

Senate Public and Municipal Affairs Committee

Kelly Flathers 271-3091

SB 80, relative to implementation of the all veterans' tax credit ***and proposed amendment #2017-0142s, relative to implementation of the all veterans' tax credit, and relative to applications for recovery from the FRM victims' contribution recovery fund.***

Hearing Date: February 1, 2017

Time Opened: 9:00 a.m.

Time Closed: 9:24 a.m.

Members of the Committee Present: Senators Ward, Gray and Birdsell

Members of the Committee Absent : Senators Kahn and McGilvray

Bill Analysis: This bill allows a town or city adopting the all veterans' tax credit against property taxes to phase in the amount over 3 years.

#2017-0142s Amended Analysis: This bill allows a town or city adopting the all veterans' tax credit against property taxes to phase in the amount over 3 years. This bill also modifies the time period for applications for recovery from the FRM victims' contribution recovery fund.

Sponsors:

Sen. Watters

Sen. Gray

Sen. Kahn

Sen. Daniels

Sen. Reagan

Sen. Giuda

Sen. D'Allesandro

Rep. Sandler

Rep. Spencer

Rep. Baldasaro

Rep. Hinch

Who supports the bill: Sen. Gary Daniels - District 11; David Kenney - SVAC; Scott Myers - City of Laconia; Michael Joyal - City of Dover; Rep. Michael Cahill - Rockingham 17; Governor Chris Sununu; Jim Michaud - Hudson; Steve Fournier - Town Administrator, Newmarket; Sen. Bob Giuda - District 2; Rep. Al Baldasaro - Rockingham 5

Who opposes the bill: No one

Who is neutral on the bill: No one

Summary of testimony presented in support:

Michael Bearse – Introducing the bill on behalf of Sen. Watters

- Last session the veterans' tax credit program was expanded. Since then, communities who had approved a tax credit for veterans expressed concern over the cost of an immediate expansion, particularly for communities at the maximum \$500 level.
- The goal of this legislation is to help communities implement and sustain this important tax credit that recognizes and honors our veterans.
- Sen. Watters requests that this legislation can be expedited to pass in time for NH's town meetings. He supports the proposed amendment to this bill.

David Kenney – State Veterans Advisory Committee

- The SVAC as a body has not taken an official position on this bill, but we were briefed at our last meeting and I am speaking in support of this bill.
- There are a number of communities that have expressed the desire to have a mechanism by which they can increase the veterans' tax credit without creating a large tax impact, especially for communities with a high concentration of veterans.
- Legislation passed last year allows all those who are honorably discharged to receive a tax credit. This potentially increases the number of veterans who are eligible. It is enabling legislation, so each town and city has to pass it within their own respective constituencies. This bill offers a mechanism for concerned communities to phase it in.

Scott Myers – City Council of Laconia

- We support the bill and have not taken a position on the amendment. We're at the maximum \$500 tax credit for existing veterans. Bringing in all veterans at the \$500 level will have an \$180,000 impact.
- While the council is looking to be supportive of veterans, we are looking for a mechanism to allow phasing this in.

Senator Birdsell

- (Q) For a city like Laconia, you already have veterans being credited at the maximum level. Would the phase-in only be for new applicants?
 - (A) **Scott Myers:** Correct, it would only be for gap veterans. The \$380,000 that we already credit to veterans won't change; it's built into our budget.
- (Q) If this is phased in over three years, will they get 1/3 the first year, 2/3 the second year, and the full amount the third year?
 - (A) **Scott Myers:** The bill doesn't specify exactly how towns have to phase it in.

Michael Joyal – City Council of Dover

- We support the bill and have not taken a position on the amendment. We would like to enact the all veterans' tax credit but are concerned about the impact if

we have to adopt it immediately at the \$500 level.

- Having time to phase in the credit will allow us to understand the eligible population. We estimate this will have an impact of \$300,000. We ask that communities are given the opportunity to phase this into our budgets.

Jim Michaud – Town of Hudson

- I am speaking in support of this bill. We're trying to adopt the all veterans' tax credit this year. We're currently at the \$500 maximum. I don't think it will be that significant for the first year because the filing deadline is so close to the town meeting.
- We anticipate close to 500 additional veterans to apply. We currently have 1,000 receiving tax credits.
- If I am a gap year disabled veteran and my community adopts the all veterans' tax credit, the law as passed last year excludes the gap year disabled veteran from getting the all veterans' tax credit. I called it an error, but I learned that it was a compromise. I worked something out on that and distributed it to the committee.

Representative Al Baldasaro – Rockingham District 5

- I'm speaking in support of this bill. I've been the Vice Chair of the House State-Federal Relations and Veterans Affairs Committee for 10 years.
- I supported the law that was passed but I didn't want it to be a burden on cities and towns. This bill gives them three years to implement this program in whatever way works for them.
- Under current law, all veterans from 1990 to now are getting this tax credit. This bill affects gap year veterans. If you're a 100% disabled veteran, you qualify for the veteran's tax credit and for the property tax credit. If you're not 100% disabled, you don't qualify. Those veterans that are already disabled don't fall into this because they're already getting both. This only applies to gap year veterans.
- Towns can use census data to find out how many veterans are taking the tax credit now and get a ballpark figure on the numbers.

Summary of testimony presented in opposition: None

Neutral Information Presented: None

Who supports the amendment: None (no separate signatures)

Who opposes the amendment: None (no separate signatures)

Who is neutral on the amendment: Tom Donovan - Director of Charitable Trusts;

Terry Knowles - Assistant Director of Charitable Trusts

Summary of testimony presented in support: None

Summary of testimony presented in opposition: None

Neutral Information Presented:

Tom Donovan – Director of Charitable Trusts

- I am speaking only on the proposed amendment. RSA 359-p was enacted last session and required our office to find an administrator to handle the claims process.
- We created an RFP and advertised as much as possible, but we did not get any compliant responses. We reached out to the two individuals who had given us resumes and tried to negotiate with them outside of the RFP process. One was not interested and the other backed out.
- We've since had a victim approach us who was interested in serving in the role. Unfortunately, there is a conflict of interest issue there. At the moment, we don't have anybody.

Senator Gray

- (Q) How does the amendment help you?
 - (A) Thomas Donovan: It ties the deadline to the time the administrator is appointed, instead of to the effective date. I don't want to give any victims false hope that this amendment would create interest that we haven't seen so far.

Future Action: Ought to Pass with Amendment

KEF

Date Hearing Report completed: February 1, 2017