

Bill as Introduced

SB 391-LOCAL - AS INTRODUCED

2010 SESSION

10-2760
08/03

SENATE BILL

391-LOCAL

AN ACT

relative to the payment of certain amounts from the water fund to the town general fund by the town of Hanover.

SPONSORS:

Sen. Houde, Dist 5; Rep. Nordgren, Graf 9; Rep. Benn, Graf 9; Rep. Pierce, Graf 9

COMMITTEE:

Public and Municipal Affairs

ANALYSIS

This bill transfers certain amounts from the water fund to the town general fund of the town of Hanover for disbursement to the Hanover and Dresden school district and Grafton county.

.....

Explanation:

Matter added to current law appears in ***bold italics***.

Matter removed from current law appears [~~in brackets and struck through~~].

Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Ten

AN ACT relative to the payment of certain amounts from the water fund to the town general fund by the town of Hanover.

Be it Enacted by the Senate and House of Representatives in General Court convened:

- 1 1 Transfer from Water Fund to Hanover General Fund for Payout to the Hanover and Dresden
2 School Districts and Grafton County. Notwithstanding the provisions of RSA 38:29, the town of
3 Hanover shall be authorized to transfer to the town general fund for disbursement to the Hanover and
4 Dresden school district and Grafton county, semi-annually on June 30 and December 31 of each year,
5 an amount from the water fund equal to the amount of property taxes that would have been paid on
6 certain property formerly owned by Hanover water works company and conveyed to the town
7 pursuant to RSA 38:8 on July 1, 2010. For the purposes of calculating the taxes that would have been
8 paid on such property, the town shall use the assessed value of the property, as regularly determined
9 by the town assessor.
- 10 2 Effective Date. This act shall take effect July 1, 2010.

Speakers

Hearing Minutes

HOUSE COMMITTEE ON LOCAL AND REGULATED REVENUES

PUBLIC HEARING ON SB 391-LOCAL

BILL TITLE: relative to the payment of certain amounts from the water fund to the town general fund by the town of Hanover.

DATE: April 20, 2010

LOB ROOM: LOB 303 **Time Public Hearing Called to Order:** 10:00 am

Time Adjourned: 10:25 am

(please circle if present)

Committee Members: Reps. Walz, Taylor, Hamm, Theberge, Mulholland, Butterworth, D. Howard, Lyons, Merry, Stetson, C. Webber, Stohl, Kidder, Hess, P. Katsakiores, Vaillancourt, A. Peterson, M. Allen and Hinkle, Blankenbeker.

Bill Sponsors: Sen. Houde, Dist 5; Rep. Nordgren, Graf 9; Rep. Benn, Graf 9; Rep. Pierce, Graf 9

TESTIMONY

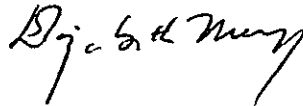
* Use asterisk if written testimony and/or amendments are submitted.

Julia Griffin: Town Manager of Hanover will send in warrant article for town and 3 paragraph note on history and purpose of bill to explain purpose.

Matthew Houde: SD 5 - in support of bill

Respectfully submitted,

Rep. Liz Merry
Acting clerk



HOUSE COMMITTEE ON LOCAL AND REGULATED REVENUES

PUBLIC HEARING ON SB 391-LOCAL

BILL TITLE: relative to the payment of certain amounts from the water fund to the town general fund by the town of Hanover.

DATE: 4/20/2010

LOB ROOM: LOB 303 **Time Public Hearing Called to Order:**

Time Adjourned:

10:00
10:28

(please circle if present)

Committee Members: Reps. Walz, Taylor, Hamm, Theberge, Mulholland, Butterworth, D. Howard, Lyons, Merry, Stetson, C. Webber, Stohl, Kidder, Hess, P. Katsakiores, Vaillancourt, A. Peterson, M. Allen and Hinkle, Blankenkemper.

Bill Sponsors: Sen. Houde, Dist 5; Rep. Nordgren, Graf 9; Rep. Benn, Graf 9; Rep. Pierce, Graf 9

TESTIMONY

* Use asterisk if written testimony and/or amendments are submitted.

4/20
Julia Griffin, manager Town of Hanover
will send in warrant article for Town
+ 3 ~~reg~~ paragraph note on history &
purpose of Bill to explain purpose.
Rep Leg Merry
Sec. / Note taker.

Testimony



TO: Local and Regulated Revenues Committee

FROM: Julia Griffin, Town Manager

DATE: April 26, 2010

SUBJECT: Municipalization of the Hanover Water Works Company and Passage of SB 391

The following information is provided based on the hearing conducted by the Local and Regulated Revenues Committee on April 20, 2010

Background

Representative Merry asked me to supply a brief summary of the background regarding SB 391 to be included in the minutes of last week's hearing.

Currently water is supplied to the more densely settled area of Town of Hanover by a private company, the Hanover Water Works Company (HWWC). The Company was founded in the late 1800's as a means of implementing improved fire safety measures for the Dartmouth campus and Downtown Hanover after a series of devastating fires. The utility The HWWC is jointly owned by Dartmouth College (52.8%) and the Town of Hanover (47.2%), and is regulated by the New Hampshire Public Utilities Commission (PUC).

The Town and the College believe that it is in the best interest of the water rate payers to municipalize these services. Municipalization will allow for more efficient and cost effective operations and less expensive funding of future capital needs to the benefit of the water customers who pay for all of the costs of water service. As a private utility, the Company cannot set aside funds in capital reserve for future improvements and does not have access to preferred municipal rate of borrowing. The College does not feel it is within the core mission of an educational institution to be in the business of providing water, particularly in today's highly regulated water utility environment.

Municipalization will be accomplished by the HWWC transferring to the Town the hard assets | (filtration plant, storage tanks, reservoirs, and dams, distribution system, etc.) and the liabilities

(primarily bond debt) associated with those assets. Those assets and liabilities will be incorporated in a separate water enterprise fund for operating purposes, just as the Town's wastewater operation is now managed. The HWWC will retain most of the land it currently owns, but will change its corporate ownership structure to 50/50 between the Town and College and will be renamed the Trescott Company. The entire proposal was approved during a Special Town Meeting held on October 27, 2009

SB 391 is an important component of the municipalization process. Under state law, there is no specific provision that enables a municipal water utility to make property tax payments. Currently, as a private utility, the HWWC pays \$243,500 in property taxes annually to the Dresden (interstate school district with Norwich, Vermont for grades 7-12) and Hanover School Districts, the Town of Hanover and Grafton County. While the HWWC pays property taxes to support the School Districts, Town and County's General Funds, they serve only a portion of Hanover's residents. In devising the municipalization plan, local officials and voters deemed it to be important to insure the continued payment of taxes to the three entities and voted to make the transaction dependent on passage of SB 391 as Hanover-specific legislation. If the property taxes cannot continue to be paid, all Hanover and Norwich, Vermont taxpayers will experience a tax rate increase resulting from the lost utility property tax revenue to enable implementation of an improved water utility that only serves a portion of the Hanover community.

Tax Rate Impact

Representative Hess inquired about the tax rate impact if SB 391 is not adopted. The loss of property tax revenue collected by the Town and the School District if SB 391 is not adopted will result in the following local property tax rate increases:

Town of Hanover	\$ 58,440 loss	0.8 % tax rate increase
School Districts	\$165,580 loss	1.0 % tax rate increase
Grafton County	\$ 19,480 loss	tax rate impact unknown

Administrative Overhead Allocation

Representative Stetson inquired about the Town of Hanover's allocation of administrative indirect expenses to the Water utility. The Town of Hanover allocates administrative overhead expenses based on the percentage a particular enterprise fund represents of the Town's total operating budget. The total projected operating budget for the Water Fund for FY 2010-2011 is \$1,528,670 and includes the allocation of General Fund administrative expenditures totaling \$81,158 (Public Works Department supervision, Administrative Services support, dispatch services, software support, fleet maintenance).

WARRANT FOR SPECIAL TOWN MEETING

GRAFTON, ss

TOWN OF HANOVER

TO THE INHABITANTS OF THE TOWN OF HANOVER, NEW HAMPSHIRE, who are qualified to vote in Town affairs:

TAKE NOTICE AND BE WARNED, that the Special Town Meeting of the Town of Hanover, New Hampshire, will be held as follows:

ON TUESDAY, OCTOBER 27, 2009 AT THE GYMNASIUM, HANOVER HIGH SCHOOL, LEBANON STREET, HANOVER, ARTICLES ONE THROUGH THREE WILL BE PRESENTED, DISCUSSED AND ACTED UPON BEGINNING AT 7:00 PM AT THE GYMNASIUM, HANOVER HIGH SCHOOL, LEBANON STREET, HANOVER.

ARTICLE ONE: To see if the Town will vote to raise and appropriate the sum of \$8,570,916 through the incurrence of indebtedness in accordance with the provisions of the New Hampshire Municipal Finance Act, RSA 33 by the Town's assumption of the two existing loans originally made to the Hanover Water Works Company through the New Hampshire Department of Environmental Services Drinking Water State Revolving Loan Fund (NH DES DWSRF), which assumption has been consented to by NH DES DWSRF; and to take all action as may be necessary to carry out the purpose of this vote. Although this debt will be a general obligation of the Town, it is intended and expected that funding for the debt service associated with these loans will be paid exclusively by water rates collected from users of the water utility. A two-thirds ballot vote is required.

ARTICLE TWO: To see if the Town will vote to raise and appropriate the sum of \$550,000 relating to the Town's assumption of an existing debt obligation of the Hanover Water Works Company currently held by Citizens Bank; and to authorize the Town to refinance this debt (and any related prepayment fees) through the issuance of not more than \$550,000 of bonds and notes in accordance with the provisions of the New Hampshire Municipal Finance Act, RSA 33; and to determine the rate of interest thereon as shall be in the best interest of the Town; and to take all action as may be necessary to carry out the purpose of this vote. Although this debt will be a general obligation of the Town, it is intended and expected that funding for the debt service associated with this loan will be paid exclusively by water rates collected from users of the water utility. A two-thirds ballot vote is required.

ARTICLE THREE: To see if the Town will vote to raise and appropriate \$1.00 for the purchase of the water utility assets owned by the Hanover Water Works Company, to include the water treatment plant, related water storage tanks, pump stations, distribution system, three (3) reservoirs, sufficient land within 250 feet around Reservoirs #1 and #2, all of the land around Reservoir #3, sufficient adjacent land to allow future expansion of the water treatment plant and storage tanks, and any other water utility assets required for the treatment and distribution of water, as allowed by RSA 38:2-a, and which is in the public interest, and to authorize the Board of Selectmen to negotiate and execute all documents required to complete the transaction as proposed. The remainder of the land which will not be transferred to Town ownership as part of this transaction will remain with the Hanover Water Works Company, and the Town's ownership share of that company will increase from the current 47.2% to 50% as part of the approved transaction. All of the related transactions shall occur on or about July 1, 2010. Completion of the transaction will be

dependent upon the passage of special State legislation to enable the municipal water utility to continue to make semi-annual property tax payments to the Town, School Districts and County.

Voting Sheets

HOUSE COMMITTEE ON LOCAL AND REGULATED REVENUES

EXECUTIVE SESSION on SB 391-LOCAL

BILL TITLE: relative to the payment of certain amounts from the water fund to the town general fund by the town of Hanover.

DATE: April 27, 2010

LOB ROOM: LOB 303

Amendments:

Sponsor: Rep. OLS Document #:

Sponsor: Rep. OLS Document #:

Sponsor: Rep. OLS Document #:

Motions: OTP, OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep. Butterworth

Seconded by Rep. Hamm

Vote: 11-4 (Please attach record of roll call vote.)

Motions: OTP, OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep.

Seconded by Rep.

Vote: (Please attach record of roll call vote.)

CONSENT CALENDAR VOTE: NO

(Vote to place on Consent Calendar must be unanimous.)

Statement of Intent: Refer to Committee Report

Respectfully submitted,

Rep. Timothy Butterworth, Clerk

HOUSE COMMITTEE ON LOCAL AND REGULATED REVENUES

EXECUTIVE SESSION on SB 391-LOCAL

BILL TITLE: relative to the payment of certain amounts from the water fund to the town general fund by the town of Hanover.

DATE: 4/27/2010

LOB ROOM: LOB 303

Amendments:

Sponsor: Rep.

OLS Document #:

Sponsor: Rep.

OLS Document #:

Sponsor: Rep.

OLS Document #:

Motions:

OTP, OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep. *Butterworth*

Seconded by Rep. *Hansen*

Vote: 11-4 (Please attach record of roll call vote.)

Motions:

OTP, OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep.

Seconded by Rep.

Vote: (Please attach record of roll call vote.)

CONSENT CALENDAR VOTE:

(Vote to place on Consent Calendar must be unanimous.)

minority report

Statement of Intent: Refer to Committee Report

Respectfully submitted,
Rep. Timothy Butterworth, Clerk

Timothy Butterworth

LOCAL AND REGULATED REVENUES

Bill #: SB 391 Title: Town of Hanover water fund merged with town general fund.

PH Date: 4 / 20 / 2010 Exec Session Date: 4 / 27 / 2010

Motion: OTP Amendment #: _____

MEMBER	YEAS	NAYS
Walz, Mary Beth, Chairman	✓	
Taylor, Kathleen N, V Chairman	✓	
Hamm, Christine C	✓	
Theberge, Robert L		✓
Mulholland, Catherine	✓	
Butterworth, Timothy, Clerk	✓	
Howard, Doreen		
Lyons, Melissa L.B.	✓	
Merry, Liz H		
Stetson, William A		✓
Webber, Carolyn B	✓	
Stohl, Eric G		✓
Kidder, David H	✓	
Hess, David W	✓	
Katsakiores, Phyllis M		
Vaillancourt, Steve	✓	
Peterson, Andrew R	✓	
Allen, Mary M		
Hinkle, Peyton B		✓
Blankenbeker, Lynne Ferrari		
	11	4
TOTAL VOTE:		

Committee Report

REGULAR CALENDAR

April 27, 2010

HOUSE OF REPRESENTATIVES

REPORT OF COMMITTEE

**The Majority of the Committee on LOCAL AND
REGULATED REVENUES to which was referred SB391-
L,**

**AN ACT relative to the payment of certain amounts
from the water fund to the town general fund by the
town of Hanover. Having considered the same, report
the same with the recommendation that the bill OUGHT
TO PASS.**

Rep. Timothy Butterworth

FOR THE MAJORITY OF THE COMMITTEE

**MAJORITY
COMMITTEE REPORT**

Committee: **LOCAL AND REGULATED REVENUES**
Bill Number: **SB391-L**
Title: **relative to the payment of certain amounts from
the water fund to the town general fund by the
town of Hanover.**
Date: **April 27, 2010**
Consent Calendar: **NO**
Recommendation: **OUGHT TO PASS**

STATEMENT OF INTENT

The town of Hanover is in a unique situation – it is part owner of a private water company, unlike municipal water systems, the water precinct pays property taxes. All parties agree that the system would be better managed as a public utility, allowing them to have a capital reserve fund and to eliminate the cost of cases at the public utilities commission. This was approved by the town meeting of 2009. The warrant article includes a payment in lieu of taxes by the current co-owner, Dartmouth College. This co-ownership is unique. The majority is confident it does not set precedent for any other water district.

Vote 11-4

Rep. Timothy Butterworth
FOR THE MAJORITY

Original: House Clerk
Cc: Committee Bill File

REGULAR CALENDAR

LOCAL AND REGULATED REVENUES

SB391-L, relative to the payment of certain amounts from the water fund to the town general fund by the town of Hanover. **OUGHT TO PASS.**

Rep. Timothy Butterworth for the **Majority** of LOCAL AND REGULATED REVENUES. The town of Hanover is in a unique situation – it is part owner of a private water company, unlike municipal water systems, the water precinct pays property taxes.

All parties agree that the system would be better managed as a public utility, allowing them to have a capital reserve fund and to eliminate the cost of cases at the public utilities commission. This was approved by the town meeting of 2009. The warrant article includes a payment in lieu of taxes by the current co-owner, Dartmouth College. This co-ownership is unique. The majority is confident it does not set precedent for any other water district. **Vote 11-4.**

Original: House Clerk
Cc: Committee Bill File

COMMITTEE REPORT

COMMITTEE: Local & Regulated Revenue

BILL NUMBER: SB 391

TITLE: Relative to the payment of certain amounts from the water fund to the town general fund by town of Haver

DATE: 4/27/2010 CONSENT CALENDAR: YES NO

OUGHT TO PASS

OUGHT TO PASS W/ AMENDMENT

INEXPEDIENT TO LEGISLATE

INTERIM STUDY (Available only 2nd year of biennium)

Amendment No.

STATEMENT OF INTENT:

~~The town of Haver is in a ^{unique} ~~strange~~ situation, being half owner of a private water company. Because it is not now a public utility, ^{the town} it pays taxes to itself. They have reached a solution ~~where~~ in which ~~most~~ of our concerns have been met: non-users will not bear any of the costs, and the water district will no longer pay taxes. The one problem - that Dartmouth College, the former part owner + largest single user of the water, will pay a sum in lieu of taxes - might set a precedent for other municipal water works. The majority felt that a ~~statement~~ statement in the record describing the unique aspects of this situation, and our clear intent that it NOT set precedent - would~~

COMMITTEE VOTE: 11-4

RESPECTFULLY SUBMITTED,

Rep. Justin Bellon

- Copy to Committee Bill File
- Use Another Report for Minority Report

be adequate protection for the future

~~This agreement settlement~~ has been approved by the former owners, the city government, and the town meeting voted on the ~~STATE~~

The town of Hanover is in a unique situation as ~~part~~ ^{an owner} owner of a water company.

~~They are~~ As part owner of a private water company, ~~they~~ the town pays taxes to itself. To better manage the company ~~that it would be~~ the town has agreed to assume full ownership.

Eliminate
~~costly~~ rate cases
capital reserve fund

~~The~~
The town of Hanover is in a unique situation - it is part owner of a private water company, ~~so~~ unlike municipal water systems, ~~it~~ the water precinct pays property taxes.

All parties agree that the system would be better managed as a public utility, allowing them to have a capital reserve fund and to eliminate ^{the costly} rate cases^{at the Public Utilities Commission}. This was approved by the town meeting of 2009. The warrant article included a payment in lieu of taxes by the current co-owner, Dartmouth College. ~~Because~~ this ~~is~~ co-ownership is unique, the majority is confident it ~~will~~ ^{does} not set precedent for ~~future changes~~ to any other water district.

OK Mary Beth Wall

REGULAR CALENDAR

April 27, 2010

HOUSE OF REPRESENTATIVES

REPORT OF COMMITTEE

**The Minority of the Committee on LOCAL AND
REGULATED REVENUES to which was referred SB391-
L,**

**AN ACT relative to the payment of certain amounts
from the water fund to the town general fund by the
town of Hanover. Having considered the same, and
being unable to agree with the Majority, report with the
following Resolution: RESOLVED, That it is
INEXPEDIENT TO LEGISLATE.**

Rep. Eric G Stohl

FOR THE MINORITY OF THE COMMITTEE

**MINORITY
COMMITTEE REPORT**

Committee: **LOCAL AND REGULATED REVENUES**
Bill Number: **SB391-L**
Title: **relative to the payment of certain amounts from
the water fund to the town general fund by the
town of Hanover.**
Date: **April 27, 2010**
Consent Calendar: **NO**
Recommendation: **INEXPEDIENT TO LEGISLATE**

STATEMENT OF INTENT

The minority is concerned that passage of this bill as written may set precedence where municipalities will be paying taxes to themselves. This bill as written does not suggest paying the tax itself but rather a PILOT (Payment In Lieu of Taxes) for the exact same amount as the property tax.

The second issue with the bill as written is that the water utility is already paying to the town of Hanover \$81,158 per year for administrative expenditures which include public works department supervision, administrative services support, dispatch services, software support, fleet maintenance, etc. When Hanover town manager was questioned by a committee member about these administrative funds paid to the general fund, her reply was that all of Hanover's municipal departments pay these administrative fees. The minority of the committee feels that it is unfair for one enterprise fund to pay property taxes, or a PILOT for the same amount as the property taxes would be, and no other Hanover enterprise fund pays these taxes.

Rep. Eric G Stohl
FOR THE MINORITY

Original: House Clerk
Cc: Committee Bill File

Original: House Clerk
Cc: Committee Bill File

REGULAR CALENDAR

LOCAL AND REGULATED REVENUES

SB391-L, relative to the payment of certain amounts from the water fund to the town general fund by the town of Hanover. **INEXPEDIENT TO LEGISLATE.**

Rep. Eric G Stohl for the **Minority** of LOCAL AND REGULATED REVENUES. The minority is concerned that passage of this bill as written may set precedence where municipalities will be paying taxes to themselves. This bill as written does not suggest paying the tax itself but rather a PILOT (Payment In Lieu of Taxes) for the exact same amount as the property tax.

The second issue with the bill as written is that the water utility is already paying to the town of Hanover \$81,158 per year for administrative expenditures which include public works department supervision, administrative services support, dispatch services, software support, fleet maintenance, etc. When Hanover town manager was questioned by a committee member about these administrative funds paid to the general fund, her reply was that all of Hanover's municipal departments pay these administrative fees. The minority of the committee feels that it is unfair for one enterprise fund to pay property taxes, or a PILOT for the same amount as the property taxes would be, and no other Hanover enterprise fund pays these taxes.

Original: House Clerk
Cc: Committee Bill File

SB 391-LOCAL

concerned

The minority is ~~afraid~~ that passage of this bill as written may set precedence where municipalities will be paying taxes to themselves. This bill as written does not suggest paying the tax itself but rather a PILOT (Payment In Lieu of Taxes) for the exact same amount as the property tax.

The second issue with the bill as written is that the water utility is already paying to the town of Hanover \$81,158 per year for administrative expenditures which include Public Works Department supervision, Administrative Services support, dispatch services, software support, fleet maintenance, *etc.* When the Hanover Town Manager was questioned by a committee member about these administrative funds paid to the General Fund, her reply was that all of Hanover's municipal departments pay these administrative fees. The minority of the committee feels that it is unfair for one enterprise fund to pay property taxes, or a PILOT for the same amount as the property taxes would be, and no other Hanover enterprise fund pays these taxes.

Eli Stahl

April 27, 2010

OK Mary Beth Wall