

Committee Report

REGULAR CALENDAR

January 25, 2018

HOUSE OF REPRESENTATIVES

REPORT OF COMMITTEE

The Majority of the Committee on Municipal and County Government to which was referred HB 1630,

AN ACT relative to unfunded property tax exemptions or credits. Having considered the same, report the same with the following resolution: RESOLVED, that it is INEXPEDIENT TO LEGISLATE.

Rep. Franklin Sterling

FOR THE MAJORITY OF THE COMMITTEE

**MAJORITY
COMMITTEE REPORT**

Committee:	Municipal and County Government
Bill Number:	HB 1630
Title:	relative to unfunded property tax exemptions or credits.
Date:	January 25, 2018
Consent Calendar:	REGULAR
Recommendation:	INEXPEDIENT TO LEGISLATE

STATEMENT OF INTENT

This bill seeks to put into statute language that is already enshrined in the state constitution as part the first article 28-a. The committee is of the opinion that this is unnecessary and redundant.

Vote 14-1.

Rep. Franklin Sterling
FOR THE MAJORITY

Original: House Clerk
Cc: Committee Bill File

REGULAR CALENDAR

Municipal and County Government

HB 1630, relative to unfunded property tax exemptions or credits. **MAJORITY: INEXPEDIENT TO LEGISLATE. MINORITY: OUGHT TO PASS.**

Rep. Franklin Sterling for the **Majority** of Municipal and County Government. This bill seeks to put into statute language that is already enshrined in the state constitution as part the first article 28-a. The committee is of the opinion that this is unnecessary and redundant. **Vote 14-1.**

Original: House Clerk
Cc: Committee Bill File

COMMITTEE REPORT

COMMITTEE: M+CG

BILL NUMBER: 1630

TITLE: Relating to unfunded property tax exemptions or credits

DATE: 1/24/18 CONSENT CALENDAR: YES NO

OUGHT TO PASS

OUGHT TO PASS W/ AMENDMENT

INEXPEDIENT TO LEGISLATE

INTERIM STUDY (Available only 2nd year of biennium)

Amendment No.

STATEMENT OF INTENT:

HB 1630 seeks to put into statute language that is already enshrined in the state constitution, Part the first Art. 28-a - The committee is of the opinion that this is unnecessary and redundant.

COMMITTEE VOTE: 14 - 1

RESPECTFULLY SUBMITTED,

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

Rep. [Signature]
For the Committee

REGULAR CALENDAR

January 25, 2018

HOUSE OF REPRESENTATIVES

REPORT OF COMMITTEE

The Minority of the Committee on Municipal and County Government to which was referred HB 1630,

AN ACT relative to unfunded property tax exemptions or credits. Having considered the same, and being unable to agree with the Majority, report with the recommendation that the bill OUGHT TO PASS.

Rep. Francis Gauthier

FOR THE MINORITY OF THE COMMITTEE

**MINORITY
COMMITTEE REPORT**

Committee:	Municipal and County Government
Bill Number:	HB 1630
Title:	relative to unfunded property tax exemptions or credits.
Date:	January 25, 2018
Consent Calendar:	REGULAR
Recommendation:	OUGHT TO PASS

STATEMENT OF INTENT

The property tax is the flagship of funding in New Hampshire. It is expensive and causes hardship to low- and middle-income individuals. There is a tremendous list of exemptions already in existence. Any time a new exemption is added, it shifts the cost to the small percentage of people who actually pay property taxes; and that percentage is shrinking all the time.

Rep. Francis Gauthier
FOR THE MINORITY

Original: House Clerk
Cc: Committee Bill File

REGULAR CALENDAR

Municipal and County Government

HB 1630, relative to unfunded property tax exemptions or credits. **OUGHT TO PASS.**

Rep. Francis Gauthier for the **Minority** of Municipal and County Government. The property tax is the flagship of funding in New Hampshire. It is expensive and causes hardship to low- and middle-income individuals. There is a tremendous list of exemptions already in existence. Any time a new exemption is added, it shifts the cost to the small percentage of people who actually pay property taxes; and that percentage is shrinking all the time.

Original: House Clerk
Cc: Committee Bill File

Ebbs, Heather

From: Jim Belanger <jim.blng@gmail.com>
Sent: Wednesday, January 24, 2018 8:20 PM
To: Ebbs, Heather
Subject: Fwd: Minority Report Blurb for HB1630

This is probably as good as we will get so lets publish it. Its going on consent anyway.

----- Forwarded message -----

From: "Francis Gauthier" <fgauthier1776@gmail.com>

Date: Jan 24, 2018 20:07

Subject: Minority Report Blurb for HB1630

To: "Rep. James Belanger" <jim.blng@gmail.com>, "Rep. James Belanger" <jim.belanger@leg.state.nh.us>

Cc:

Minority Report Blurb for HB1630

Property tax is the flagship of funding in New Hampshire. It is expensive and causes hardship to low- and middle-income individuals. There is a tremendous list of exemptions already in existence. Any time a new exemption is added, it shifts the cost to the small percentage of people who actually pay property taxes; and that percentage is shrinking all the time.

DTP

MINORITY REPORT

COMMITTEE: _____

BILL NUMBER: 1630

TITLE: _____

DATE: 1/24/18 CONSENT CALENDAR: ~~YES~~ NO

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

Amendment No.

STATEMENT OF INTENT:

Property tax is the Flagship of funding in New Hampshire. It is expensive and causes hardship to low- and middle-income individuals. There is a tremendous list of exemptions already in existence. Any time a new exemption is added, it shifts the cost to the small percentage of people who actually pay property taxes; and that percentage is shrinking all the time.

COMMITTEE VOTE: 1-14

• Copy to Committee Bill File

RESPECTFULLY SUBMITTED,

Rep. Francis Southwick
For the Minority

Voting Sheets

HOUSE COMMITTEE ON MUNICIPAL AND COUNTY GOVERNMENT

EXECUTIVE SESSION on HB 1630

BILL TITLE: relative to unfunded property tax exemptions or credits.

DATE: January 24, 2018

LOB ROOM: 301

MOTIONS: INEXPEDIENT TO LEGISLATE

Moved by Rep. Sterling

Seconded by Rep. Carson

Vote: 14-1

CONSENT CALENDAR: NO

Statement of Intent: Refer to Committee Report

Respectfully submitted,



Rep Mark McLean, Clerk

HOUSE COMMITTEE ON MUNICIPAL AND COUNTY GOVERNMENT

EXECUTIVE SESSION on HB 1630

BILL TITLE: relative to unfunded property tax exemptions or credits.

DATE: 1/24/18

LOB ROOM: 301

MOTION: (Please check one box)

- OTP
- ITL
- Retain (1st year)
- Adoption of Amendment # _____ (if offered)
- Interim Study (2nd year)

Moved by Rep. Stephens Seconded by Rep. Carson Vote: 14-1

MOTION: (Please check one box)

- OTP
- OTP/A
- ITL
- Retain (1st year)
- Adoption of Amendment # _____ (if offered)
- Interim Study (2nd year)

Moved by Rep. _____ Seconded by Rep. _____ Vote: _____

MOTION: (Please check one box)

- OTP
- OTP/A
- ITL
- Retain (1st year)
- Adoption of Amendment # _____ (if offered)
- Interim Study (2nd year)

Moved by Rep. _____ Seconded by Rep. _____ Vote: _____

MOTION: (Please check one box)

- OTP
- OTP/A
- ITL
- Retain (1st year)
- Adoption of Amendment # _____ (if offered)
- Interim Study (2nd year)

Moved by Rep. _____ Seconded by Rep. _____ Vote: _____

CONSENT CALENDAR: _____ YES NO

Minority Report? Yes _____ No If yes, author, Rep: Gauthier Motion _____

Respectfully submitted: _____

Rep Mark McLean, Clerk



STATE OF NEW HAMPSHIRE
OFFICE OF THE HOUSE CLERK

1/5/2018 10:31:14 AM
Roll Call Committee Registers
Report

2018 SESSION

M&C

Bill #: 1630 Title: _____

PH Date: 1 / 24 / 18 Exec Session Date: 1 / 24 / 18

Motion: ITL Amendment #: _____

<u>MEMBER</u>	<u>YEAS</u>	<u>NAYS</u>
Belanger, James P. Chariman	✓	
Sterling, Franklin W. Vice Chairman	✓	
McCarthy, Frank H.	✓	
DeSimone, Debra L.		
Chase, Francis G.		
Matthews, Carolyn L.	✓	
McLean, Mark Clerk		
Gauthier, Francis	✓	✓
Stone, Brian J.	✓	
Tripp, Richard P.	✓	
Migliore, Vincent Paul	✓	
Carson, Clyde J.	✓	
Tatro, Bruce L.	✓	
Beaulieu, Jane E.	✓	
Treleaven, Susan GS		
Bordenet, John	✓	
Meador, David R.	✓	
Gilman, Julie D. <u>LONG</u>	✓	
Josephson, Timothy		
Rand, Steven	✓	
TOTAL VOTE:	14	1

Hearing Minutes

HOUSE COMMITTEE ON MUNICIPAL AND COUNTY GOVERNMENT

PUBLIC HEARING ON HB 1630

BILL TITLE: relative to unfunded property tax exemptions or credits.

DATE: January 17, 2018

LOB ROOM: 301 **Time Public Hearing Called to Order:** 10:30 a.m.

Time Adjourned: 11:00 a.m.

Committee Members: Reps. J. Belanger, Sterling, McLean, F. McCarthy, Matthews, Tripp, Migliore, Carson, Beaulieu, Josephson and Rand

Bill Sponsors:
Rep. Cushing

TESTIMONY

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

Rep. Renny Cushing – prime sponsor – supports bill. The 1984 constitutional convention led to the creation of Article 28a of the state constitution. This stated that the legislature could not create unfunded mandates. This bill makes clear that unfunded mandates includes any tax exemptions that the state would provide to businesses or other entities or persons. Municipalities may lose revenue as a result of the offering of exemptions or credits used, for example, to attract business to the state. When the state decides to provide an exemption, it must pay for it or get the approval of the local community. This bill will clarify Article 28a in the statute.

Q. Chairman Belanger – Would the veteran’s tax credit be exempt from this bill? A. Cushing- This credit is approved by the towns, so it is already consistent with 28a. Q. Chairman Belanger- But when the state gave seniors an exemption the towns don’t get the opportunity to veto it. If they want to modify this in future would that be okay? A. Cushing- In the future the state will provide money or the town will need to approve it. Q. Chairman Belanger- Can you cite an example of an unfunded mandate? A. Cushing- 72:12 a) relates to water supply and pollution control. It is an unfunded mandate. In the future something like this would need to be approved by the towns or else the state will need to fund it. Q. Chairman Belanger- What happens if the state mandates something and a town doesn’t approve. A. Cushing- That town would not implement it unless the state came forward to pay.

Q. Tripp- In Derry we are required to pay into the state retirement system. The funding burden has completely shifted to the town in recent years. Is this an unfunded mandate? A. Cushing- Yes, it is. This is the type of thing this bill will change going forward.

Q. Carson- Will this pit one town against another as they complete, for example, to attract business? A. Cushing- It could happen.

Q. McCarthy- Is it not true that most tax exemptions that are enacted by the state legislature grant to the towns to opportunity of approval? A. Cushing- Yes. This makes it an absolute requirement. It is enabling legislation. It does not impact existing exemptions but it will hit those going forward.

Q. Chairman Belanger- if we vote to mandate the communities make contributions of one kind or another, can the communities refuse? If they do, then do the other towns pick up the slack? A. Cushing- That will need to play out. The communities need to have a voice.

Q. Migliore- Is this home rule? A. Cushing- It is home rule of a sort, because it recognizes that the members of a community are stakeholders. However, this is not true home rule because the legislature will enable the community by granting permission through this statute.

Stephen Hamilton – DRA – felt the intent of the bill was good, but was uncertain where in the statute should reside as it seems to put restrictions on the legislature.

Since the adoption of 28a there have been very few credit options that were not local in nature. The mandate in 72:12 a) that Representative Cushing mentioned was adopted in 1971, long before 28a was adopted. This bill should have limited impact. One exemption he could recall that was unfunded after the implementation of 28a was a 1998 exemption for standing greenhouses. This is the only incidence he could recall.

Q. Sterling- Do you know of other exemptions mandated by the state? A. Hamilton- The elderly exemption. The veteran's exemption. Disability exemptions.

Q. McLean- Were these all created before the implementation of 28a? A. Hamilton- Yes.

Barbara Reid – NH Municipal Association – supports bill. The NHMA has a policy principle that is well articulated by this bill. She felt that concerns over amendments to the retirement system do not fall under this bill because the financing plan is already codified in statute.

Respectfully submitted,



Rep. Mark McLean
Clerk

HB1630 Public Hearing 17 Jan 2018

Relative to: unfunded property tax exemptions or credits.

Rep Cushing – prime sponsor – supports bill. The 1984 constitutional convention led to the creation of Article 28a of the state constitution. This stated that the legislature could not create unfunded mandates. This bill makes clear that unfunded mandates includes any tax exemptions that the state would provide to businesses or other entities or persons.

Municipalities may lose revenue as a result of the offering of exemptions or credits used, for example, to attract business to the state. When the state decides to provide an exemption, it must pay for it or get the approval of the local community. This bill will clarify Article 28a in the statute.

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Bill as
Introduced

HB 1630 - AS INTRODUCED

2018 SESSION

18-2564
05/10

HOUSE BILL

1630

AN ACT

relative to unfunded property tax exemptions or credits.

SPONSORS:

Rep. Cushing, Rock. 21

COMMITTEE:

Municipal and County Government

ANALYSIS

This bill prohibits the state from establishing any new property tax exemptions or credits unless they are fully funded by the state or approved by the local legislative body of the political subdivision.

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 Eighteen

AN ACT relative to unfunded property tax exemptions or credits.

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

1 1 New Section; Property Taxes; Unfunded Property Tax Exemptions or Credits. Amend RSA
2 72 by inserting after section 6-a the following new section:

3 72:6-b Limitation on Unfunded Property Tax Exemptions or Credits. Pursuant to part I, article
4 28-a of the New Hampshire constitution, which prohibits the state from mandating or assigning any
5 new, expanded, or modified programs or responsibilities to any political subdivision in such a way
6 as to necessitate additional local expenditures by the political subdivision unless such programs or
7 responsibilities are fully funded by the state or unless such programs or responsibilities are
8 approved for funding by a vote of the local legislative body, the state shall not establish a new
9 property tax exemption or credit unless the amount of local property tax revenue shifted to other
10 taxpayers by such property tax exemption or credit is fully funded by the state or approved by a
11 vote of the local legislative body of the political subdivision.

12 2 Effective Date. This act shall take effect 60 days after its passage.