AN ACT relative to the taxation of commercial and residential property.


COMMITTEE: Municipal and County Government

ANALYSIS

This bill enables municipalities to classify property as residential, commercial, and industrial and to establish one tax rate for residential property and another for commercial and industrial property.

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.
HB 1467-LOCAL - AS INTRODUCED

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty

AN ACT  relative to the taxation of commercial and residential property.

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

1  New Section; Commercial and Residential Assessments. Amend RSA 76 by inserting after
2  section 2-a the following new section:
3  76:2-b  Local Option; Classification and Taxation of Residential, Commercial, and Industrial
4  Property.
5  I. A city or town may adopt, in accordance with paragraph III, the following classification
6  system for the taxation of residential, commercial, and industrial property within the municipality.
7  Upon adoption by the municipality, property classified by local assessing officials as commercial and
8  industrial property may be taxed at a higher rate than residential property. Such rate shall not
9  exceed 150 percent of the rate established for residential property, as determined by the
10  municipality. Where the property is used or held for use for more than one purpose and such uses
11  result in different classifications, the local assessing officials shall allocate to each classification the
12  percentage of market value of the property devoted to each use.
13  II. For purposes of this section:
14  (a) "Commercial property" means property used or held for use for business purposes
15  and not specifically includible in another class, including but not limited to any commercial,
16  business, retail, trade, service, recreational, agricultural, artistic, sporting, fraternal, governmental,
17  educational, medical, or religious enterprise, for non-profit purposes. Such property may be
18  expressly exempt from taxation under other provisions of law.
19  (b) "Industrial property" means property used or held for use for manufacturing, milling,
20  converting, producing, processing, or fabricating materials; the extraction or processing of materials
21  unserviceable in their natural state to create commercial products or materials; the mechanical,
22  chemical, or electronic transformation of property into new products and any use that is incidental to
23  or an integral part of such use, whether for profit or non-profit purposes; and property used or held
24  for uses for the storage, transmitting, and generating of utilities regulated by the department of
25  public utilities or the department of telecommunications and cable. Such property may be exempt
26  from taxation under other provisions of law.
27  (c) "Residential property" means property used or held for human habitation, containing
28  one or more dwelling units including rooming houses with facilities designed and used for living,
29  sleeping, cooking and eating on a non-transient basis, including a bed and breakfast home with no
30  more than 3 rooms for rent. Such property includes accessory land, buildings, or other
31  improvements incidental to such habitation and used exclusively by the residents of the property or
their guests. Such property shall include: (i) land that is situated in a residential zone and has been
subdivided into residential lots; and (ii) land used for the purpose of a manufactured housing
community. Such property shall not include a hotel or motel. Such property may be exempt from
taxation under other provisions of law.

III.(a) Any municipality may adopt the provisions of this section by vote of its legislative
body. Any city or town may do so by following the procedures in this paragraph.

(b) In a town, other than a town that has adopted a charter pursuant to RSA 49-D, the
question shall be placed on the warrant of the annual town meeting, by the governing body or by
petition under RSA 39:3.

(c) In a city or town that has adopted a charter under RSA 49-C or RSA 49-D, the
legislative body may consider and act upon the question in accordance with its normal procedures for
passage of resolutions, ordinances, and other legislation. In the alternative, the legislative body of
such municipality may vote to place the question on the official ballot for any regular municipal
election.

(d) If a majority of those voting on the question vote "yes," the provisions of this section
shall take effect on April 1 following the vote, subject to the provisions of subparagraph (f).

(e) If the question is not approved, the question may later be voted on according to the
provisions of subparagraph (b) or (c), whichever applies.

(f) A municipality that has adopted the classification system and tax structure in this
section may consider rescinding its action in the manner described in subparagraph (b) or (c),
whichever applies.

2 Department of Revenue Administration; Property Tax Rates; Reports Required. Amend RSA
21-J:34, I to read as follows:

I. A report filed by the governing body of each city, town, or unincorporated place, shall
certify the number of residents and total valuation of each class of property included in the inventory
of residents and ratable estates. The report shall include the classification of residential,
commercial, and industrial property for any city, town, or unincorporated place that has
adopted the provisions of RSA 76:2-b. This report shall be filed by September 1 of each year,
unless this filing date is extended by the commissioner for just cause.

3 Property Tax Rates; Setting of Tax Rates by Commissioner. Amend RSA 21-J:35, I to read as
follows:

I. The commissioner of revenue administration shall compute and establish the tax rate of
each town, city, or unincorporated place, including the applicable tax rate for residential
property and the applicable tax rate for commercial and industrial property in any town,
city, or unincorporated place that has adopted the provisions of RSA 76:2-b. Any
assessments report issued by the commissioner pursuant to RSA 21-J:11-a shall not delay or
otherwise affect the setting of the tax rate for that municipality.
Effective Date. This act shall take effect 60 days after its passage.