

Bill as Introduced

HB 1335 – AS INTRODUCED

2010 SESSION

10-2092

10/03

HOUSE BILL **1335**

AN ACT establishing a local option for lowering the interest rate on late and delinquent property tax payments and subsequent payments.

SPONSORS: Rep. Vaillancourt, Hills 15; Rep. Kepner, Rock 15; Rep. Henson, Rock 13; Rep. T. Russell, Rock 13

COMMITTEE: Local and Regulated Revenues

ANALYSIS

This bill allows municipalities to adopt a lower interest rate chargeable by towns and cities for late tax payments and a lower interest rate for redemptions and subsequent tax payments.

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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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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 establishing a local option for lowering the interest rate on late and delinquent property tax payments and subsequent payments.

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

1 1 Property Taxes; Interest on Late Payment. Amend RSA 76:13 to read as follows:

2 76:13 Interest. Interest at 12 percent per annum, *or 6 percent if the local option is adopted*
3 *pursuant to RSA 76:13-c*, shall be charged upon all taxes except resident taxes, except as otherwise
4 provided by statute, not paid on or before December 1 after their assessment, which shall be
5 collected from that date with the taxes as incident thereto, except in the case where a tax bill sent to
6 the taxpayer on or after November 2 and before April 1 of the following year interest shall not be
7 charged until 30 days after the bills are mailed. Interest due in an amount up to \$25 may be waived
8 by the collector, with the approval and consent of the board of selectmen and the board of assessors,
9 if in the collector's judgment the administrative and collection costs involved do not warrant
10 collection of the amount due. The tax collector shall state on the tax bill the date from which interest
11 will be charged and such date shall be determined by the day the collector sends out the last tax bill
12 on the list. The collector shall notify the board of tax and land appeals in writing of the date on
13 which the last tax bill was sent.

14 2 New Section; Interest Rates; Local Option. Amend RSA 76 by inserting after section 13-b the
15 following new section:

16 76:13-c Interest Rates; Local Option.

17 I. Any town or city may adopt all of the lower interest rates provided for in RSA 76:13,
18 RSA 80:32, RSA 80:37, RSA 80:69, and RSA 80:75, III in the following manner:

19 (a) In a town, other than a town that has adopted a charter pursuant to RSA 49-D, the
20 question shall be placed on the warrant of a special or annual town meeting, by the governing body
21 or by petition pursuant to RSA 39:3.

22 (b) In a city or town that has adopted a charter pursuant to RSA 49-C or RSA 49-D, the
23 legislative body may consider and act upon the question in accordance with its normal procedures for
24 passage of resolutions, ordinances, and other legislation. In the alternative, the legislative body of
25 such municipality may vote to place the question on the official ballot for any regular municipal
26 election.

27 II. The vote shall specify the interest rates provided for in RSA 76:13, RSA 80:32, RSA 80:37,
28 RSA 80:69, and RSA 80:75, III. If a majority of those voting on the question vote "yes," the lower
29 interest rates shall take effect within the town or city, on the date set by the governing body, or in
30 the tax year beginning April 1 following its adoption, whichever shall occur first.

1 III. A municipality may rescind the local adoption of lower interest rates provided in
2 paragraph I in the manner described in this section.

3 3 Collection of Taxes; Interest Rate. Amend RSA 80:32 to read as follows:

4 80:32 Redemption. Any person with a legal interest in land so sold may redeem the same by
5 paying or tendering to the collector, or in his *or her* absence, at his *or her* usual place of abode, at
6 any time before a deed thereof is given by the collector, the amount for which the land was sold, with
7 interest at 18 percent per annum, *or 9 percent if the local option is adopted pursuant to RSA 76:13-c*,
8 upon the whole amount for which the land was sold from the time of sale to the time of payment in
9 full, except that in the case of partial payments in redemption made under RSA 80:33-a, the interest
10 shall be computed on the unpaid balance, together with redemption costs and costs for notifying the
11 mortgagees, if any. In case the tax collector who sold the property in question shall have died,
12 become incapacitated, been removed from office or removed from the town or city, or shall have been
13 discharged from his *or her* bond by the selectmen or assessors, then the person with the legal
14 interest in redeeming the property may tender such sums to the tax collector then in office of said
15 city or town. Upon advice from the selectmen or assessors that the amount tendered is the correct
16 amount due, the tax collector shall accept said amount for the redemption of the property.

17 4 Collection of Taxes; Interest Rate. Amend RSA 80:37 to read as follows:

18 80:37 Payment of Subsequent Tax. For purposes of this section, "subsequent tax" shall mean
19 any tax assessed upon the real estate subsequent to that for which it was sold by a municipality, a
20 county, or the state. The purchaser of real estate at any tax sale may pay to the collector any
21 subsequent tax and the collector shall, within 30 days after such payment, notify the register of
22 deeds thereof, giving the date and the amount of such payment and the name of the person so paying
23 together with the date of the tax sale, the name of the person taxed, and a description of the property
24 sold as shown in the report of sale recorded in the registry of deeds. The collector of taxes shall
25 receive \$1 for such notice to the register of deeds of the payment of subsequent tax plus \$1 to be paid
26 to the register of deeds. The purchaser, within 30 days of payment of the subsequent tax, shall
27 personally, or by certified mail, notify in writing any mortgagee who was notified of his *or her*
28 purchase at the tax sale of this payment of the subsequent tax. The purchaser paying the
29 subsequent tax shall receive the same fees prescribed for notifying the mortgagee of his *or her*
30 purchase at the tax sale to be included in his *or her* costs to be paid by the person making
31 redemption, except that when a town is a purchaser at a tax sale and the town pays a subsequent
32 tax and the selectmen direct the collector of taxes as agent for the town to give notice of payment of a
33 subsequent tax to any mortgagee who was notified of the purchase by the town at the tax sale, the
34 collector shall be paid the sum of \$5 for this service. Any amounts so paid on account of subsequent
35 taxes, together with interest thereon at the rate of 18 percent per annum, *or 9 percent if the local*
36 *option is adopted pursuant to RSA 76:13-c*, from the date of payment shall, in addition to the
37 purchase price at the time of sale with accrued interest and costs, be paid by the person making

1 redemption.

2 5 Collection of Taxes; Interest Rate. Amend RSA 80:69 to read as follows:

3 80:69 Redemption. Any person with a legal interest in land subject to a real estate tax lien may
4 redeem the same by paying or tendering to the collector, at any time before a deed thereof is given by
5 the collector, the amount of the real estate lien, with interest at 18 percent per annum, *or 9 percent*
6 *if the local option is adopted pursuant to RSA 76:13-c*, upon the whole amount of the recorded lien
7 from the date of execution to the time of payment in full, except that in the case of partial payments
8 in redemption made under RSA 80:71, the interest shall be computed on the unpaid balance,
9 together with redemption costs and costs for identifying and notifying the mortgagees, if any. In
10 case the tax collector who executed the tax lien against the property in question shall have died,
11 become incapacitated, been removed from office or removed from the town or city, or shall have been
12 discharged from his *or her* bond by the selectmen or assessors, then the person with the legal
13 interest in redeeming the property may tender such sums to the tax collector then in office of said
14 city or town. Upon advice from the selectmen or assessors that the amount tendered is the correct
15 amount due, the tax collector shall accept said amount for the redemption of the property.

16 6 Collection of Taxes; Interest Rate. Amend RSA 80:75, III to read as follows:

17 III. When a municipality is the lienholder and the municipality pays a subsequent tax and
18 the selectmen direct the collector of taxes, as agent of the municipality, to give such notice of said
19 payment to any owner and to any mortgagee as provided above, the collector of taxes shall receive
20 the same fees provided for the lienholder for his *or her* service. The amount of subsequent taxes
21 paid, together with interest on such taxes at the rate of 18 percent per annum, *or 9 percent if the*
22 *local option is adopted pursuant to RSA 76:13-c*, from the date of payment shall, in addition to the
23 tax lien amount at the time of execution with interest and costs, be paid by the person making
24 redemption.

25 7 Effective Date. This act shall take effect April 1, 2010.

HB 1335 – AS AMENDED BY THE HOUSE

18Mar2010... 0662h
18Mar2010... 0992h

2010 SESSION

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HOUSE BILL ***1335***

AN ACT establishing a local option to authorize the governing body to set the interest rate on late and delinquent property tax payments, subsequent payments, and other unpaid taxes.

SPONSORS: Rep. Vaillancourt, Hills 15; Rep. Kepner, Rock 15; Rep. Henson, Rock 13;
Rep. T. Russell, Rock 13

COMMITTEE: Local and Regulated Revenues

AMENDED ANALYSIS

This bill allows municipalities to authorize the governing body of the town or city to set the interest rate on late and delinquent property tax payments, subsequent payments, and other unpaid taxes enforced through the lien procedure.

.....

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.

HB 1335 – AS AMENDED BY THE HOUSE

18Mar2010... 0662h
18Mar2010... 0992h

10-2092
10/03

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Ten

AN ACT establishing a local option to authorize the governing body to set the interest rate on late and delinquent property tax payments, subsequent payments, and other unpaid taxes.

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

1 1 New Section; Interest Rates; Local Option. Amend RSA 76 by inserting after section 13-b the
2 following new section:

3 76:13-c Interest Rates; Local Option.

4 I. Any town or city may authorize the governing body to set interest rates as provided for in
5 this section and apply such rates to all applicable statutes requiring the charging of interest on
6 unpaid property taxes, delinquent and subsequent tax payments, and other unpaid taxes, in the
7 following manner:

8 (a) In a town, other than a town that has adopted a charter pursuant to RSA 49-D, the
9 question shall be placed on the warrant of a special or annual town meeting, by the governing body
10 or by petition pursuant to RSA 39:3.

11 (b) In a city or town that has adopted a charter pursuant to RSA 49-C or RSA 49-D, the
12 legislative body may consider and act upon the question in accordance with its normal procedures for
13 passage of resolutions, ordinances, and other legislation. In the alternative, the legislative body of
14 such town or city may vote to place the question on the official ballot for any regular municipal
15 election.

16 II. The vote shall specify the authority of the governing body to set interest rates as provided
17 for in paragraph IV. If a majority of those voting on the question vote "yes," the authority for the
18 governing body to set interest rates pursuant to paragraph IV shall take effect immediately and the
19 governing body may set the rate for the town or city applicable to the tax year beginning April 1
20 following its adoption.

21 III. A town or city that has adopted the provisions of this section may rescind the authority
22 of the governing body to set interest rates in the manner described in paragraph I. The question to
23 be voted shall specify that the authority of the governing body to set interest rates shall be
24 rescinded. If a majority of those voting on the question vote "yes," the authority for the governing
25 body to set interest rates shall be rescinded and beginning on the April 1 following rescission, the
26 statutory interest rates shall apply.

27 IV.(a) In lieu of the statutory rate of 12 percent per annum, the governing body may set a

1 rate within the range of 6 percent up to 12 percent.

2 (b) In lieu of the statutory rate of 18 percent per annum, the governing body may set a
3 rate within the range of 9 percent up to 18 percent.

4 (c) The rates set by the governing body pursuant to the authority in this section shall
5 apply for assessments of interest beginning April 1 and shall be effective for the entire tax year and
6 until further changed. Any subsequent change in the rates by the governing body pursuant to the
7 authority in this section shall apply beginning on the April 1 for the following tax year.

8 2 Local Interest Rate; Pease Development Authority Lessees. Amend RSA 12-G:14, II(b)(1) to
9 read as follows:

10 (1) Interest shall accrue on the unpaid taxes at a rate of 18 percent per annum, *or*
11 *the rate set pursuant to RSA 76:13-c*, from the due date until such taxes are paid;

12 3 Excavation Taxes. Amend RSA 72-B:6 to read as follows:

13 72-B:6 Unpaid Taxes. The taxes which are not paid when due pursuant to RSA 72-B:4 shall
14 bear interest at the rate of 18 percent per year, *or the rate set pursuant to RSA 76:13-c*, computed
15 from the due date. Interest and penalties on the tax shall be collected by the tax collector and
16 deposited in the general fund of the municipality. In addition to the interest due, a penalty for
17 failure to pay may be assessed against the owner as provided in RSA 21-J:33.

18 4 Property Taxes; Interest on Late Payment. Amend RSA 76:13 to read as follows:

19 76:13 Interest. Interest at 12 percent per annum, *or the rate set pursuant to RSA 76:13-c*, shall
20 be charged upon all taxes except resident taxes, except as otherwise provided by statute, not paid on
21 or before December 1 after their assessment, which shall be collected from that date with the taxes
22 as incident thereto, except in the case where a tax bill sent to the taxpayer on or after November 2
23 and before April 1 of the following year interest shall not be charged until 30 days after the bills are
24 mailed. Interest due in an amount up to \$25 may be waived by the collector, with the approval and
25 consent of the board of selectmen and the board of assessors, if in the collector's judgment the
26 administrative and collection costs involved do not warrant collection of the amount due. The tax
27 collector shall state on the tax bill the date from which interest will be charged and such date shall
28 be determined by the day the collector sends out the last tax bill on the list. The collector shall notify
29 the board of tax and land appeals in writing of the date on which the last tax bill was sent.

30 5 Property Taxes; Quarterly Billing. Amend RSA 76:15-aa, IV to read as follows:

31 IV. Interest at the rate of 12 percent per annum, *or the rate set pursuant to RSA 76:13-c*,
32 shall be charged on all taxes not paid on or before their due dates or 30 days after mailing,
33 whichever is later.

34 6 Current Use; Land Use Change Tax. Amend RSA 79-A:7, II(d) to read as follows:

35 (d) Payment of the land use change tax, together with the recording fees due the register
36 of deeds, shall be due not later than 30 days after mailing of the tax bills for such tax, and interest at
37 the rate of 18 percent per annum, *or the rate set pursuant to RSA 76:13-c*, shall be due thereafter on

1 any taxes not paid within the 30-day period.

2 7 Discretionary Easements. Amend RSA 79-C:9, II(d) to read as follows:

3 (d) Payment of the consideration shall be due not later than 30 days after the mailing of
4 the bill. Interest at the rate of 18 percent per annum, *or the rate set pursuant to RSA 76:13-c*, shall
5 be due thereafter on any consideration not paid within the 30-day period.

6 8 Discretionary Preservation Easements. Amend RSA 79-D:9, II(d) to read as follows:

7 (d) Payment of the consideration shall be due not later than 30 days after the mailing of
8 the bill. Interest at the rate of 18 percent per annum, *or the rate set pursuant to RSA 76:13-c*, shall
9 be due thereafter on any consideration not paid within the 30-day period.

10 9 Community Revitalization Tax Relief Incentive. Amend RSA 79-E:9, II(d) to read as follows:

11 (d) Payment shall be due not later than 30 days after the mailing of the bill. Interest at
12 the rate of 18 percent per annum, *or the rate set pursuant to RSA 76:13-c*, shall be due thereafter on
13 any amount not paid within the 30-day period. Interest at 12 percent per annum, *or the rate set*
14 *pursuant to RSA 76:13-c*, shall be charged upon all taxes that would have been due and payable on
15 or before December 1 of each tax year as if no tax relief had been granted.

16 10 Collection of Taxes; Tax Sales; Redemption; Interest Rate. Amend RSA 80:32 to read as
17 follows:

18 80:32 Redemption. Any person with a legal interest in land so sold may redeem the same by
19 paying or tendering to the collector, or in his *or her* absence, at his *or her* usual place of abode, at
20 any time before a deed thereof is given by the collector, the amount for which the land was sold, with
21 interest at 18 percent per annum, *or the rate set pursuant to RSA 76:13-c*, upon the whole amount
22 for which the land was sold from the time of sale to the time of payment in full, except that in the
23 case of partial payments in redemption made under RSA 80:33-a, the interest shall be computed on
24 the unpaid balance, together with redemption costs and costs for notifying the mortgagees, if any. In
25 case the tax collector who sold the property in question shall have died, become incapacitated, been
26 removed from office or removed from the town or city, or shall have been discharged from his *or her*
27 bond by the selectmen or assessors, then the person with the legal interest in redeeming the
28 property may tender such sums to the tax collector then in office of said city or town. Upon advice
29 from the selectmen or assessors that the amount tendered is the correct amount due, the tax
30 collector shall accept said amount for the redemption of the property.

31 11 Collection of Taxes; Tax Sales; Subsequent Tax; Interest Rate. Amend RSA 80:37 to read as
32 follows:

33 80:37 Payment of Subsequent Tax. For purposes of this section, "subsequent tax" shall mean
34 any tax assessed upon the real estate subsequent to that for which it was sold by a municipality, a
35 county, or the state. The purchaser of real estate at any tax sale may pay to the collector any
36 subsequent tax and the collector shall, within 30 days after such payment, notify the register of
37 deeds thereof, giving the date and the amount of such payment and the name of the person so paying

1 together with the date of the tax sale, the name of the person taxed, and a description of the property
2 sold as shown in the report of sale recorded in the registry of deeds. The collector of taxes shall
3 receive \$1 for such notice to the register of deeds of the payment of subsequent tax plus \$1 to be paid
4 to the register of deeds. The purchaser, within 30 days of payment of the subsequent tax, shall
5 personally, or by certified mail, notify in writing any mortgagee who was notified of his *or her*
6 purchase at the tax sale of this payment of the subsequent tax. The purchaser paying the
7 subsequent tax shall receive the same fees prescribed for notifying the mortgagee of his *or her*
8 purchase at the tax sale to be included in his *or her* costs to be paid by the person making
9 redemption, except that when a town is a purchaser at a tax sale and the town pays a subsequent
10 tax and the selectmen direct the collector of taxes as agent for the town to give notice of payment of a
11 subsequent tax to any mortgagee who was notified of the purchase by the town at the tax sale, the
12 collector shall be paid the sum of \$5 for this service. Any amounts so paid on account of subsequent
13 taxes, together with interest thereon at the rate of 18 percent per annum, *or the rate set pursuant to*
14 *RSA 76:13-c*, from the date of payment shall, in addition to the purchase price at the time of sale
15 with accrued interest and costs, be paid by the person making redemption.

16 12 Collection of Taxes; Tax Liens; Redemption; Interest Rate. Amend RSA 80:69 to read as
17 follows:

18 80:69 Redemption. Any person with a legal interest in land subject to a real estate tax lien may
19 redeem the same by paying or tendering to the collector, at any time before a deed thereof is given by
20 the collector, the amount of the real estate lien, with interest at 18 percent per annum, *or the rate*
21 *set pursuant to RSA 76:13-c*, upon the whole amount of the recorded lien from the date of execution
22 to the time of payment in full, except that in the case of partial payments in redemption made under
23 RSA 80:71, the interest shall be computed on the unpaid balance, together with redemption costs
24 and costs for identifying and notifying the mortgagees, if any. In case the tax collector who executed
25 the tax lien against the property in question shall have died, become incapacitated, been removed
26 from office or removed from the town or city, or shall have been discharged from his *or her* bond by
27 the selectmen or assessors, then the person with the legal interest in redeeming the property may
28 tender such sums to the tax collector then in office of said city or town. Upon advice from the
29 selectmen or assessors that the amount tendered is the correct amount due, the tax collector shall
30 accept said amount for the redemption of the property.

31 13 Collection of Taxes; Tax Liens; Interest Rate. Amend RSA 80:75, III to read as follows:

32 III. When a municipality is the lienholder and the municipality pays a subsequent tax and
33 the selectmen direct the collector of taxes, as agent of the municipality, to give such notice of said
34 payment to any owner and to any mortgagee as provided above, the collector of taxes shall receive
35 the same fees provided for the lienholder for his *or her* service. The amount of subsequent taxes
36 paid, together with interest on such taxes at the rate of 18 percent per annum, *or the rate set*
37 *pursuant to RSA 76:13-c*, from the date of payment shall, in addition to the tax lien amount at the

HB 1335 – AS AMENDED BY THE HOUSE

- Page 5 -

1 time of execution with interest and costs, be paid by the person making redemption.

2 14 Unpaid Taxes; Normal Yield Tax. Amend RSA 79:4-a to read as follows:

3 79:4-a Unpaid Taxes. The taxes which are not paid when due pursuant to RSA 79:3 shall
4 bear interest at the rate of 18 percent per year, *or the rate set pursuant to RSA 76:13-c*,
5 computed from the due date. Interest and penalties on the tax shall be collected by the tax
6 collector and deposited in the general fund of the town. In addition to the interest due, a penalty
7 for failure to pay may be assessed against the owner as provided in RSA 21-J:33.

8 15 Effective Date. This act shall take effect upon its passage.

HB 1335 FISCAL NOTE

AN ACT establishing a local option to authorize the governing body to set the interest rate on late and delinquent property tax payments, subsequent payments, and other unpaid taxes.

FISCAL IMPACT:

The Department of Revenue Administration and the New Hampshire Municipal Association state this bill, as amended by the House (Amendments #2010-0662h and #2010-0992h), may decrease local revenue and increase local expenditures by indeterminable amounts in FY 2010 and each year thereafter. There is no fiscal impact on state and county revenue or expenditures.

METHODOLOGY:

The Department of Revenue Administration and the New Hampshire Municipal Association state this bill will allow municipalities to lower the interest rate they charge on delinquent taxes. The Department and the Association state by lowering the interest rate, local revenue will decrease through lower interest revenue. The Department also states the lower interest rate may decrease the timely payment of the taxes subject to the rate, as property owners will pay higher interest rate debt, such as credit card debt, before property taxes. The Department states this decrease in the timely payment of taxes could put pressure on the cash flows of local governments, forcing them to borrow more to fund operations and increasing debt service expenditures. Neither the Department nor the Association possesses sufficient data on the local income generated by interest on delinquent taxes, nor can they predict the specific impact of the proposed legislation.

Committee Minutes

ATTENDANCE

SENATE CALENDAR NOTICE
PUBLIC AND MUNICIPAL AFFAIRS

- ✓ Senator Betsi DeVries Chairman
- ✓ Senator Matthew Houde V Chairman
- Senator Kathleen Sgambati
- ✓ Senator Sheila Roberge
- ✓ Senator John Barnes, Jr.

START: 8:32 AM
END: 9:18 AM

For Use by Senate Clerk's Office ONLY

Bill Status

Docket

Calendar

Proof: Calendar Bill Status

Date: April 8, 2010

HEARINGS

Thursday

4/15/2010

PUBLIC AND MUNICIPAL AFFAIRS

LOB 103

8:30 AM

(Name of Committee)

(Place)

(Time)

EXECUTIVE SESSION MAY FOLLOW

- 8:30 AM HB1335-~~FN~~ (New Title) establishing a local option to authorize the governing body to set the interest rate on late and delinquent property tax payments, subsequent payments, and other unpaid taxes.
- 8:45 AM HB1138 relative to the authority to expend municipal transportation improvement funds.
- 9:05 AM HB1332 relative to planning board members.
- 9:15 AM HB1198-L relative to public hearings on municipal budget preparation.

Sponsors:

HB1335-FN

Rep. Steve Vaillancourt

Rep. Susan Kepner

Rep. John Henson

Rep. Trinka Russell

HB1138

Rep. Donna Schlachman

Rep. Dianne Schuett

Sen. Amanda Merrill

HB1332

Rep. Amy Perkins

Rep. Everett Weare

HB1198-L

Rep. Timothy Butterworth

Rep. Betsy Patten

START: 8:32 AM
END: 9:18 AM

Public and Municipal Affairs Committee

Hearing Report

TO: Members of the Senate

FROM: Shannon Whitehead, *Legislative Aide*

RE: Hearing report on **HB 1335– AN ACT** establishing a local option to authorize the governing body to set the interest rate on late and delinquent property tax payments, subsequent payments, and other unpaid taxes.

HEARING DATE: April 15, 2010

MEMBERS OF THE COMMITTEE PRESENT: Senator DeVries, Senator Houde, Senator Roberge, and Senator Barnes

MEMBERS OF THE COMMITTEE ABSENT: Senator Sgambati

Sponsor(s): Rep. Vaillancourt, Hills 15; Rep. Kepner, Rock 15; Rep. Henson, Rock 13; Rep. T. Russell, Rock 13

What the bill does: This bill allows municipalities to authorize the governing body of the town or city to set the interest rate on late and delinquent property tax payments, subsequent payments, and other unpaid taxes enforced through the lien procedure.

Who supports the bill: Rep. Liz Merry, Rep. Steve Vaillancourt, Rep. Hamm, Rep. Henson

Who opposes the bill: Senator Lasky, Rep. Schuett, Rep. Leigh Webb, David Fredette (Nashua) Martha Landry (City of Keene) Laura Thibodeau (City of Keen) Jill Hadaway (NH Tax Collectors Association) Esaunda Gaudette (City of Concord)

Neutral Position: Cordell Johnston (NHMA) Steve Hamilton (NH-DRA)

Summary of testimony received:

Steve Vaillancourt: (Prime Sponsor)

- Passed the bill last year in the House and was defeated in committee of the Senate. Came back this year with a different approach. The issue is the interest rates that apply to late and/or delinquent property tax payments
- The legislation is about the people who just can't afford their taxes on time and then getting hit with a penalty. There are different tiers for exemptions. This would simply give the community reflection on what is right and satisfy concerns of tax collectors.
- Rep. Vaillancourt stated that this was a truly bipartisan effort passing 60% each way on the floor.
- As the law stands now, if a taxpayer does not pay property taxes when the final tax bill is due, the interest rate on the amount is 12%. Within 90 days of this due date, certified mail is sent to the taxpayer 30 days prior to a lien being placed upon the property.
- This bill, HB 1335, as amended, is enabling and it allows the people to decide if they want their governing body to change these rates. If the governing body has the ability to select from 6% to 12% for the interest rate and 9% to 18% for the lien rate.

Rep. Christine Hamm

- Currently, the interest rate charged to a person who does not pay his town or city property is 12% after 90 days, a lien is placed in the property and that interest rate becomes 18%.
- In today's economy, one likely reason a homeowner has not paid his taxes is because he is ill, lost his job or has experienced some other life altering difficulty. To expect that person to be able to come up with nearly \$1200 for every \$1000 owed is a pretty sever penalty, one that seems neither sympathetic nor realistic. Those of us who support this bill believe that if we were in need, we would expect our neighbors to be more understanding.
- The highest interest rate was established nearly 30 years ago when municipal borrowing rates were high. This bill does not require any community to change its rate. Instead it provides local option to communities who would like the opportunity to change the rate should it make sense for them to do so. To do this they would first put the option on the town warrant. Then those who attend Town Meeting or who vote by ballot in an SB 2 town can decide whether to give their Board of Selectmen or their Town Council the option of changing the rate. If the voters decide to do this, the Selectmen or the Council make the final decision of what that rate should be. The first rate could

range from 6-12 %, the second from 9-18%. The fact is that the Selectmen or Council those who best know their towns budgetary needs and who best know whether those not paying their tax bills are homeowners in need or businesses and individuals motivated mainly by greed can set the rate at whatever seems best for the community.

- They can even leave it where it already is, 12 and 18% but even if the rate does change, the new rate does not become retroactive to include already delinquent taxes.

Rep. Liz Merry

- The purpose of the bill is about lowering the interest rates on delinquent property tax payments and liens fro the current 12 and 18% levels to more equitable ranges.
- This bill not about helping people play "interest" games or use the towns as a bank to avoid paying taxes. This bill is simply providing Towns and Municipalities the opportunity to charge more reasonable interest rates on the outstanding property taxes owed by citizens in need.
- The bill is about assisting Town Administrators, budget committee members and Selectmen or Council members who need to balance their budget and keep taxes lower or equal to last year. Rep. Merry raised questions to the committee: How can they do this with a rising rate of late property tax payments? What is their obligation to town citizens? Do they keep the interest rate high because they can derive revenue to help with the balancing budget, or do they take a more compassionate approach? The bill gives them choices.
- In the 1970's the legislature set the rates at 9 and 11% in 1981 they were changed to the current 12 and 18%. It is time to take a new look at this with the economy and prime lending rates and with unemployment now at an unprecedented level.
- This is enabling bill which will require community participation and dialog to make a decision regarding interest rates on delinquent property taxes and liens.
- The towns currently have to cover multiple rates for various years and payments. The state is putting significant hardship on the towns who have to accommodate these changes.
- Rep. Merry stated that towns do not have to lose revenue if they do not wish to because we are giving them a choice. Some towns do make quite a bit of income from interest, for example: Nashua gets \$300,000 a year and Moultonboro would lose about \$45,000 if this bill was passed.
- The rates are not retroactive but proactive so towns do not have to go back and readjust rates. The only retroactive piece of the bill pertains

to outstanding balance of liens each year which will be charged the approved rate.

Rep. Leigh Webb

- Opposed to the bill. Stated that she spoke to both Merrimack and the Hill and both clerks in these communities are opposed to the bill.
- There are red flags in the bill. How will this go, as far as a judicial review?
- No municipality wants to be in the real estate business. We know this is to address the needs who are struggling, but this is taking a property owner who does not give any revenue.
- The bill will cause cash flow issues and urges committee to look at the ramifications.

Steve Hamilton: NH-DRA

- Neutral Position. Stated that the Selectman or officials have the discretions for when the property owner can't make their payments.
- There is flexibility in the way it is currently constituted. There are property tax payers that will pay their taxes at the last minute and most will pay on time. The issue does frequently come up
- We want to make sure there is a system in place but to also protect the ones who do pay.

Jill Hadaway: NH Tax Collector Association

- The biggest complaint we have with this bill is that that we don't feel that this bill is necessary.
- The delinquency in the state is about 2% which illustrates the effectiveness of the present interest rates. The options already available through existing law to the municipalities can effectively assist delinquent tax payers with out changing any laws.
- Lowering interest rates will not deter tax delinquency. In the 1980's when interest rates were raised a direct correlation between rates and delinquency was proven in our state. The number of unpaid tax bills went down when the rates were raised.
- Keeping delinquency rates low is an important factor in a municipalities overall financial stability and their ability to borrow funds with low interest rates.
- HB 1335 will create confusion. It is uncertain how much difficulty will arise from having different interest rates in each municipality. There is also vagueness regarding the timing for implementation especially regarding liens
- We need to not change a law that doesn't need to be changed. About 88 representatives at a regional meeting said they were opposed to this bill.

- Senator Devries stated that she spoke to a Manchester tax collector and stated that they had concern but doesn't have it in writing to share.
- Ms. Hadaway continued, at present there are multiple ways a municipality can assist tax payers who are struggling financially. Selectmen have the authority to abate taxes. They can provide hardship exemptions as well as deferrals.

David Fredette: City of Nashua

- Concerns with HB 1335, Serves as Treasurer/Tax Collector for the City of Nashua.
- Main concern is for the 98-99 percent of the tax payers that pay their property taxes on time every year.
- Many businesses are not paying their taxes. With 234 communities in the state we could have various rates throughout the state and it will cause confusion to banks, mortgage companies and property owners.
- To alleviate the concerns we need to talk about other solutions.
- We are shifting the business burden to the property owners.
- The city of Nashua has a low delinquency rate in the range of 1% to 2% and this is due to strong deterrent we currently have.
- In FY 2008 and 2009 over 40% of the \$1,355,000 collected in delinquent taxes was from the business community. A large number of developers.
- The city has an active payment program and we work closely with delinquent taxpayers seldom taking property for back taxes. Over the last ten years we have only taken two.
- Other concern is the effect it may have on bond ratings for communities as one of the items rating agencies look at are the delinquency rates. The bill does not address all the RSA's which are affected for many years.

Martha Landry: City manager of Keene:

- Opposed to a lower interest rate, would affect payroll and infrastructure. We count on these payments timely; this is the citizen's commitment. The cash flow, Fund balances and bond rating will be affected.
- The pressures will be on the Council to match the balances

Cordell Johnston: NHMA

- Neutral position. Was opposed to the bill last year and now as filed. The bill has improved. We are not wild about it but can live with it.
- Senator Houde asked what the support response would be. Mr. Johnston responded that it wouldn't be enough.
- There are more of business affected than a residential issue.

Rep. Dianne Shuett

- Opposed to the bill. Spoke to the towns of Pembroke and Chichester and the Tax collectors are opposed to the committee.
- The House Local and Revenue committee was split 9 to 8 in the committee vote.

Funding: *Please refer to the Fiscal Note Below*

FISCAL IMPACT: The Department of Revenue Administration and the New Hampshire Municipal Association state this bill, **as amended by the House (Amendments #2010-0662h and #2010-0992h)**, may decrease local revenue and increase local expenditures by indeterminable amounts in FY 2010 and each year thereafter. There is no fiscal impact on state and county revenue or expenditures.

METHODOLOGY: The Department of Revenue Administration and the New Hampshire Municipal Association state this bill will allow municipalities to lower the interest rate they charge on delinquent taxes. The Department and the Association state by lowering the interest rate, local revenue will decrease through lower interest revenue. The Department also states the lower interest rate may decrease the timely payment of the taxes subject to the rate, as property owners will pay higher interest rate debt, such as credit card debt, before property taxes. The Department states this decrease in the timely payment of taxes could put pressure on the cash flows of local governments, forcing them to borrow more to fund operations and increasing debt service expenditures. Neither the Department nor the Association possesses sufficient data on the local income generated by interest on delinquent taxes, nor can they predict the specific impact of the proposed legislation.

Future Action: The committee voted ITL 4-0. First motion made by Senator Houde, second motion made by Senator DeVries. Senator Houde will report the bill out.

Date: April 15, 2010
Time: 8:32 a.m.
Room: LOB Room 103

The Senate Committee on Public and Municipal Affairs held a hearing on the following:

HB 1335 (New Title) establishing a local option to authorize the governing body to set the interest rate on late and delinquent property tax payments, subsequent payments, and other unpaid taxes.

Members of Committee present: Senator DeVries
Senator Houde
Senator Roberge
Senator Barnes

The Chair, Senator Betsi DeVries, opened the hearing on HB 1335 and invited the prime sponsor, Representative Steve Vaillancourt, to introduce the legislation.

Senator Betsi DeVries, D. 18: Good Morning.

Representative Steve Vaillancourt: Thank you, Madam Chair, members of the Committee. For the record, my name is Steve Vaillancourt. I represent Manchester, Ward 8, home of the very noisy these days, Manchester-Boston Regional Airport. Maybe my Alderman can stop that quivering in my windows every morning; must have changed the flight patterns. Anyway, that's another matter. I'm here on HB 1335, and this is a bill that you might be familiar with in another incarnation. It's a bill that, in another form, passed the House last year and was defeated in your Committee. So we decided to try a little different approach, hoping we could get some support this year.

Yesterday, or the day before, I went into my bank, and they were offering me a loan on my house, what's it called, equity loan, up to a \$100,000 for 2%. The prime rate is currently close to zero, yet people that are late paying their property taxes by state law still must pay a penalty of 12%, and after a certain period of time, of 18%. These rates were established back in the

stagflation days, and have not been changed since. To me, it seems a simple matter of fair tax equity, that when I can get a loan on my house at 2¼%, I'm obviously going to pay my taxes on time. So this isn't about me. But this is about poor people who fall through the cracks and cannot afford to pay their taxes on time. The people who can least afford it are being hit with late penalties of anywhere from 12 to 18%.

This bill has a very interesting history. Three Democrats from Rockingham County, Representatives Kepner, Henson and Russell brought in a bill last year before Local and Regulated Revenues as an attempt to do something about this, and it wasn't quite perfect. And we worked upon it and worked upon it, and came up with a way of lowering the rates which, as I say, you decided not to do in the Senate.

So the problem remained. It came back again as a problem over the summer, and I filed this bill which would make it at local option. In other words, cities and towns would not be forced to go from 18% down to 9%, or from 12% down to 6%. But just like local option is in effect with elderly exemptions. We have 3 tiers of elderly exemption; each city and town sets the tier they want to be in. We have local options for veterans' exemptions. It used to be \$50; now every city and town can have it anywhere between \$50 and \$500. Manchester is currently at \$400. I think most towns max out at \$500. So, those people who say this would create a mishmash or a balkanization of tax rates, it would simply make every community be able to reflect what they think is right for their community. So I proposed the bill with that in mind.

Then the third incarnation, and I have to thank the subcommittee of Local and Regulated Revenues. As you know, when you do a bill, it goes to a subcommittee and they can amend it as they will. And there were three individuals on the subcommittee who worked very hard to make this even better, and to hopefully satisfy the concerns of tax collectors who left the meeting saying they were satisfied, but I see some of them appear not to be satisfied now. I guess some people are never satisfied. But I'd like to thank Representative Stohl, a Republican from the North Country, who chaired that subcommittee, and two Democrats, Representatives Merry and Hamm, who were on it, and who will testify about what they did with that bill in subcommittee. Because they can give you the information of how they made it even better into the form it is today.

It's also a very unique bill in that, when this came to the House floor, it passed by a margin of about 60%. But in one of the rare instances, it got almost 60% of Democrats and almost 60% of Republicans. So when people tell you this is a bipartisan effort, sometimes they say, "Well, you only had

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one vote." It still makes it bipartisan. But this was truly bipartisan, out of 350 Reps that were there, 60% each way.

I would say it addresses a problem that I think is long in need of addressing. I don't think anybody can agree that we should be charging people 18% and 12% late rates when the town can borrow in anticipation of taxes at 2% or 3%. To me, the ideal system would be for each city and town to peg their rates to the DRA rates. If you're late in paying any of your taxes to the DRA, the current penalty is 6%. It would make sense for me, in fact in the ideal world, I'd like to have the state peg it for every city and town at the DRA rate. But, that's not something you agreed with last year, so it's not something in the ideal world I brought forward. I brought forward this plan, which I hope you would accept, so that at least some cities and towns could give the relief. And it's to a very small percentage of people, but it is the neediest segment of society.

So that explains my basic reason for doing this. Now, I'm kinda in the middle from the original sponsors and the people that worked this out at the end, and the two that worked it out at the end, I think, would probably best fill you in on the details of how they've structured it. But, I thank you for your attention and I guess the Red Sox won yesterday...

Senator John S. Barnes, Jr., D. 17: Absolutely right.

Senator Betsi DeVries, D. 18: Questions from the Committee, recognizing that Representative Hamm would like to speak to the amendment. Very good, thank you. Thank you, Representative Vaillancourt.

Representative Vaillancourt: Thank you.

Senator Betsi DeVries, D. 18: Actually...do we have another sign-up sheet? Recognizing Representative Hamm, speaking in support. Would you like to come up together? With that...Is that...I was trying to interpret the body language. Or are you looking...and to recognize that we had booked 15 minutes for the hearing, so we're trying to, as I think I expressed to you yesterday, consolidate and ...

Representative Christine Hamm: I know. Okay. You did, you did. Okay, we're going to buzz read real fast, but not simultaneously.

Senator Betsi DeVries, D. 18: We thank you.

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Representative Liz Merry: I'll just start, and what I'll do is focus in on some of the things Representative Vaillancourt didn't cover. I was part of that subcommittee.

Senator Betsi DeVries, D. 18: I'm sorry...just again...did you sign in with us?

Representative Merry: I'm sorry, for the record...Yes, I did. For the record, my name is Representative Liz Merry.

Senator Betsi DeVries, D. 18: Thank you.

Representative Merry: I'm from Belknap County, District 2. The purpose of the bill is about lowering interest rates on delinquent property tax payments and liens. Nothing more than that. You've heard testimony or people think it might be more than that. It's not about helping people play interest games, i.e., pay their taxes last because the rates are lower or use the towns as a bank, or anything like that. It's really to help out those people in need. It's also about enabling towns and municipalities to make decisions for themselves. Some towns, you'll hear, have got enough money or a process in place to help people in need. Other towns don't. So this is a way in which it really opens it up to town discussion.

In our Local and Regulated Revenue Committee, we voted a majority, Ought to Pass as Amended, because of a few reasons. And I hope this will clarify and give perspective on upcoming discussions.

This is an enabling bill. As such, it will require community participation and dialogue to make a decision regarding interest rates on delinquent property taxes and liens. The bill is not ill-conceived, as some would contest. It spells out a process on how the town votes to approve the action, and how it would be executed by the Selectmen or Council. At a local level, the citizens can decide what's best for them. There's no loss of accountability as some would suggest; in fact, I argue there would be more.

Cities might be worried about businesses who would defer payments as the interest rates will be considered too low. As such, these cities can keep the current rates, 12% and 18%. They don't have to change anything. But small towns, with principally residential homes, may wish to have the flexibility to adjust the rates as accordance with the economic conditions.

Towns also don't have to lose revenue if they don't wish to become, if they don't wish to do so because we're giving them the choice. For example, Nashua gets \$300,000 a year, and Moultonborough gets about \$45,000 a year,

and they suggest they would lose that if this bill were passed. Those towns have the right to keep it where it is.

The Town Administrator from Farmington, Kathy Seaver, suggested the concept of a range of interest rates after options that included a flat rate. Rates a certain percent higher than prime and so on were considered, but they were rejected. With providing towns with a range, they can set the levels they want and they don't have to come back to the Legislature for any amendments in the near future. Moreover, Ms. Seaver submitted some research findings to the Local Government Center, which indicated a 5% swing in interest rates could impact delinquency rates. So, in the amendment, in the rates that are here in front of you, this range is not allowing much more than that. So towns probably won't go to the lowest level. They'll probably adjust 2% or 3% down, which won't impact that change.

The rates are not retroactive, they're proactive. The only retroactive rate is when, at the end of each year, they consolidate any outstanding liens and they adopt the new interest rates on that one. But they don't go back and have to adjust sequences and years.

Towns currently have to cover multiple rates for various years and payments. You will hear that the state is putting significant hardship on the towns, who have to accommodate these types of changes. I've been advised that the software is flexible enough to handle it. And towns who have to input information into their systems every year anyway, can make this change happen. And as this only comes into effect and into play next year, they have plenty of time to set up their systems so that it can be reconfigured easily.

Towns will not race to the bottom and get the lowest rate schedule. My conversations with Town Administrators and Budget Committee representatives clearly indicate they know they have to incent repayment. While they might drop the interest rates, they won't go too low. Again, this is enabling legislation.

There will be no unfair competition between towns and balkanize the states, as some have suggested. In any event, since when did we have not competition between neighboring towns? I'd consider we have various abatement levels, values of properties differ, tax rates differ, there are different benefits for veterans, the elderly, disabled. There's a whole mishmash across the state. This is just gonna be part of that. It's not gonna balkanize the state.

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You will also hear tax anticipation notes may increase in size. But remember, the interest rates being charged are extremely low, that .02% to 2% approximately. And much lower than those being charged by the towns for delinquent payments.

So in closing, the House Majority believe that the towns and cities need a mechanism that is fair, humane and morally sound. This enabling bill allows those towns and municipalities to make their own decision. Thank you.

Senator Betsi DeVries, D. 18: Thank you, Representative. And Representative, would you like to take the questions one by one, or hear from Representative Hamm first? Senator Barnes, I saw your hand up. Did you have a question?

Senator John S. Barnes, Jr., D. 17: Yeah, I do.

Senator Betsi DeVries, D. 18: Feel free to ask a question of Representative Merry.

Senator John S. Barnes, Jr., D. 17: The way that I read this the legislative body in most towns, unless you have a charter, are gonna have to vote to let the Selectmen or the City Council approve this. They just can't do it without a vote of a legislative body. Is that correct?

Representative Merry: That's correct. They have to agree that they will adopt it. But we will put the rate change, actually, in the Selectmen's hands.

Senator John S. Barnes, Jr., D. 17: Unless you have a charter, the Selectmen are not gonna be able to do that without the citizens' okay.

Representative Merry: That's correct. That's right.

Senator John S. Barnes, Jr., D. 17: Okay, thank you.

Senator Betsi DeVries, D. 18: Thank you. Representative Hamm.

Representative Hamm: Thank you very much. I'm gonna, kind of cut through...

Senator Betsi DeVries, D. 18: Paraphrase?

Representative Hamm: Yeah.

Senator Betsi DeVries, D. 18: We appreciate that.

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Representative Hamm: Okay. When it was originally heard by the House Local and Regulated Committee, a representative from the New Hampshire Tax Collectors' Association came to testify against the bill. When it went to subcommittee, she came back and she came back with a colleague, and that is Kathy Seaver from Farmington. And, during the course of the deliberations, the two Tax Collectors told us that the bill was unworkable unless we changed it with an amendment. Then my ears perked up.

So anyhow, the amendment, they said, should provide a range of interest rates, should allow any changes to be voted on by the legislative body and the local citizenry, and then allow those changes to be specifically set by the governing body, which would be the Town Council or the Selectmen. And it should cover a list of taxes, which they provided. And it should make sure that any new rates were not retroactive.

After the meeting, we received an email from the Tax Collectors' Association, and I quote that. It says, "Thank you for allowing Kathy Seaver and me to discuss HB 1335 with you this morning. We appreciated your interest in our concerns and your willingness to allow us to be a part of the process. I'm sending you a list of the additional taxes not addressed in the bill as currently written. So hopefully, you will be able to incorporate the appropriate language to insure that all interests on all taxes eligible for liens are contained in the final bill." And then we wrote the amendments to comply exactly with those recommendations.

So we think...you know, I know that a lot of people in the House received pushback from the local authorities. But we think we addressed the concerns of the local authorities. I'd also like to say that this high interest rate, which is 12%, after 90 days goes to 18%, and that's solid. I mean, there's no flexibility in that. We're just trying to provide the flexibility. And that was established nearly 30 years ago. And I think we're old and...maybe not...Some of us are old enough to remember when municipal borrowing rates were similarly high. We were told...I mean, I know that I had a house for sale and it was, you know, 13% interest, mortgage rates. So we were told by the representative from the New Hampshire Tax Collectors' Association that today municipal borrowing rates are tax anticipation, and she used this word, are "negligible". And that was like, 1.5% to 2%, while the property tax interest rate is stuck at 18%. And that's what we think isn't really very fair.

And so we really think that this is being responsive to the times. That what we have on the books today is rooted in the past. And we think it shows a recognition of the hard times that people are going through. I think the other criticism that we got was that some people would use it, you know, they

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weren't people in need, they were people with greed. I think that we have allowed this flexibility for the local taxpayers to vote on it, for the Selectmen to set the rate and they are cognizant of what goes on in their community.

Senator Betsi DeVries, D. 18: Questions from the Committee? Seeing none, we thank you very much for your testimony this morning.

Representative Hamm: Thank you.

Senator Betsi DeVries, D. 18: Senator Gilmour, I don't have you signed up to speak. Are you here for this bill?

Senator Peggy Gilmour, D. 12: Yup. I don't wish to speak. I will sign in.

Senator Betsi DeVries, D. 18: You will sign in. Okay. And I would note also, Senator Lasky, you are not signed up to speak, but you have signed in on the bill.

Senator Bette R. Lasky, D. 13: In opposition, yes.

Senator Betsi DeVries, D. 18: In opposition. Thank you. I have Representative Webb, who would like to speak. Thank you, Representative Webb.

Representative Leigh Webb: Good Morning, Madam Chair and Committee. For the record, I'm Representative Leigh Webb, proudly representing Merrimack District 2, Franklin and Hill. And although I represent only two communities, both Clerks in my communities have suggested they would be opposed to this bill for various reasons.

I'm here only to, in the capacity of possibly raising a couple of, maybe small red flags for your consideration. One is that it is my interpretation, and I may be incorrect, but allowing voters to determine their interest rates comes very close to allowing referendums. And as we all know, and has been challenged in the New Hampshire Supreme Court in the past, referendums is not how we do business here in this state. I'm curious as to how this will pass judicial review, and whether or not that this approach is appropriate for this state with our Constitution.

I also wanted to simply remind this Committee that no municipality wants to be in the real estate ownership business. They do not derive revenue by being owners of property. And it is my understanding that every community will do whatever it takes to accommodate those in need. And that it seems to

be, one of the important criterions of this bill, is to address the needs of those who are struggling.

Every community that I know of has that ability to abate taxes in times of need. They don't want to take the property over because that is not a revenue source if they do. So they will make every accommodation to make sure that that struggling property owner can pay their taxes, and if they have to do it on a pro-rated basis or over time, those accommodations are usually made. They have that ability now; they don't need this legislation to do so.

I'm just afraid, as the Clerks are that came to me, that by lowering interest rates and reducing the incentive to pay on time, it can create serious cash flow problems with municipalities in paying their debt service and acknowledging their obligations. I think that needs to be seriously considered when you look at this bill as to the ramifications. If left up to the voters themselves, I'm afraid that they're not always looking out for the best interests of the common good, but more of the best interests of themselves. And I think that's one of the reasons why we don't encourage referendum in this state. And that's pretty much all I have to say.

Senator Betsi DeVries, D. 18: Thank you very much, Representative. Any questions from the Committee? Seeing none, we thank you for your testimony. And I would, note for anybody who's already testified, if you have written testimony, it's always helpful to give to our staff so that they can make copies and we will distribute to all of our Senators for follow up later. I see the Department of Revenue is here. You're not signed up. Would you like to address the...

Stephan Hamilton: Very briefly, Madam Chair, and members of the Committee. For the record, my name is Stephan Hamilton. I'm the Director of the Property Appraisal Division. Thank you very much for the opportunity to be here this morning.

The Department is neither for nor against the bill or the concept. But, I guess, there are a couple of issues that have been raised that maybe, could be explained more fully.

Representative Webb is correct that the Selectmen or assessing officials in every community have the ability to abate any taxes assessed by them or by their predecessors, and any interest thereon in RSA 76:16. They already have the discretion to make those difficult decisions that have to be made when a property owner can't pay their taxes, for whatever reason. And they are probably the most appropriate people to make those decisions at the local level.

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In my experience, I made those decisions in the City of Manchester as a member of the Board of Assessors for five years. And I know that that was one of the more common things that we had to do was to decide how much of interest or late taxes should be abated. The abatements can be for good cause that includes inability to pay. So that is one of the considerations that the assessing officials should look at when they determine what is the appropriate action. So I think that there is flexibility in the system as it is currently constituted.

The way that this bill would change the rate, it would change the rate for every taxpayer. So, within each community, there would be no way to make a determination, other than the abatement process, as to whether that taxpayer truly couldn't afford to pay, or whether they were simply trying to borrow the money and pay it at the last possible moment.

Those are things that happen. I had seen that in my administration of property taxes, that there are property taxpayers that will wait and pay it at the last possible moment because, even though 18% may seem like an outrageous amount of money, for some people that's cheap borrowing. I know that, I looked at my credit card statement to see what would happen if I stopped paying my payments. My rate would go to 26.5%. Well, clearly, as a borrower, if I had to make a decision as to which one was the cheaper rate to pay, the 18% for the town would be a cheaper rate than the 26.5% that my credit card company would charge me.

So I think that there are a lot of complicated issues here but, to say that the current system is completely inflexible, is probably not true. I think it's very likely that most towns are making those decisions about the amount of interest that's appropriate.

Senator Betsi DeVries, D. 18:

Thank you. Are you available for

questions?

Director Hamilton:

I am.

Senator Betsi DeVries, D. 18:

Thank you. Senator Barnes?

Senator John S. Barnes, Jr., D. 17:

Would you believe we just went

through that Monday night?

Director Hamilton:

Yeah. Having sat on a Board of

Assessors, I know how frequently the issue comes up.

Senator John S. Barnes, Jr., D. 17: Question is, when did the 18% go in? Was it during the Carter administration?

Director Hamilton: I don't know the exact date. I believe it was about 30 years ago, though.

Senator Betsi DeVries, D. 18: I'm sorry, I didn't hear the question.

Senator John S. Barnes, Jr., D. 17: The question was, "When did the 18% go into the books?" And my comment was, I think it might have been during the Jimmy Carter administration when the rates went through the roof. But you don't have a...

Director Hamilton: I don't have a date as to when that happened.

Senator John S. Barnes, Jr., D. 17: Thank you.

Senator Betsi DeVries, D. 18: Mr. Hamilton, we've had some outreach that suggests that there could be some problems from different rates across the state, each community having a different rate. Can you speak to that from the State perspective for us, to try to help us understand why that might become a problem?

Director Hamilton: I think that, as a concept, part of, when I look at this issue of why is there an 18% rate for late payment of taxes, it's to incentivize the payment of taxes on time. You know, there's no other penalty for not paying your property taxes, unlike not paying a federal income tax. So there is no other penalty that would apply to a taxpayer. So this is the only process and so it's a voluntary process of people coming and paying their taxes. So there has to be some incentive to create that cash flow to the communities.

The concern that Barbara Robinson, the Director of Municipal Services, and I have talked about is, if a town or city lowers their rate to a point where that incentive to pay timely is reduced, then there could be additional borrowing costs on every community, and higher taxes to all the other taxpayers that do pay their taxes on time. And I think that's the balance of fairness that has to be struck. We want to make sure that there is a system that treats taxpayers that may be having problems paying their taxes. The current system can address that. But also, provides protection for the people that do pay their taxes on a timely basis.

Senator Betsi DeVries, D. 18: Are you suggesting then, that it could affect their actual bond rating within the community?

Director Hamilton: All borrowing...

Senator Betsi DeVries, D. 18: To affect their borrowing?

Director Hamilton: All borrowing could have an impact on that.

Senator Betsi DeVries, D. 18: Okay. Thank you very much. Any further questions? Thank you for your testimony.

Director Hamilton: You're welcome.

Senator Betsi DeVries, D. 18: Need to get back to thinking about who's next. I do not have any other legislators that have signed up to speak, and with several in the room, I wanted to make sure I'm not missing any. What I would ask, as we move on to others who have signed up to speak, and there still are several, is that you recognize with the time constraints that we have, that if you have heard the testimony already given by one, if you can give it to us in writing and not repeat what has already been said, that is extremely helpful. But please feel free to give us any testimony we have not heard previously. I will just go down the list and recognize David Fredette from Nashua. Unless there is an order...I didn't know if the Tax Collectors' Association wanted to go first. Okay then, I will recognize...and I forget the name...there it is, Jill Hadaway, with the Tax Collectors' Association.

Jill Hadaway: Yes. Yes. Thank you very much. I also am the Tax Collector and Town Clerk for the Town of Bow. Thank you for allowing us to speak today.

Basically, I just would like to agree with what Mr. Hamilton and Representative Webb have said. We did come in and try to work with the Committee and try to find some ways to correct this bill. And felt like that was better than what they had originally come up with. However, our biggest complaint is the fact that we don't feel it's necessary. That it has already been addressed in all these other forms. And by allowing towns to make these changes in interest rates it would simply create a situation where, as was spoken before, that you would have too many people choosing not to pay taxes. It would become a burden on those.

Currently now, the delinquency rate in the state is about 2%, so we're not talking about a huge number of people. And I just heard on the news the

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other day where interest rates are now starting to rise again. So that...if credit cards start going up, then people are going to start choosing to pay those instead of taxes, especially if those interest rates are different.

When they mentioned that we had spoken about the tax anticipation notes, I did not, I don't really have that much information about that. That's not something that I actually did bring up. But it does bring the issue that, in talking with our Finance Director, they said that the only way that a town can get low interest rates on a bond is by having a low delinquency rate; that there is a direct correlation between the two. So that's a concern of ours within the towns.

But I just feel that we have already so many things in place, and, but, we still need that deterrent for taxes. And that I would not suggest changing a law that is unnecessary to be changed.

Senator Betsi DeVries, D. 18: Thank you for your testimony. Have you reached out to the communities that you represent and asked the question? Do you have...can you tell us a "For" or "Against" in the final form as it passed the House, how your communities...We have a few that are here today, tend to be the larger cities...

Jill Hadaway: The majority of the...well, I would say that I haven't talked to a Tax Collector that supports this change. We had a meeting on Tuesday, a regional meeting that I was at, and kinda by a show of hands, and every one of them were in support of...in opposition to the bill as it stands, just because, basically, they don't see the necessity of it.

Senator Betsi DeVries, D. 18: Can you give us an idea? You said a show of hands, how many communities?

Jill Hadaway: Well, there were about 88 people at that...

Senator Betsi DeVries, D. 18: How many?

Jill Hadaway: Eighty-eight representatives at that particular regional meeting.

Senator Betsi DeVries, D. 18: Each one possibly representing a different town.

Jill Hadaway: Different community.

Jm

Senator Betsi DeVries, D. 18: Thank you. Senator Barnes?

Senator John S. Barnes, Jr., D. 17: Thank you, Madam Chair. Would you believe I represent 12 towns, and I'm a Selectmen in one, and I'm very visible to one of the Tax Collectors in my town, and I haven't heard a word from any of my 12 towns, one way or the other? Would you believe the only email that I have received as a State Senator is from the City of Keene?

Jill Hadaway: Interesting.

Senator John S. Barnes, Jr., D. 17: So apparently, at least 12 towns of mine don't have a real super interest or they certainly would have contacted Jack and said, "Jack, you're on the Committee. Do something."

Jill Hadaway: That's probably one of the frustrations that I have representing the Association is that, you know, we try and encourage people to contact their Senators and they just always don't.

Senator John S. Barnes, Jr., D. 17: A lot of calls on the dog bill that just passed yesterday.

Senator Betsi DeVries, D. 18: And thank you.

Jill Hadaway: Thank you.

Senator Betsi DeVries, D. 18: I have, since I sit also as an Alderman representing the City of Manchester, heard from our acting Tax Collector in Manchester, and she has expressed concerns, though I don't know that we have that in writing today, which is something that I'm sure you will work on for your future efforts.

Jill Hadaway: Yes, yes.

Senator Betsi DeVries, D. 18: Thank you.

Jill Hadaway: Thank you.

Senator Betsi DeVries, D. 18: Further questions? All set? Thank you very much. David Fredette, from the City of Nashua.

David Fredette: I probably won't read my whole statement.

Senator Betsi DeVries, D. 18: I appreciate that.

David Fredette: But I think one of the reasons why you may not hear from people sometimes on something like this because it's a very touchy subject, and if you oppose something like this, people may feel that you're...don't want to help the people who need the help. And that's certainly not the case.

I'll try to just hit a few points. Nashua, unlike a lot of the towns, has a lot of businesses in it. And the, we found in the past, before the rates were changed, and I think it was back around '81 when the rates were changed. And I'm sorry, I'm Dave Fredette, I'm the City Treasurer/Tax Collector of Nashua, I'm sorry.

Businesses weren't paying their taxes because they were getting a better rate from the city, you know, for loans. We have a lot of businesses in the city. And back in Fiscal Year '08 and '09, over 40% of the delinquent taxes were from businesses, \$1,355,000. And with this down economy, what we're seeing now is the developers are hurting, and they're the ones who aren't paying taxes. It's not so much homeowners in Nashua, it's a lot more businesses; people dealing with real estate. I think we can understand why that's the case.

The City of Nashua has a very active payment program, and we work closely with all our delinquent taxpayers. In the last 10 years, I have taken two properties. We don't have a problem; we don't take properties from people. We've taken two in 10 years. And we have 28,000 parcels in the city.

So, I don't see what the problem is. Like others have said, we have an abatement process. It works fine, and I think that's...there's no problem. I don't know what the problem is, really.

Also, if your delinquencies go up, and I have a fear that that could happen if something like this was adopted, it does affect your bond ratings. Rating agencies look at that. And that's one of the items they discuss when they talk to you or they come and visit. So...

Just to close, I just want to say I think the current laws work well in the state, and before any changes are made, I feel there should be careful look, a careful look at what other concerns of the sponsors of HB 1335, and what could be done to alleviate their concerns without passing this bill. I truly believe we could have a positive outcome if we just meet and discuss possible solutions. And I'd be glad to help with that if I was asked.

DM

Please consider carefully the impact of this bill on other taxpayers in the community who have managed to pay their taxes on time. Shifting the burden of the interests from the business community and developers to all other taxpayers, 30% of whom are residential homeowners, is not in the best interest of the City of Nashua.

Senator Betsi DeVries, D. 18: We thank you, David, for bringing forward the testimony and representing Nashua. Were there questions? Thank you. I have two individuals from the City of Keene. Only one has asked to testify, but the other didn't...Did you wish to testify together? You're welcomed to if you'd like to. Do we have a second chair there that we could...Thank you.

Martha Landry: Good morning, Madam Chair, and members of the Committee. For the record, my name is Martha Landry and I'm Assistant City Manager and Finance Director for the City of Keene. And I'm here before you this morning on behalf of the City of Keene to speak in opposition to HB 1335.

I understand that, if passed, this would be a local option. However, I would first like to comment on how the lower interest rate could affect municipal tax collections.

The City of Keene, as with any other municipality, must pay 100% of the taxes owed to the county in mid-December of each year. This payment is made regardless of the status of the tax payments that are made by our taxpayers. Similarly, the City of Keene makes regular payments to the Keene School District. Again, these payments are made without regard to the status of the city's collection of property taxes.

The ability of the City of Keene to meet its obligations to the schools and the county, in addition to meeting its own obligations to make payroll, cover its operating expenditures and to continue to invest in its infrastructure and other improvements, largely depends on the timely collection of property taxes, which are needed to ensure a healthy cash flow. The City of Keene has experienced very favorable rates of collection with existing interest rates of 12% and 18%. We typically are at 98% to 99% collected at the end of every fiscal year. We believe strong collections are not only a reflection of our citizens' commitment for payment for the services provided by the City, but also because the cost to not pay is great.

The interest rates, as they stand, serve as an effective disincentive for allowing accounts to go unpaid. If these interest rates were allowed to be lowered, we firmly believe that the collections would go down with them.

DM

Lower collection rates can impact cash flows, fund balances and bond ratings. All of these undermine the overall financial health of the community. We recognize that the legislation before the Senate is a local option. We also recognize that once the door is open by one community, a substantial inequity between communities will be created. Then there will be pressure on City Councils and Selectmen to match the lower interest rates, whether it is in the best interest of the community or not. So we would hope that the Senate would determine that this is inexpedient to legislate.

Senator Betsi DeVries, D. 18: Thank you. I note that Senator Houde has a question.

Senator Matthew Houde, D. 5: No, actually, I'm sorry, I had a question for Rep. Merry, if she's willing to take it.

Senator Betsi DeVries, D. 18: Oh...At the end...I'm sorry.

Senator Matthew Houde, D. 5: Sorry, my whispering was too quiet.

Senator Betsi DeVries, D. 18: Which is a good thing for the background tape that's trying to be transcribed later. Did you need to, and I ask because I am brutally behind schedule, if you could expedite for me.

Laura Thibodeau: I would yield.

Senator Betsi DeVries, D. 18: Oh, thank you.

Laura Thibodeau: I would just introduce myself. My name is Laura Thibodeau. I am the City Assessor for the City of Keene. I'm also the Chairman of the Board of Assessors for Keene. And I would be very glad to go back and have a seat and listen to the rest of the conversation.

Senator Betsi DeVries, D. 18: I thank you. Senators, did you have any questions before the City of Keene? Thank you. I would also recognize that, not wishing to speak, but signed up in opposition would be Esaundra, I believe, Gaudette from the City of Concord.

Esaundra Gaudette: Yes.

Senator Betsi DeVries, D. 18: And the final speaker that I have today on this bill would be on the Municipal Association, Cordell?

Attorney Cordell Johnston: Thank you. I'm Cordell Johnston, representing the New Hampshire Municipal Association, and I would prefer

not to speak, but I guess it would probably be a little remiss if I didn't say something, because we did oppose the bill when it was originally filed.

We opposed the bill last year, in particular. When Representative Vaillancourt came in with a local option bill this year, we still had concerns about it, and attended and participated to some extent in the subcommittee meetings in Local and Regulated Revenues, and think that the amendment is a substantial improvement. Our position at this point is, we neither support nor oppose the bill. I guess the best way to put it is, we're not wild about it, but we can live with it. Recognize the arguments on both sides and that's where we are.

Senator Betsi DeVries, D. 18: For the perennial question from our Committee, do you have a sense of your communities?

Attorney Johnston: This is not something that we...

Senator Betsi DeVries, D. 18: You've done no outreach.

Attorney Johnston: Have heard a lot about. I mean, I know the Tax Collectors' Association has, and I think it's been more at that level than people responding to contacting us directly.

Senator Betsi DeVries, D. 18: Questions from the Committee?

Senator Matthew Houde, D. 5: Well, I might take advantage of that Cordell is here, 'cause I don't see any of the sponsors or supporters of the bill in the room any more. Are there people who are in favor of the... Okay, so I'll ask, and recognizing you're neutral in your capacity, if I may.

Senator Betsi DeVries, D. 18: If you would, Senator Houde.

Senator Matthew Houde, D. 5: Thank you. The one question I wanted to ask is what, if you sat in on the subcommittees, you might know the answer to this question. What would the supporters' response be to the statement that you already have an abatement process?

Attorney Johnston: What would the supporters' response be to that? I'm not sure...

Senator Matthew Houde, D. 5: Okay.

Attorney Johnston: To be honest.

Senator Matthew Houde, D. 5: That's fine. But I wanted to at least ask the question.

Attorney Johnston: I mean, I...certainly the answer is that...I think their answer would be that's not good enough, but I'm not sure.

Senator Betsi DeVries, D. 18: Fabulous. You're off the hot seat, and we will ask Representative Merry if she might allow us to ask a question of you, if you could re-approach.

Attorney Johnston: There she is. She can answer that question. Thank you.

Representative Merry: Yes, certainly.

Senator Betsi DeVries, D. 18: Thank you, Cordell, for your testimony. Representative Merry, Senator Houde had a question.

Representative Merry: Yes, I'll try and answer it.

Senator Matthew Houde, D. 5: Thank you, Representative. Thank you, Madam Chair.

Senator Betsi DeVries, D. 18: Absolutely.

Senator Matthew Houde, D. 5: We've heard from a number of people today that there is already an abatement process in place that is used when the situation calls for it. What would your response to that be?

Representative Merry: Well if you...first of all, I've talked to some towns who say that the abatement process, in using it further, would actually put more pressure on other taxpayers. Sorry.

Senator Betsi DeVries, D. 18: Do we know who has the phone?

Representative Merry: Yeah, sorry, it's a little disconcerting here. So it would displace some of the burden. And the other thing is that in towns, they often have a fund where they can help out families in need. And many of the small towns have used up that fund. They don't have any...they feel they can't go and do more abatements. They feel as though they don't have any more funds to support the families. And so they really feel as though they're between a rock and a hard place about what options are. And this was one that they felt would be, you know, amenable, they'd be amenable

to. With that, I think I've, does that answer your question around abatements?

Senator Betsi DeVries, D. 18: Well, that trips a question for me. Did you have testimony from any community that they were having to deny an abatement request for a hardship case?

Representative Merry: No, I've just had conversations in my community about the bill. I did go to both Sanbornton and Tilton and had conversations, and just...but no official testimony to that effect. I just wanted to get a sense of how they dealt with cases, hardship cases, and would they be open to abatements.

Senator Betsi DeVries, D. 18: Okay. If I could just say, clarify what I think I heard. The phone was distracting so I may not have heard everything you said. If, in the communities that you spoke to, did they indicate they had run out of money to authorize an abatement request? Or they were fearful that they would?

Representative Merry: They had run out of money to help families in need. Therefore, yes, yes on the abatement issue. That would be the yes answer.

Senator Betsi DeVries, D. 18: So they were not able to abate?

Representative Merry: That's right, because they basically budgeted and accommodated certain numbers in their budgets, and they were already pressured beyond that point. So they felt that they could no longer abate. So they were trying to work at other solutions.

Senator Betsi DeVries, D. 18: And did you...in your Committee at all...seek...we heard that businesses, the majority, at least in the cities, of the delinquencies are coming from businesses. Did you try to figure out whether this reduced interest rate would be to the benefit of business over residential, and tend to not be as delinquent?

Representative Merry: Yes, that was in my comments about playing these interest games. They felt that it would be mostly the businesses that would be playing that game of, "Well, these are lower rates so why don't we leave taxes to the end and pay off our credit cards and so on?" And they felt it was businesses more than the residential. But there was no specific testimony...these are the number of people...

Only the taxpayer that I referenced, Kathy Seaver, who came in and said she had studied her town and they had noticed that, when they dropped or raised interest rates, that the swing would happen when that interest rate changed by more than 5%. So if you dropped it by 5%, you'd start seeing the residential people start leaving their taxes for later. But you really had to have a significant 5% swing before it impacted the payment rates.

Senator Betsi DeVries, D. 18: Okay, thank you.

Representative Merry: I don't know whether that's clear, but it's an additional fact.

Senator Betsi DeVries, D. 18: Further questions? Senator Houde? All set? Thank you.

Senator Matthew Houde, D. 5: Thank you.

Senator Betsi DeVries, D. 18: Thank you for coming back up. We have other bills we need to hear, Representative.

Representative Dianne Schuett: Ten seconds?

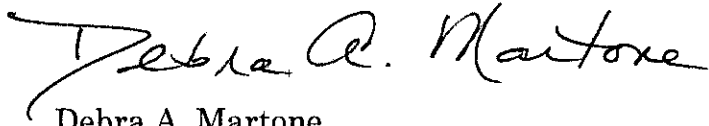
Senator Betsi DeVries, D. 18: Ten seconds we can grant you. And then we need to get Senator Houde in here. Can somebody go...I mean, Senator Boutin, 'cause he wanted to speak. Maybe you could run to get him.

Representative Schuett: Representative Dianne Schuett, Merrimack 7. I just wanted to make two points. I represent Pembroke and Chichester. My town Tax Collector in Pembroke has contacted me. She is opposed to the bill, even as amended. And I would point out to the Committee that, while the House voted by 60% to adopt the Committee, Local and Regulated Revenues, the vote out of Committee was split, 9 to 8. Thank you.

Senator Betsi DeVries, D. 18: Thank, thank you very much for your testimony. I have nobody else who is signed up to speak on HB 1335. With that, I will close the hearing.

Hearing concluded at 9:18 am.

Respectfully submitted,

A handwritten signature in black ink that reads "Debra A. Martone". The signature is written in a cursive style with a large, sweeping initial 'D'.

Debra A. Martone
Senate Committee Secretary
06/07/10

Speakers

Senate Public and Municipal Affairs Committee: Sign-In Sheet

Date: April 15, 2010

Time: 8:30 AM Public Hearing on HB 1335-FN

HB 1335-FN

(New Title) establishing a local option to authorize the governing body to set the interest rate on late and delinquent property tax payments, subsequent payments, and other unpaid taxes.

Name	Representing	Please Check				
<i>Christina Hamm</i>	<i>Men Dist 4</i>	Support <input checked="" type="checkbox"/>	Oppose <input type="checkbox"/>	Speaking? <input type="checkbox"/>	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
<i>Sen. Betty Lasky</i>	<i>Dist. 13</i>	Support <input checked="" type="checkbox"/>	Oppose <input checked="" type="checkbox"/>	Speaking? <input type="checkbox"/>	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
<i>Rep. Dianne Schmitt</i>	<i>Men. Dist. 7</i>	Support <input type="checkbox"/>	Oppose <input checked="" type="checkbox"/>	Speaking? <input type="checkbox"/>	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
<i>Rep. Leigh Webb</i>	<i>Men Dist 2</i>	Support <input type="checkbox"/>	Oppose <input checked="" type="checkbox"/>	Speaking? <input type="checkbox"/>	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
<i>REP JOHN HANSON</i>	<i>ROCK 13</i>	Support <input checked="" type="checkbox"/>	Oppose <input type="checkbox"/>	Speaking? <input type="checkbox"/>	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
		Support <input type="checkbox"/>	Oppose <input type="checkbox"/>	Speaking? <input type="checkbox"/>	Yes <input type="checkbox"/>	No <input type="checkbox"/>
		Support <input type="checkbox"/>	Oppose <input type="checkbox"/>	Speaking? <input type="checkbox"/>	Yes <input type="checkbox"/>	No <input type="checkbox"/>
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		Support <input type="checkbox"/>	Oppose <input type="checkbox"/>	Speaking? <input type="checkbox"/>	Yes <input type="checkbox"/>	No <input type="checkbox"/>
		Support <input type="checkbox"/>	Oppose <input type="checkbox"/>	Speaking? <input type="checkbox"/>	Yes <input type="checkbox"/>	No <input type="checkbox"/>

Testimony



NEW HAMPSHIRE TAX COLLECTORS' ASSOCIATION

HOUSE BILL 1335

My name is Jill Hadaway, and I am the Town Clerk/Tax Collector for the Town of Bow. I am here today representing the New Hampshire Tax Collectors Association to voice the Association's concerns with House Bill 1335. These concerns are as follows:

1. **House Bill 1335 is unnecessary.** At present there are multiple ways a municipality can assist tax payers who are struggling financially. Selectmen have the authority to abate taxes. They can provide hardship exemptions as well as deferrals. The average delinquency rate in the State of New Hampshire is presently about 2% which illustrates the effectiveness of the present interest rates. The options already available through existing law to the municipalities can effectively assist delinquent tax payers without changing any laws.
2. **Lowering interest rates will not deter tax delinquency.** In the 1980's when interest rates were raised, a direct correlation between rates and delinquency was proven in our state. The number of unpaid tax bills went down when the rates were raised. Keeping delinquency rates low is an important factor in a municipalities' overall financial stability and their ability to borrow funds with low interest rates.
3. **It is unclear whether all appropriate RSA's referencing tax collection; interest rates and delinquency have been addressed.** For example there is no reference to the interest that would need to be paid when a refund after an abatement is made on paid taxes. This lack of clarity will force municipalities to consult Town Council in order to interpret this law, creating significant additional expenses for municipalities incorporating this option.
4. **HB 1335 will create confusion.** It is uncertain how much difficulty will arise from having different interest rates in each municipality. There is also vagueness regarding the timing for implementation especially regarding liens.

In conclusion the NHTCA is not comfortable with this bill, even with the amendments. Too many unanswered questions remain and it is unnecessary and unwise to make this option available. A similar bill was defeated in the Senate last year and Association asks that you do the same this year. Thank you for your consideration.



DAVID FREDETTE, CITY OF NASHUA
SUBMISSION - b

Madam Chair and members of the Committee:

4/15/2010

Thank you for allowing me the time to speak on my concerns with HB 1335. I am David Fredette and I am currently serving as the Treasurer/Tax Collector for the City of Nashua and have been in this position for over 10 years. Although I can understand the intent HB 1335 is trying to accomplish concerning delinquent taxpayers, my main concern is for the 98 and 99 percent of the taxpayers that pay their property taxes on time every year.

HB 1335 has been amended and changed since it was killed last year under HB 351 but I fear the changes and amendments could do more harm than the original bill from last year. Currently the State allows communities to charge a 12% interest on delinquent property taxes until the property is lien and then we are allowed to charge 18%. It is important and I feel critical to have these rates as a strong deterrent for those who will use their communities as a bank for a loan they would not get through any conventional process.

The current bill as proposed would allow communities to pick from a range of interest rates as low 6% and as high as 12% for taxes prior to lien and as low as 9% and as high as 18% for taxes after the lien is placed, with 234 communities in the State we could have various rates throughout the state and it will cause confusion to banks, mortgage companies and property owners.

By allowing each community to pick and chose various rates and also the possibility that each community can change this rate on a yearly basis will cause total uncertainty and misunderstanding throughout our State and will make the job of our Tax Collectors even more difficult than they are today. I strongly feel that the State needs to keep the delinquent interest rates consistent throughout each community.

The City of Nashua like many communities in New Hampshire has a low delinquency rate in the range of 1% to 2% and I feel part of that is due to the strong deterrent we currently have. In 1981, before the rates were increased, the city saw a number of businesses using the City as a "bank." The change reduced this problem significantly but businesses still make up a large portion of the delinquencies. In FY 2008 and 2009, over 40% of the \$1,355,000 collected in delinquent taxes was from the business community, a large number of those from developers.

The city has an active payment program and we work closely with delinquent taxpayers, seldom taking property for back-taxes. Over the last ten years, we have taken only two. This has allowed us to maintain a high rate of tax collections for many years.

Other concerns I have with HB 1335 is the effect it may have on bond ratings for communities as one of the items rating agencies look at are the delinquency rates. The bill does not address all the RSA's which are affected by interest rates.

The current laws work well in the State and before any changes are made I feel there should be a careful look at what are the concerns of the sponsors of HB 1335 and what could be done to alleviate their concerns without passing this bill. I truly believe we could have a positive outcome if we just meet and discuss possible solutions. I would be glad to help with that if asked. Please consider carefully the impact of this bill on other taxpayers in the community who have managed to pay their taxes on time. Shifting the burden of this interest from the business community and developers to all other taxpayers (70% of whom are residential homeowners) is not in the best interest of the City of Nashua.

MICHAEL JACHE, City of Concord
Submission - C



CITY OF CONCORD

To: Madam Chair and members of the Committee

From: Michael P. Jache, City Treasurer / Tax Collector

Date: April 13, 2010

Subject: House Bill 1335 – Relative to Interest Rate and Delinquent Property Tax

While the interest rate appears high, so is the cost associated with managing delinquent tax accounts. More than anything else that we do with regard to collection of taxes, there is nothing more time consuming and costly than notifying, contacting and working out payment plans with tax payers. You do not read about the City taking properties of residents. This is not because everyone pays on time. Rather, it is because the City's Collection Office spends a considerable amount of time on the phone; calling tax payers, going out to make house calls and mailing notices to delinquent accounts. The Collection staff goes above and beyond to assist tax payers to work out potential problems rather than taking properties. In our discussions with delinquent tax payers they are constantly reminded that the interest rates are 12% & 18% in anticipation that will be an incentive to pay on time. We work out payment plans with individuals and the Board of Assessors has agreed to waive the interest if an individual agrees to a payment plan and pay monthly. There are several avenues for individuals having difficulty paying their property taxes such as hardship abatement, elderly exemption or elderly & disabled deferral.

The City of Concord has a 98% collection rate. Of the 2% that goes delinquent that is a combination of residential and commercial accounts. The fear is if the interest rates are lowered what is the incentive for someone to pay on time? Will the developers and commercial businesses use the city as a bank causing a higher delinquency rate for the city? The city does not want to be in the banking business and needs the 12% & 18% to discourage individuals from using the city as a bank.

Most communities are facing serious budget shortfalls and if they have to borrow additional funds do to an increase in delinquencies that will increase operating cost at a time when budgets are already strain do to revenue shortfalls. Please consider carefully the impact of this bill on the residential tax payers and those who pay their taxes on time.

Voting Sheets

Senate Public & Municipal Affairs Committee

EXECUTIVE SESSION

Bill # ~~HB 1335~~ HB 1335

Hearing date: 04/15/10

Executive session date: 04/15/10

Motion of: ITL

VOTE: 4-0

<u>Made by</u> DeVries <input type="checkbox"/>	<u>Seconded</u> DeVries <input checked="" type="checkbox"/>	<u>Reported</u> DeVries <input type="checkbox"/>
<u>Senator:</u> Houde <input checked="" type="checkbox"/>	<u>by Senator:</u> Houde <input type="checkbox"/>	<u>by Senator:</u> Houde <input checked="" type="checkbox"/>
Sgambati <input type="checkbox"/>	Sgambati <input type="checkbox"/>	Sgambati <input type="checkbox"/>
Roberge <input type="checkbox"/>	Roberge <input type="checkbox"/>	Roberge <input type="checkbox"/>
Barnes <input type="checkbox"/>	Barnes <input type="checkbox"/>	Barnes <input type="checkbox"/>

Motion of: _____

VOTE: _____

<u>Made by</u> DeVries <input type="checkbox"/>	<u>Seconded</u> DeVries <input type="checkbox"/>	<u>Reported</u> DeVries <input type="checkbox"/>
<u>Senator:</u> Houde <input type="checkbox"/>	<u>by Senator:</u> Houde <input type="checkbox"/>	<u>by Senator:</u> Houde <input type="checkbox"/>
Sgambati <input type="checkbox"/>	Sgambati <input type="checkbox"/>	Sgambati <input type="checkbox"/>
Roberge <input type="checkbox"/>	Roberge <input type="checkbox"/>	Roberge <input type="checkbox"/>
Barnes <input type="checkbox"/>	Barnes <input type="checkbox"/>	Barnes <input type="checkbox"/>

<u>Committee Member</u>	<u>Present</u>	<u>Yes</u>	<u>No</u>	<u>Reported out by</u>
Senator DeVries, Chairman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Houde, Vice-Chair	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Sgambati	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Roberge	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Barnes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

*Amendments: _____

Notes: _____

Committee Report

STATE OF NEW HAMPSHIRE
SENATE
REPORT OF THE COMMITTEE

Date: April 15, 2010

THE COMMITTEE ON Public and Municipal Affairs

to which was referred House Bill 1335

AN ACT (New Title) establishing a local option to authorize the governing body to set the interest rate on late and delinquent property tax payments, subsequent payments, and other unpaid taxes.

Having considered the same, the committee recommends that the Bill:

IS INEXPEDIENT TO LEGISLATE

BY A VOTE OF: 4-0

AMENDMENT # s

Senator Matthew Houde
For the Committee

Debra Martone 271-3092

New Hampshire General Court - Bill Status System

Docket of HB1335

Docket Abbreviations

Bill Title: (New Title) establishing a local option to authorize the governing body to set the interest rate on late and delinquent property tax payments, subsequent payments, and other unpaid taxes.

Official Docket of HB1335:

Date	Body	Description
12/10/2009	H	Introduced 1/6/2010 and Referred to Local and Regulated Revenues; HJ 6 , PG.236
01/12/2010	H	Public Hearing: 1/20/2010 11:00 AM LOB 303
01/26/2010	H	Subcommittee Work Session: 2/4/2010 10:00 AM LOB 303
02/04/2010	H	Subcommittee Work Session: 2/9/2010 10:15 AM LOB 303
02/09/2010	H	Subcommittee Work Session: 2/11/2010 9:45 AM LOB 303
02/09/2010	H	Executive Session: 2/11/2010 10:30 AM LOB 303
02/16/2010	H	Majority Comm Report: Ought to Pass with AM #0662h (NT) for Mar 17 (Vote 9-8; RC); HC21 PG.1193-1194
02/16/2010	H	Proposed Majority Committee Amendment #0662h (New Title); HC 21 , PG.1206-1209
02/16/2010	H	Minority Committee Report: Inexpedient to Legislate; HC 21 , PG.1193-1194
03/17/2010	H	Special Order to Regular Place on Mar 18 Calendar, Without Objection; HJ 26 , PG.1391
03/18/2010	H	Amendment #0662h (New Title) Adopted, VV; HJ 27 , PG.1396-1399
03/18/2010	H	Floor Amendment #0992h (Rep R.Elliott) Adopted, VV; HJ 27 , PG.1399
03/18/2010	H	Ought to Pass with Amendments #0662h(NT) and #0992h: MA RC 195-136; HJ 27 , PG.1396-1401
03/18/2010	H	Reconsideration (Rep Vaillancourt): MF VV; HJ 27 , PG.1401
03/24/2010	S	Introduced and Referred to Public and Municipal Affairs; SJ 11 , Pg.262
04/08/2010	S	Hearing: April 15, 2010, Room 103, LOB, 8:30 a.m.; SC15
04/15/2010	S	Committee Report: Inexpedient to Legislate 4/21/10; SC16
04/21/2010	S	Without Objection, Chair moved to Special Order to 04/28/10; SJ 15 , Pg.304
04/21/2010	S	Committee Report: Inexpedient to Legislate 4/28/10
04/28/2010	S	Inexpedient to Legislate, MA, VV === BILL KILLED ===; SJ 16 , Pg.340

NH House

NH Senate

Contact Us

*New Hampshire General Court Information Systems
107 North Main Street - State House Room 31, Concord NH 03301*

Other Referrals

COMMITTEE REPORT FILE INVENTORY

HB 1335 ORIGINAL REFERRAL

RE-REFERRAL

1. THIS INVENTORY IS TO BE SIGNED AND DATED BY THE COMMITTEE SECRETARY AND PLACED INSIDE THE FOLDER AS THE FIRST ITEM IN THE COMMITTEE FILE.
2. PLACE ALL DOCUMENTS IN THE FOLDER FOLLOWING THE INVENTORY IN THE ORDER LISTED.
3. THE DOCUMENTS WHICH HAVE AN "X" BESIDE THEM ARE CONFIRMED AS BEING IN THE FOLDER.
4. THE COMPLETED FILE IS THEN DELIVERED TO THE CALENDAR CLERK.

- DOCKET (Submit only the latest docket found in Bill Status)
- COMMITTEE REPORT
- CALENDAR NOTICE on which you have taken attendance
- HEARING REPORT (written summary of hearing testimony)
- HEARING TRANSCRIPT (verbatim transcript of hearing)
List attachments (testimony and submissions which are part of the transcript) by number [1 thru 4 or 1, 2, 3, 4] here: - 0 -
- SIGN-UP SHEET

ALL AMENDMENTS (passed or not) CONSIDERED BY COMMITTEE:

 - AMENDMENT # - AMENDMENT #
 - AMENDMENT # - AMENDMENT #

ALL AVAILABLE VERSIONS OF THE BILL:

AS INTRODUCED AS AMENDED BY THE HOUSE
 FINAL VERSION AS AMENDED BY THE SENATE

- PREPARED TESTIMONY AND OTHER SUBMISSIONS (Which are not part of the transcript)
List by letter [a thru g or a, b, c, d] here: a, b, c

- EXECUTIVE SESSION REPORT
- OTHER (Anything else deemed important but not listed above, such as amended fiscal notes):

HB 1335 AMENDED FISCAL NOTE DATED 04/06/10

IF YOU HAVE A RE-REFERRED BILL, YOU ARE GOING TO MAKE UP A DUPLICATE FILE FOLDER

DATE DELIVERED TO SENATE CLERK 07/19/10 Debra A. Mantore
COMMITTEE SECRETARY