
Committee Report

REGULAR CALENDAR

March 13, 2019

HOUSE OF REPRESENTATIVES

REPORT OF COMMITTEE

The Committee on Ways and Means to which was referred HB 600-FN,

AN ACT adding an exception to the real estate transfer tax for certain transfers by an investment trust. Having considered the same, report the same with the following amendment, and the recommendation that the bill OUGHT TO PASS WITH AMENDMENT.

Rep. Susan Almy

FOR THE COMMITTEE

COMMITTEE REPORT

Committee:	Ways and Means
Bill Number:	HB 600-FN
Title:	adding an exception to the real estate transfer tax for certain transfers by an investment trust.
Date:	March 13, 2019
Consent Calendar:	REGULAR
Recommendation:	OUGHT TO PASS WITH AMENDMENT 2019-0887h

STATEMENT OF INTENT

The original bill provides an exemption from payment of the real estate transfer tax for a type of financing used in recent decades by housing trusts under a Housing and Urban Development grant program for low-income housing. It adds to RSA 78-B:2, whose section XV long ago provided the same for a now-defunct financing method. The committee felt that subsidized housing in general in our state is falling into disrepair due to a decade of reduced federal funding for maintenance. Some housing trusts used a different federal financing mechanism during the great recession, and municipal housing authorities have used a range of federal and state mechanisms. The bill was amended to cover all such methods, but constrained to require long-term affordability covenants in all cases. The fiscal impact is estimated at about \$120,000 a year, to maintain and increase the housing stock for our low-income workers and retirees.

Vote 19-0.

Rep. Susan Almy
FOR THE COMMITTEE

Original: House Clerk
Cc: Committee Bill File

REGULAR CALENDAR

Ways and Means

HB 600-FN, adding an exception to the real estate transfer tax for certain transfers by an investment trust. **OUGHT TO PASS WITH AMENDMENT.**

Rep. Susan Almy for Ways and Means. The original bill provides an exemption from payment of the real estate transfer tax for a type of financing used in recent decades by housing trusts under a Housing and Urban Development grant program for low-income housing. It adds to RSA 78-B:2, whose section XV long ago provided the same for a now-defunct financing method. The committee felt that subsidized housing in general in our state is falling into disrepair due to a decade of reduced federal funding for maintenance. Some housing trusts used a different federal financing mechanism during the great recession, and municipal housing authorities have used a range of federal and state mechanisms. The bill was amended to cover all such methods, but constrained to require long-term affordability covenants in all cases. The fiscal impact is estimated at about \$120,000 a year, to maintain and increase the housing stock for our low-income workers and retirees. **Vote 19-0.**

Original: House Clerk

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Vote 19-0.

Rep. Susan Almy
FOR THE COMMITTEE

Original: House Clerk
Cc: Committee Bill File

COMMITTEE REPORT

COMMITTEE:

WTM

BILL NUMBER:

600-FN

TITLE:

DATE:

3/13/2019

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.

0887h

STATEMENT OF INTENT:

see sent document

COMMITTEE VOTE:

19-0

RESPECTFULLY SUBMITTED,

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

Rep.

[Signature]

For the Committee

Rep. Almy, Graf. 13
Rep. Bershtein, Rock. 2
Rep. Gomarlo, Ches. 12
March 7, 2019
2019-0887h
10/04

Amendment to HB 600-FN

1 Amend the title of the bill by replacing it with the following:

2

3 AN ACT adding an exception to the real estate transfer tax for transfers of interest in certain
4 low-income housing.
5

6 Amend the bill by replacing section 1 with the following:

7

8 1 New Paragraph; Real Estate Transfer Tax; Exception Added; Federally Rent Restricted
9 Properties. Amend RSA 78-B:2 by inserting after paragraph XXII the following new paragraphs:

10 XXIII.(a) To a direct or indirect transfer of an interest in real property, provided that the
11 real estate transfer tax was paid by the buyer or seller, or an affiliate of either, when the real
12 property title was acquired, unless otherwise exempt pursuant to this section, and the transfer is
13 made in connection with the commencement, syndication, development, re-syndication, or
14 conclusion of investment financing related to any of the following:

15 (1)(A)(i) A federal low-income housing tax credit project, as defined in Section 42 of
16 the Internal Revenue Code of 1986, as amended; or

17 (ii) A project funded with federal grants made to states for low-income
18 housing projects in lieu of low-income housing tax credits under Section 1602 of the American
19 Recovery and Reinvestment Act of 2009;

20 (B) Provided that the project under subparagraph (A)(i) or (A)(ii) remains
21 subject to an extended low-income housing commitment in accordance with the provisions of Section
22 42(h)(6) of the Internal Revenue Code of 1986, as amended.

23 (2) A Rental Assistance Demonstration (RAD) public housing conversion under the
24 federal Consolidated and Further Continuing Appropriations Act of 2012, as amended.

25 (3) Such other federal, state, or local financing program requiring that the real
26 estate remains subject to land use restriction and rental housing affordability covenants which limit
27 allowable rents charged to individuals or families, consistent with (i) RSA 674:58, IV, pertaining to
28 workforce housing; or (ii) as otherwise required under the applicable federal, state, or local
29 program.

30 (b) For purposes of this paragraph, "affiliate" means any entity which controls or is
31 controlled by, or is under common control with, another entity. For purposes of this definition, an

Amendment to HB 600-FN

- Page 2 -

1 entity controls another entity when the first entity possesses or exercises directly, or indirectly
2 through one or more other affiliates or related entities, the power to direct the management and
3 policies of the other entity, whether through the ownership of voting rights, membership, or the
4 power to appoint members, trustees, or directors, by contract or otherwise.

2019-0887h

AMENDED ANALYSIS

This bill excepts from the real estate transfer tax certain transfers of interest in low-income housing subject to federal restrictions or other requirements where the property remains subject to land use restriction and affordability covenants.

This bill adds an exception to the real estate transfer tax for certain transfers by an investment trust if the tax was paid when the real property title was acquired. The Department states this bill will decrease General Fund and Education Trust Fund revenue by an indeterminable amount. The Department does not have the data on what percentage of real estate transfer tax revenue is currently attributable to transfers by NH investment trusts or how many transfers of real estate by NH investment trusts may occur in subsequent years or the price or consideration of these transfers to estimate the impact on revenue.

AGENCIES CONTACTED:

Department of Revenue Administration

Proposed Amendments: HB 600

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

Matter removed from language appears ~~[in brackets and struckthrough.]~~

Analysis Correction:

AN ACT adding an exception to the real estate transfer tax ~~[for certain transfers by an investment trust]~~ ***associated with Federally Rent Restricted Properties.***

New Paragraph; Real Estate Transfer Tax; Exception Added; ~~[Investment Trusts]~~ ***Federally Rent Restricted Properties.*** Amend RSA 78-B:2 by inserting after paragraph XXII the following new paragraphs:

XXIII. To a direct or indirect transfer of ~~[a fee]~~ ***an interest in real property*** ~~[to or from an investment trust under RSA 293-B:2]~~ provided that the real estate transfer tax was paid ***by the buyer or seller or an affiliate (as defined in RSA 195-D:3, XIX) of either*** when the real property title was acquired, ***unless otherwise exempt pursuant to RSA 78-B:2,*** and ~~[the purpose for]~~ the transfer is made in connection with the commencement, syndication, development, re-syndication, or conclusion of investment financing related to:

(a) ***(i)***

(A) A federal ~~[Low]~~ ***low-*** ~~[Income]~~ ***income*** ~~[Housing]~~ ***housing*** ~~[Tax]~~ ***tax*** ~~[Credit]~~ ***credit*** ~~[(LIHTC)]~~ project, as defined in Section 42 of the Internal Revenue Code of 1986, as amended, ~~[and]~~ ***or;***

(B) A project funded with federal grants made to states for low-income housing projects in lieu of low-income housing tax credits under Section 1602 of the American Recovery and Reinvestment Act of 2009;

(ii) Provided such project remains subject to an extended low-income housing commitment in accordance with the provisions of Section 42(h)(6) of the Internal Revenue Code of 1986, as amended, ***or;***

(b) a Rental Assistance Demonstration (RAD) public housing conversion under the federal Consolidated and Further Continuing Appropriations Act of 2012, as amended; or

(c) such other federal, state or local financing program requiring that the real estate remains subject to land use restriction and affordability covenants.

HB 600-FN - AS INTRODUCED

2019 SESSION

19-0647
10/05

HOUSE BILL **600-FN**

AN ACT adding an exception to the real estate transfer tax for certain transfers by an investment trust.

SPONSORS: Rep. Williams, Hills. 4

COMMITTEE: Ways and Means

ANALYSIS

This bill excepts from the real estate transfer tax certain transfers of interest in property by a New Hampshire investment trust.

Explanation: Matter added to current law appears in *bold italics*.
Matter removed from current law appears ~~in brackets and struckthrough.~~
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.
19-0647
10/05

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Nineteen

AN ACT adding an exception to the real estate transfer tax for certain transfers by an investment trust.

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

1 New Paragraph; Real Estate Transfer Tax; Exception Added; Investment Trusts. Amend RSA 78-B:2 by inserting after paragraph XXII the following new paragraphs:

XXIII. To a direct or indirect transfer of a fee interest in real property to or from an investment trust under RSA 293-B:2 provided that the real estate transfer tax was paid when the real property title was acquired, and:

- (a) Such fee or equitable interests are conveyed in exchange for capital, or acquired by the person who is the recipient of financing collateralize by fee or equitable interests; or
- (b) The purpose for the transfer is made in connection with the commencement, syndication, development, re-syndication, or conclusion of investment financing related to a federal Low-Income Housing Tax Credit (LIHTC) project, as defined in Section 42 of the Internal Revenue Code of 1986, as amended, and remains subject to an extended low-income housing commitment in accordance with the provisions of Section 42(h)(6) of the Internal Revenue Code of 1986, as amended.

2 Effective Date. This act shall take effect July 1, 2019.

LBAO
19-0647
12/31/18

HB 600-FN- FISCAL NOTE
AS INTRODUCED

AN ACT adding an exception to the real estate transfer tax for certain transfers by an investment trust.

FISCAL IMPACT: State County Local None

STATE:	Estimated Increase / (Decrease)			
	FY 2020	FY 2021	FY 2022	FY 2023
Appropriation	\$0	\$0	\$0	\$0
Revenue	Indeterminable Decrease	Indeterminable Decrease	Indeterminable Decrease	Indeterminable Decrease
Expenditures	\$0	\$0	\$0	\$0
Funding Source:	<input checked="" type="checkbox"/> General	<input checked="" type="checkbox"/> Education	<input type="checkbox"/> Highway	<input type="checkbox"/> Other

METHODOLOGY:

[New Title] AN ACT adding an exception to the real estate transfer tax associated with Federally Rent Restricted Properties.

New Paragraph; Real Estate Transfer Tax; Exception Added; Federally Rent Restricted Properties. Amend RSA 78-B:2 by inserting after paragraph XXII the following new paragraphs:

XXIII. To a direct or indirect transfer of an interest in real property provided that the real estate transfer tax was paid by the buyer or seller or an affiliate (as defined in RSA 195-D:3, XIX) of either when the real property title was acquired, unless otherwise exempt pursuant to RSA 78-B:2, and the transfer is made in connection with the commencement, syndication, development, re-syndication, or conclusion of investment financing related to:

(a)(i)(A) A federal low-income housing tax credit project, as defined in Section 42 of the Internal Revenue Code of 1986, as amended, or;

(B) A project funded with federal grants made to states for low-income housing projects in lieu of low-income housing tax credits under Section 1602 of the American Recovery and Reinvestment Act of 2009;

(ii) Provided such project remains subject to an extended low-income housing commitment in accordance with the provisions of Section 42(h)(6) of the Internal Revenue Code of 1986, as amended, or;

(b) a Rental Assistance Demonstration (RAD) public housing conversion under the federal Consolidated and Further Continuing Appropriations Act of 2012, as amended; or

(c) such other federal, state or local financing program requiring that the real estate remains subject to land use restriction and affordability covenants.

Voting Sheets

HOUSE COMMITTEE ON WAYS AND MEANS

EXECUTIVE SESSION on HB 600-FN

BILL TITLE: adding an exception to the real estate transfer tax for certain transfers by an investment trust.

DATE: March 13, 2019

LOB ROOM: 202

MOTIONS: OUGHT TO PASS WITH AMENDMENT

Moved by Rep. Almy

Seconded by Rep. Bershtein

AM Vote: 18-0

Amendment # 2019-0887h

Moved by Rep. Almy

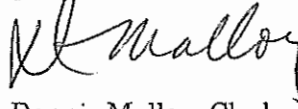
Seconded by Rep. Gomarlo

Vote: 19-0

CONSENT CALENDAR: NO

Statement of Intent: Refer to Committee Report

Respectfully submitted,



Rep Dennis Malloy, Clerk



2019 SESSION

Ways and Means

Bill #: 600FN Motion: OTPA AM #: 887-n Exec Session Date: 3/13/2019

<u>Members</u>	<u>YEAS</u>	<u>Nays</u>	<u>NV</u>
Almy, Susan W. Chairman	19		
Ames, Richard Vice Chairman	1		
Karrick, David B.	2		
Southworth, Thomas L.	3		
Malloy, Dennis J. Clerk	4		
Schamberg, Thomas C.	5		
Tucker, Edith M.	6		
Bunker, Lisa H.	7		
Gomarlo, Jennie R.	8		
Griffith, Willis T.	9		
Loughman, Tom J.			
Stringham, Jerry M.	10		
Major, Norman L.	11		
Griffin, Mary E.	12		
Ulery, Jordan G.	13		
Abrami, Patrick F.	14		
Burns, Charles C.S.	15		
Doucette, Fred G.	16		
Edwards, Jess C.	17		
Bershtein, Alan	18		
TOTAL VOTE:	19	0	

Hearing Minutes

2:02

1/30/2019
600 FN

* Robert Tourigny Support Neighborworks - Southern NH. Don't believe they should pay transfer taxes. Current exemption in law don't work for the organization but improves low income housing. Every time a property "expires" this organization has to pay a transfer tax as if it's the organization still owning the building. Interest just changes in name from buyer to seller. Very transparent. "Multiple transfers of property that never leave our hands" still pay real estate transfer tax when originally buy the property.

Less than 12 of these transactions p/ year and are significant to organization when it happens as the buyer and the seller we are always paying the transfer tax - this bill reduces transfer costs

* Melissa Rollins DRA Fiscal Note & watchdog clarification needed on Amendment line 9. Original Bill on line 5 - fiscal impacts is still undeterminable -

Testimony





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OFFICE 801 Elm Street, Manchester, NH 03101
T 603.626.4663 **F** 603.623.8011 www.nwsnh.org

January 30, 2019

Rep. Susan Almy
Ways & Means Committee
NH House of Representatives
107 N Main St.
Concord, NH 03301

RE: HB 600 Exception to Real Estate Transfer Taxes for certain transfers

Dear Chairwoman Almy:

NeighborWorks Southern New Hampshire is a private non-profit community development corporation with a focus on providing affordable workforce housing. We have developed over 450 affordable units over the past 26 years throughout the region and continue to focus on helping communities meet their housing needs.

We are in support of HB600 as these measures will help to reduce the cost of providing and preserving affordable housing in New Hampshire by eliminating the multiple payments of Real Estate Transfer Taxes that are occurring on these properties.

Nearly all of the affordable rental housing developed by NeighborWorks Southern New Hampshire was developed using federal low income housing tax credits and are "owned" or held by Limited Partnerships. The Limited Partnership is the entity that holds the deed to the property. However, the membership of that Limited Partnership is always structured such that a NeighborWorks subsidiary maintains 100% of the responsibility for operating and maintaining the property as the managing General Partner while holding less than a 1% financial interest in the Partnership. The investor who brings capital and equity to the project maintains a 99%+ Limited Partner interest in the entity, but has no actual ownership responsibility associated with the real estate. As a Limited Partner, they are in the ownership structure only for the purposes of providing the equivalent of financing (through the federal tax credit). Instead of a mortgage with a lender we have a Partnership Agreement that spells out the terms in which they will provide capital, and the terms by which we shall operate the property.

This program has been the most successful means of creating affordable rental housing in the country since its creation in 1986. New Hampshire is unusual, however, in the way it treats these Limited Partnerships and taxes them as though a real estate transfer is occurring whenever a change occurs within the Partnership membership. This bill seeks to exempt these types of properties from the subsequent real estate transfer taxes that are occurring when we refinance, change investors, and recapitalize to make repairs and improvements to the property.

When we develop affordable housing using federal tax credits, the properties are encumbered by a 99 year Land Use Regulatory Agreement that is administered by New Hampshire Housing Finance Authority, assuring that the property remains affordable during that entire time period. Our Limited Partner investors are motivated by the federal tax credit, not a conventional cash flow stream or property appreciation associated with a typical real estate transaction. The federal tax credit requirements

25
YEARS
TRANSFORMING
COMMUNITIES
NEIGHBORHOODS
LIVES

TRUSTEES

Carolyn Benthien
Ron Boufford
Barry Brensinger
Richard M. Bunker
Dean Christon
Ellie G. Cochran
Robert Dastin, Esq.
Sylvio Dupuis
Matthew Kfoury
Mike Lopez
Claira P. Monier
Joseph B. Reilly
Dennis Ryan
Arthur Sullivan



stipulate that the Limited Partner investor remain in the Partnership for only 15 years. At the end of that period the investor goes away and the general partner, a NeighborWorks subsidiary, assumes the Limited Partner's interest. The real estate is still owned by the same Limited Partnership entity that has owned it all along, the only difference is that NeighborWorks maintains 100% of both member's interest. When the investor Limited Partner exits or a new investor comes in, New Hampshire treats this as a real estate transfer which triggers a tax even though the real estate is still controlled by NeighborWorks. Typically, after 15-20 years the property is in need of capital improvements and may need to be refinanced to restructure debt and pay for repairs and improvements. This re-syndication often involves tax credits and the Partnership changes again to bring in the new investor which triggers yet another transfer tax.

In the following example, the first five properties developed by NeighborWorks Southern New Hampshire all paid transfer taxes when the land and buildings were originally purchased some 18-25 years ago. As each Limited partner exited the project over the years, each property incurred another transfer tax. Then when we recapitalized the properties to pay for much needed improvements we paid transfer taxes yet again. In an effort to preserve 98 affordable rental units which NeighborWorks has maintained and controlled over the past 15-20 years, we've had to pay the state transfer taxes three times totaling \$116,600. Despite the change in the Limited Partner member, the real estate has remained in the same hands with the same General Partner throughout the years.

NeighborWorks has developed 14 tax credit properties to date with a 15th set to close in a few months. All of the transaction pay the real estate transfer tax upon the initial acquisition of the real estate. Half of our portfolio, however has reached the age where our investors have exited the project due to the expiration of their tax credit benefit. As a result of these exits, we have paid nearly \$200,000 in subsequent transfer taxes since the initial acquisition and first transfer tax was paid. As time goes on, housing development costs increase and these taxes are growing exponentially and creating additional costs in our effort to preserve affordable housing.

This bill is aimed to alleviate some of the tax burden placed on affordable housing in New Hampshire, particularly at a time when it is so greatly needed. This is not an attempt to get anyone out of paying their fair share. When properties are bought and sold, transfer taxes are and will continue to be paid. The exemption is sought to treat these Limited Partner tax credit investors as they are, a source of capital much in the same way as a lender. There is also another set of transfer taxes that occur behind the scene unbeknown to the General Partner. There are also instances when transfer taxes are incurred within the Limited Partner entity itself. The Limited Partner "syndicator" may initially place the investment with a bank. After some period ranging from a few months to a few years, the syndicator may move that investment to a different bank. This is similar to the way that a residential mortgage lender sells home loans on the secondary market. These transfers also trigger the transfer tax.

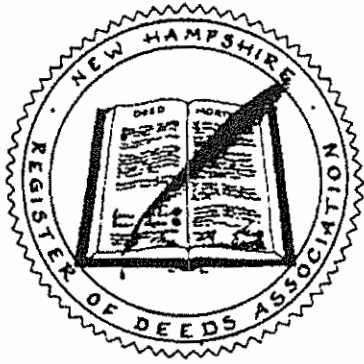
Much in the way that exceptions exist for transfer taxes on affordable housing properties wholly owned by a 501 (c)3 or a land trust, we believe the types or properties specified in HB600 should be treated the same way.

Thank you very much for your consideration of this bill and I encourage you to support this exception from Real Estate Transfer Taxes.

Sincerely,



Robert Tourigny
Executive Director



New Hampshire Register of Deeds Association

January 24, 2019

Hon. Susan Almy, Chairman
House Ways & Means Committee
State House
Concord New Hampshire

RE: HB 600-FN Reduction in transfer tax

Dear Chairman Almy and Committee Members:

As President of the New Hampshire Register of Deeds Association I write in opposition to this bill solely on the premise that it will reduce County revenues by an undeterminable amount of money. Any decrease in funding for transfer tax on investment trusts will result in an increased tax burden on all members of the community.

Our greater concern is the potential to see significant transfers of valuable property into and between these trusts in an effort to avoid payment of the real estate transfer tax. Therefore, we ask you to vote this bill Inexpedient to Legislate.

Sincerely,

Cathy Ann Stacey
Rockingham County Register of Deeds

TITLE V TAXATION

CHAPTER 78-B TAX ON TRANSFER OF REAL PROPERTY

Section 78-B:2

78-B:2 Exceptions. –

The tax imposed by this chapter shall not apply:

- I. To a transfer of title to the state, a state agency, a county, a city, a town, a school district, or a village district.
- II. To the United States, or any agency or instrumentality thereof.
- III. To a mortgage or other instrument given to secure payment of a debt or obligation.
- IV. To a discharge of mortgage or other instrument solely to release security for a debt or obligation.
- V. To a deed or other instrument which corrects a deed or other instrument previously given.
- VI. To a deed given by a collector of taxes for property purchased at a tax sale.
- VII. To a transfer of title from one organization exempt from federal taxation under section 501 of the United States Internal Revenue Code of 1986, as amended, to another organization which is also exempt from federal taxation under section 501, when both the transfer organization and the transferee organization are created by or result from the corporate reorganization of a licensed, general, or specialty hospital.
- VIII. To a transfer of title to the Trust for New Hampshire Lands when the Trust for New Hampshire Lands acquires the real estate for the purpose of transferring title to the real estate so acquired to the land conservation investment program, RSA 221-A, prior to June 30, 1993. The exception provided in this paragraph shall only apply to the Trust for New Hampshire Lands. The seller, grantor, assignor, or transferor of any real estate to the Trust shall still be liable for payment of the tax imposed by RSA 78-B:1.
- IX. To noncontractual transfers.
- X. To transfers of cemetery plots.
- XI. To transfers that occur by devise or by other testamentary disposition, or by the laws regulating intestate succession and descent, or by the death of any cotenant in real estate held by joint tenancy; regardless of any consideration paid or obligation assumed by the transferee.
- XII. To the beneficiary of a partnership interest where the partnership dissolves by operation of law due to the death of a partner.
- XIII. To a transfer of title between spouses pursuant to a final decree of divorce or nullity.
- XIV. [Repealed.]
- XV. To an otherwise taxable transfer between a land trust, incorporated under RSA 292 and established to provide affordable housing to low-income people, and a housing cooperative, incorporated under RSA 301-A, if the transfer tax is paid by the trust on the initial purchase of the property.
- XVI. [Repealed.]
- XVII. [Repealed.]
- XVIII. To a deed transferred in accordance with RSA 80:89, VI.
- XIX. [Repealed.]
- XX. To a lease, including any sales, transfers, or assignments of any interest in the leased property, where the term of the lease, including all renewals, is less than 99 years.
- XXI. (a) To a transfer of title provided that:
 - (1) The transfer of title, where no consideration is exchanged, is coincidental to a change in the transferor's form of organization to that of the transferee;
 - (2) As a result of the change in the transferor's form of organization, the assets and liabilities of the transferor immediately preceding the change in form of organization and the assets and liabilities of

transfer of the real estate, the respective ownership percentages of each are identical, and the combined assets and liabilities of the transferor and transferee remain the same except with respect to the real estate.

Source. 1967, 320:1. 1969, 48:2. 1986, 124:1. 1988, 88:1. 1989, 197:3, 4. 1990, 231:1, 5. 1991, 362:3. 1992, 203:2. 1993, 139:1. 1994, 325:5, 6. 1995, 10:1. 1996, 212:1. 1999, 163:3. 2001, 158:27. 2006, 219:1. 2007, 146:1, IV, eff. Aug. 17, 2007. 2015, 133:2; 255:2, eff. July 1, 2015. 2016, 288:2, eff. June 21, 2016.

Fiscal Note

LBAO
19-0647
12/31/18

HB 600-FN- FISCAL NOTE
AS INTRODUCED

AN ACT adding an exception to the real estate transfer tax for certain transfers by an investment trust.

FISCAL IMPACT: State County Local None

STATE:	Estimated Increase / (Decrease)			
	FY 2020	FY 2021	FY 2022	FY 2023
Appropriation	\$0	\$0	\$0	\$0
Revenue	Indeterminable Decrease	Indeterminable Decrease	Indeterminable Decrease	Indeterminable Decrease
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

METHODOLOGY:

This bill adds an exception to the real estate transfer tax for certain transfers by an investment trust if the tax was paid when the real property title was acquired. The Department states this bill will decrease General Fund and Education Trust Fund revenue by an indeterminable amount. The Department does not have the data on what percentage of real estate transfer tax revenue is currently attributable to transfers by NH investment trusts or how many transfers of real estate by NH investment trusts may occur in subsequent years or the price or consideration of these transfers to estimate the impact on revenue.

AGENCIES CONTACTED:

Department of Revenue Administration

Bill as Introduced

HB 600-FN - AS INTRODUCED

2019 SESSION

19-0647

10/05

HOUSE BILL

600-FN

AN ACT

adding an exception to the real estate transfer tax for certain transfers by an investment trust.

SPONSORS:

Rep. Williams, Hills. 4

COMMITTEE:

Ways and Means

ANALYSIS

This bill excepts from the real estate transfer tax certain transfers of interest in property by a New Hampshire investment trust.

.....

Explanation:

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

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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 Nineteen

AN ACT adding an exception to the real estate transfer tax for certain transfers by an investment trust.

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

1 1 New Paragraph; Real Estate Transfer Tax; Exception Added; Investment Trusts. Amend
2 RSA 78-B:2 by inserting after paragraph XXII the following new paragraphs:

3 XXIII. To a direct or indirect transfer of a fee interest in real property to or from an
4 investment trust under RSA 293-B:2 provided that the real estate transfer tax was paid when the
5 real property title was acquired, and:

6 (a) Such fee or equitable interests are conveyed in exchange for capital, or acquired by
7 the person who is the recipient of financing collateralize by fee or equitable interests; or

8 (b) The purpose for the transfer is made in connection with the commencement,
9 syndication, development, re-syndication, or conclusion of investment financing related to a federal
10 Low-Income Housing Tax Credit (LIHTC) project, as defined in Section 42 of the Internal Revenue
11 Code of 1986, as amended, and remains subject to an extended low-income housing commitment in
12 accordance with the provisions of Section 42(h)(6) of the Internal Revenue Code of 1986, as
13 amended.

14 2 Effective Date. This act shall take effect July 1, 2019.