HOUSE OF REPRESENTATIVES

REPORT OF COMMITTEE

The Committee on Transportation to which was referred HB 1570-FN,

AN ACT relative to reducing vehicle registration fees. Having considered the same, report the same with the following resolution: RESOLVED, that it is INEXPEDIENT TO LEGISLATE.

Rep. Aidan Ankarberg

FOR THE COMMITTEE

COMMITTEE REPORT

Committee:	**Transportation**
Bill Number:	**HB 1570-FN**
Title:	**relative to reducing vehicle registration fees.**
Date:	**March 1, 2022**
Consent Calendar:	**CONSENT**
Recommendation:	**INEXPEDIENT TO LEGISLATE**

STATEMENT OF INTENT

The New Hampshire Municipal Association testified to a loss of municipal revenue of between 82.5 to 90 million dollars yearly, statewide. This is too onerous a burden to place upon our towns and cities and as a result, the committee opposes this bill.

Vote 19-0.

Rep. Aidan Ankarberg
FOR THE COMMITTEE

Original: House Clerk
        Cc: Committee Bill File

CONSENT CALENDAR

Transportation
HB 1570-FN, relative to reducing vehicle registration fees. **INEXPEDIENT TO LEGISLATE.**
Rep. Aidan Ankarberg for Transportation. The New Hampshire Municipal Association testified to a loss of municipal revenue of between 82.5 to 90 million dollars yearly, statewide. This is too onerous a burden to place upon our towns and cities and as a result, the committee opposes this bill.   **Vote 19-0.**

EXECUTIVE SESSION on HB 1570-FN

BILL TITLE: relative to reducing vehicle registration fees.

DATE: March 1, 2022

LOB ROOM: 203

<u>**MOTIONS:**</u>   **INEXPEDIENT TO LEGISLATE**

Moved by Rep. Ankarberg   Seconded by Rep. Hill   Vote: 19-0

CONSENT CALENDAR: YES

<u>**Statement of Intent:**</u>   Refer to Committee Report

Respectfully submitted,

Rep Karel Crawford, Clerk

HOUSE COMMITTEE ON TRANSPORTATION

EXECUTIVE SESSION on Bill # _1570_

BILL TITLE: ... *relative to reducing vehicle registration Fees*

DATE: 3/1/22

LOB ROOM: 201-203

MOTION: (Please check one box)

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

Moved by Rep. _Ankarberg_   Seconded by Rep. _Hill_   Vote: _19-0_

MOTION: (Please check one box)

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

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

MOTION: (Please check one box)

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

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

MOTION: (Please check one box)

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

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

CONSENT CALENDAR: ✓ YES   _____ NO

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

Respectfully submitted: _____
Rep. Karel Crawford, Clerk

2022 SESSION

Transportation

Bill #: _1570-FN_ Motion: _ITL_ AM #: _____ Exec Session Date: _3/6/22_

Members	YEAS	Nays	NV
Walsh, Thomas C. Chairman	✓		
Gagne, Larry G. Vice Chairman	✓		
Smith, Steven D.	✓		
Crawford, Karel A. Clerk	✓		
Hill, Gregory G.	✓		
Thompson, Dennis J.	✓		
Ankarberg, Aidan	✓		
Gorski, Ted	✓		
O'Hara, Travis J. *Rep. Boyd*	✓		
Pitaro, Matthew *Rep. TOROSIAN*	✓		
Sykes, George E.	✓		
Cleaver, Skip J. *Rep. Fellows*	✓		
Fenton, Donovan W.	✓		
Rombeau, Catherine	✓		
Rich, Cecilia	✓		
Telerski, Laura D.	✓		
Fox, Dru	✓		
Stevens, Deb	✓		
Veilleux, Daniel T. *Rep. Woods*	✓		
TOTAL VOTE:	19	0	

BILL TITLE: HB 1570-FN relative to reducing vehicle registration fees

DATE: 2/22/22

LOB ROOM: 201-203   Time Public Hearing Called to Order: 9:49 am

                                        Time Adjourned: 10:13 am

Committee Members: Reps. Walsh, Gagne, Crawford, Smith, Hill, Thompson, Ankarberg, Gorski, O'Hara, Pitaro, Sykes, Cleaver, Fenton, Rombeau,Rich, Telerski, Fox, Stevens and Veilleux

Bill Sponsors: Rep. Ammon

TESTIMONY

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

Rep. Ammon introduced the bill -
Reducing the registration fees – we know that the registration fees rolls the fees five year. Registration fee for a 40 to 60 thousand dollars and the fee could be $1,000. 1975 and 1980 is where we get the current rates. This money goes into the general fund for the towns. Manchester - 14,000,000 in registration fees, small towns receive 2,000,000 and they spend ½ o roads.

Rep. Telerski – the fiscal note is confusing - how would it work with towns – we have one of the highest registration fees in the country –
Rep. Sykes – what puzzles me is how the fees would to replace that money would be on property taxes A. The whole thing is a shell game – follow-up the other part of the problem is a tax brake to those who does not drive.
Rep. O'Hara if we do lower the rate

*Katherine Heck – NHMA –oppose the bill will email written testimony –
Vehicle registration is the second highest revenue in the state, without it would have to raise property taxes. Using the revenue collected to increase the fees 2020 206,000,000 was collected the reduction would be 90,000,000, this bill would zero out the increase we had last year in the meals and rooms tax.

Rep. Gorski – Are there other areas that we could look at? A. Unfortunately any reduction in revenues would affect the taxpayer.
Rep. Sykes - /are you aware of any studies on that show the comparison on rental studies and how tenants are charged in property taxes.

*Joan Dargie – NH City ad Town clerks will email testimony – oppose

Milford would lose 600,000 the first year – Salem would loose 1.2 million – if we loose the vehicle rates on business we will not gain anything to pay more for property taxes. If you live in sale tax states you would be paying more for registrations. This is just a shift in property taxes.

Respectfully submitted,

Rep. Karel Crawford, Clerk

SIGN UP SHEET
To Register Opinion If Not Speaking

Bill #: __HB1570__

Date: __2/22/22__

Committee: __Transportation__

** Please Print All Information **

Name	Address	Phone	Representing	Pro	Con
Katherine Heck	Concord NH	224-7447	NAMA		X
Joan Dargie	Milford	233-0788	NHCTC		X
Vincent Montagna	Westfield	457-4619	GSBMC		X
Brd Heavy	Westfield	457-			

House Remote Testify

Transportation Committee Testify List for Bill HB1570 on 2022-02-22

Support: 21   Oppose: 40   Neutral: 0   Total to Testify: 0

Export to Excel

Name	City, State Email Address	Title	Representing	Position	Testifying	Non-Germane	Signed Up
Maidment, Christopher	Peterborough, NH chris@maidmentnh.com	A Member of the Public	Myself	Support	No	No	2/18/2022 9:33 AM
Deshaies, Rep. Brodie	Wolfeboro, NH BrodieforNH@gmail.com	An Elected Official	Carroll 6, Wolfeboro, NH	Oppose	No	No	2/18/2022 12:38 PM
Dufort, Liselle	Newport, NH clerk@newportnh.gov	An Elected Official	Newport NH	Oppose	No	No	2/18/2022 3:52 PM
Dargie, Joan	Milford, NH joan.dargie@milford.nh.gov	An Elected Official	Town of Milford	Oppose	No	No	2/18/2022 4:18 PM
Dargie, Paul	Milford, NH pauldargie@gmail.com	An Elected Official	Myself	Oppose	No	No	2/18/2022 6:01 PM
Parker, Kerri	Meredith, NH kparker@meredithnh.org	An Elected Official	Myself and a member of the NH Town Clerks Association	Oppose	No	No	2/19/2022 8:01 AM
Kerekes, Kimberly	Barrington, NH kkerekes@barrington.nh.gov	An Elected Official	Myself	Oppose	No	No	2/19/2022 9:05 AM
Schweiker, Roy	Concord, NH royswkr@hotmail.com	A Member of the Public	Myself	Oppose	No	No	2/19/2022 4:01 PM
Parker, Jack	Alton, NH Jackparker12@gmail.com	A Member of the Public	Myself	Oppose	No	No	2/20/2022 9:53 AM
Hamer, Heidi	Manchester, NH heidi.hamer@leg.state.nh.us	An Elected Official	Myself	Oppose	No	No	2/20/2022 1:53 PM
Eisner, Mary	Derry, NH nhdem@msn.com	A Member of the Public	Myself	Oppose	No	No	2/20/2022 2:30 PM
Pauer, Eric	Brookline, NH secretary@BrooklineGOP.org	A Member of the Public	Self	Support	No	No	2/20/2022 3:08 PM
Dontonville, Roger	Enfield, NH rdontonville@gmail.com	An Elected Official	Myself	Oppose	No	No	2/20/2022 5:19 PM

Name	Location	Role	Representing	Position			Date
Dontonville, Anne	Enfield, NH Ardontonville@gmail.com	A Member of the Public	Myself	Oppose	No	No	2/20/2022 6:37 PM
Howland, Curtis	Manchester, NH howland@priss.com	A Member of the Public	Myself	Support	No	No	2/20/2022 9:24 PM
Smith, Suzanne	Hebron, NH zanne719@gmail.com	An Elected Official	Myself	Oppose	No	No	2/21/2022 7:30 AM
Smith, Julie	Nashua, NH cantdog@comcast.net	A Member of the Public	Myself	Support	No	No	2/21/2022 7:32 AM
Panek, Sandra	Pelham, NH Sandypanek@protonmail.com	A Member of the Public	Myself	Support	No	No	2/21/2022 8:05 AM
Doughty, Patrick	Bethlehem, NH patrickdoughty@roadrunner.com	A Member of the Public	Myself	Support	No	No	2/21/2022 12:18 PM
Enos, Liz	Litchfield, NH pwrmine@aol.com	A Member of the Public	Myself	Support	No	No	2/21/2022 12:46 PM
Pumilia, MaryAnn	Laconia, NH mpumilia@frontiernet.net	A Member of the Public	Myself	Support	No	No	2/21/2022 12:52 PM
Olson, William	Bristol, NH md88driver@gmail.com	A Member of the Public	Myself	Support	No	No	2/21/2022 12:53 PM
Olson, Stephanie	Bristol, NH stephanieqolson@gmail.com	A Member of the Public	Myself	Support	No	No	2/21/2022 12:53 PM
Doherty, David	Pembroke, NH ddoherty0845@gmail.com	A Member of the Public	Myself	Oppose	No	No	2/21/2022 12:54 PM
Lewis, Elizabeth	Nashua, NH ecop.lewis@gmail.com	A Member of the Public	Myself	Oppose	No	No	2/21/2022 1:08 PM
wazir, Safiya	Concord, NH Swazir@leg.state.nh.us	An Elected Official	Myself and my Constituents	Oppose	No	No	2/21/2022 1:12 PM
Tucker, Katherine	Wilmot, NH katherine.s.tucker@valley.net	A Member of the Public	Myself	Oppose	No	No	2/21/2022 3:35 PM
Noel, Henry	Berlin, NH hw418noel@gmail.com	A Member of the Public	Myself	Oppose	No	No	2/21/2022 3:51 PM
Weston, Joyce	Plymouth, NH jweston14@roadrunner.com	An Elected Official	Myself	Oppose	No	No	2/21/2022 4:15 PM
Oxenham, Lee	Plainfield, NH leeoxenham@comcast.net	An Elected Official	Myself	Oppose	No	No	2/21/2022 5:18 PM
Zirkle, Holly	Nottingham, NH gnomenclaturefun@gmail.com	A Member of the Public	Myself	Oppose	No	No	2/21/2022 5:46 PM

Robinson, Steven	Northwood, NH Nikkiandme@yahoo.com	A Member of the Public	Myself		Support	No	No	2/21/2022 6:28 PM
Robinson, Karen	Northwood, NH Bdabng12@yahoo.com	A Member of the Public	Myself		Support	No	No	2/21/2022 6:33 PM
See, Alvin	Loudon, NH absee@4liberty.net	A Member of the Public	Myself		Support	No	No	2/21/2022 6:46 PM
Petrusewicz, Carol	Rochester, NH clmcc2befree@yahoo.com	A Member of the Public	Myself		Support	No	No	2/21/2022 8:22 PM
Almy, Susan	Lebanon, NH Susan.almy@comcast.net	An Elected Official	Myself		Oppose	No	No	2/21/2022 8:33 PM
Hallock, Linda	Cornish, NH LINDASH@MAIL.COM	A Member of the Public	Myself		Oppose	No	No	2/21/2022 9:40 PM
MacGregor, Leslie	Grantham, NH lsmacgregor@gmail.com	A Member of the Public	Myself		Oppose	No	No	2/21/2022 10:15 PM
Rich, Cecilia	Somersworth, NH cecilia.rich@leg.state.nh.us	An Elected Official	Myself		Oppose	No	No	2/21/2022 10:19 PM
Schuett, Dianne	Pembroke, NH schuettforrep@yahoo.com	An Elected Official	Merr. Dist. 20		Oppose	No	No	2/21/2022 10:50 PM
Jorgensen, Patricia	NORTHFIELD, NH yellaboat@aol.com	A Member of the Public	Myself		Support	No	No	2/21/2022 11:15 PM
Freedman, Aubrey	Bridgewater, NH aubreyyfreedman@gmail.com	A Member of the Public	Myself		Support	No	No	2/22/2022 12:44 AM
Grassie, Chuck	Rochester, NH chuck.grassie@leg.state.nh.us	An Elected Official	Strafford 11		Oppose	No	No	2/22/2022 12:45 AM
Richardson, Bryan	Alexandria, NH marks-dad@ipatriots.us	A Member of the Public	Myself		Support	No	No	2/22/2022 4:09 AM
Hanks, Laurie	Grantham, NH lfhanks@comcast.net	A Member of the Public	Myself		Oppose	No	No	2/22/2022 4:59 AM
kirsch, walter	contoocook, NH kirschwalterf@yahoo.com	A Member of the Public	Myself		Support	No	No	2/22/2022 7:55 AM
Dolat Bartlett, Rep Christy	Concord, NH christydbartlett@gmail.com	An Elected Official	Merrimack County 19		Oppose	No	No	2/22/2022 8:27 AM
Cahill, Michael	Newmarket, NH michael.cahill@leg.state.nh.us	An Elected Official	Myself		Oppose	No	No	2/22/2022 8:31 AM
Douville, Linda	Grantham, NH Lmdanp@aol.com	A Member of the Public	Myself		Oppose	No	No	2/22/2022 8:49 AM

Medeiros, Jesse	Plainfield, NH bgtrck458@gmail.com	A Member of the Public	Myself	Support	No	No	2/22/2022 9:43 AM
Alleman, Bill	Weare, NH gencourt@allemanse.com	A Member of the Public	Myself	Support	No	No	2/22/2022 9:44 AM
Hamblet, Joan	Portsmouth, NH jhamblet4@gmail.com	A Member of the Public	Myself	Oppose	No	No	2/22/2022 9:46 AM
Hoyt, Nicole	Boscawen, NH nhoyt@townofboscawen.org	An Elected Official	Myself	Oppose	No	No	2/22/2022 10:06 AM
Dilts-Brown, Haley	Boscawen, NH hdiltsbrown@townofboscawen.org	A Member of the Public	Myself	Oppose	No	No	2/22/2022 10:20 AM
caporale, norma	boscawen, NH ncaporale@townofboscawen.org	A Member of the Public	Boscawen	Oppose	No	No	2/22/2022 10:25 AM
Harriott-Gathright, Linda	Nashua, NH linda.harriottgathright@leg.state.nh.us	An Elected Official	Constituents	Oppose	No	No	2/22/2022 11:31 AM
Murray, Kate	New Castle, NH dr.karma2000@gmail.com	An Elected Official	Myself	Oppose	No	No	2/22/2022 1:06 PM
Bouchard, Donald	MANCHESTER, NH donaldjbouchard@gmail.com	An Elected Official	Myself	Oppose	No	No	2/22/2022 1:45 PM
Howard, Raymond	Alton, NH brhowardjr@yahoo.com	An Elected Official	Belknap 8	Support	No	No	2/22/2022 2:15 PM
Kiely, Cecilia	Nottingham, NH Cecilia.kiely@gmail.com	A Member of the Public	Myself	Oppose	No	No	2/22/2022 3:53 PM
Dolkart, Vivian	Grantham, NH viviandolkart@gmail.com	A Member of the Public	Myself	Oppose	No	No	2/22/2022 7:29 PM

February 21, 2022

House Transportation Committee
NH State House
107 N Main St
Concord, NH 03303

RE: HB 1570

Ladies & Gentlemen:

The Granite State Taxpayers are writing to express support of HB 1570.

Passage of this legislation serves two essential functions. The rates created under it bring New Hampshire vehicle registration fees more in line with our major economic competitor, Massachusetts.

The New Hampshire vehicle registration fee tends to charge somewhat higher fees on older vehicles than Massachusetts does under its excise tax. This change in rates would make our state vehicle registration fees more in line with the Massachusetts practice and, thus, make our state more competitive.

Secondly, it creates more economic freedom for New Hampshire cities and towns. Reducing "free" state-derived vehicle registration fees means local spending is more rationally controlled and prioritized. When the money comes via Concord, it is easier to make spending decisions that are not as rational because the tax is not imposed by the people spending it.

Local control is a hallmark of New Hampshire law and politics, and passage of this legislation will enhance that tradition.

Thank you for your attention.

Sincerely yours,

Paul Peter Nicolai, Esq.

EntityId	Year	EntityName	County	3220 - Motor Vehicle Permit Fees
100100	2020	Acworth	Sullivan	$ 195,301.00
100200	2020	Albany	Carroll	$ 321,193.00
100300	2020	Alexandria	Grafton	$ 397,534.00
100400	2020	Allenstown	Merrimack	$ 810,357.00
100500	2020	Alstead	Cheshire	$ 368,556.00
100600	2020	Alton	Belknap	$ 1,550,408.00
100700	2020	Amherst	Hillsborough	$ 3,044,366.00
100800	2020	Andover	Merrimack	$ 531,289.00
100900	2020	Antrim	Hillsborough	$ 489,592.00
101000	2020	Ashland	Grafton	$ 399,187.00
101100	2020	Atkinson	Rockingham	$ 1,891,528.00
101200	2020	Auburn	Rockingham	$ 1,859,706.00
101300	2020	Barnstead	Belknap	$ 1,049,893.00
101400	2020	Barrington	Strafford	$ 1,975,286.00
101500	2020	Bartlett	Carroll	$ 805,991.00
101600	2020	Bath	Grafton	$ 226,214.00
101700	2020	Bedford	Hillsborough	$ 5,772,531.00
101800	2020	Belmont	Belknap	$ 1,574,381.00
101900	2020	Bennington	Hillsborough	$ 300,703.00
102000	2020	Benton	Grafton	$ 65,767.00
102100	2020	Berlin	Coos	$ 1,498,711.00
102200	2020	Bethlehem	Grafton	$ 555,283.00
102300	2020	Boscawen	Merrimack	$ 711,131.00
102400	2020	Bow	Merrimack	$ 2,516,242.00
102500	2020	Bradford	Merrimack	$ 372,890.00
102600	2020	Brentwood	Rockingham	$ 1,162,852.00
102700	2020	Bridgewater	Grafton	$ 348,684.00
102800	2020	Bristol	Grafton	$ 731,441.00
102900	2020	Brookfield	Carroll	$ 168,505.00
103000	2020	Brookline	Hillsborough	$ 1,247,558.00
103100	2020	Campton	Grafton	$ 783,547.00
103200	2020	Canaan	Grafton	$ 814,534.00
103300	2020	Candia	Rockingham	$ 1,069,802.00
103400	2020	Canterbury	Merrimack	$ 560,575.00
103500	2020	Carroll	Coos	$ 229,674.00
103600	2020	Center Harbor	Belknap	$ 298,094.00
103700	2020	Charlestown	Sullivan	
103800	2020	Chatham	Carroll	$ 70,731.00
103900	2020	Chester	Rockingham	$ 1,385,008.00
104000	2020	Chesterfield	Cheshire	$ 582,317.00
104100	2020	Chichester	Merrimack	$ 686,802.00
104200	2020	Claremont	Sullivan	$ 2,167,433.00
104300	2020	Clarksville	Coos	$ 107,012.00
104400	2020	Colebrook	Coos	$ 476,916.00
104500	2020	Columbia	Coos	$ 202,666.00
104600	2020	Concord	Merrimack	$ 7,838,356.00
104700	2020	Conway	Carroll	$ 2,243,699.00
104800	2020	Cornish	Sullivan	$ 382,074.00
104900	2020	Croydon	Sullivan	$ 179,919.00

105000	2020	Dalton	Coos	
105100	2020	Danbury	Merrimack	$ 259,791.00
105200	2020	Danville	Rockingham	$ 1,020,612.00
105300	2020	Deerfield	Rockingham	$ 1,132,112.00
105400	2020	Deering	Hillsborough	$ 397,616.00
105500	2020	Derry	Rockingham	$ 6,761,676.00
105700	2020	Dorchester	Grafton	$ 70,970.00
105800	2020	Dover	Strafford	$ 6,104,229.00
105900	2020	Dublin	Cheshire	$ 354,896.00
106000	2020	Dummer	Coos	$ 83,991.00
106100	2020	Dunbarton	Merrimack	$ 768,588.00
106200	2020	Durham	Strafford	$ 1,180,592.00
106300	2020	East Kingston	Rockingham	$ 580,894.00
106400	2020	Easton	Grafton	$ 75,480.00
106500	2020	Eaton	Carroll	$ 104,156.00
106600	2020	Effingham	Carroll	$ 328,361.00
106700	2020	Ellsworth	Grafton	$ 19,673.00
106800	2020	Enfield	Grafton	$ 1,096,295.00
106900	2020	Epping	Rockingham	$ 1,627,367.00
107000	2020	Epsom	Merrimack	$ 1,115,759.00
107100	2020	Errol	Coos	$ 130,850.00
107200	2020	Exeter	Rockingham	$ 3,090,723.00
107300	2020	Farmington	Strafford	$ 1,483,957.00
107400	2020	Fitzwilliam	Cheshire	$ 535,689.00
107500	2020	Francestown	Hillsborough	$ 357,272.00
107600	2020	Franconia	Grafton	$ 297,068.00
107700	2020	Franklin	Merrimack	$ 1,434,051.00
107800	2020	Freedom	Carroll	$ 430,249.00
107900	2020	Fremont	Rockingham	$ 1,093,973.00
108000	2020	Gilford	Belknap	$ 2,145,130.00
108100	2020	Gilmanton	Belknap	$ 975,312.00
108200	2020	Gilsum	Cheshire	$ 145,638.00
108300	2020	Goffstown	Hillsborough	$ 3,451,899.00
108400	2020	Gorham	Coos	$ 685,440.00
108500	2020	Goshen	Sullivan	$ 158,708.00
108600	2020	Grafton	Grafton	$ 226,744.00
108700	2020	Grantham	Sullivan	$ 891,350.00
108800	2020	Greenfield	Hillsborough	$ 311,273.00
108900	2020	Greenland	Rockingham	$ 1,152,202.00
109000	2020	Greenville	Hillsborough	$ 352,779.00
109100	2020	Groton	Grafton	$ 159,162.00
109200	2020	Hampstead	Rockingham	$ 2,124,704.00
109300	2020	Hampton	Rockingham	$ 3,973,435.00
109400	2020	Hampton F	Rockingham	$ 727,203.00
109500	2020	Hancock	Hillsborough	$ 376,859.00
109600	2020	Hanover	Grafton	$ 1,635,737.00
109700	2020	Harrisville	Cheshire	$ 213,205.00
109800	2020	Hart's Loca	Carroll	$ 15,058.00
109900	2020	Haverhill	Grafton	$ 946,235.00
110000	2020	Hebron	Grafton	$ 194,255.00

110100	2020	Henniker	Merrimack	$	974,839.00
110200	2020	Hill	Merrimack	$	210,612.00
110300	2020	Hillsborough	Hillsborough	$	1,054,391.00
110400	2020	Hinsdale	Cheshire	$	691,330.00
110500	2020	Holderness	Grafton	$	593,839.00
110600	2020	Hollis	Hillsborough	$	2,103,074.00
110700	2020	Hooksett	Merrimack	$	4,512,274.00
110800	2020	Hopkinton	Merrimack	$	1,324,911.00
110900	2020	Hudson	Hillsborough	$	6,118,713.00
111000	2020	Jackson	Carroll	$	278,080.00
111100	2020	Jaffrey	Cheshire	$	1,161,751.00
111200	2020	Jefferson	Coos	$	299,370.00
111300	2020	Keene	Cheshire	$	3,456,635.00
111400	2020	Kensington	Rockingham	$	577,668.00
111500	2020	Kingston	Rockingham	$	1,419,285.00
111600	2020	Laconia	Belknap	$	3,298,465.00
111700	2020	Lancaster	Coos	$	734,714.00
111800	2020	Landaff	Grafton	$	107,000.00
111900	2020	Langdon	Sullivan	$	171,724.00
112000	2020	Lebanon	Grafton	$	2,693,210.00
112100	2020	Lee	Strafford	$	937,418.00
112200	2020	Lempster	Sullivan	$	244,700.00
112300	2020	Lincoln	Grafton	$	402,334.00
112400	2020	Lisbon	Grafton	$	339,797.00
112500	2020	Litchfield	Hillsborough	$	1,973,934.00
112600	2020	Littleton	Grafton	$	1,328,962.00
112700	2020	Londonderry	Rockingham	$	9,203,949.00
112800	2020	Loudon	Merrimack	$	1,401,594.00
112900	2020	Lyman	Grafton	$	144,932.00
113000	2020	Lyme	Grafton	$	408,685.00
113100	2020	Lyndeborough	Hillsborough	$	349,559.00
113200	2020	Madbury	Strafford	$	425,700.00
113300	2020	Madison	Carroll	$	611,097.00
113400	2020	Manchester	Hillsborough	$	23,604,327.00
113500	2020	Marlborough	Cheshire	$	404,171.00
113600	2020	Marlow	Cheshire	$	152,044.00
113700	2020	Mason	Hillsborough	$	335,914.00
113800	2020	Meredith	Belknap	$	1,793,059.00
113900	2020	Merrimack	Hillsborough	$	6,009,856.00
114000	2020	Middleton	Strafford	$	367,967.00
114100	2020	Milan	Coos	$	341,363.00
114200	2020	Milford	Hillsborough	$	3,207,500.00
114300	2020	Milton	Strafford	$	916,432.00
114400	2020	Monroe	Grafton	$	228,520.00
114500	2020	Mont Vernon	Hillsborough	$	565,409.00
114600	2020	Moultonboro	Carroll	$	1,719,656.00
114700	2020	Nashua	Hillsborough	$	16,221,043.00
114800	2020	Nelson	Cheshire	$	132,196.00
114900	2020	New Boston	Hillsborough	$	1,455,047.00
115000	2020	New Castle	Rockingham	$	343,686.00

115100	2020	New Durha	Strafford	$	670,434.00
115200	2020	New Hamp	Belknap	$	583,762.00
115300	2020	New Ipswic	Hillsboroug	$	1,170,209.00
115400	2020	New Londc	Merrimack	$	1,146,598.00
115500	2020	Newbury	Merrimack	$	587,656.00
115600	2020	Newfields	Rockinghar	$	444,417.00
115700	2020	Newington	Rockinghar	$	349,917.00
115800	2020	Newmarke	Rockinghar	$	1,796,596.00
115900	2020	Newport	Sullivan	$	1,366,011.00
116000	2020	Newton	Rockinghar	$	1,193,840.00
116100	2020	North Ham	Rockinghar	$	1,468,300.00
116200	2020	Northfield	Merrimack	$	1,019,017.00
116300	2020	Northumbe	Coos	$	453,044.00
116400	2020	Northwooc	Rockinghar	$	981,622.00
116500	2020	Nottinghan	Rockinghar	$	1,208,934.00
116600	2020	Orange	Grafton	$	65,089.00
116700	2020	Orford	Grafton	$	337,631.00
116800	2020	Ossipee	Carroll	$	958,292.00
116900	2020	Pelham	Hillsboroug	$	3,518,544.00
117000	2020	Pembroke	Merrimack		
117100	2020	Peterborou	Hillsboroug	$	1,251,175.00
117200	2020	Piermont	Grafton	$	148,080.00
117300	2020	Pittsburg	Coos	$	298,764.00
117400	2020	Pittsfield	Merrimack	$	745,775.00
117500	2020	Plainfield	Sullivan	$	590,263.00
117600	2020	Plaistow	Rockinghar	$	1,854,520.00
117700	2020	Plymouth	Grafton	$	906,338.00
117800	2020	Portsmoutl	Rockinghar	$	5,237,756.00
117900	2020	Randolph	Coos	$	82,442.00
118000	2020	Raymond	Rockinghar	$	2,225,094.00
118100	2020	Richmond	Cheshire	$	235,288.00
118200	2020	Rindge	Cheshire	$	1,368,726.00
118300	2020	Rochester	Strafford	$	6,132,265.00
118400	2020	Rollinsford	Strafford	$	588,466.00
118500	2020	Roxbury	Cheshire	$	44,570.00
118600	2020	Rumney	Grafton	$	325,131.00
118700	2020	Rye	Rockinghar	$	1,687,583.00
118800	2020	Salem	Rockinghar	$	7,145,920.00
118900	2020	Salisbury	Merrimack	$	310,445.00
119000	2020	Sanborntor	Belknap	$	762,626.00
119100	2020	Sandown	Rockinghar	$	1,481,612.00
119200	2020	Sandwich	Carroll	$	357,610.00
119300	2020	Seabrook	Rockinghar	$	2,083,876.00
119400	2020	Sharon	Hillsboroug	$	82,978.00
119500	2020	Shelburne	Coos	$	86,889.00
119600	2020	Somerswoi	Strafford	$	2,115,833.00
119700	2020	South Ham	Rockinghar	$	252,426.00
119800	2020	Springfield	Sullivan	$	338,622.00
119900	2020	Stark	Coos	$	112,345.00
120000	2020	Stewartsto	Coos	$	189,447.00

120100	2020	Stoddard	Cheshire		
120200	2020	Strafford	Strafford	$	895,714.00
120300	2020	Stratford	Coos	$	131,552.00
120400	2020	Stratham	Rockinghar	$	1,919,103.00
120500	2020	Sugar Hill	Grafton	$	176,888.00
120600	2020	Sullivan	Cheshire	$	132,467.00
120700	2020	Sunapee	Sullivan	$	982,972.00
120800	2020	Surry	Cheshire	$	273,671.00
120900	2020	Sutton	Merrimack	$	449,566.00
121000	2020	Swanzey	Cheshire	$	1,623,063.00
121100	2020	Tamworth	Carroll	$	623,495.00
121200	2020	Temple	Hillsboroug	$	281,655.00
121300	2020	Thornton	Grafton	$	628,574.00
121400	2020	Tilton	Belknap	$	832,089.00
121500	2020	Troy	Cheshire	$	377,256.00
121600	2020	Tuftonbord	Carroll	$	724,503.00
121700	2020	Unity	Sullivan	$	289,357.00
121800	2020	Wakefield	Carroll	$	1,168,449.00
121900	2020	Walpole	Cheshire	$	784,226.00
122000	2020	Warner	Merrimack	$	585,291.00
122100	2020	Warren	Grafton	$	165,299.00
122200	2020	Washingtor	Sullivan	$	264,889.00
122300	2020	Waterville	Grafton	$	147,401.00
122400	2020	Weare	Hillsboroug	$	2,121,174.00
122500	2020	Webster	Merrimack	$	439,901.00
122600	2020	Wentworth	Grafton	$	206,439.00
122700	2020	Westmorel	Cheshire	$	382,612.00
122800	2020	Whitefield	Coos	$	493,841.00
122900	2020	Wilmot	Merrimack	$	367,584.00
123000	2020	Wilton	Hillsboroug	$	862,215.00
123100	2020	Winchester	Cheshire	$	770,242.00
123200	2020	Windham	Rockinghar	$	4,064,931.00
123300	2020	Windsor	Hillsboroug	$	42,042.00
123400	2020	Wolfeboro	Carroll	$	1,671,405.00
123500	2020	Woodstock	Grafton	$	334,823.00
				$	296,751,660.00

3110 - Property Taxes

2896000
1556148
5453050
8628985
4661894
24340550
48932924
6596563
7056833
7061816
18437652
15948245
13776368
26084449
10737174
2794469
81503322
18258906
3684861
455491
16628496
7045416
7784280
31819367
5798405
16174715
3670907
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10216965
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6973904
6542619

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7442350
30148294
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1418672
117998273
31579248
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1548186

2643458
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5836935
88075211
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94886189
6651428
1499842
8724000
33961003
8833137
890157
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42375946
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59558849
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6503435
45243508
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45112471
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8001496
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1177181
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3107809
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15712534
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12934800
1581607
9342514
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2944955
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8375665
25191480
231446422
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16225606
4600439

9992818
5794728
9976278
19403145
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6364781
9041960
24780064
14324147
13291505
20104138
8086248
4219826
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898253
3937823
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40054956

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7748560
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18356566
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40785000
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1350643
2480613

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19977248
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8915274
3939452
9074961
12944591
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1829695
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4720564
20878567
5311458
2476067
4182214
5817128
4660247
10997822
9400641
58257727
300593
30645582
5487825

February 22, 2022

Honorable Thomas Walsh, Chair
House Transportation Committee
LOB Room 203
Concord, New Hampshire

Re: HB 1570- *relative to reducing vehicle registration fees.*

Dear Representative Walsh and Committee Members:

I write to express the New Hampshire Municipal Association's opposition to HB 1570.

This legislation would reduce the amount of revenue collected and retained by municipalities. Vehicle registrations are the second largest source of municipal revenue for our communities. Each month, vehicle registrations provide a consistent revenue stream, assist with cash flow and reduce the amount of money that has to be raised in local property taxation. This revenue is unrestricted and can be used to offset any appropriation approved by the legislative body. A reduction in motor vehicle fees equates to raising local property tax to make up for this revenue reduction.

The town permit fee for registration is based on the vehicle model year, the original factory list price of the vehicle, and the expiration date of the registration. I will note that it is not possible to calculate the precise reduction in state-wide revenue because we do not have registration information broken down by model year by town. However, NHMA conservatively estimates a -27.81 percent* decrease in revenue resulting from this legislation. Several communities reported an estimated – 30+ percent* reduction when analyzing their community specific data which does include, vehicle model year, the original factory list price of the vehicle, and the expiration date of the registration.

Our most recent data is from 2020, where $296.7 million was collected in municipal motor vehicle registration fees state-wide.

A conservative estimate of the impact of this bill would be a -$82.5 million per year reduction in revenue, upwards to -$90 million per year, state-wide.

For comparison, in 2019, $289 million was collected in vehicle registration fees. We estimate that this legislation would have reduced local municipal revenue by approximately -$80.4 million.

N E W   H A M P S H I R E   M U N I C I P A L   A S S O C I A T I O N
25 Triangle Park Drive • Concord, NH 03301 • Tel: 603.224.7447
NHMAinfo@nhmunicipal.org • governmentaffairs@nhmunicipal.org • legalinquiries@nhmunicipal.org
www.nhmunicipal.org

To put this in perspective- this bill would essentially zero out the local tax reduction benefits of the meals and room revenue sharing distribution that the state legislature has generously increased to $100 million dollars in the last legislative session.

We respectfully request that the committee recommend this bill Inexpedient to Legislate.

Thank you very much for your consideration.
Respectfully submitted,

Katherine Heck
Government Finance Advisor

cc: Committee members
Attachments

*Using the actual revenue collected statewide in Fiscal year 2019 and 2020 and calculating the decrease in fees by percentage and using the average of the six permitting fees is the basis of the reduction in revenue calculation. Rather than using a simple average, the geometric mean was calculated to indicate the central tendency of a set of numbers to account for the high and low outliers.

The data source is the actual total revenue collected from vehicle registration fees statewide per the NH Public Finance Consortium Data Model at www.nhpfc.org.

Calculations			Simple AVERAGE	Geometric Mean
Current Fee	Proposed Fee		% Decrease	% Decrease
18	15		-16.67%	-16.67%
15	12		-20.00%	-20.00%
12	9		-25.00%	-25.00%
9	6		-33.33%	-33.33%
6	3		-50.00%	-50.00%
3	2		-33.33%	-33.33%
			-29.72%	-27.81%

2020 Total Fees collected	$296,751,660.00
Estimated Reduction	$ 82,256,636.65
27.81% Central value /geometric mean used	

2019 Total Fees collected	$289,085,777.00
Estimated Reduction	$ 80,394,754.58
27.81% Central value /geometric mean used	

Archived: Friday, March 11, 2022 1:21:16 PM
From: Katherine Heck
Sent: Tuesday, February 22, 2022 5:39:24 PM
To: ~House Transportation Committee; Thomas Walsh; Larry Gagne; Karel Crawford; Steven Smith; Greg Hill; Aidan Ankarberg; Dennis@nnefs.com; Dennis@nnefs.com; Ted Gorski
Cc: Travis O'Hara; matthew@matthewpitaro.com; George Sykes; Skip Cleaver; Donovan Fenton; Catherine Rombeau; Cecilia Rich; Dru Fox; Deb Stevens; Daniel Veilleux
Subject: Property taxes and rental costs
Importance: Normal
Attachments:
NH-Housing-Rental-Survey-Report-2021.pdf ;tsoodleturner.pdf ;

Dear Chairman Walsh and Committee Member:

Today at the hearing for HB 1570- *relative to reducing vehicle registration fees*, I was asked to provide some information on property tax and rental costs.

Please find the attached **NEW HAMPSHIRE HOUSING** 2021 RESIDENTIAL RENTAL COST SURVEY REPORT.

Additionally, I have cited three studies that conclude a correlation between property tax and rental costs below.

1. Attached, please find case study: **Property Taxes and Residential Rents Leah J. Tsoodle & Tracy M. Turner, 2008**

   Abstract. Property taxes are a fundamental source of revenue for local governments, comprising 73% of local government tax revenue in the United States. In this paper, we empirically investigate the impact of residential property taxes on residential rents. Using data from the American Housing Survey and the National League of Cities, we estimate numerous specifications of a hedonic rent equation with comprehensive unit-level, neighborhood-level and city-level controls. We find that a one standard deviation increase in the property tax rate raises residential rents by roughly $400 annually.

   2. In 2014, Byron Lutz, an economist with the Federal Reserve, **studied** a change in property taxes in New Hampshire. While the purpose of this study was not exclusively to compare property tax to rental costs, some clear conclusions can be drawn for this research.   Property taxes can be seen as a change in the rate of return or profit. So, something else in this equation has to change when property taxes change if rent is to remain the same. The question is, when property taxes change the rate of return for a landlord, does that cause a change in the rent or the price? Lutz looked at supply and demand for housing as it relates to tenancy. When building increased in New Hampshire after property taxes were reduced, he inferred that an increase in the quantity demanded was related to a decline in rents. Lower taxes meant lower rents, so tenants bought more shelter.

   Citation: Lutz, Byron. 2015. "Quasi-Experimental Evidence on the Connection between Property Taxes and Residential Capital Investment." American Economic Journal: Economic Policy, 7 (1): 300-330.

3. Another study out of MIT, concluded that rents rise after tax changes sufficiently to fully absorb 80-90% of the change in landlord tax payments. While it was a MA study, the business principals of return on investment would likely to apply to New Hampshire.

Lyndsey Rolheiser, "Commercial Property Tax Incidence: Evidence from the Rental Market", MIT PhD Dissertation, Center for Real Estate, 2017.

The basic accounting identity can be used to show how property taxes relate to ownership of residential property.

Net rental value after maintenance and expenses = Rate of return on investment × Price

Respectfully submitted,

Katherine Heck

Katherine Heck
Government Finance Advisor
NH Municipal Association
25 Triangle Park Drive
Concord, NH 03301
Tel: (603) 224-7447
Email: kheck@nhmunicipal.org
American Rescue Plan Page

Archived: Friday, March 11, 2022 1:21:16 PM
From: Katherine Heck
Sent: Tuesday, February 22, 2022 5:33:52 PM
To: ~House Transportation Committee; Thomas Walsh; Larry Gagne; Karel Crawford; Steven Smith; Greg Hill; Aidan Ankarberg; Dennis@nnefs.com; Dennis@nnefs.com; Ted Gorski
Cc: Travis O'Hara; matthew@matthewpitaro.com; George Sykes; Skip Cleaver; Donovan Fenton; Catherine Rombeau; Cecilia Rich; Dru Fox; Deb Stevens; Daniel Veilleux
Subject: HB 1570 _Reduction in Motor Vehicle Fees
Importance: Normal
Attachments:
HB_1570_Testimony.pdf ;2020_MVR_Actual_NHFPC_Data.xlsx ;

Dear Chairman Walsh and Committee Members;

Attached please find my written testimony on HB 1570- *relative to reducing vehicle registration fees.*

NHMA expresses opposition to this bill for the reasons outlined in my testimony.

I have also attached the source document that you have requested which can be generated by visiting the *NH Public Finance Consortium Data Model at www.nhpfc.org.*

Thank you for your time and consideration,

Respectfully submitted,

Katherine Heck

Katherine Heck
Government Finance Advisor
NH Municipal Association
25 Triangle Park Drive
Concord, NH 03301
Tel: (603) 224-7447
Email: kheck@nhmunicipal.org
American Rescue Plan Page

Archived: Friday, March 11, 2022 1:21:16 PM
From: Karel Crawford
Sent: Monday, February 21, 2022 9:47:13 PM
To: ~House Transportation Committee
Cc: John MacDonald
Subject: HB 1570
Importance: Normal

Good day Chairman Walsh and members of the House Transportation Committee,

I always appreciate common sense legislation that cuts taxes for our citizens. Unfortunately, I am unable to support this Bill. I spoke to my Town Clerk and she estimates that if HB 1570 passed, the Town of Wolfeboro would have an estimated loss of revenue of between fifty and sixty thousand dollars per year.

This loss of revenue would have to be recovered through additional increases in property taxes for all Wolfeboro residents even if they do not own a motor vehicle. It would be unfair to have an increased tax burden on residents who choose not to own a motor vehicle in order to benefit motor vehicle owners.

I would ask that the Committee consider ITL on House Bill 1570. Thank you for your consideration.

Best regards,

John T. MacDonald

John T. MacDonald
Representative
Carroll District 6

Sent from my iPad

The Granite State Taxpayers submit a statement of support for HB 1570. See Attached.

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PLEASE NOTE:

In keeping with mandates and guidelines to reduce coronavirus spread, our staff
continues to largely work remotely. Since our systems allow for remote
operations, our cooperation with efforts to keep the community safe should have
no service effect. If you have a question or issue, please contact Paul Nicolai
at 413-272-2000 ext 222 or paul.nicolai@niclawgrp.com
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2021
NEW HAMPSHIRE
RESIDENTIAL RENTAL COST SURVEY REPORT

2-BEDROOM VACANCY RATE STATEWIDE

0.6%

2-BEDROOM MEDIAN GROSS RENT STATEWIDE

$1,498

NEW HAMPSHIRE
HOUSING

NEW HAMPSHIRE HOUSING
2021 RESIDENTIAL RENTAL COST SURVEY REPORT

TABLE OF CONTENTS

Note: We gratefully acknowledge the vital role of property owners and rental managers who participate in our survey. Data in this report are referenced by public officials, businesses, and others with an interest in housing.

BOARD OF DIRECTORS

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Sarah Marchant, Brookline
Donna Marsh, Stratham

Tricia Morin, Hopkinton
Chris Norwood, Portsmouth
Anthony Poore, Manchester
Michael Skelton, Bedford

Dean J. Christon *Executive Director*

REPORT PREPARED BY

Heather McCann, Director of Housing Research
Kathleen Moran, Housing Research Analyst
Grace Lessner, Director of Communications & Marketing
Ben Frost, Managing Director | **Policy, Planning & Communications**

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P.O. Box 5087 | Manchester, NH 03108 | 603-472-8623 | info@nhhfa.org | **NHHFA.org**

Download this report and data at NHHFA.org

THE 2021 RESIDENTIAL RENTAL MARKET: LOW INVENTORY, LOWER VACANCY RATES, HIGHER RENTS

Dean J. Christon, *Executive Director*
New Hampshire Housing

New Hampshire Housing's annual statewide survey of market-rate apartments provides a comprehensive view of the rental market which is not available elsewhere. Our *2021 Residential Rental Cost Survey* received responses from the owners and managers of more than 24,560 unsubsidized (market-rate) rental housing units around the state (15% of all units statewide).

The survey results show that there is a high demand for apartments, a limited supply, and a low vacancy rate, meaning that it remains a very challenging market for New Hampshire renters. This is paired with a limited supply of homes to buy, hindering the ability of renters to become homeowners.

Rents reported in the survey reflect the demand for apartments: this year's statewide median gross rent (including utilities) of $1,498 for two-bedroom units is up 6% over last year (and up 7% for all units). Rents statewide have increased in each of the past eight years.

At less than 1% (0.9%), the vacancy rate for all units is lower than last year (a vacancy rate of 5% is considered a balanced market for tenants and landlords). In comparison, both the U.S. and Northeast vacancy rates are at 6.8%.

Multi-family building permit activity has been increasing slowly since the Great Recession, and the overall trend remains more modest than the issuance of single-family building permits. New apartment units that are added to the market tend to be more expensive than existing units. To afford the statewide median cost of a typical two-bedroom apartment with utilities, a New Hampshire renter would have to earn 128% of the estimated statewide median renter income, or over $59,900 a year.

The home purchase market, particularly since January 2021, has been very strong and competitive in the state, regionally and nationally. Factors contributing to this include record low interest rates for a long period of time, as well as the pandemic influencing people's needs and desires as to where to make their home. In turn, the lack of inventory of affordable homes to purchase means that many would-be home buyers continue to rent because of a scarcity of homes in their price range. The lack of for-sale inventory adds pressure to rental costs in New Hampshire.

To sustain New Hampshire's economy, additional housing is needed to support our workforce, as well as those who cannot work because of age or disability. It is estimated that about 20,000 more housing units are needed to meet current demand and stabilize the market.

Over the past year, New Hampshire Housing committed financing for more than 1,000 rental units. These will be available to renters within 12 - 18 months. Clearly, the results of this year's survey indicate that, working together, we must continue to encourage and support the development of more housing opportunities throughout the Granite State.

OVERVIEW OF THE RENT SURVEY PROCESS

New Hampshire Housing conducts an annual statewide survey of rental housing costs that provides data to the general public and organizations that administer housing programs.

4+ Bedrooms 02%
0 Bedrooms 04%
3-Bedrooms 13%
1-Bedrooms 30%
2-Bedrooms 51%
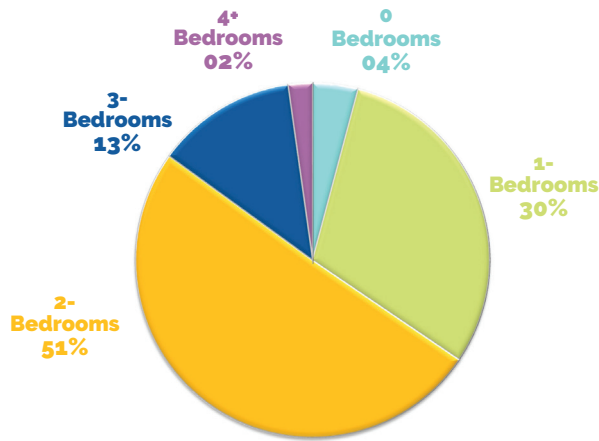
Total Adjusted Sample Size: 10, 631 Units

Our 2021 survey was conducted by the University of New Hampshire Survey Center via telephone and online from March - May 2021, as well as through outreach to property owners and managers by K. Kirkwood Consulting. We obtained information on 24,560 market-rate rental housing units across the state. Rental properties surveyed included those that have participated in past surveys and those identified through advertisements and other means.

The calculation of median rents is based on a total sample of 10,870 units. Median rents and vacancy rates were determined by using a portion of the data gathered from those projects with more than 10 units so as to reduce the bias toward larger apartment complexes.

GROSS RENTS are calculated for each property in the survey by taking the rent charged by the landlord and adding a dollar allowance for those utilities the tenant pays. The addition of allowances for tenant-paid utilities has the effect of standardizing rental costs. These utility allowances are calculated at the time of the rental survey and are based on physical consumption allowances determined by HUD and current energy costs as determined in a separate survey conducted by New Hampshire Housing.

MEDIAN GROSS RENTS are presented for various geographic areas and for various unit sizes. The median represents the gross rent at the middle when gross rents are ordered from lowest to highest. Thus, 50% of the sample units in each calculation have gross rents below the median, and 50% have gross rents above the median. The median (rather than a mean or average) is used because it is less influenced by extremes in costs. All median gross rents reported include utilities.

Median rents for some areas are not reported because the sample was not large enough to result in a reliable calculation (generally, when the sample contained 20 or fewer units). Despite the suppression of results for categories with small sample sizes, the data for those units have been included in the calculation of the overall median rents statewide.

Finally, a chart for each area summarizing the results of the *Residential Rental Cost Survey* is included here. The median gross rents for two-bedroom units show general trends. Please note that because the sample set changes each year, changes in rents may be due to both the change in the sample and changes in utility costs used in calculating gross rents.

ANNUAL NEW HAMPSHIRE RENTAL COST SURVEY *Thinking ahead to 2022.*	Our annual Residential Rental Cost Survey gets underway every January. **All information provided by property owners is aggregated and kept confidential.** If you own or manage one or more units of rental housing, please contact us and take the survey. Because we appreciate that it takes time to complete, after you have completed the survey online or via phone, you may elect to be entered into a drawing to win gift cards. **To participate, please contact Kathleen Moran, Housing Research Analyst, at kmoran@nhhfa.org.**

2-BEDROOM STATEWIDE 2021 MEDIAN GROSS RENT & VACANCY RATE

$1,498
Monthly median gross rent 2-bedroom units

6%
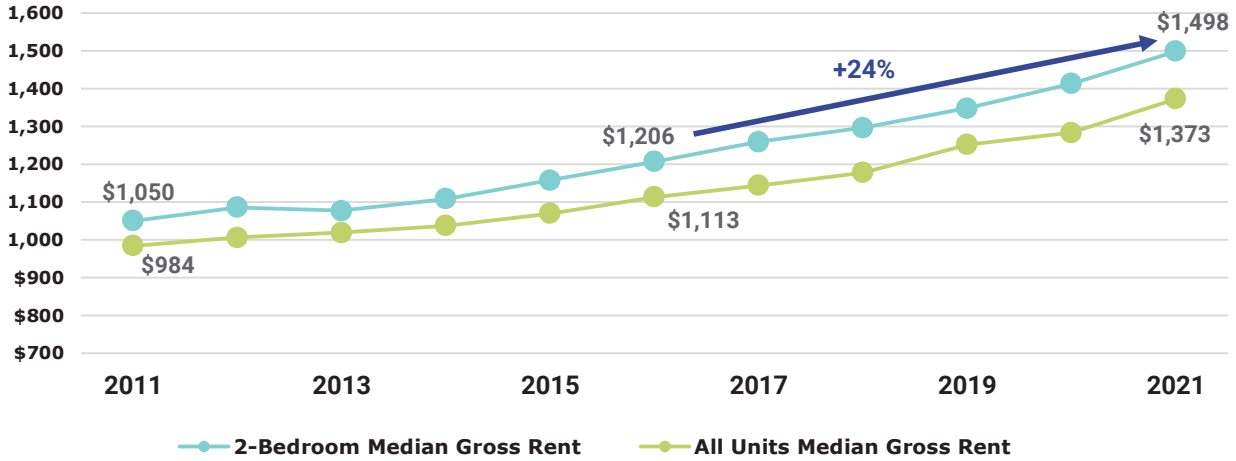Annual change in monthly median gross rent 2-bedroom units
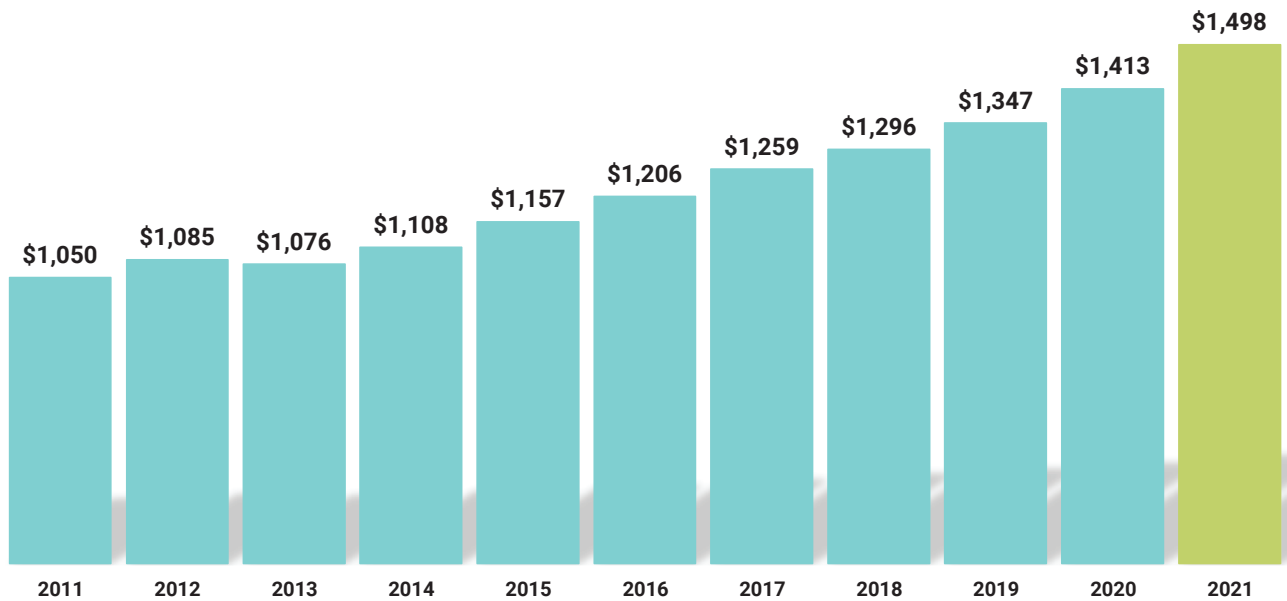
0.6%
Vacancy rate 2-bedroom units

MONTHLY MEDIAN GROSS RENTS, 2-BEDROOM & ALL UNITS (STATEWIDE, 2011 - 2021)
Includes utilities

The statewide median gross rent (including utilities) for a 2-bedroom unit has increased over 24% in the past 5 years.

MEDIAN MONTHLY GROSS RENT FOR 2-BEDROOM UNITS, 2011 - 2021 (STATEWIDE)

2021 GROSS RENTS BY NUMBER OF BEDROOMS (STATEWIDE)

2021 GROSS RENT	Sample Size	Rent Range		Median
0-Bedroom	452	$250	- $2,400	$876
1-Bedroom	3,298	$400	- $2,961	$1,118
2-Bedroom	5,492	$469	- $3,413	$1,498
3-Bedroom	1,393	$622	- $3,785	$1,506
4+ Bedrooms	239	$837	- $4,426	$1,781
All Bedrooms	10,874	$250	- $4,426	$1,373

2021 MEDIAN MONTHLY GROSS RENT AND PERCENT CHANGE BY COUNTY FOR 2-BEDROOM UNITS, 2016 - 2021

The statewide median gross rent for a 2-bedroom unit in 2021 was $1,498. Eighty percent of the rental units surveyed are in the southern tier (Hillsborough, Rockingham, Merrimack, and Strafford counties) and they have the highest median gross rents. The rental costs seen here in Grafton County are driven by the market in the Hanover/Lebanon area.

Median Monthly Gross Rental Cost for 2-Bedroom Units

Percent Change in 2-Bedroom Median Gross Rent Over 2016-2021

Coos
$879
11.3%

Grafton
$1,462
28.9%

Carroll
$1,073
8.8%

Belknap
$1,215
22.0%

Sullivan
$1,119
16.0%

Merrimack
$1,339
19.6%

Strafford
$1,394
28.7%

Cheshire
$1,100
5.3%

Hillsborough
$1,643
28.6%

Rockingham
$1,672
26.6%
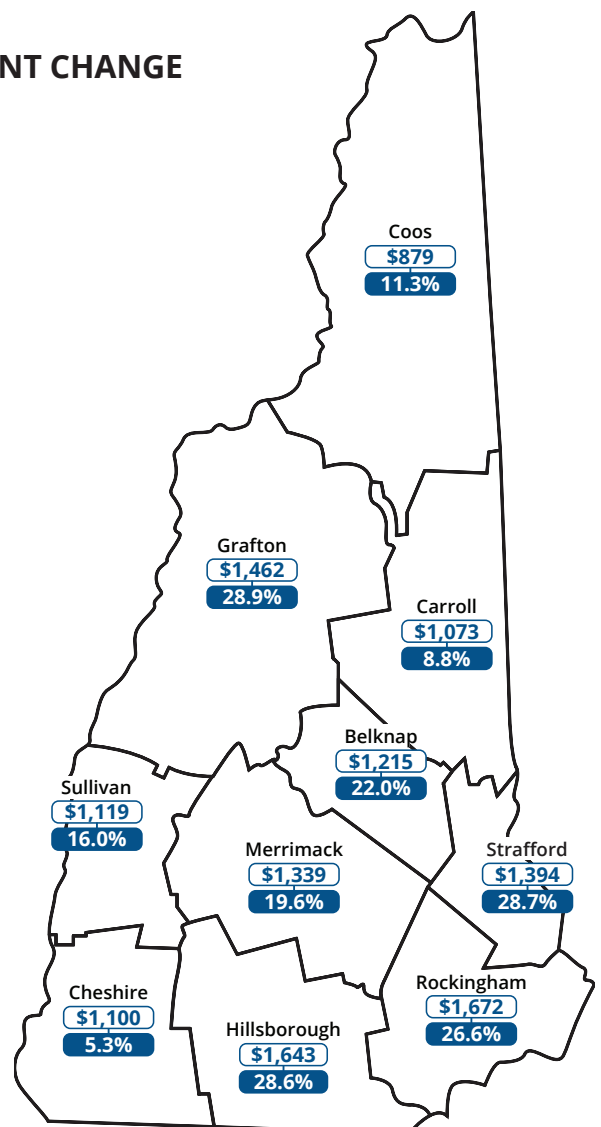
AVERAGE ANNUAL UTILITY COSTS FOR UNITS WHERE TENANT PAYS FOR HEAT
2011 - 2021

Legend: 0-Bedroom, 1-Bedroom, 2-Bedroom, 3-Bedroom, 4+ Bedrooms, All Units
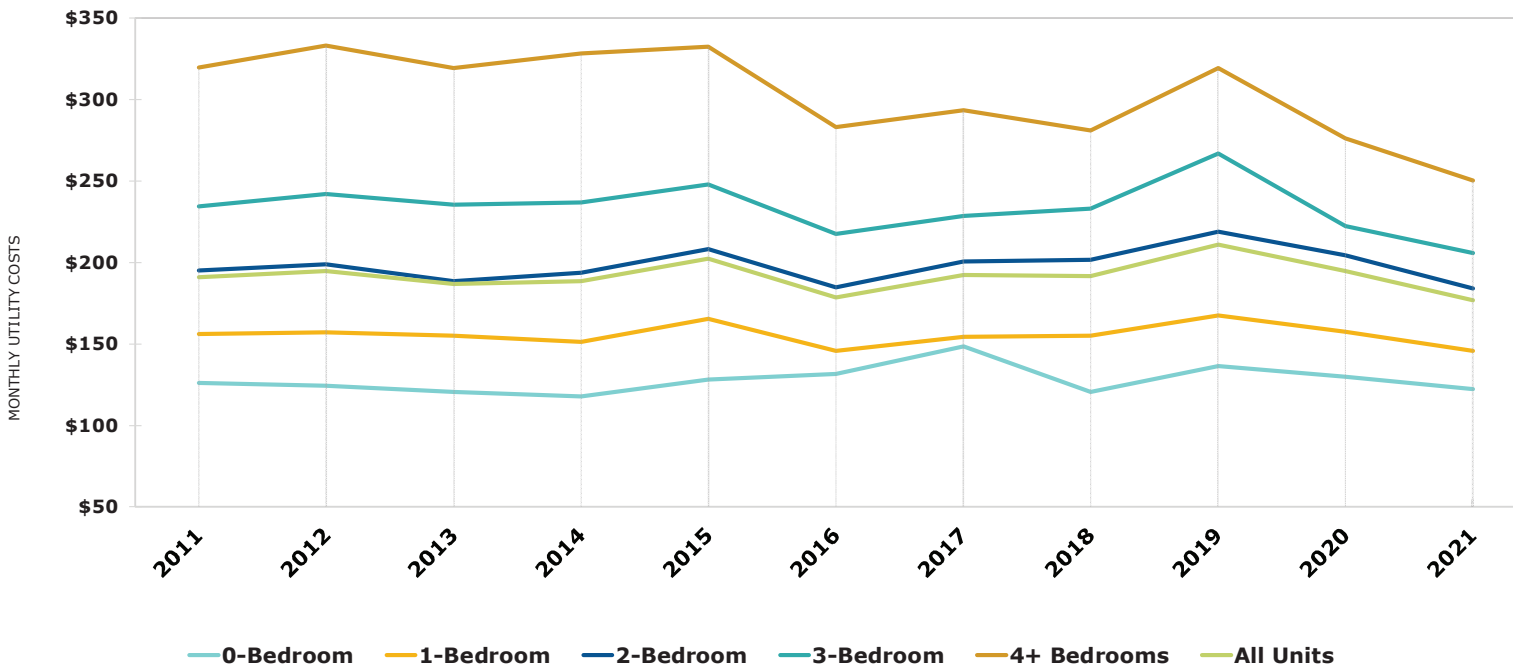
AVERAGE MONTHLY UTILITY COSTS, WITH HEAT PAID BY TENANT
2021, BY COUNTY

	Bedrooms Per Unit					
	0	1	2	3	4+	All Units
STATEWIDE	**$ 122.21**	**$ 145.57**	**$ 184.12**	**$ 205.74**	**$ 250.32**	**$ 176.68**
Belknap County	$ 150.92	$ 139.78	$ 205.39	$ 232.16	$ -	$ 184.57
Carroll County	$ 168.50	$ 181.86	$ 240.41	$ 308.50	$ -	$ 235.30
Cheshire County	$ 130.30	$ 169.62	$ 207.03	$ 250.98	$ 327.47	$ 206.54
Coos County	$ 172.00	$ 209.80	$ 260.07	$ 335.21	$ 367.50	$ 267.15
Grafton County	$ 140.33	$ 177.72	$ 233.59	$ 280.83	$ 307.00	$ 213.92
Hillsborough County	$ 112.98	$ 127.25	$ 161.41	$ 183.32	$ 221.20	$ 157.09
Merrimack County	$ 124.13	$ 155.85	$ 200.00	$ 219.05	$ 311.92	$ 184.21
Rockingham County	$ 123.29	$ 153.73	$ 192.52	$ 233.11	$ 217.00	$ 187.48
Strafford County	$ 105.42	$ 148.17	$ 202.74	$ 222.08	$ 292.35	$ 195.24
Sullivan County	$ -	$ 131.50	$ 270.70	$ 299.27	$ 403.67	$ 244.72

STATEWIDE VACANCY RATES, 2-BEDROOM & ALL UNITS (2011 - 2021)
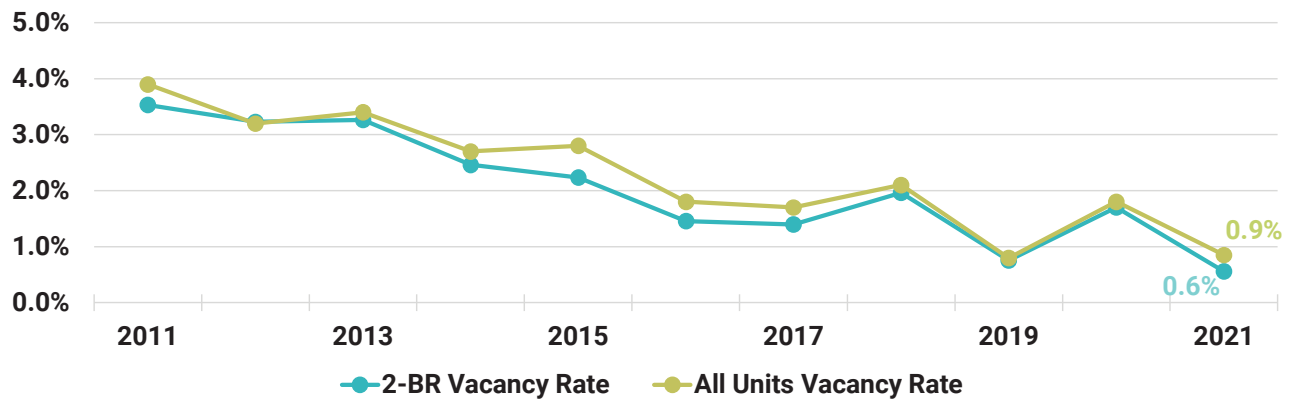
VACANCY RATES BY COUNTY (PERCENT OF 2-BEDROOM UNITS & ALL UNITS, 2021)
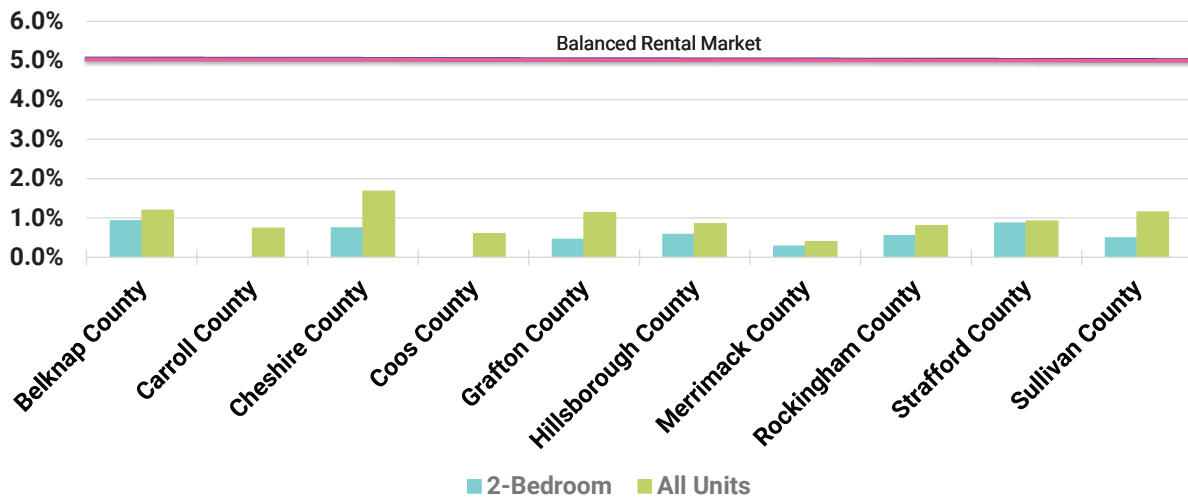
The state's rental housing vacancy rate in 2021 remains under 2% for 2-bedroom and all units, well below that of the North-east region and the U.S., both of which are 6.8%. A balanced rental market has a vacancy rate of approximately 5%.

VACANCY RATES FOR ALL UNITS (STATEWIDE & COUNTY)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
STATEWIDE	**3.5%**	**3.2%**	**3.3%**	**2.5%**	**2.2%**	**1.5%**	**1.4%**	**2.0%**	**0.8%**	**1.8%**	**0.9%**
Belknap County	8.9%	3.3%	7.5%	5.3%	1.2%	4.9%	4.6%	4.0%	2.0%	1.0%	1.2%
Carroll County	11.3%	5.1%	3.1%	3.6%	3.9%	1.4%	0.0%	*N/A	*N/A	2.7%	0.7%
Cheshire County	6.4%	7.1%	2.5%	3.7%	3.2%	4.5%	1.0%	1.7%	0.9%	1.9%	1.7%
Coos County	15.2%	12.6%	9.5%	7.9%	9.2%	6.9%	10.7%	3.7%	1.0%	1.7%	0.6%
Grafton County	7.6%	7.5%	3.0%	3.9%	2.7%	3.0%	3.0%	3.9%	0.3%	2.8%	1.1%
Hillsborough County	2.2%	2.2%	2.6%	2.1%	2.3%	0.9%	1.2%	1.8%	1.0%	2.3%	0.9%
Merrimack County	4.8%	2.7%	3.3%	2.5%	1.7%	1.2%	1.1%	2.5%	0.5%	1.2%	0.4%
Rockingham County	2.7%	3.2%	3.4%	2.1%	1.9%	1.0%	1.1%	1.0%	0.3%	0.9%	0.8%
Strafford County	3.3%	3.6%	4.9%	2.1%	2.3%	1.4%	1.2%	2.6%	0.8%	2.1%	0.9%
Sullivan County	5.7%	7.4%	7.3%	5.8%	2.7%	6.4%	2.2%	0.9%	0.0%	0.0%	0.5%

* Calculations based on smaller sample sizes are viewed as providing highly volatile results and are not typically released.

NEW HAMPSHIRE OWNER AND RENTER MEDIAN HOUSEHOLD INCOMES

The median renter-occupied household income has increased only marginally over the past 10 years, whereas homeowner income has seen a somewhat greater increase. Neither has kept pace with the increasing cost of housing in the state.
Source: U.S. Census Bureau, American Community Survey (2009-2019), 1 Year Estimates, in 2019 inflation adjusted dollars.

Year	Median Owner-occupied Income (thousands)	Median Renter-occupied Income (thousands)
2009	$87	$42
2010	$87	$42
2011	$88	$38
2012	$87	$40
2013	$86	$43
2014	$88	$42
2015	$93	$44
2016	$91	$46
2017	$95	$44
2018	$93	$42
2019	$95	$45

■ **Median Owner-occupied Income (thousands)**　■ **Median Renter-occupied Income (thousands)**
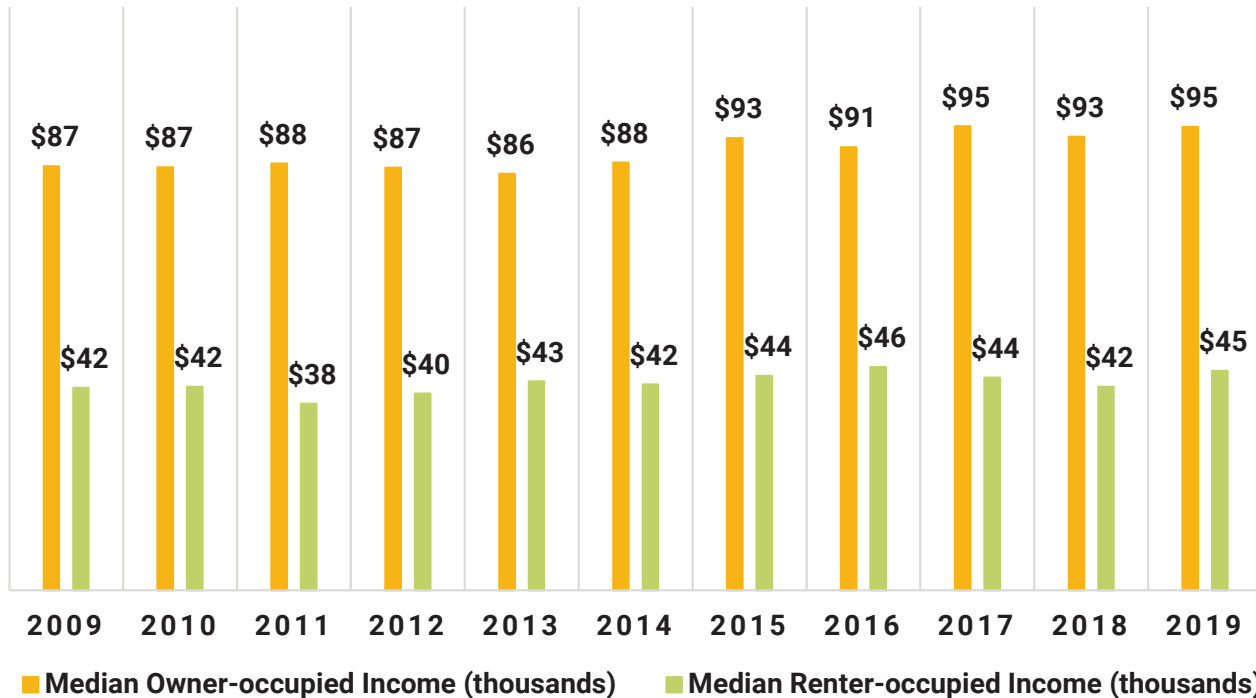
HOUSEHOLD INCOMES REQUIRED TO AFFORD A 2-BEDROOM APARTMENT, 2021

In New Hampshire, 40% of rental households are paying 30% or more of their household income on rent. Lower-income families are likely to be paying an even higher percentage of their household income towards rent. Renter households throughout the state would need to earn more than the median renter income (Income Needed to Afford Rent) to be able to afford the rent for a two-bedroom unit.
Source: U.S. Census Bureau 2015-2019 American Community Survey, trended by 3% for 2 years; Median Income for Renter Households by County.

	Median 2-BR Rent	Income Needed to Afford Rent	% of Renter Household Income (Est.)
Belknap County	$1,215	$48,600	120%
Carroll County	$1,073	$42,900	116%
Cheshire County	$1,100	$44,000	110%
Coos County	$879	$35,200	110%
Grafton County	$1,462	$58,500	149%
Hillsborough County	$1,643	$65,700	133%
Merrimack County	$1,339	$53,600	121%
Rockingham County	$1,672	$66,900	122%
Strafford County	$1,394	$55,800	118%
Sullivan County	$1,119	$44,800	113%
STATEWIDE	**$1,498**	**$59,900**	**128%**

2-BEDROOM UNITS AFFORDABLE TO MEDIAN INCOME RENTER HOUSEHOLDS

In general, higher income counties have access to more affordable units. However, even in the highest income county (Rockingham), only 10% of the units would be affordable to half of the renter households.

Source: U.S. Census Bureau 2015-2019 American Community Survey, trended by 3% for 2 years; Median Income for Renter Households by County

	Estimated 2021 Renter Household Income *	Affordable Gross Rent Based on Income	% of 2-Bedroom Units Below Affordable Rent
Belknap County	$40,469	$1,012	5.9%
Carroll County	$36,977	$924	14.9%
Cheshire County	$40,089	$1,002	23.1%
Coos County	$31,897	$797	22.8%
Grafton County	$39,286	$982	10.9%
Hillsborough County	$49,560	$1,239	10.3%
Merrimack County	$44,318	$1,108	11.3%
Rockingham County	$54,713	$1,368	10.0%
Strafford County	$47,379	$1,184	14.0%
Sullivan County	$39,566	$989	7.4%
STATEWIDE	**$46,743**	**$1,169**	**13.1%**

PERCENT OF 2-BEDROOM UNITS BELOW AFFORDABLE RENT

MEDIAN MONTHLY GROSS RENTS FOR 2-BEDROOM UNITS - BY COUNTY

BELKNAP COUNTY

	Sample Size	Rent Range	Median
0-Bedroom	13	$581 - $838	****
1-Bedroom	76	$556 - $1,606	$956
2-Bedroom	114	$780 - $1,769	$1,215
3-Bedroom	28	$936 - $2,106	$1,501
4+ Bedrooms	1	$1,845 - $1,845	****
All Bedrooms	232	$556 - $2,106	$1,100

2011: $958, $975, 2013: $1,005, $997, 2015: $997, $996, 2017: $1,028, $1,071, 2019: $1,057, $1,145, 2021: $1,215
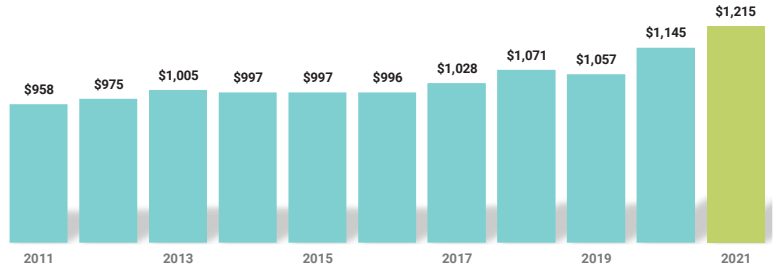
CARROLL COUNTY

	Sample Size	Rent Range	Median
0-Bedroom	7	$695 - $2,099	****
1-Bedroom	34	$688 - $1,086	$866
2-Bedroom	43	$819 - $1,477	$1,073
3-Bedroom	29	$880 - $2,564	$1,221
4+ Bedrooms	1	$1,850 - $1,850	****
All Bedrooms	114	$688 - $2,564	$1,016

2011: $940, $964, 2013: $964, $1,001, 2015: $1,010, $986, 2017: $1,040, $1,077, 2019: $1,085, $1,066, 2021: $1,073
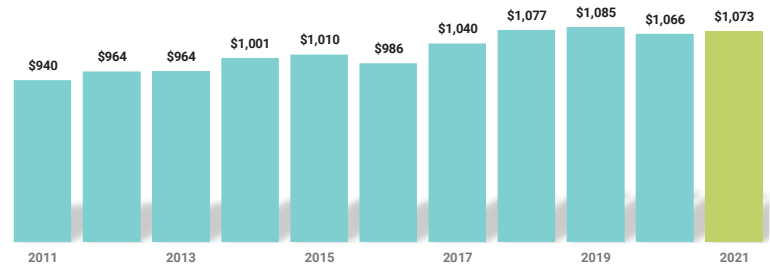
CHESHIRE COUNTY

	Sample Size	Rent Range	Median
0-Bedroom	46	$543 - $1,005	$750
1-Bedroom	236	$600 - $1,365	$1,004
2-Bedroom	217	$729 - $1,893	$1,100
3-Bedroom	84	$1,005 - $2,200	$1,406
4+ Bedrooms	24	$1,238 - $3,845	$2,096
All Bedrooms	607	$543 - $3,845	$1,088

2011: $1,036, $1,039, 2013: $1,039, $1,044, 2015: $1,069, $1,045, 2017: $1,063, $1,068, 2019: $1,119, $1,118, 2021: $1,100
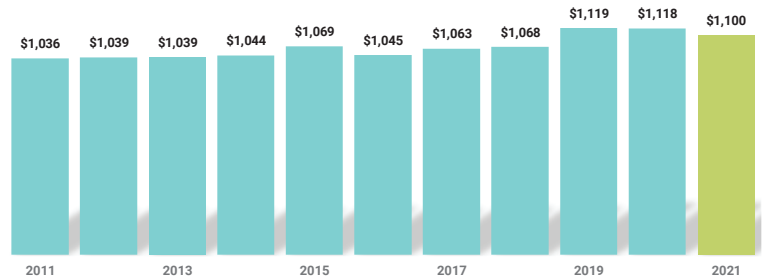
COOS COUNTY

	Sample Size	Rent Range	Median
0-Bedroom	7	$701 - $1,248	****
1-Bedroom	67	$500 - $934	$742
2-Bedroom	117	$469 - $1,847	$879
3-Bedroom	71	$684 - $1,935	$984
4+ Bedrooms	10	$837 - $1,577	****
All Bedrooms	272	$469 - $1,935	$879

2011: $665, $664, 2013: $657, $710, 2015: $790, $790, 2017: $818, $861, 2019: $820, $888, 2021: $879
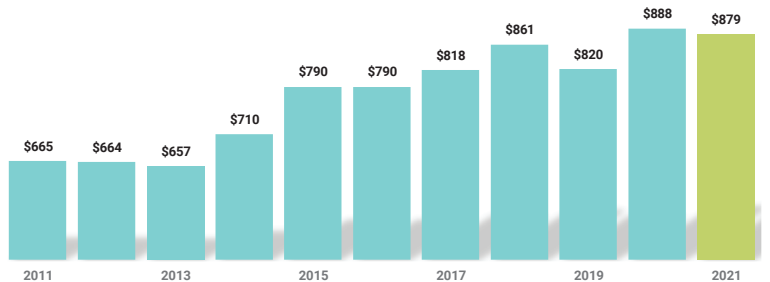
GRAFTON COUNTY

	Sample Size	Rent Range	Median
0-Bedroom	51	$338 - $2,028	$728
1-Bedroom	282	$400 - $2,961	$906
2-Bedroom	335	$609 - $2,477	$1,462
3-Bedroom	54	$880 - $3,423	$1,740
4+ Bedrooms	31	$1,159 - $4,072	$1,795
All Bedrooms	753	$338 - $4,072	$1,156

2011: $909, $1,022, 2013: $985, $1,053, 2015: $1,080, $1,134, 2017: $1,147, $1,146, 2019: $1,217, $1,307, 2021: $1,462

MEDIAN MONTHLY GROSS RENTS FOR 2-BEDROOM UNITS - BY COUNTY

	Sample Size	Rent Range	Median
HILLSBOROUGH COUNTY			
0-Bedroom	188	$451 - $2,400	$993
1-Bedroom	1,181	$500 - $2,002	$1,231
2-Bedroom	2,142	$531 - $2,700	$1,643
3-Bedroom	638	$867 - $2,706	$1,530
4+ Bedrooms	116	$1,175 - $4,426	$1,603
All Bedrooms	4,265	$451 - $4,426	$1,526

Chart (Hillsborough County 2-Bedroom Median by year):
2011: $1,090 · $1,139 · 2013: $1,147 · $1,156 · 2015: $1,219 · $1,278 · 2017: $1,384 · $1,368 · 2019: $1,456 · $1,534 · 2021: $1,643
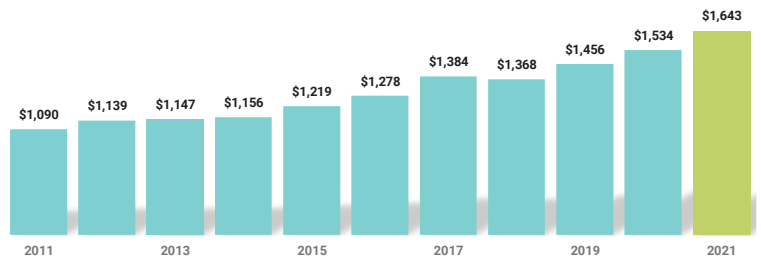
	Sample Size	Rent Range	Median
MERRIMACK COUNTY			
0-Bedroom	58	$250 - $1,566	$998
1-Bedroom	555	$606 - $2,238	$1,096
2-Bedroom	692	$614 - $2,305	$1,339
3-Bedroom	174	$622 - $2,834	$1,381
4+ Bedrooms	17	$1,000 - $2,600	****
All Bedrooms	1,496	$250 - $2,834	$1,249

Chart (Merrimack County 2-Bedroom Median by year):
2011: $1,017 · $1,045 · 2013: $1,064 · $1,079 · 2015: $1,113 · $1,120 · 2017: $1,176 · $1,160 · 2019: $1,206 · $1,273 · 2021: $1,339
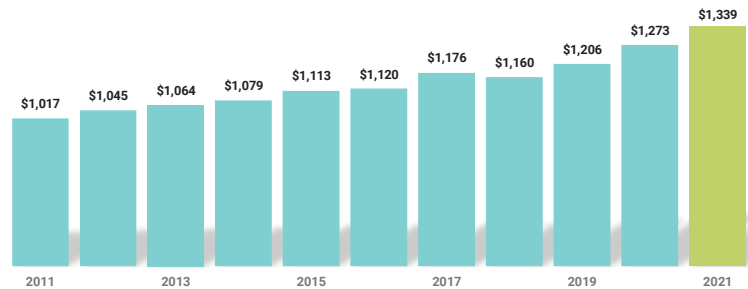
	Sample Size	Rent Range	Median
ROCKINGHAM COUNTY			
0-Bedroom	50	$543 - $1,886	$924
1-Bedroom	506	$700 - $2,561	$1,233
2-Bedroom	1,036	$777 - $3,413	$1,672
3-Bedroom	163	$946 - $3,785	$1,849
4+ Bedrooms	9	$1,991 - $3,747	****
All Bedrooms	1,764	$543 - $3,785	$1,556

Chart (Rockingham County 2-Bedroom Median by year):
2011: $1,200 · $1,166 · 2013: $1,224 · $1,229 · 2015: $1,270 · $1,321 · 2017: $1,409 · $1,456 · 2019: $1,568 · $1,623 · 2021: $1,672
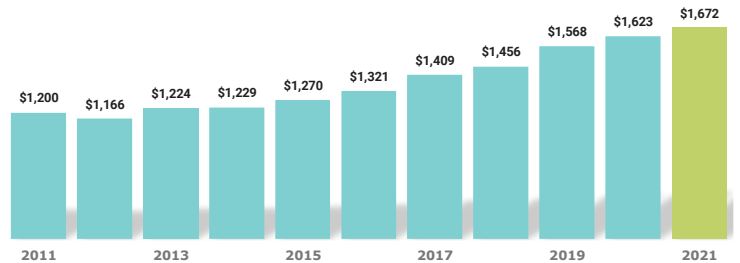
	Sample Size	Rent Range	Median
STRAFFORD COUNTY			
0-Bedroom	22	$640 - $1,373	$919
1-Bedroom	288	$545 - $1,895	$1,100
2-Bedroom	699	$848 - $2,706	$1,394
3-Bedroom	126	$791 - $3,169	$1,531
4+ Bedrooms	22	$1,422 - $3,332	$1,857
All Bedrooms	1,157	$545 - $3,332	$1,356

Chart (Strafford County 2-Bedroom Median by year):
2011: $973 · $979 · 2013: $981 · $1,012 · 2015: $1,026 · $1,083 · 2017: $1,156 · $1,174 · 2019: $1,347 · $1,291 · 2021: $1,394
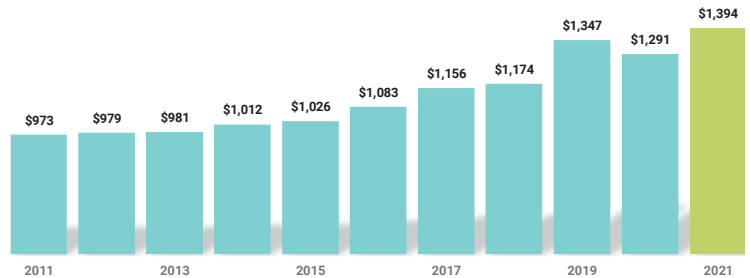
	Sample Size	Rent Range	Median
SULLIVAN COUNTY			
0-Bedroom	10	$701 - $878	****
1-Bedroom	73	$714 - $1,392	$870
2-Bedroom	97	$764 - $1,519	$1,119
3-Bedroom	26	$1,180 - $2,245	$1,334
4+ Bedrooms	8	$1,238 - $1,663	****
All Bedrooms	214	$701 - $2,245	$1,044

Chart (Sullivan County 2-Bedroom Median by year):
2011: $922 · $914 · 2013: $925 · $957 · 2015: $964 · $965 · 2017: $968 · $971 · 2019: $1,022 · $1,068 · 2021: $1,119
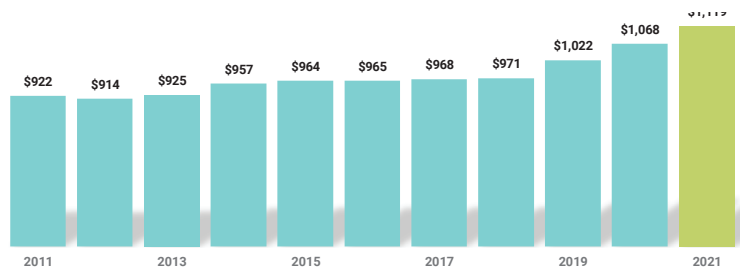
MEDIAN MONTHLY GROSS RENTS FOR 2-BEDROOM UNITS - SELECTED CITIES

	Sample Size	Rent Range	Median
CITY OF CONCORD			
0-Bedroom	38	$600 - $1,529	$1,123
1-Bedroom	330	$621 - $1,875	$1,194
2-Bedroom	404	$850 - $1,968	$1,448
3-Bedroom	84	$1,055 - $2,615	$1,561
4+ Bedrooms	4	$1,695 - $2,144	****
All Bedrooms	860	$600 - $2,615	$1,275

Concord 2-Bedroom median rents: 2011 $1,042; $1,070; 2013 $1,068; $1,095; 2015 $1,136; $1,145; 2017 $1,211; $1,276; 2019 $1,262; $1,351; 2021 $1,448
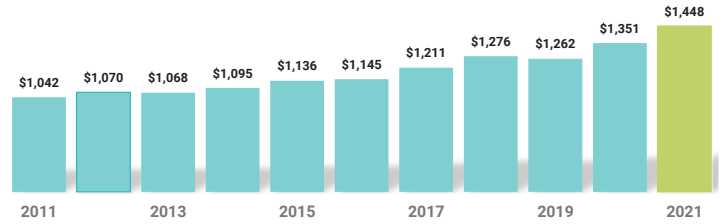
	Sample Size	Rent Range	Median
CITY OF MANCHESTER			
0-Bedroom	138	$451 - $2,400	$929
1-Bedroom	649	$643 - $1,895	$1,206
2-Bedroom	931	$531 - $2,343	$1,546
3-Bedroom	414	$867 - $2,706	$1,460
4+ Bedrooms	85	$1,264 - $4,426	$1,589
All Bedrooms	2217	$451 - $4,426	$1,401

Manchester 2-Bedroom median rents: 2011 $976; $1,084; 2013 $1,041; $1,099; 2015 $1,152; $1,265; 2017 $1,280; $1,270; 2019 $1,406; $1,483; 2021 $1,546
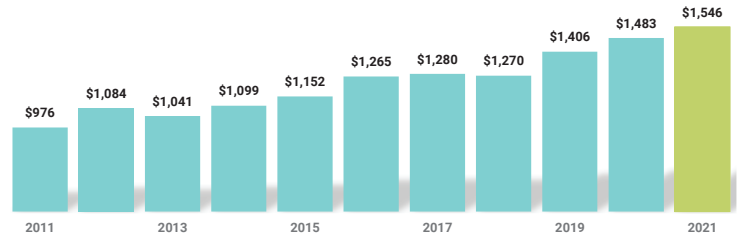
	Sample Size	Rent Range	Median
CITY OF NASHUA			
0-Bedroom	27	$664 - $1,624	$1,244
1-Bedroom	281	$736 - $1,955	$1,402
2-Bedroom	758	$684 - $2,358	$1,742
3-Bedroom	126	$1,056 - $2,357	$1,877
4+ Bedrooms	23	$1,175 - $2,107	$1,789
All Bedrooms	1215	$664 - $2,358	$1,652

Nashua 2-Bedroom median rents: 2011 $1,162; $1,225; 2013 $1,199; $1,222; 2015 $1,310; $1,415; 2017 $1,559; $1,566; 2019 $1,506; $1,712; 2021 $1,742
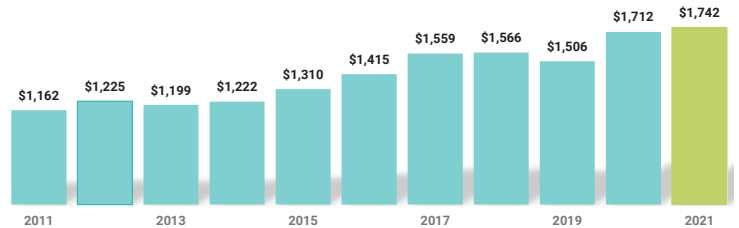
	Sample Size	Rent Range	Median
CITY OF PORTSMOUTH			
0-Bedroom	10	$720 - $1,886	****
1-Bedroom	75	$766 - $2,186	$1,665
2-Bedroom	225	$1,213 - $3,413	$1,881
3-Bedroom	67	$1,060 - $3,785	$1,587
4+ Bedrooms	2	$2,130 - $3,747	****
All Bedrooms	379	$720 - $3,785	$1,881

Portsmouth 2-Bedroom median rents: 2011 $1,241; $1,276; 2013 $1,264; $1,237; 2015 $1,315; $1,404; 2017 $1,522; $1,671; 2019 $1,720; $1,761; 2021 $1,881
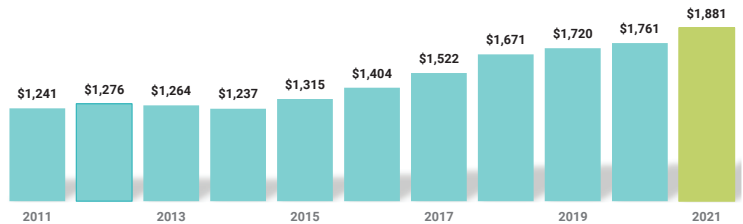
	Sample Size	Rent Range	Median
CITY OF ROCHESTER			
0-Bedroom	11	$640 - $1,042	****
1-Bedroom	100	$692 - $1,680	$1,031
2-Bedroom	200	$848 - $2,200	$1,259
3-Bedroom	42	$791 - $1,997	$1,472
4+ Bedrooms	7	$1,457 - $2,157	****
All Bedrooms	360	$640 - $2,200	$1,244

Rochester 2-Bedroom median rents: 2011 $990; $1,002; 2013 $978; $1,020; 2015 $996; $1,039; 2017 $1,101; $1,155; 2019 $1,265; $1,247; 2021 $1,259
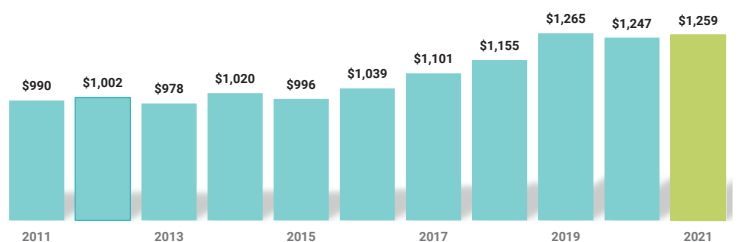
MEDIAN MONTHLY GROSS RENTS FOR 2-BEDROOM UNITS - HUD HMFA

Metropolitan Statistical Areas
HMFA (HUD Metropolitan Fair Market Rent Area) designations were established by the U.S. Department of Housing and Urban Development as a result of information gathered from the 2010 Census.

	Sample Size	Rent Range		Median
HILLSBOROUGH COUNTY, NH (PART) HMFA				
0-Bedroom	4	$698	- $1,073	****
1-Bedroom	60	$500	- $1,400	906
2-Bedroom	48	$936	- $2,092	1,149
3-Bedroom	24	$927	- $2,056	1,530
4+ Bedrooms	1	$2,242	- $2,242	****
All Bedrooms	137	$500	- $2,242	1,099

Includes Antrim, Bennington, Deering, Francestown, Greenfield, Hancock, Hillsborough, Lyndeborough, New Boston, Peterborough, Sharon, Temple, Windsor
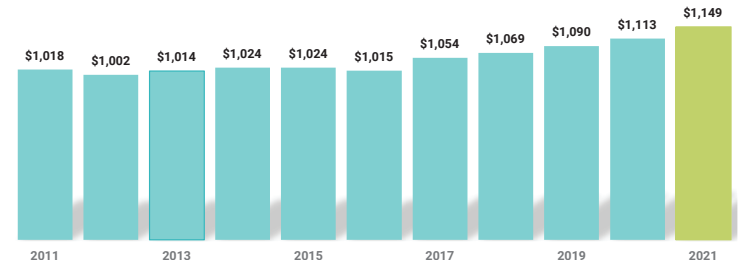
	Sample Size	Rent Range		Median
MANCHESTER, NH HMFA				
0-Bedroom	142	451	- 2,400	929
1-Bedroom	723	643	- 2,002	1,216
2-Bedroom	1,071	531	- 2,343	1,572
3-Bedroom	422	867	- 2,706	1,462
4+ Bedrooms	86	1,264	- 4,426	1,589
All Bedrooms	2,444	451	- 4,426	1,436

Includes Bedford, Goffstown, Manchester, Weare

	Sample Size	Rent Range		Median
NASHUA, NH HMFA				
0-Bedroom	42	664	- 1,624	1,309
1-Bedroom	398	711	- 1,955	1,342
2-Bedroom	1,023	684	- 2,700	1,699
3-Bedroom	192	955	- 2,676	1,795
4+ Bedrooms	29	1,175	- 3,807	2,059
All Bedrooms	1,684	664	- 3,807	1,604

Includes Amherst, Brookline, Greenville, Hollis, Hudson, Litchfield, Mason, Merrimack, Milford, Mont Vernon, Nashua, New Ipswich, Pelham, Wilton
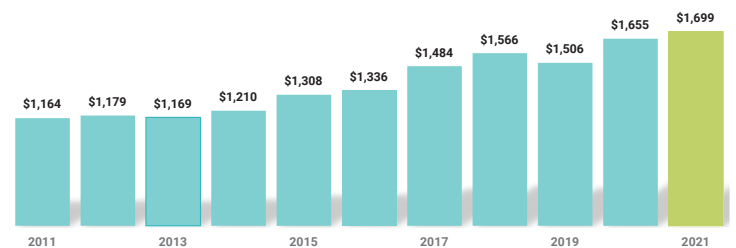
	Sample Size	Rent Range		Median
PORTSMOUTH-ROCHESTER, NH HMFA				
0-Bedroom	40	$640	- $1,886	$942
1-Bedroom	505	$545	- $2,195	$1,180
2-Bedroom	1,181	$848	- $3,413	$1,554
3-Bedroom	223	$791	- $3,785	$1,587
4+ Bedrooms	30	$1,422	- $3,747	$2,117
All Bedrooms	1,979	$545	- $3,785	$1,486

Includes Barrington, Brentwood, Dover, Durham, East Kingston, Epping, Exeter, Farmington, Greenland, Hampton, Hampton Falls, Kensington, Lee, Madbury, Middleton, Milton, New Castle, New Durham, Newfields, Newington, Newmarket, North Hampton, Portsmouth, Rochester, Rollinsford, Rye, Somersworth, Strafford, Stratham
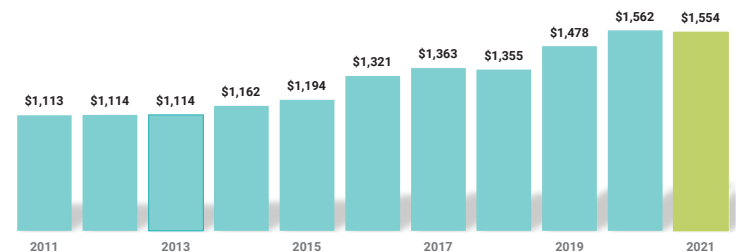
MEDIAN MONTHLY GROSS RENTS FOR 2-BEDROOM UNITS - HUD HMFA

	Sample Size	Rent Range	Median
WESTERN ROCKINGHAM COUNTY, NH HMFA			
0-Bedroom	1	$798 - $798	****
1-Bedroom	25	$700 - $2,561	$1,324
2-Bedroom	250	$1,053 - $2,447	$1,494
3-Bedroom	9	$1,291 - $1,849	****
4+ Bedrooms	0	$0 - $0	****
All Bedrooms	285	$700 - $2,561	$1,494
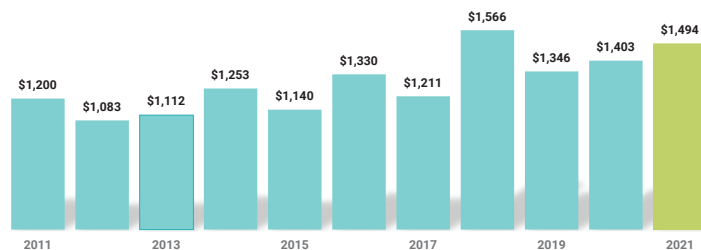
Includes Auburn, Candia, Deerfield, Londonderry, Northwood, Nottingham

	Sample Size	Rent Range	Median
BOSTON-CAMBRIDGE-QUINCY, MA-NH HMFA			
0-Bedroom	0	$0 - $0	****
1-Bedroom	18	$1,235 - $1,629	****
2-Bedroom	63	$1,491 - $2,043	$1,586
3-Bedroom	1	$2,291 - $2,291	****
4+ Bedrooms	1	$1,991 - $1,991	****
All Bedrooms	83	$1,235 - $2,291	$1,586
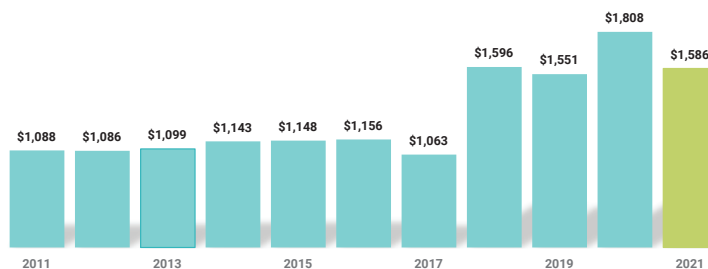
Includes Seabrook, South Hampton

	Sample Size	Rent Range	Median
LAWRENCE, MA-NH HMFA			
0-Bedroom	31	$543 - $1,770	$878
1-Bedroom	246	$785 - $2,006	$995
2-Bedroom	241	$777 - $2,485	$1,642
3-Bedroom	56	$946 - $2,811	$1,952
4+ Bedrooms	0	$0 - $0	****
All Bedrooms	574	$543 - $2,811	$1,347
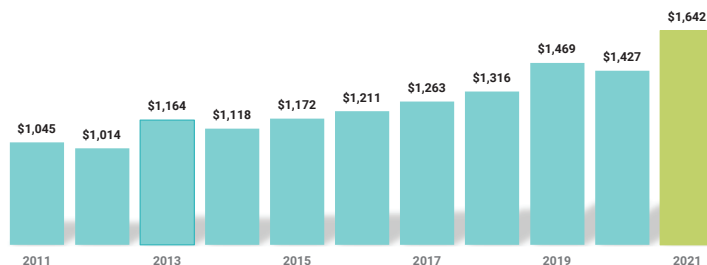
Includes Atkinson, Chester, Danville, Derry, Fremont, Hampstead, Kingston, Newton, Plaistow, Raymond, Salem, Sandown, Windham

**** *Calculations based on smaller sample sizes are viewed as providing inconstant and highly volatile results and are not typically released.*

New Hampshire Housing's Policy, Planning and Communications Group focuses on researching, surveying and identifying the state's housing needs and conditions. It also provides technical assistance and information to local governments and the public on housing-related matters. Additionally, it administers grant programs to support non-profits engaged in affordable housing activities.
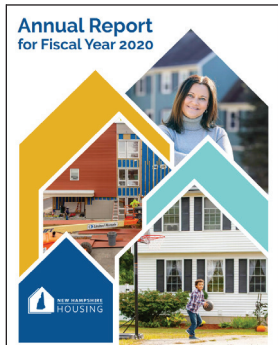
HOUSING ADVOCACY AND GRANTS

New Hampshire Housing provides funding to support local housing advocacy and public education activities. We also focus on engaging partners such as local and regional chambers of commerce and economic development organizations. The state's network of workforce housing coalitions, along with Housing Action NH, are key to raising awareness about the need for a diverse and affordable range of housing in our communities. New Hampshire Housing provides grants to support the housing coalitions such as Vital Communities (Upper Valley); Workforce Housing Coalition of the Greater Seacoast; Mt. Washington Valley Housing Coalition, and Regional Economic Development Center.

MUNICIPAL TECHNICAL ASSISTANCE GRANT PROGRAM

To provide towns and cities with assistance to address locally identified planning needs, New Hampshire Housing partners with Plan NH to administer the Municipal Technical Assistance Grant Program. Municipalities may apply for grants of up to $25,000. A cash and/or in-kind match of 15% of the grant amount is required to participate in the program. Additionally, staff provide direct technical assistance to municipalities upon request.

New Hampshire Housing published *A New Hampshire Homeowner's Guide to Accessory Dwelling Units* in 2018 and an ADU guide for local officials in 2017. These guides provide assistance in implementing the Accessory Dwelling Unit statute (RSA 674:71-73). The intent of that law is to expand affordable housing options in New Hampshire communities by encouraging the efficient use of existing housing stock and infrastructure.

HOUSING CONFERENCES AND WEBINARS

Each year, New Hampshire Housing hosts a series of conferences and webinars for the financial, real estate, lending, development, nonprofit, and other housing-related sectors, as well as public officials and business leaders. These events encourage discussion about ways to address the Granite State's affordable housing and economic development needs. In 2021 we are hosting webinars and seminars on post-pandemic multi-family housing design, the economic impact of different types of land use, and topics on housing and the economy. We also sponsor housing events such as a webinar on retrofitting malls and commercial buildings into housing and mixed-use developments.
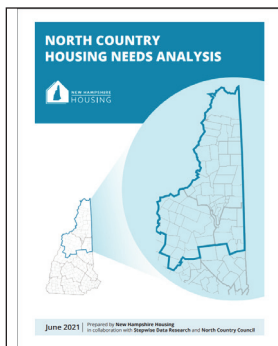
HOUSING-RELATED STUDIES, GUIDES AND REPORTS

- Analysis of Impediments to Fair Housing Choice in New Hampshire (2020)
- Taxes, Land Use & Value in 15 NH Communities – Analysis by Joe Minicozzi, Urban3
- Housing Solutions Handbook (updated 2019)
- A New Hampshire Homeowner's Guide to Accessory Dwelling Units (2018)
- Accessory Dwelling Units in New Hampshire: A Guide for Municipalities (2017)
- Affordable Rental Housing Developments: Characteristics of Residents of New Hampshire Low-Income Housing Tax Credit Apartments (2017)
- Housing Needs in NH (NH Center for Public Policy Studies) (2014)
- Community Planning Grant Case Studies (2014)
- Information Briefs: A Planning Resource for Municipalities (2014)
- New Hampshire Employer Survey (2014)
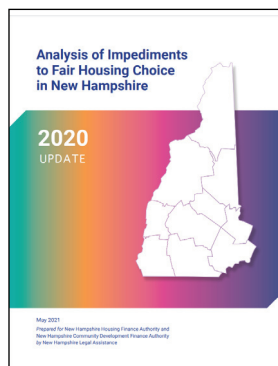
OTHER NEW HAMPSHIRE HOUSING PUBLICATIONS

- Annual Report
- Financial Statements and Independent Auditor's Report
- Strategic / Program Plan
- Annual Residential Rental Cost Survey (and Utility Allowance Survey)
- Housing Market Report (Spring - Fall)
- Housing Market SNAPSHOT
- HUD Required Consolidated Plan / Action Plan
- State Biennial Housing Plan (every 2 years)

NEW HAMPSHIRE
HOUSING

Property Taxes and Residential Rents

Leah J. Tsoodle

&

Tracy M. Turner

Abstract. Property taxes are a fundamental source of revenue for local governments, comprising 73% of local government tax revenue in the United States. In this paper, we empirically investigate the impact of residential property taxes on residential rents. Using data from the American Housing Survey and the National League of Cities, we estimate numerous specifications of a hedonic rent equation with comprehensive unit-level, neighborhood-level and city-level controls. We find that a one standard deviation increase in the property tax rate raises residential rents by roughly $400 annually.

I. Introduction

Property taxes are a fundamental source of revenue for local governments, comprising 73% of local government tax revenue in the United States (Statistical Abstract, 2006), and an extensive literature examines their economic impacts. By extending and empirically testing the Tiebout (1956) model, much of this research investigates the extent to which property taxes and public services are capitalized into house prices, and whether household mobility and local government competition can lead to an efficient provision of local public services. Dowding, John and Biggs (1994) and Zodrow (2001, 2006) provide excellent reviews of the literature and insights into the three views of property tax incidence: the traditional view, capital tax view and benefits view. Although the three views generate alternative predictions of who ultimately bears the economic incidence of the property tax, each view implies the possibility that property taxes may be capitalized into local house prices, residential rents and wages (Zodrow, 2001).

There is a large body of empirical research that examines the impact of property taxes in markets where the user of housing services and the property owner are one in the same: the owner-occupier. In particular, the extent of capitalization of property taxes into house prices has been examined in numerous studies, and there is consensus that such capitalization occurs: if two communities have a similar provision of public services, but different effective property tax rates, then the community with the higher property taxes will have lower house values, all else equal. Indeed, recent research suggests fairly high house-price capitalization rates (Palmon and Smith, 1998a, 1998b), confirming that higher property taxes lower buyer willingness to pay and result in lower equilibrium house prices.

This paper provides a first examination of the impact of property taxes in markets where the user of housing services and the property owner are not the same individual. We examine the

2

impact of such taxes on tenants: those who use the housing services, but do not own the property. The finding from other studies that property taxes reduce house prices *ceteris paribus* suggests there may be long run impacts on residential rents through changes in the local housing stock, and we empirically investigate the impacts on local residential rents. We do so by examining the rental market directly. Using housing unit data from American Housing Survey data for a sample of U.S. cities in 1999, 2001, and 2003, and city-level data provided by these cities, we estimate multiple specifications of a hedonic rent equation that controls for detailed unit attributes, neighborhood attributes, and city-level expenditure data on public services to identify the impact of effective tax rates on rents.

The extent to which property taxes impact residential rents is an important question. Daskal (1998) examines housing conditions in 45 metropolitan areas and finds record growth in the number of low-income renter households and the shortage of affordable housing units. If local property taxes contribute to higher tenant costs then they are also contributing to the shortage of affordable rental units. In terms of the broader economic incidence of the tax, if housing consumption is proportional to household income, then according to the traditional view of the property tax literature, the portion of the tax falling on structures constitutes a proportional tax. If the Tiebout model applies, then the property tax is considered a benefits tax. However, low-income renters may be less mobile that higher income households, suggesting a more regressive impact of the property tax. Understanding the extent to which property taxes are passed through to renters through higher rents thus has important policy implications regarding the use of taxes on residential property to fund local government services. The rest of the paper is organized as follows. Section II provides background on the capitalization literature and the process by which higher property taxes result in higher residential rents. Section III details our

3

data and econometric approach. Section IV presents our empirical results, and section V concludes.

II. Background

House-Price Capitalization Literature

There is a vast amount of empirical work investigating the impact of property taxes on house prices, beginning with the work of Oates (1969), who finds that property taxes and the value of public services are capitalized into house prices. Several studies by Ihlanfeldt (1982, 1984, and 2004) are consistent with Oates' capitalization findings. Yinger, Bloom, Borsch-Supan and Ladd (1988) provide a comprehensive review of the property tax literature as well as generate their own estimates of the impact of property taxes on house values, controlling for other factors, in seven Massachusetts cities. They conclude that the capitalization rate varies by communities and ranges from 16 percent to 31 percent: that is, for every $1 increase in the present value of the stream of property tax payments on the house, the value of the house is decreased by 16 cents to 31 cents. More recent research by Palmon and Smith (1998a, 1998b) finds that capitalization of the property tax into the housing rent-to-value ratio is between 62 and 100 percent. A capitalization rate of 100 percent implies that the long-run rent-to-price ratio will fall by the same percent as the decrease in property taxes. Palmon and Smith's approach does not allow them to identify the separate impact on rental costs. Nonetheless, this high rate of capitalization for the rent-to-value ratio suggests that the amount of property tax passed onto the renter may be substantial.

Process of Capitalization

Taxing residential property may result in higher residential rents. To see why this is so,

consider the standard model of local housing market dynamics.[1] In the short run, implementing

or raising a property tax decreases the consumer's willingness to pay for new or expanded

housing according to the present discounted value of the tax liability. For example, suppose that

a house is expected to generate $12,000 in housing services for 25 years net of existing property

taxes. If the housing market is competitive and assuming a discount rate of 10% on future

housing services, then a buyer would be willing to pay $108,924 for the home.[2] Now consider

an increase in the property tax burden of $500 per year. The buyer's willingness to pay will fall

by the present value of all the additional future tax payments, and the buyer's new willingness to

pay for the home is equal to only $104,386.

The stock of housing is fixed in the short run, thus the tax results in disequilibria in the

housing market. Because supply is fixed, the price of housing falls by exactly the amount of the

tax liability. This constitutes full capitalization of the tax into house prices.[3] To the extent that

the supply side of the market can adjust, however, the tax may or may not remain fully

capitalized. The local suppliers of housing who supply at marginal cost suffer short run losses

and disinvest in the local housing market. The long-run stock of housing decreases until normal

accounting profits are restored.

If the housing industry is a constant cost industry, then the long run supply of housing is

perfectly elastic, and, in the long run, the equilibrium purchase price of housing will return to its

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[1] See Sheffin (1996) for a presentation of this model. De Leeuw and Ozanne (1981) apply a static version of this model to examine the impact of inflation and federal tax reform on long-run equilibrium rents in the housing market.

[2] Willingness to pay, P, is computed as: $P = R_0 + \dfrac{R_1}{(1+r)} + \dfrac{R_2}{(1+r)^2} + ... + \dfrac{R_{25}}{(1+r)^{25}}$. Assuming a discount rate, r, of 10% and housing services, R, valued at $12,000 per year for 25 years thus gives a willingness to pay of $108,924.

[3] In a dynamic context, house prices would not increase by the full amount of the reduced tax liability, since the market takes into account the expected decrease in house prices resulting from the transition to the new equilibrium.

pre-tax change level.[4] The long run equilibrium price of housing is thus unchanged by the tax

policy and, in this case, there is zero long-run capitalization of the tax break. This would not be

the case if the housing industry is not constant cost or is subject to local growth restrictions.

Whatever the structure of the housing industry, the tax generates a decrease in the housing stock.

Because of the resulting smaller flow of housing services, the rental value on a given unit will be

higher than the pre-tax change level. The long-run process is reflected in the change in the ratio

of rental cost to purchase price. We examine the impact of a change in property taxes on rental

values directly – comparing long-run equilibriums across cities, to identify the extent of the pass

through of the tax change to renters.

III. Data and Econometric Model

We use two datasets in our analysis: (i) unit-level data from the American Housing

Survey (AHS); and (ii) city-level data from the National League of Cities (2005) for years 2001

and 2003 and from the cities themselves for 1999. We discuss each of these datasets in turn.

The AHS, conducted by the U.S. Bureau of the Census, consists of two surveys, a national AHS

survey and a metropolitan survey, that differ geographically and temporally. The national survey

interviews a random sample of housing units across the United States every other year. The

metropolitan survey is a random sample of housing units in forty-four metropolitan statistical

areas (MSAs). Households in the metropolitan survey are sampled on a rotating basis, with

approximately eleven MSAs surveyed in any given year. Both surveys sample new construction.

Thus the samples grow over time and continue to be representative of the housing stock (Turner,

2003). An advantage of the AHS for estimating hedonic rent equations is the wealth of unit-

level and neighborhood-level data collected in the survey.

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[4] Dipasquale (1999) evaluates the evidence and concludes that both single-family housing starts and new
multifamily construction are price elastic.

We select data from both AHS surveys and include housing units in primarily Midwestern cities in the years 1999, 2001, and 2003. We select all Midwestern cities in the national sample that do not substantial geographical features limiting urban growth and that have at least 100 rental units surveyed per year. In addition, we add into our sample renters in Denver and Oklahoma City to boost sample size.[5] We select single-detached and multiplex rental units, and we exclude mobile homes and condominium units due to the possibility that the rent includes additional fees for landlord-supplied services such as yard maintenance. In addition, we delete rental units with a 2003-inflation-adjusted rent of less than $600 per year or having square footage over 10,000 square feet. The resulting sample consists of 7,902 rental units across the 14 cities and three survey years.

Effective Property Tax Rates

To examine the impact of property taxes on residential rents, we need a measure of the effective property tax rate on residential rental properties. However, the AHS only collects property tax and property value data for owner-occupied properties. No such data are collected by the AHS for rental properties. Since we do not have the data to generate a renter-specific, effective property tax rate measure, we create a city-level measure using the property tax data for owner-occupied units in the AHS. Data cleaning of homeowners includes deleting homes valued at less than $10,000 from the sample, as well as those reporting less than $500 of property taxes paid per year, giving us over 18,000 homeowners in the 14 cities at three points in time. We first compute the annual effective tax rate on each owner-occupied unit as total real estate taxes

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[5] Specifically, the sample includes rental units in 12 Midwestern cities: Chicago, Cincinnati, Cleveland, Columbus, Detroit, Grand Rapids, Indianapolis, Kansas City, Milwaukee, Minneapolis-Saint Paul, Omaha, and Saint Louis. All units are surveyed in the national survey in 1999, 2001 and 2003. Additional units in Cincinnati and Minneapolis come from the metropolitan survey in 1998; additional units in Columbus, Kansas City, and Milwaukee come from the metropolitan survey in 2002. We also include units in Denver and Oklahoma City in 1999, 2001 and 2003 from the AHS national sample to boost sample size, for a total of 14 cities.

reported on the unit divided by house value. We then compute the city-level average effective tax rate by taking the average of the homeowners' effective tax rates. Thus, to identify the impact of effective property tax rates on residential rents, we will use variation in the tax measure across cities and over time, while netting out the impacts of unit attributes and neighborhood attributes.

Because the effective tax rates on owner-occupied and rental properties will differ when there is property tax relief provided to owner-occupiers and not to landlords, we check whether such state-level property tax relief may skew our tax measure, and we find that it does not. The units in our sample are indeed located in states that provide property tax relief for homeowners through such programs as the so called circuit-breaker program.[6] However, this does not pose a problem for our analysis as the relief in these states is provided in the form of a rebate or income tax credit, and the AHS reports the pre-relief level of real estate taxes owed.

The use of effective tax rates on owner-occupied properties as a proxy for the rates on rental properties may be problematic, however, if the stocks of owner-occupied and rental housing differ. We first check for differences in the composition of housing in our sample. We find that the stocks of rental and owner occupied housing are similar in age and adequacy. The fractions built according to four age categories (prior to 1930; from 1930 to 1970; from 1970 to 1990; and after 1990) are nearly identical for rental and owner-occupied units. Regarding adequacy, in our sample 97% of owner occupied housing is rated as adequate, and 90% of the rental units are rated as adequate. (As we describe below, a unit is deemed adequate based on the physical condition of the housing unit as assessed by the AHS interviewer).

We also check for differences in the type of housing: single family detached units versus multi-unit properties. Here the stocks of rental and owner occupied housing differ in our

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[6] Sexton (2003) and Baer (2003) provide excellent summaries of the property tax relief programs available in each state.

samples. 97% of the sample of owner-occupied units are single-family detached whereas only 25% of the sample of the rental units are single-family detached units. However, we nonetheless use the effective property tax rates for single-family, owner-occupied units as a proxy for the effective tax rates on rental units in the hedonic rent equations since no data are available that includes both rents and rental-unit specific property taxes.[7]

Expenditure Data

　　We expect that residential rents will be higher in cities that provide amenities, all else equal. Moreover, controlling for the provision of local government services allows us to identify the impact of property taxes on rents, net of these services. We focus on expenditure categories that directly affect quality of life. Specifically, we focus on four broad categories of expenditure (expressed per capita): parks, recreation and culture; police and fire protection; public works such as maintenance on sanitation, water, sewer and transportation; and economic development. We obtain the expenditure data for 2001 and 2003 from the National League of Cities (2005). In accordance with federal regulations implemented in 2000, cities must annually complete a Comprehensive Annual Financial Report (CAFR). Expenditure data for many cities are collected from these reports and published by the NLC. The 1999 data, however, are not available from the NLC, so we contacted the city governments directly for these data.[8]

Econometric Approach

　　We examine the impact of property taxes on residential rents using two approaches: (i) a

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[7] Recent work by Goodman (2006) using newly available data from the 2001 Residential Finance Survey suggests that effective property tax rates vary by property type (owner-occupied, single family units versus multiplexes) and property value (low, medium and high). Although a clear pattern does not emerge, Goodman finds that the effective tax rate on apartments differs from that on houses for both low and high valued properties. The tax rates on medium valued properties are similar, however, across property type, controlling for other factors.

[8] The authors gratefully acknowledge the individuals in these 14 cities who helped us obtain the 1999 data.

two-stage estimation strategy that separates the unit-level analysis and city-level analysis; and (ii) a one-stage estimation procedure that includes both unit and city level controls in the same regression and implements a cluster correction.[9] The econometric results, especially the key findings, are affected very little or not at all by our choice of econometric method, and we thus present the two-stage estimation strategy and results in the paper. The one-stage estimation results are available upon request.

Two-Stage Hedonic Rent Model

The first stage uses the AHS rental unit data to estimate the average rent in a city at a point in time, net of rental unit attributes and neighborhood characteristics. We include city/time binary variables to control for the unit being in a particular city at a particular point in time and allow for rental markets to differ across cities and years. The second stage uses city-level data and regresses the average rents from the first stage on the city-level variables, including the effective property tax rate. The first stage estimation is at the level of the housing unit:

$$R_{ijt} = \alpha + X_{ijt}'\beta + Z_{ijt}'\theta + \sum_{\substack{j=1 \\ t=1}}^{\substack{T=3 \\ J=14}} \gamma_{jt} * C_j * D_t + u \tag{1}$$

where R_{ijt} is the rental price on housing unit i in city j at time t. X is a vector of attributes of the rental unit and includes: the number of baths and rooms in the unit, the square footage of the unit, the adequacy of the unit, and amenities of the unit (central air, working fireplace, parking, balcony,

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[9] The one-stage, household-level, hedonic rent equation with the city-level controls added in, results in correlated error terms within the city/year groupings of renters and therefore standard errors that are downward biased (Moulton, 1986). We implement the Moulton correction to provide correct standard errors.

and the lot size for detached units).[10] The adequacy variable equals one if the unit is deemed

adequate and based on the physical condition of the housing unit as assessed by the AHS

interviewer.[11] The parking variable is a binary variable indicating whether the unit has reserved or

covered parking. Increases in or additions of these variables are expected to increase the rental price

on the unit. We also control for the age of the unit using four indicator variables: built before 1930,

between 1930 and 1970, between 1970 and 1990, and after 1990. We include both multiplex rental

units and detached units in the sample, and control for the difference in these types of units with an

indicator variable equaling one if the unit is detached and zero otherwise.

It may be that some amenities are more valuable in either hot or cold climates. To allow for

this, we estimate a specification that controls for the following interaction variables: (i) air

conditioning and hot summer temperatures, where a city is deemed hot if it has an average July

temperature exceeding 86 degrees (Fahrenheit); (ii) working fireplace and cold winter temperatures,

where cold constitutes an average low temperature in January of 17 degrees (Fahrenheit) or less;

and (iii) parking and cold winter temperatures. We expect that fireplaces will be more valued in

colder climates, but this may not be the case if the presence of a fireplace in a rental unit is picking

up strictly an income effect. Fireplaces are common in warmer climates in coastal areas, for

example.

Z is a vector of attributes of the neighborhood of the rental unit and includes the following

binary variables: if the unit is located in the center of the city; if the neighborhood has crime; if the

neighborhood has bad odor; and whether there is green space or water within ½ a block of the rental

unit. Each of these is constructed based on the resident's response. For example, the crime variable

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[10] Approximately 3000 multiplex rental units are missing square footage data. For these observations, we impute the missing square footage data by using the data reported on the approximately 3,500 multiplex units for which we have square footage data. The details of our approach are provided in the appendix.
[11] Specifically, the surveyor is provided with a list of unit deficiencies, and the presence of any one deficiency would lead the surveyor to classify the unit as inadequate. For example, a unit is deemed inadequate if the unit lacks complete plumbing facilities, has no electricity, has exposed electrical wiring, or lacks complete kitchen facilities.

equals one if the respondent answers yes to the AHS question, "Is there crime in this neighborhood?" and zero otherwise. Although the subjective nature of these data is a limitation, they are the only neighborhood controls we have available that capture crime and amenities. In addition, we control for whether the neighborhood is "poor quality" in general as measured by the presence of any one of the following: abandoned buildings, bars on windows, or trash in the streets; or the unit is adjacent to a four-lane highway, a railroad or an airport. The poor quality measure is an objective measure based on the AHS surveyor's observations of the neighborhood.

J is the number of cities in the sample, C_j represents the city binary variables, and D_t represents the binary variables for the three time periods examined. The γ_{jt} represent the coefficients on the city/year interaction terms to be estimated. The 14 cities at three points in time thus generate 42 city/year binary coefficients. The resulting city/time coefficient estimates (γ_{jt}) provide a measure of the average rental price in city j at time t, net of housing unit and neighborhood attributes.

In the second stage, the estimated city/time coefficients are regressed on effective property tax rates and local government expenditures on public goods such as water treatment, parks, and fire and police protection. We control for the extent of restrictions on housing expansion using the Malpezzi index. Specifically, we construct a binary variable, REG, that indicates if a city has a relatively high degree of regulation. It equals one if the value of the Malpezzi index for the city exceeds the sample average value and zero otherwise.[12] For city j at time t, we have:

$$\gamma_{jt} = \alpha_0 + \alpha_1 PTAX_{jt} + \alpha_3 REG_j + W_{jt}'\delta + \varepsilon \qquad (2)$$

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[12] The Malpezzi index is constructed to capture the extent to which metropolitan and state-level regulations constrict local housing supply. See Malpezzi (1996) for a careful description of the index.

The coefficients on each of the explanatory variables in equation (2) represent the change in average city rents with respect to a change in effective property tax rates, the extent of regulation, and the various expenditures categories, denoted by the vector W_{jt}. This approach allows us to identify the impact of property taxes *ceteris paribus* on residential rents. An α_1 that is positive and statistically significant indicates that the effective property tax rate increases residential rents. We expect positive signs on all of the expenditure coefficients. Increases in city expenditures are expected to improve quality of life and thereby increase rents. We expect that greater regulation will lead to less growth in a city's housing stock and thus higher rents all else equal.

Note that the second stage estimates are based on estimates of the city/year interaction variables. This implies that the error term in the second stage includes both a true error component and a component due to the sampling error from the first stage, and thus the second stage errors will not have constant variances (for example, see Page, 1995). Instead, the variances will depend on the accuracy of the first stage regression. Following Page, in order to efficiently estimate equation (2), we weight each observation by the inverse of the square root of the sum of the estimated variances of each component.

We estimate multiple versions of both the first stage and the second stage models, including first-stage specifications that are run in linear and log form. All variables expressed in dollar terms are adjusted to 2003 dollars. To do so, ideally, one would use a non-shelter, renter CPI to deflate rents in the first stage model. However, the Bureau of Labor Statistics (BLS) does not provide such an index. Instead, the BLS provides two related deflators: the Renter Consumer Price Index (CPI), which tracks inflation in the goods and services bought by renters, and the BLS non-shelter CPI, which tracks inflation in all non-housing goods and services bought by both renters and homeowners. Arguments can be made for use of one over the other. We run

the models based on each deflators. We report only a subset of the results in the next section, but it should be noted that our key findings are robust to these various specifications.

IV. Results

Household Level

We first present the unit-level hedonic rent equations, based on 7,902 rental units. Means for the entire sample of rental units and those in high and low effective property tax rate cities are shown in table 1. The mean effective property tax rate for the sample is roughly 1.5%. A unit is considered to be in high tax (low tax) city if the city-level effective tax rate lies above (below) the sample mean across cities. Rents are reported in 2003 real dollars, using the BLS Renter CPI.

Referring to table 1, the mean real annual rent in the sample is $7,347, with a range from $600 to $34,580. The mean number of bathrooms, rooms, and square footage are 1.12, 4.3, and 1,002, respectively. Forty-one percent of the rental units have central air conditioning. A working fireplace, covered parking, and some sort of balcony are present in 8%, 85%, and 61%, respectively, of the rental units in the sample. Eighty-nine percent of the rental units in the sample are considered adequate, according to the AHS surveyor. The average lot size for detached units is 13,448 square feet, and 24% of the units in the sample are detached units. Most rental units, 42%, were built between 1930 and 1970. Pre-1930s units comprised 19% of the sample, and units built between 1970 and 1990, as well as those built post-1990 made up the rest of the sample at 31% and 8%, respectively. Over 72% of the rentals are classified as central city units, and about 27% of the rental neighborhoods have crime. Eighteen percent have bad odors, and over 42% are designated as poor quality neighborhoods, as defined previously. The fraction

of rental units close to a green space is 33%, and 14% are near a body of water. About 19% of the sample rental units in hot areas have central air conditioning. Roughly 2% and 29% of units in cold areas have a working fireplace and covered parking, respectively.

Table 2 reports the regression results for the hedonic models. Each model includes the city/year binary variables.[13] The model we report as the base model has controls for unit attributes, neighborhood attributes, interaction variables as well as the city/time indicator variables. In model (2), we exclude the fireplace, air conditioning and parking interaction variables. In our sample of 7,902 rental units, using the $600 annual rent as a sample restriction results in 537 rental units, or 7% of the sample, in which the occupant(s) receive some form of government assistance to pay their AHS reported rents. We control for this in model (3), which includes a binary variable equaling one if the household receives government rental assistance and zero otherwise. Model (4) reports the hedonic model using the log of rents as the dependent variable.

We focus our discussion on the results that are robust across models. Most of the results are robust and as expected. The coefficients on number of bathrooms, number of rooms, square footage, central air, fireplace, unit being built between 1930 and 1970 (relative to after 1990) and unit being built between 1970 and 1990 (relative to after 1990) are all positive and statistically significant across models. An additional bathroom, having air conditioning, or having a fireplace each have particularly large impacts on rental prices. For example, a unit with a fireplace rents for $660 to $1,050 more per year, all else equal, depending on the model, with the log model impacts computed using the sample average rent of $7,347 annually. The square footage variable also has a fairly sizable impact. Referring to model (1), an additional 1000 square feet raises the rental price by roughly $300 annually in the linear models and $230 annually in the log

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[13] The city-time coefficient estimates are not reported here, but are available from the authors upon request.

models. The year-built indicators have sizable impacts across models and may be reflecting a location advantage, with the units built between 1930 and 1990 being nearer to city amenities than units built after 1990, and thereby commanding higher rents.

The coefficients on the binary variables representing crime, odor and poor quality neighborhood in table 2 are negative, statistically significant and economically meaningful across models. The units in neighborhoods with crime, for example, rent for roughly $400 less per year. Being located near a green space or body of water significantly increases the rental value of a unit. For example, units located near a green space rent for $204 more per year, and units near a body of water rent for $440 more per year, all else equal, according to model (1). Contrary to expectations, covered or reserved parking is not statistically significant. The control variables for balcony, adequacy, detached lot size, detached unit, central city and the interaction terms are also not statistically significant in all models. The air conditioning, fireplace and parking interaction variables are not consistently significant and referring to model (2), we see that excluding them from the analysis has little impact on the other estimated coefficients. Note that in model (3), with a statistically significant coefficient of minus $1,643, the rent subsidy variable indicates that rental units occupied by households receiving rental assistance command a substantially lower rent, all else equal.

City Level

Forty-two observations are included in the city-level sample for the 14 cities at three time periods (1999, 2001, and 2003). Means for the entire sample of cities and by property tax status are shown in table 3, with all dollar values expressed in 2003 dollars using the Renter CPI. At the city level, the mean effective tax rate is about 1.4% and ranges from 0.1% to 2.3% for the entire sample. The standard deviation is 0.34%. The mean annual expenditure on public safety

16

is over $340 million and ranges from $62 million to $1.65 billion. The mean expenditure on public works, including streets and sanitation, transportation, water, and sewer, ranges from about $30 million to over $1.1 billion, with a mean of $210 million. The average amount spent on cultural and recreational activities for citizens is about $52 million, ranging from $0 to over $153 million. City expenditures on economic development range from $0 to over $234 million, with a mean of about $59.4 million. The city regulation index averages 18.2 with a minimum of 13 and maximum of 22, with higher values of the index indicating greater regulation.

Table 4 reports the second stage estimates. Note that second-stage models reported in table 4 correspond directly to the first-stage models reported in table 2. Each of the second-stage models controls for the effective property tax rate, per capita government expenditures and the regulatory status of the city. Referring to table 4, we see that, across models, the coefficient on the effective tax rate is positive, significant and robust. To interpret the magnitude of the coefficient estimates, we consider the impact on rents of a one standard deviation increase in property tax rate: an increase of 0.34% in the property tax rate from its sample mean of 1.4% increases rents by an amount between $402 and $451 annually.[14] The expenditure coefficients are not statistically significant except in model (1), where per capita expenditures on public works have a negative impact, and expenditures on culture and recreation have a positive impact on city rents, all else equal. The lack of significance is likely because the expenditure variables are correlated with one another. Surprisingly, the regulation control indicates that cities with greater regulation, as measured by a value of the Malpezzi index exceeding 18.2, results in substantially lower rents. This negative correlation may be occurring because the Malpezzi

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[14] In the linear models, we compute the marginal effect of a one-standard deviation increase in the property tax rate by multiplying the coefficient estimate by one standard deviation or 0.0034. For the log models, we multiple the coefficients by 0.0034 and the average sample rent of $7,347.

index primarily captures the speed of residential zoning approval and permit issuance, which may occur more slowly in cities with large housing stocks.

V. Conclusion

Property taxes provide the primary source of revenue for local governments in the U.S., yet we have little understanding of the extent to which such taxes result in higher residential rents. Studies examining the capitalization of property taxes into house prices suggest that the residential rent impacts may be significant. Using data from the American Housing Survey and fourteen cities over time, this paper finds that this is indeed the case. Using multiple estimation strategies, including a two-stage hedonic approach and a one-stage model with cluster correction, both including comprehensive unit-level, neighborhood-level and city-level controls, and we find that a one standard deviation increase in the property tax rate raises residential rents by between $402 and $450 annually. In light of the preferential tax treatment of certain types of property in the U.S such as agricultural land (Tsoodle, 2005), these results are particularly pertinent for urban metropolitan areas and counties with significant acreage zoned non-residential.[15] Reducing the preferential treatment of other types of property and using the revenue gains to reduce residential property taxes may allow cities and counties to achieve lower residential rents. Future research should examine the extent to which the current tax structure for local government financing thus presents an undue burden on urban renters.

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[15] For example, the two most densely populated counties in Kansas, Johnson County and Sedgwick County, have 45% and 74% of the land zoned for agricultural use, respectively.

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Appendix: Imputation of Missing Square Footage Data.

Approximately 3,000 multiplex rental units are missing square footage data. To use these observations, we impute the missing square footage data by using the data reported on the approximately 3,500 multiplex units with square footage data. The model used to impute square footage for the missing data is:

$$UNITSF = \sum_{i=1}^{n} X'\beta. \qquad (A1)$$

Here *UNITSF* is the square footage of the ith rental unit. X is a vector of attributes that we expect will impact square footage and includes: the total number of rooms, bathrooms, half bathrooms, dining rooms, living rooms, and dens. We also include a binary variable for the presence of a laundry room, and we control the age of the unit, which we incorporate as three binary variables: built before 1970, between 1970 and 1990, and after 1990. Notice that equation (A1) includes several variables not present in the first-stage hedonic model. The R-squared for equation (A1) is 0.67. We estimate equation (A1) for multiplex units only and use the fitted equation to predict the square footage for the 3000 multiplex units for which we are missing data.

Table 1.
Sample Means. American Housing Survey.
Rental Units in Primarily Midwestern Cities in 1999, 2001 and 2003.

Variable Definition	All Renters	Renters High Tax	Renters Low Tax
Annual rent	7,347	7,552	7,105
Number of bathrooms	1.12	1.10	1.14
Unit square footage	1,002	1,017	984
Number of rooms	4.27	4.31	4.22
Central air conditioning	0.41	0.35	0.49
Fireplace	0.08	0.06	0.11
Parking	0.85	0.80	0.90
Balcony	0.61	0.61	0.62
Adequate units	0.89	0.88	0.91
Lot size for detached units	13,448	13,853	12,970
Detached unit	0.24	0.20	0.30
Built prior to 1930	0.19	0.21	0.17
Built between 1930 and 1970	0.42	0.43	0.41
Built between 1970 and 1990	0.31	027	0.35
Built after 1990	0.08	0.09	0.07
Central city	0.72	0.83	0.59
Crime	0.27	0.29	0.25
Odor	0.18	0.08	0.08
Poor quality	0.42	0.44	0.39
Green space	0.33	0.30	0.37
Body of water	0.14	0.14	0.15
Central Air conditioning * hot temperature	0.19	0.01	0.39
Fireplace * cold temperature	0.02	0.01	0.02
Parking * cold temperature	0.29	0.30	0.29
Sample size	7,902	4,272	3,630

Note: the rent and income variables are adjusted to 2003 dollars using the Urban Rental CPI.

Table 2.
Hedonic Rent Estimations.
AHS Renter Households in 14 cities, 1999, 2001 and 2003.

Variables	(1) Base Model	(2) Exclude Interaction Terms	(3) Rent Subsidy Control	(4) Log(Rent)
Number of bathrooms	1969.4***	1987.2***	1931.37***	0.19***
	(107.7)	(107.8)	(106.69)	(0.02)
Number of rooms	414.8***	413.9***	412.95***	0.06***
	(32.30)	(32.32)	(31.97)	(0.005)
Unit square footage	300***	295***	281***	0.032***
(in thousands)	(500)	(544)	(538)	(0.008)
Central air	1916.3***	1665.4***	1877.66***	0.22***
	(98.78)	(83.68)	(97.84)	(0.01)
Fireplace	1050.3***	1000.5***	968.71***	0.12***
	(145.83)	(131.17)	(144.52)	(0.02)
Parking	71.76	5.26	53.49	0.02
	(122.60)	(104.01)	(121.39)	(0.02)
Balcony	85.34	73.71	6.64	0.05***
	(73.77)	(73.75)	(73.32)	(0.01)
Adequate units	35.76	33.76	43.22	0.008
	(108.99)	(109.06)	(107.90)	(0.02)
Lot size (in tens of	-6.23	-6.23	6.24	-0.00065
thousands)	(4.0)	(4.4)	(0.0004)	(0.00062)
Detached unit	39.22	66.84	26.06	-0.02
	(93.69)	(93.64)	(92.80)	(0.01)
Built prior to 1930	-83.99	-71.62	-108.69	-0.03**
	(94.89)	(94.92)	(93.96)	(0.01)
Built between	583.53***	586.45***	698.38***	0.05***
1930 and 1970	(86.14)	(86.22)	(85.76)	(0.01)
Built between	978.10***	996.08***	1058.29***	0.12***
1970 and 1990	(139.87)	(139.80)	(138.62)	(0.02)
Central city	-14.51	13.04	-3.42	-0.02
	(92.81)	(92.34)	(91.89)	(0.01)
Crime	-427.87***	-435.42***	-384.77***	-0.06***
	(80.11)	(80.15)	(79.39)	(0.01)
Odor	-340.36***	-335.77***	-316.53**	-0.06***
	(125.31)	(125.39)	(124.08)	(0.02)
Poor quality	-236.31***	-236.14***	-225.51***	-0.04***
	(70.52)	(70.58)	(69.83)	(0.01)
Green space	204.02***	205.01***	212.93***	0.02**
	(74.74)	(74.81)	(74.01)	(0.01)
Body of water	439.97***	450.51***	430.02***	0.06***
	(102.97)	(102.99)	(101.95)	(0.01)
Air conditioning *hot	-763.40***		-707.71***	-0.0002
temperature	(160.87)		(159.32)	(0.02)

Table 2 (Continued).

Fireplace *cold temperature	-50.31 (303.59)		-20.25 (300.56)	-0.02 (0.04)
Parking *cold temperature	-232.01 (215.30)		-191.20 (213.17)	-0.04 (0.03)
Rental subsidy			-1643.00*** (132.84)	
Adjusted R-squared	0.870	0.870	.873	0.998

Standard errors are in parentheses. ***, **, * indicate statistical significance at the 0.01, 0.05 and 0.10 levels, respectively. All models include city-time indicator variables.

Table 3.
Sample Means. City-Level Data.
14 Primarily Midwestern Cities in 1999, 2001, 2003.

Variable Definition	All Cities	High Property Tax Cities	Low Property Tax Cities
Effective property tax rate	0.014	0.016	0.012
Public safety expenditure (millions)	342	443	240
Public works expenditure (millions)	210	245	175
Cultural & recreation expenditure (millions)	52.4	40.3	64.5
Economic development expenditure (millions)	59.4	62	56.5
Population	715,163	888,849	541,478
Regulation index	18.2	18.0	18.4
Sample Size	42	21	21

Note: the table reports the expenditure variables in millions of 2003 dollars; however, we convert the expenditure data to per capita terms for the regression analysis. The expenditure variables are provided by the city governments. The effective tax rate is computed using American Housing Survey data on owner-occupied housing units. High tax and low tax cities are those that lie above and below, respectively, of the average city-level effective tax rate in the sample. The rates for high and low cities range from a high of 2.3% and to a low of 0.1%.

Table 4.
City-Level Regressions.
14 Primarily Midwestern Cities in 1999, 2001, 2003.

Variables	(1) Base Model	(2) Exclude Interaction Terms	(3) Rent Subsidy Control	(4) Log (Rent)
Intercept	75.23	266.74	314.60	7.91***
	(1488.87)	(1611.84)	(1464.62)	(0.22)
Effective property tax rate	121478*	111719*	118463*	18.02*
	(62360)	(67528)	(61341)	(9.42)
Public safety per capita	1.55	1.51	1.55	0.00010
	(2.05)	(2.23)	(2.02)	(0.00031)
Public works per capita	-1.26*	-1.21	-1.18	-0.00019
	(0.75)	(0.82)	(0.74)	(0.00011)
Culture and recreation per capita	6.47*	4.09	6.30	0.00092
	(3.86)	(4.18)	(3.80)	(0.00058)
Economic dev. per capita	-0.12	0.23	-0.33	0.000094
	(2.80)	(3.04)	(2.76)	(0.00042)
Regulatory status	-1322.03***	-1321.02**	-1328.17***	-0.16**
	(475.25)	(515.84)	(467.41)	(0.07)
Adjusted R-squared	0.24	0.17	0.24	0.15

Standard errors are in parentheses. ***,**,* indicates statistical significance at the
0.01, 0.05 and 0.10 levels, respectively.

2022 SESSION

22-2583
12/11

HOUSE BILL   *1570-FN*

AN ACT   relative to reducing vehicle registration fees.

SPONSORS: Rep. Ammon, Hills. 40; Rep. Foster, Hills. 5; Rep. Doucette, Rock. 8; Rep. Warden, Hills. 15

COMMITTEE: Transportation

ANALYSIS

This bill reduces vehicle registration fees.

- -

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 Two

AN ACT   relative to reducing vehicle registration fees.

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

1   1 Fees for Registration Permits. Amend RSA 261:153, I to read as follows:

2   I. The treasurer of each city, or such other person as the city government may designate,

3   and the town clerk of each town shall collect fees for such permits as follows: on each vehicle offered

4   for registration a sum equal to [18] *15* mills on each dollar of the maker's list price for a current

5   model year vehicle, [15]*12* mills on each dollar of the maker's list price for the first preceding model

6   year vehicle, [12] *9* mills on each dollar of the maker's list price for the second preceding model year

7   vehicle, [9] *6* mills on each dollar of the maker's list price for the third preceding model year vehicle,

8   [6] *3* mills on each dollar of the maker's list price for the fourth preceding model year vehicle, and [3]

9   *2* mills on each dollar of the maker's list price for the fifth preceding model year vehicle and any

10 model year prior thereto. In no event, however, shall the fee be less than $5. Registration permit

11 fees for construction equipment, as defined in RSA 259:42, shall be governed by RSA 261:64. The

12 director shall make the final determination of any vehicle model year in any case in which a dispute

13 arises. The fee collected hereunder for a vehicle used only in the manner and for the purposes

14 specified in RSA 261:82 and for an agricultural/industrial utility vehicle, as defined in RSA 259:2-a,

15 shall be $5; and provided further, that the fee collected hereunder for a farm tractor shall be $5. In

16 cases of doubt, the director may investigate for the purpose of determining eligibility for limited

17 purpose registrations.

18   2 Effective Date. This act shall take effect 60 days after its passage.

HB 1570-FN- FISCAL NOTE
AS INTRODUCED

AN ACT   relative to reducing vehicle registration fees.

FISCAL IMPACT: [X] State   [   ] County   [X] Local   [   ] None

STATE:	Estimated Increase / (Decrease)			
	FY 2022	**FY 2023**	**FY 2024**	**FY 2025**
Appropriation	$0	$0	$0	$0
Revenue	$0	$0	$0	$0
Expenditures	$0	$66,500	$0	$0
Funding Source:	[ ] General [ ] Education [X] Highway [X] Other - Restricted - Cost of Collection and Administration*			

*Pursuant to Part II, article 6-a of the New Hampshire constitution, any costs associated with the collection and administration of Highway Funds by the Department of Safety shall be deducted by the Department before such funds are credited to the Highway Fund as unrestricted revenue.

LOCAL:

Revenue	$0	Indeterminable, Yet Significant, Decrease	Indeterminable, Yet Significant, Decrease	Indeterminable, Yet Significant, Decrease
Expenditures	$0	Indeterminable	$0	$0

METHODOLOGY:

This bill reduces the mill rates in RSA 261:153, I, relative to municipal vehicle registration fees. State vehicle registration fees will not be affected. At this time, municipal registration data is not available to precisely estimate this bill's impact on local revenue. For illustrative purposes, the New Hampshire Municipal Association states in 2019 (according to the New Hampshire Public Finance Consortium) approximately $289 million was collected in vehicle registration fees. It is indeterminable how much this bill will reduce local revenue by in FY 2023 and each year thereafter.

To implement the changes in this bill into its registration system (MAAP), the Department of Safety expects to incur programming and testing costs of approximately $66,500 in FY 2023. Additionally, there may be an indeterminable increase in costs for municipalities to make necessary updates to their software systems to reflect this bill's changes.

AGENCIES CONTACTED:

Department of Safety and New Hampshire Municipal Association