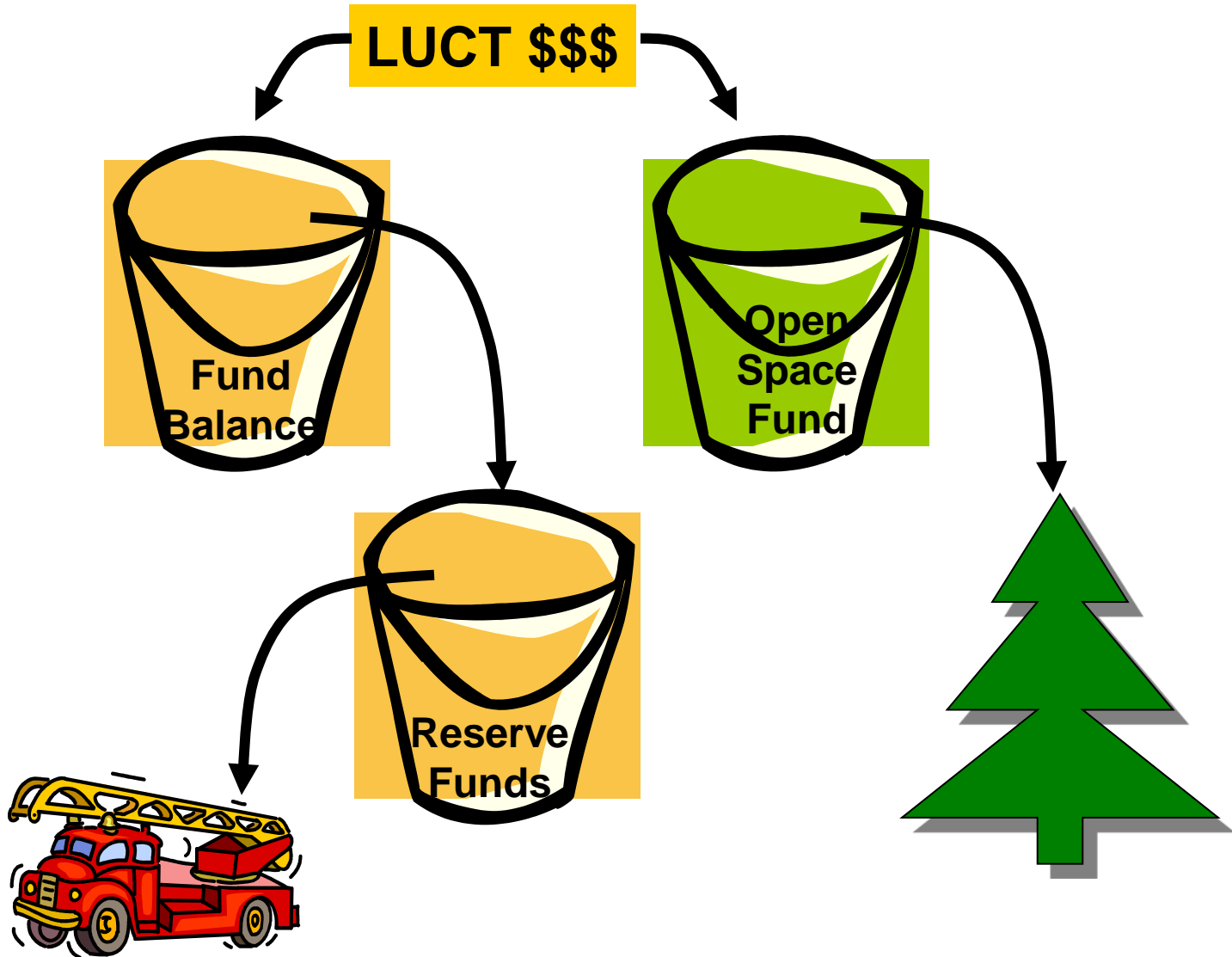
Average = \$193,857, Standard Deviation = \$159,994

To Conservation Fund: First \$100,000 plus 40% of the remainder

To General Fund: 60% of receipts over \$100,000

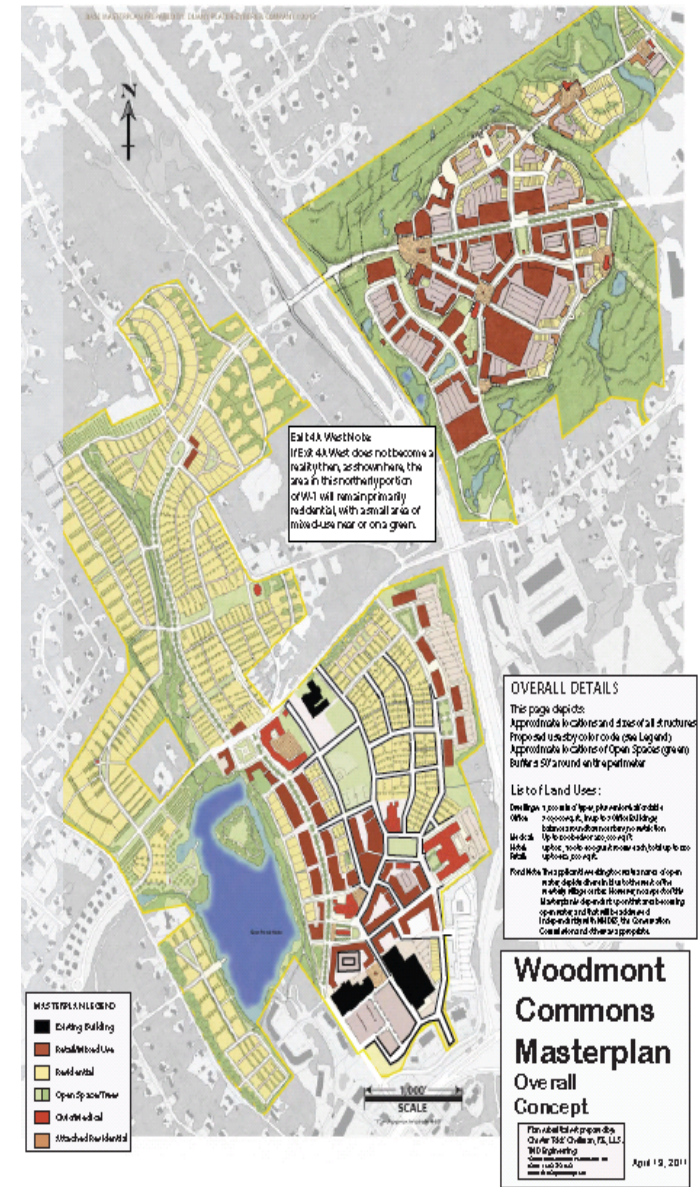


The Alternatives



The Woodmont Effect

- “Woodmont” will generate significant LUCT receipts, increasing the average share to the fund balance well above \$70,000 per year
- “Woodmont” will consume most of 600 acres of open space
- Impact fees will help fund higher costs for roads, schools, and public safety, but cannot be used to protect open space



The Bottom Lines for Voters

- Because the tax is unpredictable the Land Use Change Tax is useful for non-recurring projects that are *not urgent*, like open space, highway or fire trucks, or major maintenance
- Fewer receipts going to open space means:
 - Less protected open space, *or*
 - Higher payments for open space bonds, *and*
 - Less compensation for the loss of open space to Woodmont