

SB 118-FN-A-LOCAL - AS INTRODUCED

2021 SESSION

21-0886

10/11

SENATE BILL

118-FN-A-LOCAL

AN ACT relative to the property tax relief act of 2021.

SPONSORS: Sen. D'Allesandro, Dist 20; Sen. Watters, Dist 4; Sen. Cavanaugh, Dist 16; Sen. Prentiss, Dist 5; Sen. Perkins Kwoka, Dist 21; Sen. Whitley, Dist 15; Sen. Rosenwald, Dist 13; Sen. Kahn, Dist 10; Sen. Soucy, Dist 18; Sen. Sherman, Dist 24; Rep. Hatch, Coos 6; Rep. Wallner, Merr. 10; Rep. Leishman, Hills. 24

COMMITTEE: Finance

ANALYSIS

This bill makes an appropriation to the state treasurer for the purpose of providing municipal aid grants to each city, town, and unincorporated place in the state by October 1 of the fiscal years ending June 30, 2022 and June 30, 2023. At least 60 percent of the grant received by a municipality shall be used for local property tax rate reduction.

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 Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty One

AN ACT relative to the property tax relief act of 2021.

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

1 1 Short Title. This act shall be known as the property tax relief act of 2021.

2 2 Appropriation; State Treasurer; Municipal Aid.

3 I. The sum of \$20,000,000 for the fiscal year ending June 30, 2022 and the sum of
4 \$20,000,000 for the fiscal year ending June 30, 2023 is hereby appropriated to the state treasurer for
5 the purpose of providing municipal aid to each city, town, and unincorporated place in the state. The
6 treasurer shall distribute the municipal aid to each city, town, and unincorporated place in the state
7 in one payment of 100 percent on or before October 1 of each fiscal year. The proportion of municipal
8 aid distributed to each municipality pursuant to this paragraph shall be calculated pursuant to
9 paragraph II. The governor is authorized to draw a warrant for said sums out of any money in the
10 treasury not otherwise appropriated. Municipal aid received by October 15, 2021 may be considered
11 unanticipated revenue under RSA 31:95-b and may be accepted and expended pursuant to RSA
12 31:95-b, II through IV whether or not a town has adopted the provisions of RSA 31:95-b, II.
13 Municipalities shall use a minimum of 60 percent of the amount anticipated in FY 2022 and FY 2023
14 for property tax rate reduction.

15 II. On July 1 of each fiscal year, the treasurer shall reserve the amount necessary for
16 distributions pursuant to paragraph I of this act and said moneys shall not be used for any other
17 purpose. Distributions shall be determined as follows:

18 (a) Twenty percent of such funds for the determination year shall be distributed to
19 municipalities on the basis of the ratio that each municipality's average daily membership in
20 residence bears to the statewide total membership in residence, as determined by the department
21 and provided to the treasurer.

22 (b) Eighty percent of such funds for the determination year shall be distributed to
23 municipalities on the basis of the ratio that each municipality's number of pupils in the
24 municipality's average daily membership in residence eligible for a free or reduced-price meal bears
25 to the total statewide membership in residence eligible for a free or reduced-price meal, as
26 determined by the department and provided to the treasurer.

27 III. For purposes of this section:

28 (a) "Average daily membership in residence" or "ADMR" means the average daily
29 membership in attendance of pupils who are legal residents of the school district, pursuant to RSA
30 193:12 or RSA 193:27, IV, in kindergarten through grade 12 in the determination year and attend a
31 state-approved public or nonpublic school as assigned by the school district in which the pupil

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1 resides, or by the state, or attend an approved chartered public school, and who are educated at the
2 school district's expense, which may include costs of attendance at public academies or out-of-district
3 placements.

4 (b) "Department" means the department of education.

5 (c) "Determination year" means the school year immediately preceding the school year
6 for which aid is determined.

7 (d) "Eligible for a free or reduced-price meal" means the ADMR of pupils in kindergarten
8 through grade 12 who are eligible for the federal free or reduced-price meal program.

9 (e) "Municipality" means a city, town, or unincorporated place.

10 3 Effective Date. This act shall take effect July 1, 2021.

SB 118-FN-A-LOCAL- FISCAL NOTE
AS INTRODUCED

AN ACT relative to the property tax relief act of 2021.

FISCAL IMPACT: ☒ State ☐ County ☒ Local ☐ None

STATE:	Estimated Increase / (Decrease)			
	FY 2021	FY 2022	FY 2023	FY 2024
Appropriation	\$0	\$20,000,000	\$20,000,000	\$0
Revenue	\$0	\$0	\$0	\$0
Expenditures	\$0	\$20,000,000	\$20,000,000	\$0
Funding Source:	<input checked="" type="checkbox"/> General	<input type="checkbox"/> Education	<input type="checkbox"/> Highway	<input type="checkbox"/> Other

LOCAL:

Revenue	\$0	\$20,000,000	\$20,000,000	\$0
Expenditures	\$0	\$0	\$0	\$0

METHODOLOGY:

This bill appropriates a total of \$40,000,000 to the Treasury for municipal aid grants to cities, towns and unincorporated places, payable in 2 installments of \$20,000,000 made by October 1 for each of the fiscal years ending June 30, 2022 and June 30, 2023. At least 60 percent of the appropriation shall be used for local property tax rate reduction.

Twenty percent of such funds shall be distributed to municipalities on the basis of the ratio that each municipality's average daily membership (ADM) in residence bears to the statewide total membership in residence and 80 percent of such funds shall be distributed to municipalities on the basis of the ratio that each municipality's number of pupils in the municipality's average daily membership in residence eligible for a free or reduced-price meal bears to the total statewide membership in residence eligible for a free or reduced-price meal.

The Department of Education indicates that although at least 60 percent of each grant is dedicated to municipal property tax relief there is no requirement for additional expenditures. The distribution formula in this bill is identical to the formula contained in Chapter 346, Laws of 2019 (HB 4).

The New Hampshire Municipal Association states the amounts received by individual municipalities would be approximately the same as what was received in the FY20-21 biennial

state budget, with adjustments for updated ADM calculations. The total received by all municipalities would be \$20,000,000 by October 1, 2021 and \$20,000,000 by October 1, 2022. The portion of these total appropriations required to be used to reduce local property taxes would be \$12,000,000 in each fiscal year, with \$8,000,000 in each fiscal year available for any purpose for which a municipality is authorized to legally spend money, including reducing property taxes.

AGENCIES CONTACTED:

Treasury Department, New Hampshire Municipal Association, and Department of Education