

Senate Ways and Means Committee

Sonja Caldwell 271-2117

SB 185, extending the community revitalization tax relief program to coastal properties subject to storm surge, sea level rise, and extreme precipitation.

Hearing Date: March 15, 2017

Members of the Committee Present: Senators Sanborn, Giuda, Daniels, D'Allesandro and Feltes

Members of the Committee Absent : None

Bill Analysis: This bill allows municipalities to adopt a program for tax and other relief for coastal properties subject to storm surge, sea level rise, and extreme precipitation, under the community revitalization tax relief program.

Sponsors:

Sen. Watters
Rep. Cushing

Sen. Fuller Clark
Rep. Chase

Sen. Innis
Rep. Ward

Who supports the bill: Sen. Fuller Clark, Jennifer Goodman (NH Preservation Alliance), Elizabeth Muzzey (NH Division of Cultural Resources), Nancy Stiles

Who opposes the bill: no one

Who is neutral on the bill: no one

Summary of testimony presented:

Sen. Watters

- Handed out copies of the report referenced in the bill and submitted two letters of support.
- We have a very successful program that allows municipalities to enact provisions to provide abatement for historic properties renovated in a historic district, which allows communities improve their downtown and other areas. It also gives property owners incentive to do appropriate historic renovations.
- The idea is to plan now to save taxpayer dollars later on.
- The report gave practical recommendations which derive from municipalities themselves.
- They looked at how we could encourage people to take adaptation provisions to prepare for storm surge.
- The bill creates a new section to create coastal resilience zones.
- It provides municipalities with flexibility if they choose to enact the provisions under this new section. They can decide which resilience measures they need. The bill opens up the

program to other properties that are not historic properties.

- It would also let municipalities identify and provide relief to properties in the zone subject to repeated losses.
- It lets them create a capital reserve or trust fund to protect municipal costs by allowing them to put aside money on an incremental basis.
- The amendment makes sure qualifying structures means potentially identified structures. This is necessary because of definition language in RSA 79-E. This will make it very clear that we mean to expand it beyond historical structures.
- The commission listened to what seacoast communities wanted them to do. This requires an act of the municipal government authority to adopt. It is enabling legislation.

Sen. Sanborn said giving a tax credit makes others taxes go up and asked how we reconcile that.

Sen. Watters said the municipality has to reconcile it. Communities that have adopted it have seen development and economic improvement. This is something that might save them money down the road if properties are fixed up. Homeowners make improvements and then receive abatement on the increased assessed value for a certain period of time. After that time, the municipality gets the benefit of the increased value. That helps all the other taxpayers.

Sen. Sanborn asked about a provision in this bill that provides for eminent domain.

Sen. Watters explained that if the property owner is experiencing repeated losses and is seeing their flood insurance escalate, we want to help them in some way by recognizing prospectively that the value of the property is going to go down. It was just an attempt to put as many tools as possible in the bill for municipalities. The bill makes it clear that the municipality can't take the property and develop it. It would be done because it's in a coastal zone and it's done with the agreement of the property owner. He said Sen. Sanborn could take that part out if he wanted.

Sen. D'Allesandro asked who decides what a qualifying structure is.

Sen. Watters said it would be in the coastal resilience zone and the municipality would decide. He added that in some cases, it might be most of the community.

Sen. D'Allesandro asked if they can update the designation on a periodic basis.

Sen. Watters said yes, everything is optional.

Nancy Stiles

- Served on the coastal risk and hazards commission.
- Each community had the opportunity for input into any decisions that were made.
- They wanted to lay out guidelines and suggestions that they could take.
- They can decide what best meets the needs of their communities.
- Communities can only do what the states allow them to do. The bill is permissive. It leaves the decision up to the local community.
- The report is required to be reviewed every 5 years for scientific updates.
- Hampton has adopted RSA 79-E. They allowed one of the condos to take a 5 year deferment on taxes. The selectmen made that decision. That decision promoted building all over the place. This is good, forward thinking legislation.

Jennifer Goodman – NH Preservation Alliance.

- They work with a hundred projects a year all over the state.
- The toolbox they have for investing in older structures is relatively small but effective.
- They are pleased with the growing results from RSA 79-E.
- Communities decide how much relief to grant.
- This bill is a creative addition. This kind of tool can be the difference.
- It's not just giving up tax revenue but rather it is getting to a place where you could see increased tax revenue.

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Date Hearing Report completed: March 17, 2017