

Bill as Introduced

HB 309 - AS INTRODUCED

2009 SESSION

09-0473
10/09

HOUSE BILL **309**

AN ACT enabling towns and cities to establish a local revenue option as an alternative to property taxation for the funding of local government costs.

SPONSORS: Rep. Weed, Ches 3; Rep. Gile, Merr 10

COMMITTEE: Local and Regulated Revenues

ANALYSIS

This bill allows towns and cities to adopt an alternative revenue tax or program for the funding of its local government costs beginning with the 2012 property tax year. The local revenue option shall be in lieu of the property tax used to fund general government, local school, and county costs. The bill also establishes a commission to determine the necessary changes to state law and local procedures.

Explanation: Matter added to current law appears in *bold italics*.
Matter removed from current law appears [~~in brackets and struck through.~~]
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Nine

AN ACT enabling towns and cities to establish a local revenue option as an alternative to property taxation for the funding of local government costs.

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

1 1 New Chapter; Taxation; Local Revenue Option. Amend RSA by inserting after chapter 76 the
2 following new chapter:

3 CHAPTER 76-A

4 LOCAL REVENUE OPTION

5 76-A:1 Establishment of Local Revenue Option. As an alternative to the imposition of property
6 taxes by towns and cities, the procedures in this chapter shall allow a town or city to devise, adopt,
7 and implement a tax or other revenue program for funding the budget appropriations of the
8 municipality beginning with the 2012 budget year. Alternatives may include but shall not be limited
9 to an income tax based on a percentage of adjusted gross income from federal tax forms, a sales tax,
10 a value-added tax, or other revenue program, provided the tax or revenue program is applied
11 proportionally and reasonably within the taxing district.

12 76-A:2 Procedure for Adoption. A town or city may adopt a local revenue option as follows:

13 I. Any town or city may adopt the provisions of this chapter in the following manner:

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

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

22 II. The vote shall specify the provisions of this chapter, the full text and analysis of the local
23 revenue option to be used by the town or city, including procedures for the determination, collection,
24 and enforcement of the tax or other program, and the result of the vote under paragraph IV. If a
25 majority of those voting on the question vote "yes," the local revenue option shall take effect within
26 the town or city, on the date set by the governing body, or in the tax year beginning April 1 following
27 its adoption, whichever shall occur first.

28 III. Upon the effective date of the local revenue option the town or city shall be exempt from
29 the requirements of RSA 21-J, RSA 72, RSA 73, RSA 74, and RSA 76, relating to the inventory for,
30 and assessment and collection of local property taxes. The requirements under RSA 21-J for the

1 filing of reports and budgets with the department of revenue administration and for appraisals and
2 procedures related to equalization of property shall continue and be imposed on the town or city.

3 IV. Prior to the vote under paragraph I and following a duly noticed public hearing in the
4 town or city, the proposed local revenue option shall be subject to a vote by the members of the house
5 of representatives who represent the town or city and the senator or senators whose district includes
6 the town or city. A majority vote of such members and senators shall be required to proceed with
7 adoption under paragraph I.

8 V. A municipality may modify, if applicable, or rescind the local revenue option provided in
9 this chapter in the manner described in this section.

10 76-A:3 Application of Chapter. A local revenue option tax or other program adopted under this
11 chapter shall provide revenue for the town or city for purposes of funding appropriations for general
12 government of the town or city including costs under RSA 33, local school costs in excess of costs
13 funded by the state education tax and state education grants, and county costs assessed under
14 RSA 29:11. The local revenue option shall not apply to village district taxes or assessments collected
15 by the town or city or the state education tax.

16 76-A:4 Effect on Exemptions, Credits, Deferrals. A town or city adopting a local revenue option
17 may establish and grant credits, exemptions, or waivers from the local revenue tax or other program.
18 Any exemption, credit, or deferral granted pursuant to any provision of RSA 72 shall not apply.

19 2 Commission Established. There is established a commission to study the local revenue option
20 and determine any changes to state law and local procedures which are necessary for
21 implementation of RSA 76-A.

22 I. The members of the commission shall be as follows:

23 (a) Three members of the house of representatives, appointed by the speaker of the
24 house of representatives.

25 (b) Three members of the senate, appointed by the president of the senate.

26 (c) The commissioner of the department of revenue administration, or designee.

27 (d) A member appointed by the New Hampshire Municipal Association.

28 II. Legislative members of the commission shall receive mileage at the legislative rate when
29 attending to the duties of the commission.

30 III. The commission shall study the local revenue option established by RSA 76-A and
31 determine any further changes to state law and local procedures which are necessary for
32 implementation of RSA 76-A.

33 IV. The members of the study commission shall elect a chairperson from among the
34 members. The first meeting of the commission shall be called by the first-named house member.
35 The first meeting of the commission shall be held within 45 days of the effective date of this section.
36 Four members of the commission shall constitute a quorum.

1 V. The commission shall report its findings and any recommendations for proposed
2 legislation to the speaker of the house of representatives, the president of the senate, the house
3 clerk, the senate clerk, the governor, and the state library on or before November 1, 2010.

4 3 Effective Date.

5 I. Section 1 of this act shall take effect April 1, 2011.

6 II. The remainder of this act shall take effect upon its passage.

Committee Minutes

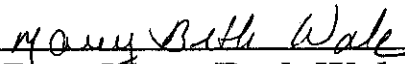
**HOUSE COMMITTEE ON
LOCAL AND REGULATED REVENUES**

BILL NUMBER: HB 309

BILL TITLE: enabling towns and cities to establish a local revenue option as an alternative to property taxation for the funding of local government costs.

DATE: March 18, 2009

THE COMMITTEE HAS VOTED TO RETAIN THIS BILL.



Rep. Mary Beth Walz, Chairman

Local and Regulated Revenues Study Committees on Retained Bills

HB 309

Chairman: Chris Hamm

Members: Kidder, Mulholland, Howard, Katsakiores

HB 484

Chairman: Tim Butterworth

Members: Webber, Hamm, Kidder, Vaillancourt

HB 487

Chairman: David Kidder

Members: Stohl, Merry, Stetson, Mulholland

SB 79

Chairman: Liz Merry

Members: Vaillancourt, Hamm, Lyons, Katsakiores

Speakers

Hearing Minutes

HOUSE COMMITTEE ON LOCAL AND REGULATED REVENUES

PUBLIC HEARING ON HB 309

BILL TITLE: enabling towns and cities to establish a local revenue option as an alternative to property taxation for the funding of local government costs.

DATE: February 11, 2009

LOB ROOM: 303 **Time Public Hearing Called to Order:** 2:12 pm

Time Adjourned: 2:50 pm

(please circle if present)

Committee Members: Reps. ~~Walz, Taylor, Hamm, Cheberge, Mulholland, Butterworth, D. Howard, Lyons, Merry, Stetson, C. Webber, Stohl, Kidder, Hess, R. Katsakiores, Vaillancourt, A. Peterson, M. Allen, Hinkle and Maiola.~~

Bill Sponsors: Rep. Weed, Ches 3; Rep. Gile, Merr 10

TESTIMONY

* Use asterisk if written testimony and/or amendments are submitted.

Rep. C. Weed Talked to DRA, my county and towns about this bill. The question of constitutionality is still unanswered. Bill is oriented to allow towns to choose a methodology to raise taxes to support their costs as a substitute for property taxes. It would require the establishment of a Commission. It would be appropriate to find another mechanism and provide a pilot opportunity to see if revenue could be raised through other ways and this was my intent.

Rep. Vaillancourt: is there another state that does this? A: there are a number of states that do empower towns to collect taxes.

Rep. Butterworth: I assume you mean that the towns would need to meet the costs, just raise the revenue differently. A: Yes.

Q: does it apply to all towns? A: it applies to chartered towns unless it went to a referendum.

Rep. Peterson: Q: what type of authority do towns have to sell things? eg. Water, forests, etc. do you have knowledge of this? A: most cities have forests and there are restrictions on the use of the lands.

Q are there other ways for communities to raise revenue? Do you think that this would be confusing if people were going to invest in NH?

A: People would love to have an alternative to property taxes. They would have to take into consider if it would be a detractor or an attractor. It would provide an interesting study and potentially a pilot.

Rep. Vaillancourt: how would this work with income tax: based on residence or working environment? A: this bill needs to be constitutional and as its enabling, a town adopting this would have to assess that.

Chairman Waltz: There are federal preemptive issues and constitutional issues which would be attached to this: A: I am still waiting to hear back from DRA about the constitutional issues.

Rep. Gile: In support -Critical issue is related to find other sources of revenue.

Some: LA, San Fran, Newark, Yonkers, Philly, Athens, Kansas City Others allow counties to do so.

Rep. Howard: Q: if my town wanted to implement an income tax in lieu of a property tax that's what the warrant would say? A: it could. This is an enabling bill.

Rep. Hinkle: in the other cities, are these supplemental or sole sources of taxes?
A don't know.

Rep. Vaillancourt: do they have extra tax over and above other taxes?

A: yes, it's an added on tax.

Rep. Peterson: did you look into a scenario with the border communities, and they put in a local income tax or did they not have to pay Mass tax? A: did not look into this border situation.

Rep. Howard: we had a state income tax, county and city tax in Colorado.

Sam Langley, Boscawen-In favor of the bill. Need to take pressure off property owners.

In other states, it does work: either through total cost replacement or to cover education or dedicated costs of education etc. Under federal law there is an ability to pro-rate the amounts of income tax between states, etc. to ensure there is no higher overall taxes.

Anytime I worked in Mass, I had to acknowledge that income.

If you decide you want to go ahead with this, I am willing to help out.

Rep. Theberge: based on the current tax rate, do you think this could hurt or help you at a personal level. A: it should not impact one's ability to live but should help those on fixed incomes.

***Jill Kadaway,** Bow Tax collector representing NH Tax collectors' association. Against.
(See testimony with questions)

Chairman Walz: is there any harm in passing this with towns understanding that they would need to assume the cost of administration? A: it would affect other towns.

Q: how would it affect the other towns? A: would they tax the people who work or live in the town.

Rep. Vaillancourt: what about a 4% tax on top of the Rooms and Meals tax and be administered by the DRA? A: not a bad idea, but we do not have the capacity to deal with it.

Rep. Theberge: no appeal process regarding an income tax or ability to put a lien on a building or properties causes problems?

A: yes

Judy Silva, NHMA, made additional comments.

Respectfully submitted

Rep. Liz Merry 
Acting Clerk

Chairman Waltz: There are federal preemptive issues and constitutional issues which would be attached to this: A: I am still waiting to hear back from DRA about the constitutional issues.

Rep. Gile: In support -Critical issue is related to find other sources of revenue. Some: LA, San Fran, Newark, Yonkers, Philly, Athens, Kansas City Others allow counties to do so.

Rep. Howard: Q: if my town wanted to implement an income tax in lieu of a property tax that's what the warrant would say? A: it could. This is an enabling bill.

Rep. Hinkle: in the other cities, are these supplemental or sole sources of taxes? A don't know.

Rep. Vaillancourt: do they have extra tax over and above other taxes?

A: yes, it's an added on tax.

Rep. Peterson: did you look into a scenario with the border communities, and they put in a local income tax or did they not have to pay Mass tax? A: did not look into this border situation.

Rep. Howard: we had a state income tax, county and city tax in Colorado.

Sam Langley, Boscawen-In favor of the bill. Need to take pressure off property owners. In other states, it does work: either through total cost replacement or to cover education or dedicated costs of education etc. Under federal law there is an ability to pro-rate the amounts of income tax between states, etc. to ensure there is no higher overall taxes. Anytime I worked in Mass, I had to acknowledge that income.

If you decide you want to go ahead with this, I am willing to help out.

Rep. Theberge: based on the current tax rate, do you think this could hurt or help you at a personal level. A: it should not impact one's ability to live but should help those on fixed incomes.

***Jill Kadaway,** Bow Tax collector representing NH Tax collectors' association. Against. (See testimony with questions)

Chairman Walz: is there any harm in passing this with towns understanding that they would need to assume the cost of administration? A: it would affect other towns.

Q: how would it affect the other towns? A: would they tax the people who work or live in the town.

Rep. Vaillancourt: what about a 4% tax on top of the Rooms and Meals tax and be administered by the DRA? A: not a bad idea, but we do not have the capacity to deal with it.

Rep. Theberge: no appeal process regarding an income tax or ability to put a lien on a building or properties causes problems?

A: yes

~~Judy Sitava, NHMA, ^{made some additional} comments~~ X

Respectfully submitted

Rep. Liz Merry
Acting Clerk

HOUSE COMMITTEE ON LOCAL AND REGULATED REVENUES

PUBLIC HEARING ON HB 309

BILL TITLE: enabling towns and cities to establish a local revenue option as an alternative to property taxation for the funding of local government costs.

DATE:

LOB ROOM: 303

Time Public Hearing Called to Order:

2:12

Time Adjourned:

2:50

(please circle if present)

Committee Members: Reps. Wald, Taylor, Hamm, Theberge, Mulholland, Butterworth, D. Howard, Lyons, Merry, Stetson, C. Webber, Stonh, Kidder, Hess, P. Katsakiores, Vaillancourt, A. Peterson, M. Allen, Hinkle and Maiola.

Bill Sponsors: Rep. Weed, Ches 3; Rep. Gile, Merr 10

TESTIMONY

* Use asterisk if written testimony and/or amendments are submitted.

LOCAL AND REGULATED REVENUES

HOUSE SCHEDULING NOTICE

HEARINGS

TUESDAY 2/11/2009

LOCAL AND REGULATED REVENUES

LOB 303

Bill title: enabling towns and cities to establish a local revenue option as an alternative to property taxation for the funding of local government costs

Bill: HB309

Sponsors: Rep. Weed, Ches 3; Rep. Gile, Merr 10

Rep. C. Weed

Talked to DRA, my county and towns about this bill. The question of constitutionality is still unanswered. Bill is oriented to allow towns to choose a methodology to raise taxes to support their costs as a substitute for property taxes.

It would require the establishment of a Commission.

It would be appropriate to find another mechanism and provide a pilot opportunity to see if revenue could be raised through other ways and this was my intent.

Vaillancourt: is there another state that does this?

A: there are a number of states that do empower towns to collect taxes.

Butterworth: I assume you mean that the towns would need to meet the costs, just raise the revenue differently.

A: Yes.

Q: does it apply to all towns?

A: it applies to chartered towns unless it went to a referendum.

Peterson:Q: what type of authority do towns have to sell things? Ie. Water, forests, etc. do you have knowledge of this?

A: most cities have forests and there are restrictions on the use of the lands.

Q are there other ways for communities to raise revenue? Do you think that this would be confusing if people were going to invest in NH?

A: People would love to have an alternative to property taxes. They would have to take into consider if it would be a detractor or an attractor. It would provide an interesting study and potentially a pilot.

Vaillancourt: how would this work with income tax: based on residence or working environment?

A: this bill needs to be constitutional and as its enabling, a town adopting this would have to assess that.

Waltz: There are federal preemptive issues and constitutional issues which would be attached to this:

A: I am still waiting to hear back from DRA about the constitutional issues.

TESTIMONY: Rep. Gile:

Critical issue is related to find other sources of revenue.

Some: LA, San Fran, Newark, Yonkers, Philly, Athens, Kansas City
Others allow counties to do so.

Howard: Q: if my town wanted to implement an income tax in lieu of a property tax that's what the warrant would say?

A: it could. This is an enabling bill.

Hinkle: in the other cities, are these supplemental or sole sources of taxes?

A don't know.

Vaillancourt: do they have extra tax over and above other taxes?

A: yes, it's an added on tax.

Peterson: did you look into a scenario with the border communities, and they put in a local income tax or did they not have to pay Mass tax?

A: did not look into this border situation.

Howard: we had a state income tax, county and city tax in Colorado.

TESTIMONY: Sam Langley, Boscawan

In favor of the bill.

Need to take pressure off property owners.

In other states, it does work: either through total cost replacement or to cover education or dedicated costs of education etc.

Under federal law there is an ability to pro-rate the amounts of income tax between states, etc. to ensure there is no higher overall taxes. Anytime I worked in Mass, I had to acknowledge that income.

If you decide you want to go ahead with this, I am willing to help out.

Theberge: based on the current tax rate, do you think this could hurt or help you at a personal level.

A: it should not impact one's ability to live but should help those on fixed incomes.

TESTIMONY: Jill Kadaway, Bow Tax collector representing NH Tax collectors' association. Against.

(See testimony with questions)

Walz: is there any harm in passing this with towns understanding that they would need to assume the cost of administration?

A: it would affect other towns.

Q: how would it affect the other towns?

A: would they tax the people who work or live in the town.

Vaillancourt: what about a 4% tax on top of the Rooms and Meals tax and be administered by the DRA?

A: not a bad idea, but we do not have the capacity to deal with it.

Theberge: no appeal process regarding an income tax or ability to put a lien on a building or properties causes problems?

A: yes

Sub-Committee Actions

HOUSE COMMITTEE ON LOCAL AND REGULATED REVENUES

SUBCOMMITTEE WORK SESSION ON HB309

BILL TITLE: enabling towns and cities to establish a local revenue option as an alternative to property taxation for the funding of local government costs.

DATE: March 12, 2009

Subcommittee Members: Reps. Kidder, Mulholland, Allen, Ham, (Lyons not present)

Comments and Recommendations:

Amendments:

Sponsor: Rep.	OLS Document #:
Sponsor: Rep.	OLS Document #:
Sponsor: Rep.	OLS Document #:

Motions: OTP, OTP/A, ITL, Retained (Please circle one.)

Moved by Rep. Kidder

Seconded by Rep. Mulholland

Vote: 3-1

Motions: OTP, OTP/A, ITL, Retained (Please circle one.)

Moved by Rep.

Seconded by Rep.

Vote:

Respectfully submitted,

Rep. Christine Hamm
Subcommittee Chairman/Clerk

HOUSE COMMITTEE ON LOCAL AND REGULATED REVENUES

SUBCOMMITTEE WORK SESSION ON HB 309

BILL TITLE: enabling towns and cities to establish a local revenue option as an alternative to property taxation for the funding of local government costs.

DATE: August 5, 2009

Subcommittee Members: Reps. Hamm, Kidder, Mulholland, Howard, and Katsakiores

Comments and Recommendations: Please see attached.

Amendments:

Sponsor: Rep. Hamm	OLS Document #:	2009	2367h
Sponsor: Rep.	OLS Document #:		
Sponsor: Rep.	OLS Document #:		

Motions: OTP, OTP/A ITL, Retained (Please circle one.)

Moved by Rep. Kidder

Seconded by Rep. Howard

Vote: 4-0

Motions: OTP, OTP/A ITL, Retained (Please circle one.)

Moved by Rep. Kidder

Seconded by Rep. Howard

Vote: 4-0

Respectfully submitted,

Rep. Christine Hamm
Subcommittee Chairman/Clerk

HOUSE COMMITTEE ON LOCAL AND REGULATED REVENUES

SUBCOMMITTEE WORK SESSION ON HB 309

BILL TITLE: enabling towns and cities to establish a local revenue option as an alternative to property taxation for the funding of local government costs.

DATE: August 5, 2009

Subcommittee Members: Reps. Hamm, Kidder, Mulholland, Howard, and Katsakiores

Comments and Recommendations:

Amendments: 2009-2367a

Sponsor: Rep. Hamm OLS Document #:

Sponsor: Rep. OLS Document #:

Sponsor: Rep. OLS Document #:

Motions: OTP, OTP/A, ITL, Retained (Please circle one.)

Moved by Rep. Kidder

Seconded by Rep. Howard

Vote: 4-0

Motions: OTP, OTP/A, ITL, Retained (Please circle one.)

Moved by Rep.

Seconded by Rep.

Vote:

Respectfully submitted,

Rep.

Subcommittee Chairman/Clerk

Christie C. Hamm

Called to order 8/5/09

Attendees - Hamm, Kiddle, Webb, Catherine

Draft Amendment 2009-2367h to
emphasize the "commission".

Question over taxing authority of Counties
need to get it ~~more~~ straightened out.

General Discussion - about what
Commission should do.

Unanimous to accept the draft amend.
a recommend to the full committee.

Dan Kiddle

Adjourned 8/5 10:20 AM

minutes

Draft Amendment to HB 309

1 Amend the title of the bill by replacing it with the following:

2

3 AN ACT establishing a commission to study changes to state law and local procedures
4 which are necessary for the implementation of a local revenue option.
5

6 Amend the bill by replacing all after the enacting clause with the following:

7

8 1 Commission Established. There is established a commission to study changes to state law and
9 local procedures which are necessary for the implementation of a local revenue option.

10 2 Membership and Compensation.

11 I.(a) Three members of the house of representatives, appointed by the speaker of the house
12 of representatives.

13 (b) One member of the senate, appointed by the president of the senate.

14 (c) The commissioner of the department of revenue administration, or designee.

15 (d) The commissioner of the department of employment security, or designee.

16 (e) One member of the New Hampshire Tax Collectors' Association, appointed by that
17 organization.

18 (f) One member of the New Hampshire Municipal Association, appointed by that
19 organization.

20 (g) Three city councilors, aldermen, or administrative officials who are geographically
21 representative of the state as a whole, nominated by the New Hampshire Municipal Association and
22 appointed by the governor.

23 (h) Three selectpersons or appointed administrative officials who are geographically
24 representative of the state as a whole, nominated by the New Hampshire Municipal Association and
25 appointed by the governor.

26 II. Legislative members of the commission shall receive mileage at the legislative rate when
27 attending to the duties of the commission.

28 3 Duties.

29 I. The commission shall study:

30 (a) The feasibility of implementing a local revenue option as an alternative to property
31 taxes imposed by towns and cities, which would allow a town or city to devise, adopt, and implement
32 a tax or other revenue program for funding the budget appropriations of the municipality beginning

Draft Amendment to HB 309

- Page 2 -

1 with the 2012 budget year. Such local revenue options may include, but shall not be limited to, an
2 income tax based on a percentage of adjusted gross income from federal tax forms, a sales tax, a
3 value-added tax, or any other revenue program, provided the tax or revenue program is applied
4 proportionally and reasonably within the taxing district.

5 (b) The legal and constitutional implications of enabling towns and cities to implement a
6 local revenue option.

7 II. The commission may solicit testimony from any individual or organization with
8 information or expertise that the commission deems relevant to its study.

9 4 Chairperson; Quorum. The members of the study commission shall elect a chairperson from
10 among the members. The first meeting of the commission shall be called by the first-named house
11 member. The first meeting of the commission shall be held within 45 days of the effective date of
12 this section. Eight members of the commission shall constitute a quorum.

13 5 Report. The commission shall report its findings and any recommendations for proposed
14 legislation to the speaker of the house of representatives, the president of the senate, the house
15 clerk, the senate clerk, the governor, and the state library on or before November 1, 2010.

16 6 Effective Date. This act shall take effect upon its passage.

2009-2367h

AMENDED ANALYSIS

This bill establishes a commission to study changes to state law and local procedures which are necessary for the implementation of a local revenue option.

Sub-Committee Minutes

HOUSE COMMITTEE ON LOCAL AND REGULATED REVENUES

SUBCOMMITTEE WORK SESSION ON HB 309

BILL TITLE: enabling towns and cities to establish a local revenue option as an alternative to property taxation for the funding of local government costs.

DATE: June 30, 2009

Subcommittee Members: Reps. Hamm, Kidder, Mulholland, Howard, and Katsakiores

Comments and Recommendations: Minutes to follow. Next meeting August 5, 2009.

Amendments:

Sponsor: Rep.	OLS Document #:
Sponsor: Rep.	OLS Document #:
Sponsor: Rep.	OLS Document #:

Motions: OTP, OTP/A, ITL, Retained (Please circle one.)

Moved by Rep.

Seconded by Rep.

Vote:

Motions: OTP, OTP/A, ITL, Retained (Please circle one.)

Moved by Rep.

Seconded by Rep.

Vote:

Respectfully submitted,

Rep. Christine C. Hamm
Subcommittee Chairman/Clerk

HOUSE COMMITTEE ON LOCAL AND REGULATED REVENUES

SUBCOMMITTEE WORK SESSION ON HB309

BILL TITLE: enabling towns and cities to establish a local revenue option as an alternative to property taxation for the funding of local government costs.

DATE: June 30, 2009

Subcommittee Members:

Reps. Hamm, Kidder, Mulholland, Howard, +
Katsakiores

Comments and Recommendations:

Minutes to follow
next mtg. Aug 5, 10a.m.

Amendments:

Sponsor: Rep.

OLS Document #:

Sponsor: Rep.

OLS Document #:

Sponsor: Rep.

OLS Document #:

Motions: OTP, OTP/A, ITL, Retained (Please circle one.)

Moved by Rep.

Seconded by Rep.

Vote:

Motions: OTP, OTP/A, ITL, Retained (Please circle one.)

Moved by Rep.

Seconded by Rep.

Vote:

Respectfully submitted,

Rep.

Subcommittee Chairman/Clerk

Cristina A. Hamm

Ebbs, Heather

From: Christine Hamm [hammchristine@gmail.com]
Sent: Friday, July 10, 2009 2:42 PM
To: Ebbs, Heather
Subject: Re:
Attachments: HB309.docx

HOUSE COMMITTEE ON LOCAL AND REGULATED REVENUES

HB309: enabling towns and cities to establish a local revenue option as an alternative to property taxation for the funding of local government costs **(RETAINED)**

DATE: June 30, 2009, 9:30 a.m.

PLACE: Room 303LOB

PRESENT: Rep. Christine Hamm (chair), Rep. Doreen Howard, Rep. Catherine Mulholland.
 Also Rep. Mary Beth Walz (committee chair); Rep. Mary Gile (co-sponsor),
 Rep. William Butynski, Rep. Tim Horrigan, DRA Commissioner Steve Hamilton,
 Committee Researcher Nancy Levinus.
Absent: Rep. Phyllis Katsakiores, Rep. David Kidder

Rep. Hamm provided the committee with two handouts: 1) an NCSL report on Local Option Taxes, and 2) a JFO issue brief on Local Option Taxes and Streamlined Sales & Use Tax Conformity. She noted that in the NCSL chart, almost all states authorized local sales and/or income taxes, the exceptions being the New England states and West Virginia.

Rep. Howard offered some possibilities, *e.g.* revising RSA 72-1 which is already on the books and charges residents \$10/year. She referred to a borough in Pennsylvania where residents paid an annual tax to live there. Another suggestion would be for municipalities to add a dollar amount or a percentage to the Rooms and Meals Tax, the additional monies allocated for the community.

Rep. Gile spoke to the merits of the bill, noting that particularly in these difficult economic times municipalities are looking for relief from raising property taxes and should be provided with the possibility of alternatives. She suggested the committee consider reviving and adapting SB121--- establishing a commission to study potential revenue enhancements for municipalities---and combine it with the purpose statement from HB309. While this is a possibility the committee might like to adopt, it is difficult since the House already defeated SB121 this session (the rationale being because HB309 covered similar territory).

Rep. Walz observed that in perusing the chart from NCSL, other rural states opted for sales rather than income taxes.

Nancy Levinus suggested that other states were likely piggybacking onto already-existing state income or sales taxes. Referring to Rep. Howard's idea of adding one cent onto the Rooms and Meals Tax, she said that would be similar to the idea of revenue sharing. She suggested that this would work better on a county or regional level since otherwise tourist and/or border areas of the state would be the only ones likely to derive the benefit.

Steve Hamilton noted that most states outside New England operate through counties. He suggested that since it would be difficult for a municipality to get information on its own from the IRS, any community that adopted an alternative plan would have to work with DRA.

Rep. Butynski suggested the bill include counties, perhaps school districts as well. He said that while an alternative county tax might be possible, it would have to be administered through DRA and could be costly to establish.

Rep. Mulholland noted that all the towns within a county would have to put this on their town warrants for voters to approve.

Rep. Walz wondered if this could be a constitutional concern since New Hampshire is not a home rule state.

Nancy Levinus said it is possible for the legislature to enable this and that it's not unprecedented for towns to combine; they've done so in regards to such mutual services as trash collection, solid refuse, mosquito control.

Steve Hamilton recommended that the DRA Commissioner be added to the commission members, delineating more specific duties.

Rep. Walz said that if the committee decided to adapt SB121 for the purposes of passing HB309, it would have to make substantive changes in order for it to go forward this session. She suggested eliminating the first section of HB309 and including a revised version of the study commission proposed in SB121.

Rep. Hamm offered to talk to someone in Legislative Services about making these changes. The committee agreed to meet once more at 10 a.m. on Wednesday, August 5, to review the outcome of this work.

The meeting adjourned at 11:15 a.m.

Respectfully submitted,
Rep. Christine Hamm

On Mon, Jul 6, 2009 at 11:27 AM, Ebbs, Heather <heather.ebbs@leg.state.nh.us> wrote:

Good morning Rep. Hamm -

7/14/2009

I am updating the Retained Folders and Local and Regulated needs to have some minutes for the two meetings that you held on June 3rd and June 30th. Could you please forward those to me so that I can get those into the folder? They were for HB 309 - Enabling towns and cities to establish a local revenue option as an alternative to property taxation for the funding of local government costs.

Thanks so much. I hope that you are enjoying your summer?

Heather

--
Note my new e-mail address: hammchristine@gmail.com

Christine Hamm
Cell: 603 479 0063
hammchristine@gmail.com

7/14/2009

Testimony



NEW HAMPSHIRE TAX COLLECTORS' ASSOCIATION

February 11, 2009

Dear Madam Chairman and members of the Committee:

My name is Jill Hadaway and I am the Town Clerk/ Tax Collector for the Town of Bow. I am here today as the Legislative Chair for NH Tax Collectors' Association to express our concerns about House Bill 309. As Tax Collectors we experience first hand the frustration our residents have with increasing property taxes. We recognize that municipalities could use more flexibility in their taxing options but feel this bill poses more questions than it does solutions. I would just like to raise a few of the most challenging questions for your consideration.

1. **The option of a municipal sales tax:** Would a sales tax received from any business in the municipality stay in the municipality? Would only the residents of that municipality pay the sales tax? How would differing sales taxes affect competing businesses within the state? Who would administer and collect the tax? If it is administrated by the Department of Revenue Administration would the State take a portion of the revenue? How would boundaries be determined when administrating a sales tax?
2. **The option of a municipal income tax:** Who would administer this type of tax since there is presently no department in the State to administer an income tax? If administered by the municipality it would require far more staffing than the property tax presently necessitates. What would be the consequences of non-payment of an income tax? With a property tax, a municipality can lien a property owner and eventually if the tax is never paid the property can be taken by deed. Who would be regulating a municipal income tax and what would be the actual cost?
3. **The most important question is of course is cost.** Would the cost of compliance outweigh the benefits on workers and businesses? If either option could be considered a good source of revenue then why are they not being incorporated on a State level?

The NH Tax Collectors' Association asks that you give careful consideration to the questions and potential problems associated with the implementation of this bill. Thank you for your time and consideration of our concerns.

Voting Sheets

HOUSE COMMITTEE ON LOCAL AND REGULATED REVENUES

EXECUTIVE SESSION on HB 309

BILL TITLE: enabling towns and cities to establish a local revenue option as an alternative to property taxation for the funding of local government costs.

DATE: March 17, 2009

LOB ROOM: 303

Amendments:

Sponsor: Rep.	OLS Document #:
Sponsor: Rep.	OLS Document #:
Sponsor: Rep.	OLS Document #:

Motions: OTP, OTP/A, ITL, Retain (Please circle one.)

Moved by Rep. Hamm

Seconded by Rep. Kidder

Vote: 11-8 (Please attach record of roll call vote.)

Motions: OTP, OTP/A, ITL, Retain (Please circle one.)

Moved by Rep.

Seconded by Rep.

Vote: (Please attach record of roll call vote.)

CONSENT CALENDAR VOTE:

(Vote to place on Consent Calendar must be unanimous.)

Statement of Intent: Refer to Committee Report

Respectfully submitted,

Rep. Timothy Butterworth, Clerk

HOUSE COMMITTEE ON LOCAL AND REGULATED REVENUES

EXECUTIVE SESSION on HB 309

BILL TITLE: enabling towns and cities to establish a local revenue option as an alternative to property taxation for the funding of local government costs.

DATE:

LOB ROOM: 303

Amendments:

Sponsor: Rep.

OLS Document #:

Sponsor: Rep.

OLS Document #:

Sponsor: Rep.

OLS Document #:

Motions: OTP, OTP/A, ITL, Interim Study (Please circle one.)

Retain

Moved by Rep. *Hansen, K*

Seconded by Rep. *Kiddor*

Vote: *11-8* (Please attach record of roll call vote.)

Motions: OTP, OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep.

Seconded by Rep.

Vote: (Please attach record of roll call vote.)

CONSENT CALENDAR VOTE:

(Vote to place on Consent Calendar must be unanimous.)

Statement of Intent: Refer to Committee Report

Respectfully submitted,

Rep. Timothy Butterworth, Clerk

HOUSE COMMITTEE ON LOCAL AND REGULATED REVENUES

EXECUTIVE SESSION on HB 309

BILL TITLE: enabling towns and cities to establish a local revenue option as an alternative to property taxation for the funding of local government costs.

DATE: November 18, 2009

LOB ROOM: 303

Amendments:

Sponsor: Rep. OLS Document #:

Sponsor: Rep. OLS Document #:

Sponsor: Rep. OLS Document #:

Motions: OTP, OTP/A, ITL Interim Study (Please circle one.)

Moved by Rep. Hess

Seconded by Rep. Taylor

Vote: 16-2 (Please attach record of roll call vote.)

Motions: OTP, OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep.

Seconded by Rep.

Vote: (Please attach record of roll call vote.)

CONSENT CALENDAR VOTE: 16-2 - YES

(Vote to place on Consent Calendar must be unanimous.)

Statement of Intent: Refer to Committee Report

Respectfully submitted,

Rep. Timothy Butterworth, Clerk

HOUSE COMMITTEE ON LOCAL AND REGULATED REVENUES

EXECUTIVE SESSION on HB 309

BILL TITLE: enabling towns and cities to establish a local revenue option as an alternative to property taxation for the funding of local government costs.

DATE: November 18, 2009

LOB ROOM: 303

Amendments:

Sponsor: Rep. ~~Hess~~

OLS Document #:

Sponsor: Rep.

OLS Document #:

Sponsor: Rep.

OLS Document #:

Motions: ~~OTP~~, OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep. Hess

Seconded by Rep. Taylor

Vote: 16-2 (Please attach record of roll call vote.)

Motions: OTP, OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep.

Seconded by Rep.

Vote: (Please attach record of roll call vote.)

CONSENT CALENDAR VOTE:

(Vote to place on Consent Calendar must be unanimous.) ~~16-2~~

Statement of Intent: Refer to Committee Report

Respectfully submitted,

Rep. Timothy Butterworth, Clerk

Timothy Butterworth

Committee Report

CONSENT CALENDAR

November 20, 2009

HOUSE OF REPRESENTATIVES

REPORT OF COMMITTEE

The Committee on LOCAL AND REGULATED

REVENUES to which was referred HB309,

AN ACT enabling towns and cities to establish a local revenue option as an alternative to property taxation

for the funding of local government costs. Having

considered the same, report the same with the following

Resolution: RESOLVED, That it is INEXPEDIENT TO

LEGISLATE.

Rep. David W Hess

FOR THE COMMITTEE

Original: House Clerk

Cc: Committee Bill File

COMMITTEE REPORT

Committee:	LOCAL AND REGULATED REVENUES
Bill Number:	HB309
Title:	enabling towns and cities to establish a local revenue option as an alternative to property taxation for the funding of local government costs.
Date:	November 20, 2009
Consent Calendar:	YES
Recommendation:	INEXPEDIENT TO LEGISLATE

STATEMENT OF INTENT

This bill would have allowed local communities to replace their property tax with a local alternative such as a sales, income or value added tax. A subcommittee rejected the original bill and recommended the creation of a commission to study the issue. The proposed commission would have had half their members appointed by the Municipal Association. The committee did not believe the proposal was a good plan and rejected both the amendment and the bill.

Vote 16-2.

Rep. David W Hess
FOR THE COMMITTEE

Original: House Clerk
Cc: Committee Bill File

CONSENT CALENDAR

LOCAL AND REGULATED REVENUES

HB309, enabling towns and cities to establish a local revenue option as an alternative to property taxation for the funding of local government costs. **INEXPEDIENT TO LEGISLATE.**

Rep. David W Hess for LOCAL AND REGULATED REVENUES. This bill would have allowed local communities to replace their property tax with a local alternative such as a sales, income or value added tax. A subcommittee rejected the original bill and recommended the creation of a commission to study the issue. The proposed commission would have had half their members appointed by the Municipal Association. The committee did not believe the proposal was a good plan and rejected both the amendment and the bill. **Vote 16-2.**

Original: House Clerk

Cc: Committee Bill File

COMMITTEE REPORT

COMMITTEE: LOCAL & REGULATED REVENUE

BILL NUMBER: HB 309

TITLE: Enabling towns & cities to establish a local revenue option as an alternative to property taxation for the funding of local government cost

DATE: 11/18/09 CONSENT CALENDAR: YES NO

- OUGHT TO PASS
- OUGHT TO PASS W/ AMENDMENT
- INEXPEDIENT TO LEGISLATE
- RE-REFER
- INTERIM STUDY (Available only 2nd year of biennium)

Amendment No.

STATEMENT OF INTENT:

See Attached

COMMITTEE VOTE: 16-2

- Copy to Committee Bill File
- Use Another Report for Minority Report

RESPECTFULLY SUBMITTED,

Rep. [Signature]
For the Committee
David Hess

OK MBW

This bill would have allowed local communities to replace their property tax with a local alternative such as a sales, income or value added tax. A subcommittee rejected the original bill and recommended ~~and~~ the creation of a Commission to study the issue.

~~However~~, the proposed commission was ~~likely~~ would have had half their members appointed by the Municipal Association. The committee did not believe the proposal was a good plan & rejected both the ~~&~~ amendment & the bill 16-2.

OK. Mary Beth Wak

HB 309

ITL

This bill would have allowed local communities to replace their property tax with a local alternative such as a sales, income or value added tax. A subcommittee rejected the original bill and recommended the creation of a commission to study the issue. The proposed commission would have had half their members appointed by the Municipal Association. The committee did not believe the proposal was a good plan and rejected both the amendment and the bill.

David Hess

HB 309

ITL

This bill would have allowed local communities to replace their property tax with a local alternative such as a sales, income or value added tax. A subcommittee rejected the original bill and recommended the ~~creation~~ ^{creation} of a commission to study the issue. The proposed commission would have had half their members appointed by the Municipal Association. The committee did not believe the proposal was a good plan and rejected both the amendment and the bill.

David Hess