

# Bill as Introduced

HB 243 - AS INTRODUCED

2011 SESSION

11-0301

10/04

HOUSE BILL           **243**

AN ACT           enabling towns and cities to establish a local revenue option as an alternative to property taxation for the funding of local government costs.

SPONSORS:       Rep. Weed, Ches 3; Rep. Butynski, Ches 4

COMMITTEE:      Ways and Means

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ANALYSIS

This bill allows towns and cities to adopt an alternative revenue tax or program for the funding of its local government costs beginning with the 2013 property tax year. The local revenue option shall be in lieu of the property tax used to fund general government, local school, and county costs. The bill also establishes a commission to determine the necessary changes to state law and local procedures.

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                  Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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

AN ACT enabling towns and cities to establish a local revenue option as an alternative to property taxation for the funding of local government costs.

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

1 1 New Chapter; Taxation; Local Revenue Option. Amend RSA by inserting after chapter 76 the  
2 following new chapter:

3 CHAPTER 76-A

4 LOCAL REVENUE OPTION

5 76-A:1 Establishment of Local Revenue Option; Department Assistance.

6 I. As an alternative to the imposition of property taxes by towns and cities, the procedures in  
7 this chapter shall allow a town or city to devise, adopt, and implement a tax or other revenue  
8 program for funding the budget appropriations of the municipality beginning with the budget years  
9 which begin on or after April 1, 2013. Alternatives may include but shall not be limited to an income  
10 tax based on a percentage of adjusted gross income from federal tax forms, a sales tax, a value-added  
11 tax, or other revenue program, provided the tax or revenue program is applied proportionally and  
12 reasonably within the taxing district, and is designed to replace the revenue derived from property  
13 taxes.

14 II. The department of revenue administration shall assist the town or city in developing the  
15 local revenue option and coordinating the adoption and implementation with the department.

16 III. The local revenue option under this chapter shall be limited to not more than 4  
17 municipalities.

18 76-A:2 Procedure for Adoption. Subject to the limitations in RSA 76-A:1, a town or city may  
19 implement a local revenue option as follows:

20 I. Any town or city may adopt the provisions of this chapter in the following manner:

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

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

29 II. The vote shall specify the provisions of this chapter, the full text and analysis of the local  
30 revenue option to be used by the town or city, including procedures for the determination, collection,

1 and enforcement of the tax or other program, and the result of the vote under paragraph IV. If a  
2 majority of those voting on the question vote "yes," the local revenue option shall take effect within  
3 the town or city, on the date set by the governing body, or in the tax year beginning April 1 following  
4 its adoption, whichever shall occur first.

5 III. Upon the effective date of the local revenue option the town or city shall be exempt from  
6 the requirements of RSA 21-J, RSA 72, RSA 73, RSA 74, and RSA 76; relating to the inventory for,  
7 and assessment and collection of local property taxes. The requirements under RSA 21-J for the  
8 filing of reports and budgets with the department of revenue administration and for appraisals and  
9 procedures related to equalization of property shall continue and be imposed on the town or city.

10 IV. Prior to the vote under paragraph I and following a duly noticed public hearing in the  
11 town or city, the proposed local revenue option shall be subject to a vote by the members of the house  
12 of representatives who represent the town or city and the senator or senators whose district includes  
13 the town or city. A majority vote of such members and senators shall be required to proceed with  
14 adoption under paragraph I.

15 V. A municipality may modify, if applicable, or rescind the local revenue option provided in  
16 this chapter in the manner described in this section.

17 76-A:3 Application of Chapter. A local revenue option tax or other program adopted under this  
18 chapter shall provide revenue for the town or city for purposes of funding appropriations for general  
19 government of the town or city including costs under RSA 33, local school costs in excess of costs  
20 funded by the state education tax and state education aid, and county costs assessed under  
21 RSA 29:11. The local revenue option shall not apply to village district taxes or assessments collected  
22 by the town or city or the state education tax.

23 76-A:4 Effect on Exemptions, Credits, Deferrals. A town or city adopting a local revenue option  
24 may establish and grant credits, exemptions, or waivers from the local revenue tax or other program.  
25 Any exemption, credit, or deferral granted pursuant to any provision of RSA 72 shall not apply to  
26 taxpayers under this chapter, but shall continue to apply to any property tax levied by the selectmen  
27 or assessors.

28 76-A:5 Commission Established. There is established a commission to study the local revenue  
29 option and determine any changes to state law and local procedures which are necessary for  
30 implementation of the local revenue option under RSA 76-A.

31 I. The members of the commission shall be as follows:

32 (a) Three members of the house of representatives, appointed by the speaker of the  
33 house of representatives.

34 (b) Three members of the senate, appointed by the president of the senate.

35 (c) The commissioner of the department of revenue administration, or designee.

36 (d) A member appointed by the New Hampshire Municipal Association.

1           II. Legislative members of the commission shall receive mileage at the legislative rate when  
2 attending to the duties of the commission.

3           III. The commission shall study the local revenue option established by RSA 76-A and  
4 determine any further changes to state law and local procedures which are necessary for  
5 implementation of RSA 76-A.

6           IV. The members of the commission shall elect a chairperson from among the members. The  
7 first meeting of the commission shall be called by the first-named house member. The first meeting  
8 of the commission shall be held within 45 days of the effective date of this section. Four members of  
9 the commission shall constitute a quorum.

10           V. The commission shall report its findings and any recommendations for proposed  
11 legislation to the speaker of the house of representatives, the president of the senate, the house  
12 clerk, the senate clerk, the governor, and the state library on or before November 1, 2012.

13           2 Effective Date. This act shall take effect 60 days after its passage.

# Speakers



# Hearing Minutes



HOUSE COMMITTEE ON WAYS AND MEANS

PUBLIC HEARING ON HB 243

**BILL TITLE:** enabling towns and cities to establish a local revenue option as an alternative to property taxation for the funding of local government costs.

**DATE:** February 17, 2011

**LOB ROOM:** 202      **Time Public Hearing Called to Order:** 1:37 PM

**Time Adjourned:** 2:07 PM

(please circle if present)

**Committee Members:** Reps. Stepanek, Major, Griffin, Hess, Sapareto, Ulery, Osgood, Ober, Abrami, Azarian, Daugherty, McDonnell, Murphy, Ohm, Sanborn, Shuler, Almy, Hamm, Butynski, Hatch and Cooney.

**Bill Sponsors:** Reps. Weed, Ches 3; Butynski, Ches 4

TESTIMONY

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

**Representative Weed, prime sponsor – supports.** This bill gives local control over revenue methods locally and establishes a commission to report by November 2012.

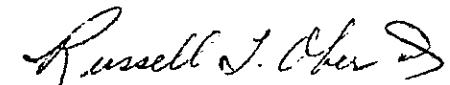
Questions: Is this constitutional? Answer: Maybe if done properly.

Would the people who were taxed simply move out of town? Answer: Don't think so.

**Representative Butynski, cosponsor – supports.** He wants to look at other sources of revenue. We should look at options in revenue – says a commission is a good idea.

**Representative Cohn – opposes.** Feels there should be no limits on revenue sources. It would possibly result in a "local" income tax.

Respectfully submitted,

  
Representative Russell Ober, Clerk

HOUSE COMMITTEE ON WAYS AND MEANS

PUBLIC HEARING ON HB 243

**BILL TITLE:** enabling towns and cities to establish a local revenue option as an alternative to property taxation for the funding of local government costs.

**DATE:** 2/17/2011

**LOB ROOM:** 202 **Time Public Hearing Called to Order:** 1:37 pm

**Time Adjourned:** 2:07

(please circle if present)

**Committee Members:** Reps. Stepanek, Major, Griffin, Hess, Sapareto, Ulery, Osgood, Ober, Abram, Azarian, Daugherty, McDonnell, Murphy, Ohm, Sanborn, Shuler, Almy, Hamm, Butynski, Hatch and Cooney.

**Bill Sponsors:** Reps. Weed, Ches 3; Butynski, Ches 4

TESTIMONY

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

Rep Weed - prime sponsor - gives local control over revenue methods locally establishes commission to report by Nov 2012.

Question - is this constitutional?

Answer - maybe if done properly  
Question - would the people who were taxed simply move out of town?

Answer - don't think so

Rep Butynski - cosponsor - favors bill

we ~~want~~ want is to look @ other sources of revenue

we should look at options in revenue - says commission good idea

Rep Cohen - opposes bill - feels no limits on revenue sources possibly result in a "local" income tax

# Voting Sheets

HOUSE COMMITTEE ON WAYS AND MEANS

EXECUTIVE SESSION on HB 243

**BILL TITLE:** enabling towns and cities to establish a local revenue option as an alternative to property taxation for the funding of local government costs.

**DATE:** February 24, 2011

**LOB ROOM:** 202

**Amendments:**

Sponsor: Rep. OLS Document #:  
Sponsor: Rep. OLS Document #:  
Sponsor: Rep. OLS Document #:

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

Moved by Rep. Azarian

Seconded by Rep. Sapareto

Vote: 19-0 (Please attach record of roll call vote.)

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

Moved by Rep.

Seconded by Rep.

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

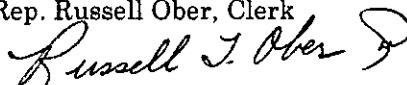
**CONSENT CALENDAR VOTE: 19-0**

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

**Statement of Intent:** Refer to Committee Report

Respectfully submitted,

Rep. Russell Ober, Clerk



HOUSE COMMITTEE ON WAYS AND MEANS

EXECUTIVE SESSION on HB 243

**BILL TITLE:** enabling towns and cities to establish a local revenue option as an alternative to property taxation for the funding of local government costs.

**DATE:** 2/24/11

**LOB ROOM:** 202

**Amendments:**

Sponsor: Rep.	OLS Document #:
Sponsor: Rep.	OLS Document #:
Sponsor: Rep.	OLS Document #:

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

Moved by Rep. *Azarian*

Seconded by Rep. *Sapareto*

Vote: 19-0 (Please attach record of roll call vote.)

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

Moved by Rep.

Seconded by Rep.

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

**CONSENT CALENDAR VOTE**

19-0

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

**Statement of Intent:** Refer to Committee Report

Respectfully submitted,

Rep. Russell Ober, Clerk

**WAYS AND MEANS**

Bill #: NB 243 Title: enabling towns and cities to establish a local revenue option as an alternative to property taxation for the funding of local government sbcts.  
 PH Date: 21 17 1 2011 Exec Session Date: 2 1 24 11

Motion: JTL Amendment #: \_\_\_\_\_

MEMBER	YEAS	NAYS
Stepanek, Stephen B, Chairman	✓	
Major, Norman L, V Chairman	✓	
Griffin, Mary E	✓	
Hess, David W		
Sapareto, Frank V	✓	
Ulery, Jordan G	✓	
Osgood, Joe	✓	
Ober, Russell T, Clerk	✓	
Abrami, Patrick F	✓	
Azarian, Gary S	✓	
Daugherty, Duffy	✓	
McDonnell, John J	✓	
Murphy, Keith		
Ohm, Bill	✓	
Sanborn, Laurie J	✓	
Shuler, Wyman E	✓	
Almy, Susan W	✓	
Hamm, Christine C	✓	
Butynski, William	✓	
Hatch, William A	✓	
Cooney, Mary R	✓	

19-0

# Committee Report

**CONSENT CALENDAR**

**March 16, 2011**

**HOUSE OF REPRESENTATIVES**

**REPORT OF COMMITTEE**

The Committee on WAYS AND MEANS to which was referred HB243,

**AN ACT** enabling towns and cities to establish a local revenue option as an alternative to property taxation for the funding of local government costs. Having considered the same, report the same with the following Resolution: **RESOLVED**, That it is **INEXPEDIENT TO LEGISLATE**.

**Rep. Gary S Azarian**

**FOR THE COMMITTEE**



## COMMITTEE REPORT

Committee:	WAYS AND MEANS
Bill Number:	HB243
Title:	enabling towns and cities to establish a local revenue option as an alternative to property taxation for the funding of local government costs.
Date:	February 24, 2011
Consent Calendar:	YES
Recommendation:	INEXPEDIENT TO LEGISLATE

### STATEMENT OF INTENT

The committee was unanimous in reaching the conclusion that enabling towns and cities to establish a local revenue option such as a local sales tax or income tax as an alternative to property taxation for funding of their local government costs had little merit and may be unconstitutional.

Vote 19-0.

Rep. Gary S Azarian  
FOR THE COMMITTEE

Original: House Clerk  
Cc: Committee Bill File

## CONSENT CALENDAR

### WAYS AND MEANS

**HB243**, enabling towns and cities to establish a local revenue option as an alternative to property taxation for the funding of local government costs. **INEXPEDIENT TO LEGISLATE.**

Rep. Gary S Azarian for WAYS AND MEANS. The committee was unanimous in reaching the conclusion that enabling towns and cities to establish a local revenue option such as a local sales tax or income tax as an alternative to property taxation for funding of their local government costs had little merit and may be unconstitutional. **Vote 19-0.**

The committee was unanimous in reaching the conclusion that enabling towns and cities to establish a local revenue option such as a local sales tax or income tax as an alternative to property taxation for funding of their local government costs had little merit and may be unconstitutional.

A handwritten signature, possibly 'SBA', is enclosed within a hand-drawn oval. The signature is written in a cursive, stylized font.

HB 243

G. Azarian

ITL

19-0

CC

SUCH AS A  
LOCAL SALES  
TAX OR  
INCOME TAX

The committee was unanimous in reaching the conclusion that enabling towns and cities to establish a local revenue option as an alternative to property taxation for funding of their local government costs had little merit.

AND MAY BE UNCONSTITUTIONAL

# COMMITTEE REPORT

COMMITTEE: Ways + Means

BILL NUMBER: HB 243

TITLE: enabling towns and cities to establish a local revenue option as an alternative to property taxation for funding of local government costs

DATE: 2/24/11 CONSENT CALENDAR: YES  NO

- OUGHT TO PASS
- OUGHT TO PASS W/ AMENDMENT
- INEXPEDIENT TO LEGISLATE
- INTERIM STUDY (Available only 2<sup>nd</sup> year of biennium)

Amendment No. _____
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STATEMENT OF INTENT:

The Committee was unanimous in reaching the conclusion that enabling towns and cities to establish a local revenue option as an alternative to property taxation for funding of their local government costs had little merit. ~~There are no sponsors provided with the information as to how this could or would be implemented and who would~~

COMMITTEE VOTE: 19-0

RESPECTFULLY SUBMITTED,

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

Rep. \_\_\_\_\_  
For the Committee