LEGISLATIVE COMMITTEE MINUTES

SB118

Bill as Introduced

SB 118-FN-A-LOCAL - AS INTRODUCED

2021 SESSION

21-0886 10/11

SENATE BILL

118-FN-A-LOCAL

AN ACT

relative to the property tax relief act of 2021.

SPONSORS:

Sen. D'Allesandro, Dist 20; Sen. Watters, Dist 4; Sen. Cavanaugh, Dist 16; Sen. Prentiss, Dist 5; Sen. Perkins Kwoka, Dist 21; Sen. Whitley, Dist 15; Sen. Rosenwald, Dist 13; Sen. Kahn, Dist 10; Sen. Soucy, Dist 18; Sen. Sherman, Dist

24; Rep. Hatch, Coos 6; Rep. Wallner, Merr. 10; Rep. Leishman, Hills. 24

COMMITTEE:

Finance

ANALYSIS

This bill makes an appropriation to the state treasurer for the purpose of providing municipal aid grants to each city, town, and unincorporated place in the state by October 1 of the fiscal years ending June 30, 2022 and June 30, 2023. At least 60 percent of the grant received by a municipality shall be used for local property tax rate reduction.

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty One

AN ACT

relative to the property tax relief act of 2021.

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

- 1 Short Title. This act shall be known as the property tax relief act of 2021.
- 2 Appropriation; State Treasurer; Municipal Aid.
- I. The sum of \$20,000,000 for the fiscal year ending June 30, 2022 and the sum of \$20,000,000 for the fiscal year ending June 30, 2023 is hereby appropriated to the state treasurer for the purpose of providing municipal aid to each city, town, and unincorporated place in the state. The treasurer shall distribute the municipal aid to each city, town, and unincorporated place in the state in one payment of 100 percent on or before October 1 of each fiscal year. The proportion of municipal aid distributed to each municipality pursuant to this paragraph shall be calculated pursuant to paragraph II. The governor is authorized to draw a warrant for said sums out of any money in the treasury not otherwise appropriated. Municipal aid received by October 15, 2021 may be considered unanticipated revenue under RSA 31:95-b and may be accepted and expended pursuant to RSA 31:95-b, II through IV whether or not a town has adopted the provisions of RSA 31:95-b, II. Municipalities shall use a minimum of 60 percent of the amount anticipated in FY 2022 and FY 2023 for property tax rate reduction.
- II. On July 1 of each fiscal year, the treasurer shall reserve the amount necessary for distributions pursuant to paragraph I of this act and said moneys shall not be used for any other purpose. Distributions shall be determined as follows:
- (a) Twenty percent of such funds for the determination year shall be distributed to municipalities on the basis of the ratio that each municipality's average daily membership in residence bears to the statewide total membership in residence, as determined by the department and provided to the treasurer.
- (b) Eighty percent of such funds for the determination year shall be distributed to municipalities on the basis of the ratio that each municipality's number of pupils in the municipality's average daily membership in residence eligible for a free or reduced-price meal bears to the total statewide membership in residence eligible for a free or reduced-price meal, as determined by the department and provided to the treasurer.

III. For purposes of this section:

(a) "Average daily membership in residence" or "ADMR" means the average daily membership in attendance of pupils who are legal residents of the school district, pursuant to RSA 193:12 or RSA 193:27, IV, in kindergarten through grade 12 in the determination year and attend a state-approved public or nonpublic school as assigned by the school district in which the pupil

SB 118-FN-A-LOCAL - AS INTRODUCED - Page 2 -

resides, or by the state, or attend an approved chartered public school, and who are educated at the 1 2 school district's expense, which may include costs of attendance at public academies or out-of-district 3 placements. (b) "Department" means the department of education. 4 (c) "Determination year" means the school year immediately preceding the school year 5 6 for which aid is determined. 7 (d) "Eligible for a free or reduced-price meal" means the ADMR of pupils in kindergarten 8 through grade 12 who are eligible for the federal free or reduced-price meal program. 9 (e) "Municipality" means a city, town, or unincorporated place. 10 3 Effective Date. This act shall take effect July 1, 2021.

SB 118-FN-A-LOCAL- FISCAL NOTE AS INTRODUCED

AN ACT

relative to the property tax relief act of 2021.

FISCAL IMPACT:

[X] State

[] County

[X] Local

[] None

	Estimated Increase / (Decrease)			
STATE:	FY 2021	FY 2022	FY 2023	FY 2024
Appropriation	\$0	\$20,000,000	\$20,000,000	\$0
Revenue	\$0	\$0	\$0	\$0
Expenditures	\$0	\$20,000,000	\$20,000,000	\$0
Funding Source:	[X] General	[] Education	[] Highway	[] Other

LOCAL:

Revenue	\$0	\$20,000,000	\$20,000,000	\$0
Expenditures	\$0	\$0	\$0	\$0

METHODOLOGY:

This bill appropriates a total of \$40,000,000 to the Treasury for municipal aid grants to cities, towns and unincorporated places, payable in 2 installments of \$20,000,000 made by October 1 for each of the fiscal years ending June 30, 2022 and June 30, 2023. At least 60 percent of the appropriation shall be used for local property tax rate reduction.

Twenty percent of such funds shall be distributed to municipalities on the basis of the ratio that each municipality's average daily membership (ADM) in residence bears to the statewide total membership in residence and 80 percent of such funds shall be distributed to municipalities on the basis of the ratio that each municipality's number of pupils in the municipality's average daily membership in residence eligible for a free or reduced-price meal bears to the total statewide membership in residence eligible for a free or reduced-price meal.

The Department of Education indicates that although at least 60 percent of each grant is dedicated to municipal property tax relief there is no requirement for additional expenditures. The distribution formula in this bill is identical to the formula contained in Chapter 346, Laws of 2019 (HB 4).

The New Hampshire Municipal Association states the amounts received by individual municipalities would be approximately the same as what was received in the FY20-21 biennial

state budget, with adjustments for updated ADM calculations. The total received by all municipalities would be \$20,000,000 by October 1, 2021 and \$20,000,000 by October 1, 2022. The portion of these total appropriations required to be used to reduce local property taxes would be \$12,000,000 in each fiscal year, with \$8,000,000 in each fiscal year available for any purpose for which a municipality is authorized to legally spend money, including reducing property taxes.

AGENCIES CONTACTED:

Treasury Department, New Hampshire Municipal Association, and Department of Education

Committee Minutes

SENATE CALENDAR NOTICE Finance

Sen Gary Daniels, Chair Sen John Reagan, Vice Chair Sen Bob Giuda, Member Sen Erin Hennessey, Member Sen Chuck Morse, Member Sen Lou D'Allesandro, Member Sen Cindy Rosenwald, Member

Date: February 3, 2021

HEARINGS

Tuesday		02/09/20	02/09/2021	
	(Day)	(Date)		
Finance		REMOTE 000	1:00 p.m.	
(Name of Committee)		(Place)	(Time)	
1:00 p.m.	SB 119-FN	relative to the ordinary death benefit in the re	etirement system.	
1:15 p.m.	SBD18-EN-A-LOCAL relative to the property tax relief act of 2021.			
1:30 p.m.	SB 127-FN-A-LOCAL adopting omnibus legislation on appropriations.		ns.	

Committee members will receive secure Zoom invitations via email.

Members of the public may attend using the following links:

- 1. Link to Zoom Webinar: https://www.zoom.us/j/98427610026
- 2. To listen via telephone: Dial(for higher quality, dial a number based on your current location):
- 1-301-715-8592, or 1-312-626-6799 or 1-929-205-6099, or 1-253-215-8782, or 1-346-248-7799, or 1-669-900-6833
- 3. Or iPhone one-tap: 13017158592,,98427610026# or 13126266799,,98427610026#
- 4. Webinar ID: 984 2761 0026
- 5. To view/listen to this hearing on YouTube, use this link:

https://www.youtube.com/channel/UCjBZdtrjRnQdmg-2MPMiWrA

6. To sign in to speak, register your position on a bill and/or submit testimony, use this link: http://gencourt.state.nh.us/remotecommittee/senate.aspx

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Sponsors:

SB 119-FN

Sen. Cavanaugh

SB 118-FN-A-LOCAL

Sen. D'Allesandro Sen. Perkins Kwoka Sen. Watters Sen. Whitley Sen. Sherman Sen. Cavanaugh Sen. Rosenwald Rep. Hatch

Sen. Prentiss Sen. Kahn Rep. Wallner

Sen. Soucy Rep. Leishman

SB 127-FN-A-LOCAL

Sen. Bradley

Deb Martone 271-4980

Gary L. Daniels Chairman

Senate Finance Committee

Deb Martone 271-4980

SB 118-FN-A-LOCAL, relative to the property tax relief act of 2021.

Hearing Date:

February 9, 2021

Members of the Committee Present: Senators Daniels, Reagan, Giuda, Hennessey, Morse, D'Allesandro and Rosenwald

This bill makes an appropriation to the state treasurer for the Bill Analysis: purpose of providing municipal aid grants to each city, town, and unincorporated place in the state by October 1 of the fiscal years ending June 30, 2022 and June 30, 2023. At least 60 percent of the grant received by a municipality shall be used for local property tax rate reduction.

Sponsors:

Sen. Watters Sen. D'Allesandro Sen. Cavanaugh Sen. Perkins Kwoka Sen. Whitley Sen. Prentiss Sen. Rosenwald Sen. Kahn Sen. Soucy Rep. Wallner Sen. Sherman Rep. Hatch

Rep. Leishman

Who supports the bill: Please Reference Sign-In Sheets

Who opposes the bill: Alexandra Mennella

Who is neutral on the bill: Caitlin Davis

Summary of testimony presented in support:

Senator D'Allesandro, Prime Sponsor:

- In the last operating budget we appropriated \$20 million per year to municipalities specifically to do whatever they wanted to do with that money. There were no strings attached. One would have thought that one of the main purposes of doing this was to go back to the old revenue sharing days, and that the money would be used to abate some property taxes.
- We hear time after time that the burden brought to the local communities manifests itself in property taxes.
- Sixty percent of this money would be used for property tax relief. We are all in favor of that.
- A number of years ago, municipal aid was discontinued. It had been in place for a long period of time. It was as a result of a deal that was made when the old inventory tax, the "stock and trade" tax was repealed and replaced by the

- Business Profits Tax. As a result of that, revenue sharing would have taken place as part of this transaction.
- We saw an opportunity to provide aid in the last operating budget and yet, one
 of the problems facing communities is property taxes. We gave \$20 million to be
 used by the communities any way they wanted, and they could have used it to
 help abate property taxes.
- SB 118-FN-A-LOCAL specifically states that 60 percent of the money will be used for property taxes.
- This bill continues the practice from the last operating budget, but qualifies it in saying specifically that 60 percent of the money would be used to abate property taxes; to provide property tax relief.
- Senator Giuda inquired if the state could appropriate funds to a community, and then dictate that the community use it for tax relief, as opposed to specific projects such as infrastructure. He wondered about the constitutionality of it. Should that not be the decision of the local legislative body? Senator D'Allesandro indicated the purpose of a public body when it makes an appropriation and designates it, it is the result of the comments made by the community and the need manifested by the community. For example, when bridge aid is given, it is specifically for bridges; same with roads. There is a precedent of assigning dollars and maintaining where those dollars should be spent.
- Senator Rosenwald pointed out there are many bills this session attempting to send money from the state down to communities. She believes SB 118-FN-A-LOCAL is the only one that would require property tax relief. She inquired if Senator D'Allesandro agreed. Senator D'Allesandro agreed that was the case.
- Senator Daniels inquired of the \$20 million distributed in the last operating budget, how much was used to lower property taxes. Senator D'Allesandro was unsure but thought that some may have indeed used it to lower property taxes. Senator Daniels wondered since his constituents in District 11 have no control over the taxes that are raised in Senator D'Allesandro's district, why should Senator Daniels' constituents pay for something that could be out of control when we attempt to keep it in control. Senator D'Allesandro reiterated with this bill, he has attempted to address a public clamoring for lower property taxes. It is in the public good and the public interest.
- Senator Hennessey explained some cities and towns may be disadvantaged as a result of not getting the free and reduced lunch forms submitted to them. She asked if Senator D'Allesandro had given any thought with his legislation as to which year it would pertain to, or the consequence of same. Senator D'Allesandro indicated the money would be allocated for the next two years. The municipalities have already received the money this year, and are using it as they see fit. He stated he does understand Senator Hennessey's concern.
- Senator Giuda reiterated his concern with the 60 percent property tax provision of the bill. When you step back and look at the totality of the property tax problem, it's not a one or two year problem. This bill provides an artificial reduction in property tax rates that will add to the volatility. When this runs out, the property taxes will snap right back. That will create more of a furor

than a stable high rate. Again, he would much rather leave the decision up to the local governing body. Senator D'Allesandro hopes that someday the state can go back to the revenue sharing concept, which would consistently be received. It's a good premise.

• Senator Morse stressed he believes this is a budget issue. We will have opportunities to help the local communities. However, he shares Senator Giuda's concern. Senator D'Allesandro agreed it is a budget issue.

<u>Becky Benvenuti</u>, Government Finance Advisor, New Hampshire Municipal Association:

- This bill appropriates a total of \$40 million: \$20 million in municipal aid to towns and cities for each of fiscal years 2022 and 2023. It further requires that 60 percent (\$12 million each year) of that amount be used to provide a property tax reduction.
- A similar appropriation, known as municipal aid, was included in the current biennial state budget, in the amounts of \$20 million for both fiscal years 2020 and 2021. This municipal aid has been very beneficial to municipalities in helping to fund essential services, and this revenue has helped offset the amounts that would have otherwise been necessary to raise in property taxes.
- The 2019 appropriation was made from General Fund surplus existing at that time and deemed "one-time revenue for one-time expenses". The 2019, \$20 million annual appropriation helped to offset the suspension of the longstanding \$25 million annual revenue sharing distributions required under RSA 31-A, which were not distributed to municipalities over the past 11 years.
- Revenue sharing legislation still exists. Annual distributions to towns and cities were made up until 2009. The appropriation was suspended in 2010 and has continued to be suspended year after year since.
- Currently, as municipalities are going through this year's budget and planning
 processes for years 2022 and beyond, the loss of the "one-time" 2019 municipal
 aid appropriation is a significant budget concern. Likewise, the suspension of
 revenue sharing and state aid over the past 11 years has had a significant,
 consequential budgetary impact on towns' and cities' budget funding for
 essential services, and has directly impacted the amount of local property taxes
 necessary to be raised because of the loss of these revenues.
- This bill would continue to provide for two more years of \$20 million in annual municipal aid. However, it would require 60 percent of that amount (\$12 million) be used to provide a property tax rate reduction, leaving municipalities with a balance of only \$8 million to be used at the discretion of the town or city for any purpose, including property tax reduction, for which they are legally authorized to spend.
- Senator Daniels inquired who would determine "essential" services. Ms. Benvenuti stated essential services would be determined through the annual Town Meeting or the governing body process of planning and establishing budgets. Ultimately, it's the property taxpayers of each community that would participate in that process, and would determine how they wish their local governments to be funded. Senator Daniels indicated essentially, it could be

spent on anything the voters decided to spend it on. Ms. Benvenuti agreed, including property tax rate reduction.

Neutral Information Presented:

Caitlin Davis, Director, NH Department of Education:

• The free and reduced lunch issue will affect SB 118-FN-A-LOCAL. The amount of money will be reshuffled. The same amount of money will be distributed, the \$20 million. Different districts may receive differing amounts depending upon the free and reduced lunch numbers. Some towns and cities have had more success collecting free and reduced lunch applications.

dm Date Hearing Report completed: February 11, 2021

SENATE CALENDAR NOTICE Finance

Sen Gary Daniels, Chair Sen John Reagan, Vice Chair Sen Bob Giuda, Member Sen Erin Hennessey, Member Sen Chuck Morse, Member Sen Lou D'Allesandro, Member Sen Cindy Rosenwald, Member

Date: February 11, 2021

EXECUTIVE SESSION

Tuesday	Tuesday 02/16/2021 (Day) (Date) REMOTE 000 1:00 p.m.	
(Day)		
Finance		
(Name of Committee)	(Place)	(Time)

EXECUTIVE/SESSION ON PENDING REGISTATION 1:00 p.m.

Committee members will receive secure Zoom invitations via email.

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- 1. Link to Zoom Webinar: https://www.zoom.us/j/91942497442
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- 3. Or iPhone one-tap: 19292056099,,91942497442# or 13017158592,,91942497442#
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Deb Martone 271-4980

Gary L. Daniels Chairman

Speakers

SB 118-FN-A-L Sign-In Sheet

Name	Title	Representi	Position	Testifing
D'Alle	An Elected	SD20	Support	Yes
Benvenuti	A Lobbyist	New Hamp	Support	Yes
	A Member		Support	No
Kahn Jay	An Elected	Myself	Support	No
Leishman F	An Elected	Myself	Support	No
Wallner Ma	An Elected	Myself	Support	No
Perkins Kw	An Elected	Myself (SD	Support	No
Watters Se	An Elected	Myself (SD	Support	No
Ward Tyler	An Elected	Myself	Support	No
Till Mary	A Member	Myself	Support	No
Kudlik Cind	An Elected	Myself	Support	No
Fordey Nice	A Member	Myself	Support	No
Hinebauch	A Member	Myself	Support	No
Spencer Lo	A Member	Myself	Support	No
Spencer Ro	A Member	Myself	Support	No
Torpey Jea	A Member	Myself	Support	No
Rosenwald	An Elected	SD 13	Support	No
Neville Bet	A Member	Myself	Support	No
blakeney g	A Member	Myself	Support	No
hatch sally	A Member	Myself	Support	No
Ellermann	A Member	Myself	Support	No
Damon Cla	A Member	Myself	Support	No
Larson Rut	l A Member	Myself	Support	No
Garen June	A Member	Myself	Support	No
BERK BRUC	A Member	Myself	Support	No
Telerski La	An Elected	Hillsboroug	Support	No
Straiton M	A Member	Myself	Support	No
Sherman S	An Elected	SD24	Support	No .
Drabik Lisa	A Member	Town of Lo	Support	No
Morris Ed	A Member	City of Clar	Support	No
mattlage L	i A Member	Myself	Support	No
Anderson I	A Member	Myself	Support	No
Ladd Carl	A Lobbyist	New Hamp	Support	No

SB 118-FN-A-L Sign-In Sheet

DeMark Ric A Member	Myself	Support	No
Koch Helm A Member	Myself	Support	No
Koch Laurie A Member	Myself	Support	No
Brennan Na A Member	Myself	Support	No
Carter Lilia: A Member	Myself	Support	No
Perencevic A Member	Myself	Support	No
Corell Eliza A Member	Myself	Support	No
Hackmann A Member	Myself	Support	No
Rettew Ant A Member	Myself	Support	No
Richman St A Member	Myself	Support	No
Aronson La A Member	Myself	Support	No
Istel Claudi A Member	Myself	Support	No
Hawkins Br A Lobbyist	NEA-NH	Support	No
Mennella AA Member	Myself	Oppose	No
Platt Elizab A Member	Myself	Support	No
Petruccelli A Member	Myself	Support	No
Petruccelli A Member	Myself	Support	No
Spielman K A Member	Myself	Support	No
Spielman J. A Member	Myself	Support	No
RasmussenAMember	Myself	Support	No
Taylor Gale A Member	Myself	Support	No

Voting Sheets

Senate Finance Committee EXECUTIVE SESSION

- /	,	3ill #58/18-FN-A-L
Hearing date:	/21 ,	
Executive session date:	10/21	
Motion of:		OTE: 4.3
	conded Daniels Reporte Senator: Reagan by Senator Giuda Rosenwald D'Allesandro Morse	ed Daniels ator: Reagan Giuda Rosenwald D'Allesandro Morse
Hennessey 🗌	Hennessey \square	Hennessey \square
Motion of:	VOTE:	
	conded Daniels Reported Senator: Reagan by Senator Giuda Rosenwald D'Allesandro Morse Hennessey Hennessey	ed Daniels ator: Reagan Giuda Rosenwald D'Allesandro Morse Hennessey
Committee Member Senator Daniels , Chairman Senator Reagan, Vice-Chair Senator Giuda Senator Hennessey Senator Rosenwald Senator Morse Senator D'Allesandro	Present Yes No Re	ported out by
Amendments:		
Notes:		

Committee Report

STATE OF NEW HAMPSHIRE

SENATE

REPORT OF THE COMMITTEE

Tuesday, February 16, 2021

THE COMMITTEE ON Finance

to which was referred SB 118-FN-A-LOCAL

AN ACT

relative to the property tax relief act of 2021.

Having considered the same, the committee recommends that the Bill

OUGHT TO PASS

BY A VOTE OF: 4-3

Senator Lou D'Allesandro For the Committee

Deb Martone 271-4980

General Court of New Hampshire - Bill Status System

Docket of SB118

Docket Abbreviations

Bill Title: relative to the property tax relief act of 2021.

Official Docket of **SB118.**:

Date	Body	Description
1/29/2021	S	Introduced 01/06/2021 and Referred to Finance; SJ 3
2/5/2021	S	Remote Hearing: 02/09/2021, 01:15 pm; Links to join the hearing can be found in the Senate Calendar; SC 10
2/16/2021	S	Committee Report: Ought to Pass, 03/04/2021; SC 12
3/4/2021	S	Ought to Pass: RC 13Y-11N, MA; 03/04/2021; SJ 6
3/4/2021	S	Sen. Bradley Moved Laid on Table, RC 24Y-0N, MA; 03/04/2021; SJ 6
3/4/2021	S	Pending Motion OT3rdg; 03/04/2021; SJ 6

NH House	NH Senate

Other Referrals

Senate Inventory Checklist for Archives

Bill Number: 58118-FN-A-L Senate Committee: FINANCE
Please include all documents in the order listed below and indicate the documents which have been included with an "X" beside
Final docket found on Bill Status
Bill Hearing Documents: {Legislative Aides}
Bill version as it came to the committee X All Calendar Notices Hearing Sign-up sheet(s)
All Calendar Notices
Prepared testimony, presentations, & other submissions handed in at the public hearing
Hearing Report
Revised/Amended Fiscal Notes provided by the Senate Clerk's Office
Committee Action Documents: {Legislative Aides}
All amendments considered in committee (including those not adopted):
amendment # amendment #
amendment # amendment #
Executive Session Sheet
Committee Report
Floor Action Documents: {Clerk's Office}
All floor amendments considered by the body during session (only if they are offered to the senate):
amendment # amendment #
amendment # amendment #
Post Floor Action: (if applicable) {Clerk's Office}
Committee of Conference Report (if signed off by all members. Include any new language proposed by the committee of conference):
Enrolled Bill Amendment(s)
Governor's Veto Message
All available versions of the bill: {Clerk's Office}
as amended by the senate as amended by the house
final version
Completed Committee Report File Delivered to the Senate Clerk's Office By:
Deb Martone 27/20/21
Committee Aide Date
Sanata Clark's Office