

LEGISLATIVE COMMITTEE MINUTES

**SB301**

# Bill as Introduced

SB 301-FN - AS INTRODUCED

2018 SESSION

18-2917  
10/05

SENATE BILL        **301-FN**

AN ACT            temporarily reducing the real estate transfer tax for first-time home buyers.

SPONSORS:        Sen. Bradley, Dist 3; Sen. Avard, Dist 12; Sen. Carson, Dist 14; Sen. French, Dist 7; Sen. Fuller Clark, Dist 21; Sen. Gannon, Dist 23; Sen. Gray, Dist 6; Sen. Hennessey, Dist 5; Sen. Innis, Dist 24; Sen. Lasky, Dist 13; Sen. Morse, Dist 22; Sen. Watters, Dist 4; Rep. Hinch, Hills. 21; Rep. Shurtleff, Merr. 11; Rep. Abrami, Rock. 19; Rep. Butler, Carr. 7

COMMITTEE:      Ways and Means

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ANALYSIS

This bill reduces the rate of the tax on the transfer of real property for first time home buyers for a 2-year period and requires the department of revenue administration to report on the usage of the reduced rate.

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                     Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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

AN ACT temporarily reducing the real estate transfer tax for first-time home buyers.

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

1 1 Tax on Transfer of Real Property; Rate; Exception Added. Amend RSA 78-B:1, I(b) to read as  
2 follows:

3 (b) *Except as provided in RSA 78-B:1-b*, the rate of the tax is \$.75 per \$100, or  
4 fractional part thereof, of the price or consideration for such sale, grant, or transfer; except that  
5 where the price or consideration is \$4,000 or less there shall be a minimum tax of \$20. The tax  
6 imposed shall be computed to the nearest whole dollar.

7 2 New Section; Rate of Transfer Tax for First-time Home Buyers. Amend RSA 78-B by  
8 inserting after section 1-a the following new section:

9 78-B:1-b Rate of Transfer Tax for First Time Home Buyers. Notwithstanding RSA 78-B:1, I(b),  
10 beginning ~~January 1~~ <sup>October</sup> 1, 2018 the rate of the tax is \$.50 per \$100, or fractional part thereof, of the price  
11 or consideration for such sale, grant, or transfer applicable to the buyer for the purchase of a  
12 qualifying first home, as follows:

13 I. The rate of tax provided for in this section shall be applied to the amount of tax owed by  
14 and actually paid by the buyer pursuant to RSA 78-B:1 and shall not apply to any amounts paid by  
15 the buyer on behalf of the seller.

16 II. For purposes of this section, the term:

17 (a) "Qualifying first home" shall mean:

18 (1) The purchase of residential real estate;

19 (2) That will be utilized as the buyer's principal residence as defined in Internal  
20 Revenue Code Section 121 and related Treasury Regulations; and

21 (3) That is the buyer's first purchase of residential real estate.

22 (b) "Buyer" shall mean the purchaser, grantee, assignee, or transferee of any real estate  
23 or any interest in real estate.

24 3 Applicability Date. RSA 78-B:1-b, as inserted by section 2 of this act, shall apply to transfers  
25 occurring on and after ~~January 1~~ <sup>October</sup> 1, 2018.

26 4 Payment of Tax; Exception Added. Amend RSA 78-B:4, III to read as follows:

27 III. *Except as provided in RSA 78-B:1-b*, the rate of tax established in RSA 78-B:1 shall  
28 apply to both the purchaser, grantee, assignee or transferee and the seller, grantor, assignor or  
29 transferor.

30 5 Prospective Repeal. RSA 78-B:1-b, relative to a transfer tax rate for first-time home buyers,  
31 is repealed.

SB 301-FN - AS INTRODUCED

- Page 2 -

1       6 Exception Deleted. Amend RSA 78-B:1, I(b) to read as follows:

2               (b) ~~[Except as provided in RSA 78-B:1-b,]~~ The rate of the tax is \$.75 per \$100, or  
3 fractional part thereof, of the price or consideration for such sale, grant, or transfer; except that  
4 where the price or consideration is \$4,000 or less there shall be a minimum tax of \$20. The tax  
5 imposed shall be computed to the nearest whole dollar.

6       7 Exception Deleted. Amend RSA 78-B:4, III to read as follows:

7               III. ~~[Except as provided in RSA 78-B:1-b,]~~ The rate of tax established in RSA 78-B:1 shall  
8 apply to both the purchaser, grantee, assignee or transferee and the seller, grantor, assignor or  
9 transferor.

10       8 Report Required; Department of Revenue Administration. On or before January 1, 2019 and  
11 on or before January 1, 2020, the commissioner of revenue administration shall report to the  
12 speaker of the house of representatives, the senate president, and the governor on the number of  
13 first-time home buyers using the lower transfer tax rate provided in RSA 78-B:1-b and the  
14 department's assessment of whether the number of first-time home buyers increased or decreased  
15 as a result of the reduced tax rate.

16       9 Effective Date.

17               I. Sections 5-7 of this act shall take effect January 1, 2020.

18               II. The remainder of this act shall take effect upon its passage.

LBAO  
18-2917  
12/4/17

SB 301-FN- FISCAL NOTE  
AS INTRODUCED

AN ACT temporarily reducing the real estate transfer tax for first-time home buyers.

FISCAL IMPACT:  State  County  Local  None

STATE:	Estimated Increase / (Decrease)			
	FY 2019	FY 2020	FY 2021	FY 2022
Appropriation	\$0	\$0	\$0	\$0
Revenue	Indeterminable Decrease	Indeterminable Decrease	\$0	\$0
Expenditures	\$0	\$0	\$0	\$0
<i>Funding Source:</i>	<input checked="" type="checkbox"/> General	<input checked="" type="checkbox"/> Education	<input type="checkbox"/> Highway	<input type="checkbox"/> Other

COUNTY:

Revenue	Indeterminable Decrease	Indeterminable Decrease	\$0	\$0
Expenditures	Indeterminable	Indeterminable	\$0	\$0

METHODOLOGY:

This bill would reduce the Real Estate Transfer tax rate for first-time home buyers from \$0.75 to \$0.50 per \$100 of the sale price for a period of two years applicable to transfers from January 1, 2018 through December 31, 2019. The Department of Revenue Administration would be required to report on the number of first-time home buyers using the lower rate and whether first-time home buyers increased or decreased as a result of the reduced rate.

The Department of Revenue Administration indicates this bill would reduce State General Fund and Education Trust Fund unrestricted revenue by an interminable amount in FY 2018, FY 2019 and FY 2020. The Department would be responsible for updating and developing necessary forms and electronic management systems including the creation or editing of forms in order to capture the status of buyers as either a first-time or a repeat home buyer. The Department assumes these updates could be absorbed within their existing budget. The Department has no way to estimate the decrease in Real Estate Transfer Tax revenue since it doesn't collect data on the status of home buyers as either repeat or first time home buyers and cannot predict the prices of homes purchased by first-time buyers. Each county collects the Real Estate Transfer Tax and remits the amount due to the Department. Counties deduct a 4% commission on the tax collected, therefore any decrease in the tax would also decrease county revenue. The impact on county administration costs is indeterminable.

Since the bill is effective upon passage and is applicable to transfers beginning January 1, 2018, some number of transfers will have taken place before the effective date and initially subject to the higher rate. The Department assumes those buyers would be entitled to a refund. The Department states the January 1, 2018 date would not provide sufficient time to update the tax return forms and electronic systems.

**AGENCIES CONTACTED:**

Department of Revenue Administration

SB 301-FN - AS AMENDED BY THE SENATE

02/22/2018 0820s

2018 SESSION

18-2917  
10/05

SENATE BILL **301-FN**

AN ACT temporarily reducing the real estate transfer tax for first-time home buyers.

SPONSORS: Sen. Bradley, Dist 3; Sen. Avard, Dist 12; Sen. Carson, Dist 14; Sen. French, Dist 7; Sen. Fuller Clark, Dist 21; Sen. Gannon, Dist 23; Sen. Gray, Dist 6; Sen. Hennessey, Dist 5; Sen. Innis, Dist 24; Sen. Lasky, Dist 13; Sen. Morse, Dist 22; Sen. Watters, Dist 4; Rep. Hinch, Hills. 21; Rep. Shurtleff, Merr. 11; Rep. Abrami, Rock. 19; Rep. Butler, Carr. 7

COMMITTEE: Ways and Means *ITL 3-2*

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AMENDED ANALYSIS

This bill reduces, for a 2-year period, the rate of the tax on the transfer of real property for first time home buyers, provided the purchase price does not exceed \$300,000. The bill also requires the department of revenue administration to report on the usage of the reduced rate.

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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.



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SB 301-FN - AS AMENDED BY THE SENATE

- Page 2 -

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**COUNTY:**

Revenue	Indeterminable Decrease	Indeterminable Decrease	\$0	\$0
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**METHODOLOGY:**

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**AGENCIES CONTACTED:**

Department of Revenue Administration

# Committee Minutes

# Senate Ways and Means Committee

*Sonja Caldwell 271-2117*

**SB 301-FN**, temporarily reducing the real estate transfer tax for first-time home buyers.

**Hearing Date:** January 24, 2018

**Time Opened:** 11:20 a.m.

**Time Closed:** 11:58 a.m.

**Members of the Committee Present:** Senators Sanborn, Giuda, Daniels, D'Allesandro and Feltes

**Members of the Committee Absent :** None

**Bill Analysis:** This bill reduces the rate of the tax on the transfer of real property for first time home buyers for a 2-year period and requires the department of revenue administration to report on the usage of the reduced rate.

**Sponsors:**

Sen. Bradley

Sen. Avard

Sen. Carson

Sen. French

Sen. Fuller Clark

Sen. Gannon

Sen. Gray

Sen. Hennessey

Sen. Innis

Sen. Lasky

Sen. Morse

Sen. Watters

Rep. Hinch

Rep. Shurtleff

Rep. Abrami

Rep. Butler

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**Who supports the bill:** Governor Christopher T. Sununu, Sen. Carson, Sen. Lasky, Sen. Gannon, Savid Collins (NH Cooperative Credit Union Assoc.), Sen. Fuller Clark, Sen. Watters, Ari Pollack (Homebuilders Assoc.), Mary Truell (NH Realtors), Ben Frost (NH Housing), Sen. Morse, Sen. Avard

**Who opposes the bill:** No one

**Who is neutral on the bill:** Carollynn Ward (NHDRA)

**Summary of testimony presented:**

**Sen. Bradley**

- He sponsored this legislation at the request of Governor Sununu.
- It would reduce the real estate transfer tax (RETT) on the buyers' side for a first-time home buyer from 75 cents to 50 cents per \$100 for a period of two years.
- The impetus is to encourage workforce development, home ownership, and younger people to buy homes and stay in NH.

- This is not a major change but it will help that process and make home ownership more affordable.
- It is designed as a two year tax pilot program.
- Section 8 of the bill contains a reporting requirement to ensure we can track the success of the program.
- If we see an uptick in sales, it might not result in a significant loss of revenue.

**Sen. Sanborn** asked if anyone currently keeps track of first-time home sales.

**Sen. Bradley** said he doesn't believe we do because there's no form or box to check that he's aware of.

**Sen. Sanborn** asked about the amount of the rate reduction and whether he thought it should be a greater reduction.

**Sen. Bradley** stated that the RETT is an important component of our state's revenue picture, however if the committee wanted something greater he'd be amenable to that discussion. The bill is designed to be temporary in order to ascertain its efficacy.

**Sen. D'Allesandro** asked if there are new homes that are attractive to young people.

**Sen. Bradley** acknowledged that NH does have an affordable housing shortage.

**Sen. D'Allesandro** noted that the RETT is imposed on the buyer and the seller and the counties receive a portion of the tax collected. He asked how that distribution would be effected by this bill and if there will be significant push-back.

**Sen. Bradley** said the applicability date may need to be changed to alleviate the administrative burden of DRA needing to issue refunds.

**Sen. Giuda** asked how you know a person is a first-time home buyer.

**Sen. Bradley** pointed to a definition on line 16 of the bill and said they would have to certify that they were a first-time home buyer.

**Sen. Giuda** asked if there was any constitutional concern about taxing the same population of home buyers differently.

**Sen. Bradley** responded that no one has told him that's a problem.

**Sen. Giuda** said the issue is that NH doesn't have housing. He stated that this bill is a nice political ploy and that the costs addressed with this bill are rolled into one's mortgage anyway. He believes we need more housing to bring prices down and that this bill is a gimmick.

**Sen. Bradley** noted that there was an affordable housing appropriation in the capital budget, though he wished it could have been greater. This bill addresses a symptom but he doesn't think that makes it invalid. The root cause is another discussion.

**Mary Truell** – (broker from Meredith; Chair of NH realtors public policy committee)

- The NH Realtors support the bill because it will help attract younger people to the state.
- The median age of a first-time home buyer in NH is 31 years old.
- This bill can have a positive impact on the NH economy by creating more home owners.
- NH has the highest RETT in the country and is more than 3 times the rate in MA or ME.
- In 2017, the median purchase price was \$222,000 for first-time buyers. Under this bill, a first-time buyer would have saved \$525.
- They would like the tax break to be higher but support the bill as written.
- Nothing says the RETT has to be split equally between the buyer and seller. The law just says the tax is 1.5%.
- First-time home buyers typically finance 95% of the cost of the home. Second-time home buyers finance 86%. 35% of NH home purchases are first-time home buyers. When the

federal tax credit program happened a number of years ago that number jumped to 50%.

**Sen. Sanborn** asked how they know if someone is truly a first-time home buyer.

**Ms. Truell** said it's a question on a survey they provide to their clients.

**Sen. Giuda** asked if this pertains to first-time home buyers in NH or nationally.

**Ms. Truell** responded that it applies to first-time home buyers in NH.

**Sen. Giuda** asked if there is any way to verify one's status as a first-time home buyer.

**Ms. Truell** said the definition that NH realtors use is having never bought a house before, however the IRS says that if you haven't bought a house in 3 years, you are considered a first-time home buyer. She added that that's not the intent of this bill.

**Senator D'Allesandro** inquired about what inventory looks like right now.

**Ms. Truell** responded that there are different segments. Affordable housing is not there. There is inventory but they are experiencing record sales right now and homes are selling fast.

**Ari Pollack** – Homebuilders Assoc.

- The Homebuilders Assoc. support the bill.
- This is an incentive to homeownership and a small but helpful gesture.
- This is similar to the federal first-time home buyer credit which is ending as a result of the federal tax reform bill. That program was very successful as a way to incent first time home buyers to the marketplace.
- It's a difficult statistic to narrow in on with regard to whether or not the tax break should be lower or higher.
- He thinks it's a meaningful discount. It equates to a 33% discount.

**Sen. Giuda** said most mortgages include the cost of the transaction and that this is negligible.

**Mr. Pollack** agreed that it is a small gesture; it would be a \$500 savings on a \$200,000 house. He said that sometimes perception is reality and this is part of a tool box of things we should consider.

**Ms. Truell**, responding to a previous question, said that 22,000 houses sold in NH last year

**Carollynn Ward** (DRA)

- The January 1, 2018 applicability date in the bill would result in the DRA having to issue refunds, which would be a task. Additionally, she raised concerns about whether people who bought houses during the first 6 months of the bill being effective would know they were entitled to such a refund.
- Most of their forms are self-calculating with regard to the RETT so this bill would require programming changes.
- They would prefer an October 1, 2018 applicability date.
- RETT is a monthly administered tax.
- The counties retain a 4% commission of all the RETT they collect. Any reduction in RETT paid would reduce revenue to the counties in addition to the state.

**Sen. Feltes** asked about the statistics relative to first-time home buyers and home costs that had been cited by previous speakers.

**Ms. Ward** said the DRA has no basis of data to verify those numbers.

**Ben Frost** – NH Housing Finance Authority



- They support the bill and estimate a savings to borrowers of \$500, which may not seem like a lot but it does make a difference to first-time home buyers as they are often cash-strapped.
- The payment of the RETT varies. The NHHFA requires it to be paid up front, not rolled into the mortgage.
- He would recommend making this bill permanent.

**Sen. Feltes** did some math and estimated the potential revenue loss at \$3 million using \$400 in average savings or \$4,273,500 in lost revenue if you use \$500 in average savings.

**Mr. Frost** agreed that was a safe estimate of lost revenue.

**Sen. Feltes** asked what he would suggest for an offset to this revenue loss for the committee to consider.

**Mr. Frost** stated that would be a policy question.

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Date Hearing Report completed: January 26, 2018

# Speakers



# Testimony

# New Hampshire Credit Unions



*Creating Cooperative Power*

January 24, 2018.

The Honorable Andy Sanborn  
Chairman  
Senate Ways and Means Committee  
107 North Main Street  
State House, Room 100  
Concord, NH 03301

## **HAND DELIVERED**

Dear Chairman Sanborn:

On behalf of credit unions in New Hampshire, please accept this letter relative to SB301-FN. The Cooperative Credit Union Association, Inc. ("Association") is the state credit union trade association serving 14 local credit unions who further serve 630,000 consumers in New Hampshire. The Association supports SB301-FN, which seeks to temporarily reduce the real estate transfer tax rate for first-time homebuyers, as the bill provides further incentive and an easier path to home ownership for individuals that might not otherwise enter the market.

Credit unions in New Hampshire recognize the need for education, tailored programs, incentives and options for those individuals who are entering the real estate market for the first time. First time homebuyers, many of whom are young adults in the eighteen to thirty-five-year age range, often have little or no understanding of the depth and intricacies of the home buying process and subsequent homeownership. These individuals, who are often in their prime borrowing years, are creating a market which presents opportunity for loan origination for first-time homebuyers in this demographic. Yet despite some positive growth in this area, trends continue to indicate that many of these individuals are not entering the home buying market.

Credit unions recognized this apparent market gap, and realizing that existing mortgage programs were not meeting all of their members' needs, formulated specialty mortgage products for those individuals wanting to buy a home, but who had been underserved to that point. These programs have developed over time, and have become a viable choice for first-time buyers with little or no resources, or limited credit, or other typical lending red flags, who meet other necessary qualifications and who truly desire to be good homeowners.

Credit unions are now often the first place that consumers turn to when considering purchasing their first home. This is a result of the diversity and strength of credit union programs specifically targeted to assist first-time homebuyers. One need look no further than the homepage of many of New Hampshire credit unions' websites to see just some of the options available to individuals new to the home buying market. Nearly all of New Hampshire's credit unions have a dedicated page on their website for potential first-time homebuyers, and if not a page, then a dedicated staff member made available for just these types of borrowers. These webpages, and conversations with loan officers, include links and resources to free and convenient, often online, financial education which helps prepare these individuals to buy and own a home for the long run. The benefits result in a first-time homebuyer that is prepared to take on the commitment of sustainable home ownership.

After initial conversations with these potential borrowers, credit unions work one-on-one with their first-time homebuyers to ensure they are prepared for all that home ownership entails: property taxes; home maintenance and repairs; furnishing a new home; and importantly, the need for adequate savings for unexpected costs and emergencies. Credit union loan officers work individually to ensure that the borrower understands the importance of reserves, establishing a pattern of savings, and proper management of assets.

Credit unions are in a unique position with first time homebuyers. By their very nature as non-profit cooperatives owned by their member-borrowers, credit unions have significant incentive to do what is in the borrower's best interests. Each first-time homebuyer that enters a credit union is not just another customer; he/she is that credit union's partner in homeownership, as the success of that individual on their mortgage path is a direct reflection of the credit union's service to that first-time homebuyer.

In return for such offerings as lower interest rates, significantly lower upfront costs and down payment requirements, education on alternative loan options such as FHA or VA loans, fewer and lower application fees, low or no closing costs, and better service, all of which add up to significant savings for the borrower, the credit union forms a relationship with each first-time homebuyer who is educated on the home ownership process. This symbiotic relationship results in a positive outcome for not only that individual and the credit union, but their community, as properties change hands and remain cared-for by dedicated home owners.


New Hampshire credit unions are, therefore, supportive of properly managed programs that help create an easier pathway for first time homebuyers to enter the market. As such, the Association offers its support for this temporary tax reduction, which is aimed at increasing first-time home ownership in New Hampshire. The Association supports the qualifications contained in the legislation of requiring that the residential home purchased must be the individual's principal residence, and that it is the individual's first purchase of residential real estate. These qualifications will limit this tax incentive to those individuals who are truly qualified as first-time homeowners.

Senate Ways and Means Committee  
Support for SB310-FN  
January 24, 2018  
Page 3

The Association also extends its support for the temporary nature of this reduction, and supports the two-year period proposed. The Association is of the position that the provisions which require assessment by the Department of Revenue Administration after the two-year period of whether the number of first-time homebuyers has increased or decreased as a result of the reduced tax rate is appropriate, and that the tax incentive be fully reassessed at that time based on the determination of whether home ownership has increased in New Hampshire.

In conclusion, the Association respectfully requests the Committee's favorable consideration of SB310-FN.

Sincerely,



Paul C. Gentile  
President/CEO

PCG/mabc/kb

Failed

Sen. Feltes

Sen. D'Allesandro

**Amendment to SB 301-FN**

Add the following new sections:

9 Business Profits Tax; Imposition of Tax; 2019. Amends the language after RSA 77-A:2, IV to read as follows:

[RSA 77-A:2 effective July 1, 2019 until July 1, 2021; see also RSA 77-A:2 set out above and below.]

77-A:2 Imposition of Tax. --

A tax is imposed at the rate of ~~7.7~~ 7.755 percent upon the taxable business profits of every business organization.

10 Business Enterprise Tax; Imposition of Tax; 2019. Amends the language after RSA 77-E:2, IV to read as follows:

[RSA 77-E:2 effective July 1, 2019 until July 1, 2021; see also RSA 77-E:2 set out above and below.]

77-E:2 Imposition of Tax. --

A tax is imposed at the rate of ~~60.61~~ percent upon the taxable enterprise value tax base of every business enterprise.

Renumber Section 9, Effective Date, to Section 11.



# Committee Report

STATE OF NEW HAMPSHIRE

SENATE

REPORT OF THE COMMITTEE

Wednesday, February 14, 2018

THE COMMITTEE ON Ways and Means

to which was referred **SB 301-FN**

AN ACT

temporarily reducing the real estate transfer tax  
for first-time home buyers.

Having considered the same, the committee recommends that the Bill

IS INEXPEDIENT TO LEGISLATE

BY A VOTE OF: 3-2

Senator Dan Feltes  
For the Committee

Sonja Caldwell 271-2117

**WAYS AND MEANS**

**SB 301-FN**, temporarily reducing the real estate transfer tax for first-time home buyers.  
Inexpedient to Legislate, Vote 3-2.  
Senator Dan Feltes for the committee.

STATE OF NEW HAMPSHIRE  
SENATE  
REPORT OF THE COMMITTEE

Tuesday, March 6, 2018

THE COMMITTEE ON Finance

to which was referred **SB 301-FN**

AN ACT

temporarily reducing the real estate transfer tax  
for first-time home buyers.

Having considered the same, the committee recommends that the Bill

OUGHT TO PASS

BY A VOTE OF: 5-0

Senator Dan Feltes  
For the Committee

Deb Martone 271-4980

# Other Referrals

## New Hampshire Department of Revenue Administration

### Fiscal Note Quick Guide

18-2917

**SB 301-FN**, *temporarily reducing the real estate transfer tax for first-time home buyers.*

#### Senate Ways & Means

The Real Estate Transfer Tax (RETT) is a tax on the sale, granting, and transfer of real property or an interest in real property. The tax is currently imposed on both the buyer and the seller at the rate of \$.75 per \$100 of the price or consideration for the sale, granting, or transfer. The proposed bill amends RSA 78-B by inserting a new Section 78-B:1-b reducing the rate of the RETT for first time homebuyers of a qualifying first home. Beginning January 1, 2018 the rate of the RETT would be \$.50 per \$100, or fractional part thereof, of the price or consideration for such sale, grant, or transfer applicable to the buyer for the purchase of a qualifying first home, effective upon passage and applicable to transfers occurring on and after January 1, 2018.

The proposed legislation contains a prospective repeal of the new Section 78-B:1-b RETT rate for first-time homebuyers effective January 1, 2020.

The proposed bill requires the Commissioner of DRA report to the Speaker of the House of Representatives, the Senate President, and the Governor on the number of first-time home buyers using the lower RETT rate provided in RSA 78-B:1-b and the DRA's assessment of whether the number of first-time home buyers increased or decreased as a result of the reduced tax rate. The report must be filed on or before January 1, 2019 and on or before January 1, 2020.

There is no way for the DRA to determine the fiscal impact of reducing the RETT rate for first time homebuyers because the DRA does not collect data on the status of homebuyers as either first time or repeat buyers. The DRA is also unable to predict the price of future home sales by first time homebuyers.

Each county in NH currently collects the RETT and remits the amount due to the DRA. The county is allowed to deduct a 4% commission from the RETT collected. Any decrease in the RETT as a result of this proposed legislation would result in an indeterminable decrease in revenues to the county as well. The DRA is unable to determine if the proposed legislation would result in an impact on the administration costs to the county registries.

The proposed legislation could be administered by the DRA without any additional costs that could not be absorbed within our operating budget.

The proposed legislation is applicable to transfers subject to the RETT beginning January 1, 2018. If the proposed legislation is enacted and signed into law, that is unlikely to occur until several months after January 1, 2018. It is unclear how the proposed legislation is intended to apply to transfers that have taken place on or after January 1, 2018 but before the proposed legislation

becomes law. It is likely that numerous taxable transfers will have taken place that may be subject to the decreased RETT rate for first time home buyers. However, those home buyers will have already paid the RETT to the registries and filed a RETT return with the Department at the current RETT rate applicable to all real estate transfers. The Department believes that these RETT taxpayers would be entitled to a refund of the RETT paid in excess of the rate applicable to first time home buyers for transfers beginning January 1, 2018. Additionally, the proposed legislation does not give the Department sufficient time to update all necessary tax return forms and electronic management systems related to this bill.