

Senate Public and Municipal Affairs Committee

Kelly Flathers 271-3093

SB 168, relative to increasing the maximum amount of the optional veterans tax credit.

Hearing Date: February 1, 2017

Time Opened: 9:30 a.m.

Time Closed: 9:44 a.m.

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

Members of the Committee Absent: Senator McGilvray

Bill Analysis: This bill allows towns and cities to adopt an increased amount of the optional veterans' tax credit against property taxes.

Sponsors:

Sen. Gannon

Sen. Innis

Sen. French

Sen. Gray

Sen. Giuda

Rep. True

Rep. Hagan

Rep. Polewarczyk

Rep. Dean-Bailey

Who supports the bill: Sen. Bill Gannon - District 23; David Kenney - SVAC; Sen. Harold French - District 7; Sen. Bob Giuda - District 2; Sen. Dan Innis - District 24; Rep. Al Baldasaro - Rockingham 5

Who opposes the bill: No one

Who is neutral on the bill: Jim Michaud - Hudson; Cordell Johnston - NH Municipal Association; Bobby Broneske - NHOVS

Summary of testimony presented in support:

Sen. Bill Gannon (Prime) – District 23

- I am introducing this bill on behalf of constituents. This is an optional veterans' tax credit bill that increases the maximum amount, which was set 12 years ago.
- Right now towns can choose to offer tax credits of \$50 to \$500; this bill raises the maximum to \$1000.

Sen. Kahn

- (Q) How many towns have adopted this program so far?
 - (A) **Sen. Gannon:** In my district it's 6 of 9, but I don't know how many towns state-wide have adopted this. It is optional.

- (Q) Do you know where most towns lie within the current range?
 - (A) **Sen. Gannon:** My town is at \$250 to \$300 and they're going to try to go to \$500. I believe Chester is also in the \$400 to \$500 range. There's a mix.
- (Q) Towns have picked the middle of the range as a comfortable place to implement this credit, correct?
 - (A) **Sen. Gannon:** I had veterans who came forward who believe, after 12 years with a maximum of \$500, it's time to offer the option to go higher.

Sen. Ward

- (Q) Is this going to cause competition between towns?
 - (A) **Sen. Gannon:** My town has a very high tax burden, but still wants to expand the tax credit. Veterans in some towns are more vocal and other towns have different priorities.

Sen. Birdsell

- (Q) Last year we expanded the number of veterans that qualify for the tax credit. We just heard a bill with towns asking to phase this in because they can't afford it. Is it the right time for this bill?
 - (A) **Sen. Gannon:** I wouldn't support a mandate. Since this is an opt-in, towns can make the decision if they can afford it.

David Kenney – State Veterans Advisory Committee

- We did not take an official vote on this, but the feedback I've received is that we're in favor of this bill. This bill allows communities that can afford it the ability to increase the tax credit.
- In Hooksett we have 368 veterans currently receiving the tax credit and an additional 258 who were not eligible under the original ruling. This could benefit them when the town has the ability to do so.
- This creates a buffer so we don't have to keep updating the RSA over time.

Summary of testimony presented in opposition: None

Neutral Information Presented:

Jim Michaud – Town of Hudson

- We have no official stance on the bill.
- In 1989, legislation passed increasing the maximum tax credit from \$50 to \$100. In 2003, legislation was passed to increase the maximum to \$500. Now, 13 years later, we're looking to double it to \$1000.

- According to the DRA's 2015 veterans' tax credit survey, about 47% of the state's communities are currently at the maximum.
- NH is one of 10 states that has a tax credit for all veterans. Among these states the median tax credit benefit was 3.2%. In Hudson we're at the max of \$500, putting the average tax credit benefit at 8.8% of the tax bill for veterans.

Sen. Birdsell

- I would like to disclose that I am a veteran and may or may not have a conflict, but I intend to participate.

Cordell Johnston – NH Municipal Association

- We don't have a position on the bill because it is a local option.
- Keep in mind that any time there is a credit to some group of taxpayers it does shift the burden to other taxpayers.
- It is hard for people to vote against increasing the veterans' tax credit. If this is approved, I imagine a lot of towns will go up above \$500. It could have a significant impact on the tax base.

Rep. Michael Cahill – Rockingham 17

- When you and I enlisted we weren't thinking of a tax credit, we were thinking of serving our country or getting an education.
- It's hard to be against something that helps veterans, but we've heard from towns that these credits must be offset by others, including seniors who were not able to serve.
- I spoke with someone who is the widow of a man who served in Vietnam and she just lost her \$500 tax credit. One result of raising the maximum amount is that towns may stop providing it to widows.

Future Action: Pending

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Date Hearing Report completed: February 3, 2017