

## **Property tax is our problem, not the view**

*Arnie Arnesen (This commentary originally appeared in NH Business Review.)*

There is no such thing as a view tax. There never has been a view tax.

So what explains the rhetoric heard at the blue-ribbon bitch sessions being held all over New Hampshire, with throngs of up to 400 angry property-tax payers showing up in the North Country?

It comes down to three things: transparency, increased real estate market values and an unhealthy addiction to one tax alone - the property tax.

For years, disgruntled property-tax payers have pestered local governments to provide specific information on their real estate assessment forms. But knowing how the selectmen do the math does not guarantee acceptance or, more important, understanding.

To the stressed-out property-tax payer, itemized factors that have always existed in establishing market value are suddenly new. The component that has people really PO-ed is the intangible view factor.

Orford, the town at the epicenter of the mythology behind the view tax, is my former home. It is also the home of the Thomson clan. Mel Thomson was one of New Hampshire's most reactionary governors. He spawned the perennial pledge never to implement an income or sales tax (see Democratic Gov. Lynch's recent campaign signs for proof of the pledge's permanence).

Today, Mel's legacy is a weighty yoke, harnessing citizens to all property taxes, all the time.

Orford remains the petri dish for Mel's viral tax strategy. The town has no zoning. The Thomson family owns acre after acre of some of the most beautiful and unique locations in town, and for decades the Thomsons controlled local government. Back in Mel's day, Orford was not exactly an attractive place to live, with its struggling schools, no business base and few services.

But Orford had lots of riverfront on the majestic Connecticut, the remarkable Ridge Homes (seven white mansions tightly packed in a row gracing the center of the village) and views, views, views of the mountains, lakes and streams.

Back in 1832 Washington Irving said: "In all my travels in this! country and in Europe, I have seen no village more beautiful than this. It is a charming place. Nature has done her utmost here."

Today, remote Orford is an attractive place to live. Orford boasts a new regional school. Rapid growth in the Upper Valley has pushed real estate values through the roof, and Dartmouth retirees have discovered Orford's quality of life. Most outstanding are its views, views, views!

Building lots that were selling for \$45,000 to \$50,000 just a few years back are now boasting spectacular views and spectacular selling prices of \$120,000 to \$190,000.

The Thomsons have a thing of value, actually acres of value, but, thanks to Papa Thomson, with value and valued views comes a spike in property taxes. So, in the Thomson tradition, his son Tommy Thomson has birthed his own movement: "Ax the View Tax."

Tommy wants to hang on to his vast land holdings without the encumbrance of zoning rules, but he does not want to pay his father's high property taxes on his current market value, which includes his precious views.

Like his father, Tommy knows that, with a sprinkling of anger fertilizer, you can grow a rebellion pretty quick. He fanned the flames of ignorance, encouraging North Country residents to believe that those wealthy southern-tier flatlanders were exporting their property tax liability to them, tapping the only thing they have - their fabulous vistas.

Tommy and his ilk never bothered to explain that property taxes are local in nature. Derry doesn't send its property-tax burden to Colebrook. It is a zero-sum game, shifts happen, but only within each and every city and town.

The real elephant in the room is not the value assigned to lakefront or the new addition or the view of Mt. Cube, it is the distortion created by New Hampshire's over-reliance on one tax - the property tax - to pay for basic services that in virtually every other state are paid for with a variety of taxes that take into consideration a person's ability to pay.

Comparisons are helpful here. In Delaware, a low-tax state with both an income tax and property tax, the average homeowner, without a view, pays about \$1,200 in property taxes. If you gave that same homeowner the most amazing view and doubled those property taxes, he or she would pay \$2,400 (a bite out of income but at least manageable).

In New Hampshire, where it is common to pay a property tax bill of \$7,000 per year on a modest home, doubling that baby because the location has a view gets you to \$14,000, which ain't chump change.

In New Hampshire, it isn't the views that tick folks off, it is the ridiculously high property taxes we pay no matter what our financial circumstances. The tragedy in New Hampshire is that (with apologies to Don Rumsfeld) you raise revenue with the property tax you have, not the property tax you want.