HB 1661-FN-LOCAL - AS INTRODUCED

2020 SESSION

HOUSE BILL 1661-FN-LOCAL

AN ACT relative to the exemption from property taxes for water and air pollution control facilities.


COMMITTEE: Science, Technology and Energy

ANALYSIS

This bill provides that no electric generating plant that uses fossil fuels or generates high level radioactive waste shall be eligible for the property tax exemption for water and air pollution control facilities under RSA 72:12-a.

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 Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.
AN ACT relative to the exemption from property taxes for water and air pollution control facilities.

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

1 Property Taxes; Water and Air Pollution Control Facilities; Exemption. Amend RSA 72:12-a, I
to read as follows:

I. Any person, firm, or corporation which builds, constructs, installs, or places in use in this
state any treatment facility, device, appliance, or installation wholly or partly for the purpose of
reducing, controlling, or eliminating any source of air or water pollution shall be entitled to have the
value of said facility and any real estate necessary therefor, or a percentage thereof determined in
accordance with this section, exempted from the taxes levied under this chapter for the period of
years in which the facility, device, appliance, or installation is used in accordance with the provisions
of this section. This paragraph shall not apply to privately-owned landfills or ancillary facilities
located at such landfills, to any electric generating plant that uses fossil fuels or generates
high level radioactive waste, or to sewage disposal systems installed pursuant to RSA 485-A:29
through RSA 485-A:44 and rules adopted pursuant thereto, except that any exemption for a sewage
disposal system granted prior to January 1, 2010 shall remain in effect.

2 Effective Date. This act shall take effect April 1, 2021.
AN ACT relative to the exemption from property taxes for water and air pollution control facilities.

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

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<thead>
<tr>
<th></th>
<th>STATE:</th>
<th>Estimated Increase / (Decrease)</th>
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<tbody>
<tr>
<td></td>
<td>Appropriation</td>
<td>FY 2020 $0</td>
</tr>
<tr>
<td></td>
<td>Revenue</td>
<td>FY 2021 $0</td>
</tr>
<tr>
<td></td>
<td>Expenditures</td>
<td>FY 2022 Indeterminable Increase</td>
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<td>FY 2023 Indeterminable Increase</td>
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</tbody>
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| Funding Source   | [ ] General  | [ X ] Education [ ] Highway [ ] Other |

| LOCAL:           | Revenue      | $0 $0 $0 $0 |
|                 | Expenditures | $0 $0 Indeterminable Indeterminable |

The Public Utilities Commission was originally contacted on October 29, 2019 for a fiscal note worksheet, which they have not provided as of December 17, 2019.

METHODOLOGY:

This bill provides that no electric generating plant that uses fossil fuels or generates high level radioactive waste shall be eligible for the property tax exemption for water and air pollution control facilities under RSA 72:12-a. The Department of Revenue Administration indicates the exemption applies to both local property taxation and the Utility Property Tax (UPT) under RSA 83-F. Although the bill would increase local revenues from certain electric generating plants, it would not increase local revenues overall. With an effective date of April 1, 2021, state revenue from the from the UPT would increase in FY 2022 as these electric generating plants would no longer be entitled to the exemption. Revenue from the UPT is deposited in the Education Trust Fund. The Department cannot determine the amount of increase as the value of the water and air pollution control facilities located at these electric generating plants on April 1, 2021 cannot be calculated. The Department indicates, in the 2018 tax year the total value of this exemption was about $1.54 million, of which $1.42 million was from water and air pollution control facilities located at these electric generating plants using fossil fuels or generating high level radioactive waste.
The New Hampshire Municipal Association indicates this exemption would shift the property tax burden among taxpayers within an affected municipality. If the exemption is repealed, the affected municipalities would not necessarily realize a net increase in revenue, but the additional taxes paid on the previously exempt property could be used either to support additional appropriations or to reduce the local tax rate for all other taxpayers, or a combination of both. Because this would be up to each municipality, the Association cannot estimate the effect on revenue or expenditures. Repealing the exemption also would affect the payment of county taxes by any municipality affected by the exemption, as well as any other municipality in the same county. County taxes are divided among municipalities based upon their equalized valuation and suspending an exemption would increase the affected municipality's equalized valuation and thus increase its proportionate share of the county tax burden. Other municipalities in the same county without property subject to the exemption would see a reduction in their share of the county tax. Similar effects may occur with respect to school taxes in cooperative school districts, depending upon the funding formula. The Association does not have sufficient information to estimate the dollar impacts on county or school taxes.

AGENCIES CONTACTED:

Public Utilities Commission, New Hampshire Municipal Association and Department of Revenue Administration