

Senate Election Law and Municipal Affairs Committee

Tricia Melillo 271-3077

HB 383, relative to the quarterly or semi-annual collection of taxes in certain municipalities.

Hearing Date: March 15, 2021

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

Members of the Committee Absent : None

Bill Analysis: This bill permits municipalities with semi-annual or quarterly billing to submit an adjusted rate application to the department of revenue administration in the event of an increase of 15 percent or more in the amount of property taxes to be raised for the current year as compared to the previous year.

The bill is a request of the department of revenue administration.

Sponsors:

Rep. Porter

Rep. Gilman

Who supports the bill: Representative Marjorie Porter, NH Department of Revenue Administration, NH Municipal Association, Bruce Smith

Who opposes the bill: None

Summary of testimony presented in support:

Representative Marjorie Porter

- This bill was passed through the house unanimously last year and was lost due to COVID.
- It is a housekeeping bill that was requested by the Department of Revenue Administration.
- It will help to prevent taxpayers from being surprised with a big change to their tax bill

Carollynn Lear – Assistant Commissioner, NH Department of Revenue Administration

- This Bill has its roots in a situation that happened in Goffstown.
- The school district had discovered an accumulated fund balance of about ten million dollars.

- The town decided to use that to offset the tax rate in the 2018 tax year.
- This caused a one-time significant drop in the property tax rate for the town of Goffstown.
- If the town had done nothing, they would have significantly over collected property taxes for the first billing of the year.
- Goffstown town officials realized that would happen and reached out to the DRA requesting an adjusted tax rate to account for the extra revenue.
- The Department thought that was a good thing to do, but the statute is unclear on whether they have the authority.
- This bill makes clear that in instances where there is a 15% or greater fluctuation in the amount of property taxes that need to be collected, the DRA does have the authority to recalculate the rate based on a municipal request.
- Some municipalities probably never thought of making this request because it is not clear in the statute.
- If this bill passes, more towns might use this option in cases where there is such a great fluctuation.
- Senator Perkins Kwoka asked if there has been any conversation with the Municipal Association about this bill.
 - Ms. Lear replied that there has been, and she believes they testified in favor of this bill through the House process.

Cordell Johnston – NH Municipal Association

- The Municipal Association does support this bill
- Becky Benvenuti is sending a letter of support to the Committee voicing that support.
- Senator Perkins Kwoka asked if this restricts municipalities to set their budget and raise their tax revenue.
 - Mr. Johnston replied that he has not studied the bill that closely but is sure that it does not affect the municipalities ability to appropriate funds. He will have Ms. Benvenuti address that in the letter she sends to the Committee.
 - Ms. Lear replied that typically towns and cities will set their budgets in the spring and the first tax bill will go out in June or July, but the Department will not set the tax rate until October. This bill allows the town to ask for an early tax rate to effectuate the change in revenue for the June billing. This will not impact the budget process in the town at all, simply the tax rate setting process.

Summary of testimony presented in opposition: