

HB 504-FN-LOCAL - AS INTRODUCED

2021 SESSION

21-0628

10/08

HOUSE BILL

***504-FN-LOCAL***

AN ACT                    relative to the state education property tax and the low and moderate income homeowners property tax relief program.

SPONSORS:            Rep. Ames, Ches. 9; Rep. Luneau, Merr. 10; Rep. Heath, Hills. 14; Rep. Porter, Hills. 1

COMMITTEE:        Ways and Means

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ANALYSIS

This bill requires the department of revenue administration to receive the revenues from the state education property tax and deposit them in the education trust fund, and revises the procedures for calculating state education grants. The bill modifies the criteria for relief under the low and moderate income homeowners property tax relief program, and establishes a committee to study the low and moderate income homeowners property tax relief program.

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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                         Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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 state education property tax and the low and moderate income homeowners property tax relief program.

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

1            1 Property Taxation; Commissioner's Warrant. Amend RSA 76:8, II to read as follows:

2            II. The commissioner shall issue a warrant under the commissioner's hand and official seal  
3 for the amount computed in paragraph I to the selectmen or assessors of each municipality by  
4 December 15 directing them to assess such sum and ~~[pay it to the municipality for the use of the~~  
5 ~~school district or districts]~~, ***after subtracting the municipality's actual cost carrying out the***  
6 ***functions required by this subdivision, pay the remainder to the department of revenue***  
7 ***administration for deposit in the education trust fund. Such payments by municipalities,***  
8 ***and the subtractions for actual costs, shall be made in accordance with schedules,***  
9 ***standards, and procedures established by rules adopted by the department of revenue***  
10 ***administration after consultation with the commissioner of education.*** Such sums shall be  
11 assessed at such times as may be prescribed for other taxes assessed by such selectmen or assessors  
12 of the municipality.

13            2 Property Tax Bill Information. Amend RSA 76:11-a, II to read as follows:

14            II. The tax bill shall also contain a statement informing the taxpayer of the types of tax  
15 relief for which the taxpayer has the right to apply. ***The statement shall explicitly list the low***  
16 ***and moderate income homeowners property tax relief program specified by RSA 198:57 and***  
17 ***shall include information on how to apply for the program.*** The following statement shall be  
18 considered adequate:

19            "If you are elderly, disabled, blind, a veteran, or veteran's spouse, or are unable to pay taxes due  
20 to poverty or other good cause, you may be eligible for a tax exemption, credit, abatement, or  
21 deferral, ***which can reduce your current property tax bill.*** For details and application  
22 information, contact (insert title of local assessing officials or office to which application should be  
23 made ***and deadline for application.***)

24            ***Depending on your income, you may also be eligible for a refund of some of your taxes***  
25 ***under the low and moderate income homeowners property tax relief program. To find out***  
26 ***how to get a refund, call the New Hampshire department of revenue administration at***  
27 ***(insert current telephone number here) or visit the department's website (insert current***  
28 ***website address here). Applications for refunds are due by June 30."***

29            This statement shall be prominent ~~[and]~~, legible, ***and printed in at least 12-point boldface type,***  
30 and may either be printed on the tax bill itself, or on a separate sheet of paper enclosed with the tax

1 bill. A municipality may in its discretion choose to include more detailed information about the  
2 eligibility criteria for different forms of tax relief, provided, however, that the information in the  
3 above statement shall be considered a minimum.

4 3 New Subparagraph; Education Trust Fund. Amend RSA 198:39, I(l) to read as follows:

5 (l) ***The full amount of education property tax payments from the department of***  
6 ***revenue administration pursuant to RSA 76:8, II.***

7 (m) Any other moneys appropriated from the general fund.

8 4 Repeal; Tax Warrant; Determination of Education Grants. RSA 198:41, I(b) relative to  
9 subtracting the amount of the state education tax warrant in the determination of grants, is  
10 repealed.

11 5 Determination of Education Grants; Tuition. Amend RSA 198:41, II(b) to read as follows:

12 (b) The total amount paid for items of current education expense as determined by the  
13 department of education ~~[minus the amount of the education tax warrant to be issued by the~~  
14 ~~commissioner of revenue administration for such municipality reported pursuant to RSA 76:8 for the~~  
15 ~~next tax year]~~.

16 6 Determination of Grants; Stabilization. Amend RSA 198:41, IV(d) to read as follows:

17 (d) For fiscal year 2017 and each fiscal year thereafter, the department of education  
18 shall distribute a total education grant to each municipality in an amount equal to the total  
19 education grant for the fiscal year in which the grant is calculated plus a percentage of the  
20 municipality's fiscal year 2012 stabilization grant, if any, distributed to the municipality; the  
21 percentage shall be 96 percent for fiscal year 2017, 92 percent for fiscal year 2018, 88 percent for  
22 fiscal year 2019, and 100 percent for fiscal year 2020 and each fiscal year thereafter. No  
23 stabilization grant shall be distributed to any municipality for any fiscal year in which the  
24 ~~[municipality's education property tax revenue collected]~~ ***amount of the commissioner's warrant***  
25 ***for the municipality's education tax assessment*** pursuant to RSA 76 exceeds the total cost of an  
26 adequate education or to any municipality for any fiscal year in which the municipality's ADMA is  
27 zero.

28 7 Low and Moderate Income Homeowners Property Tax Relief. Amend RSA 198:57, III and IV  
29 to read as follows:

30 III. An eligible tax relief claimant is a person who:

31 (a) Owns a homestead or interest in a homestead subject to the education tax;

32 (b) Resided in such homestead on ~~[April 1 of]~~ ***the date of the final tax bill as defined***  
33 ***in RSA 76:1-a*** for the year for which the claim is made, except such persons as are on active duty in  
34 the United States armed forces or are temporarily away from such homestead but maintain the  
35 homestead as a primary domicile; and

36 (c) Realizes total household income of:

37 (1) ~~[\$20,000]~~ ***\$55,000*** or less if a single person;

**HB 504-FN-LOCAL - AS INTRODUCED**  
**- Page 3 -**

(2) ~~[\$40,000]~~ **\$70,000** or less if a married person or head of a New Hampshire household.

IV. All or a portion of an eligible tax relief claimant's ~~[state]~~ education property taxes~~[-RSA 76:3,]~~ shall be rebated as follows:

(a) Multiply the total local assessed value of the claimant's property by the percentage of such property that qualifies as the claimant's homestead;

(b) Multiply ~~[\$100,000]~~ **\$150,000** by the most current local equalization ratio as determined by the department of revenue administration;

(c) Multiply the lesser of the amount determined in subparagraph (a) or (b) by the ~~[education tax rate as shown on the tax bill under RSA 76:11-a;]~~ **sum of the following:**

**(1) The local education tax rate as shown on the tax bill under RSA 76:11 and;**

**(2) The state education tax rate as shown on the tax bill under RSA 76:11.**

(d) Multiply the product of the calculation in subparagraph (c) by the following percentage as applicable to determine the amount of tax relief available to the claimant, **provided that the maximum amount of tax relief available to any claimant in any fiscal year shall not exceed \$1,000:**

(1) If a single person and total household income is:

~~[(A) less than \$12,500-\$20,000, 100 percent;~~

~~(B) \$12,500 but less than \$15,000, 60 percent;~~

~~(C) \$15,000 but less than \$17,500, 40 percent; or~~

~~(D) \$17,500 but less than or equal to \$20,000, 20 percent.]~~

**(A) less than \$20,000, 100 percent;**

**(B) \$20,000 but less than \$55,000, a percentage that is reduced by 5 percent for each \$1,750 of household income above \$20,000;**

**(C) more than \$55,000, zero percent.**

(2) If a head of a New Hampshire household or a married person and total household income is:

~~[(A) less than \$25,000, 100 percent;~~

~~(B) \$25,000 but less than \$30,000, 60 percent;~~

~~(C) \$30,000 but less than \$35,000, 40 percent; or~~

~~(D) \$35,000 but less than or equal to \$40,000, 20 percent]~~

**(A) less than \$30,000, 100 percent;**

**(B) \$30,000 but less than \$70,000, a percentage that is reduced by 5 percent for each \$2,000 of household income above \$30,000;**

**(C) more than \$70,000, zero percent.**

**HB 504-FN-LOCAL - AS INTRODUCED**  
**- Page 4 -**

(e) The amount determined by subparagraph (d) is the allowable tax relief in any year, *provided however that the aggregate of tax relief checks issued by the commissioner to all taxpayers claiming eligibility for tax relief shall not exceed \$25,000,000 for the fiscal year to which the claim applies, exclusive of late filed claims which are accepted by the commissioner pursuant to paragraph VI(b) which shall be counted against the \$25,000,000 limit for the fiscal year in which the claims are received, and that the commissioner shall reduce proportionally the amount of each taxpayer's tax relief check for that fiscal year when a reduction is necessary to conform to the \$25,000,000 limit for that fiscal year.*

8 New Paragraphs; Low and Moderate Income Homeowners Property Tax Relief; Adjustment for Inflation; Forms. Amend RSA 198:57 by inserting after paragraph VIII the following new paragraphs:

IX. The amounts specified in subparagraph III(c), IV(b), IV(d), and IV(e) shall be adjusted annually for inflation and rounded to the nearest \$100 by the commissioner of the department of revenue administration based on the average change in the Consumer Price Index for All Urban Consumers, Northeast Region as published by the Bureau of Labor Statistics, United States Department of Labor. The average change shall be calculated using the calendar year ending 12-months prior to the beginning of the program year.

X. Each year, on or about May 1, the department of revenue administration shall mail the current year forms necessary to apply for property tax relief to each homeowner who received property tax relief under the provisions of paragraph IV in the prior year.

9 Study Committee on Low and Moderate Income Homeowners Property Tax Relief. There is established a committee to study the low and moderate income homeowners property tax relief program authorized by RSA 198:57-58.

I. The members of the committee shall be as follows:

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

(b) Four members of the house of representatives, appointed by the speaker of the house of representatives.

II. Members of the committee shall receive mileage at the legislative rate when attending to the duties of the committee.

III.(a) The committee shall study, with the assistance of the commissioner of the department of revenue administration, issues relating to the extension of the low and moderate income homeowners property tax relief program to tenants who indirectly pay education property taxes as part of the rent that they pay for the right to live in their principal place of residence and domicile and shall make recommendations regarding said extension;

(b) The committee shall also study, with the assistance of the commissioner of the department of revenue administration, the relationship between household income, property values, and property taxation, as well as the sufficiency of data relating to that relationship that is currently

1 available to the department of revenue administration, including data needed to determine the  
2 impact of property tax changes by property classification, value, and ownership status, including  
3 owner-occupied, out-of-state, commercial, residential, or other relevant ownership categories, and  
4 shall report on its findings and recommendations on said relationship, data sufficiency, and changes  
5 in assessment data collected, eligibility, and funding levels that would improve the low and  
6 moderate income homeowners property tax relief program.

7 (c) The committee shall also study, with the assistance of the commissioner of the  
8 department of revenue administration, the components of a statewide property tax deferral program  
9 designed to provide relief to homeowner property taxpayers where taxpayer-specific circumstances  
10 temporarily impair such taxpayers ability to timely pay their property tax bills, and shall make  
11 recommendations regarding the development of such a program.

12 (d) The committee may solicit input or testimony from any person or organization the  
13 committee deems relevant to the study.

14 IV. The members of the committee shall elect a chairperson from among the members. The  
15 first meeting shall be called by the first-named house member. The first meeting of the committee  
16 shall be held within 45 days of the effective date of this section. Four members of the committee  
17 shall constitute a quorum.

18 V. The committee shall report its findings and any recommendations for proposed legislation  
19 to the president of the senate, the speaker of the house of representatives, the senate clerk, the  
20 house clerk, the governor, and the state library on or before November 1, 2021.

21 10 Effective Date.

22 I. Section 9 of this act shall take effect upon its passage.

23 II. The remainder of this act shall take effect July 1, 2021.

**HB 504-FN-LOCAL- FISCAL NOTE  
AS INTRODUCED**

AN ACT relative to the state education property tax and the low and moderate income homeowners property tax relief program.

**FISCAL IMPACT:**    ☒ **State**                      ☐ **County**                      ☒ **Local**                      ☐ **None**

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

**LOCAL:**

<b>Revenue</b>	\$0	Indeterminable	Indeterminable	Indeterminable
<b>Expenditures</b>	\$0	Indeterminable	Indeterminable	Indeterminable

**METHODOLOGY:**

This bill requires municipalities to pay the statewide education property tax (SWEPT) assessed, less collection costs, to the Department of Revenue Administration for deposit into the Education Trust Fund (ETF) and amends the calculation of state education grants. The bill also changes the thresholds and criteria for eligibility for the low and moderate income homeowners property tax relief program and specifies language and format for an additional tax relief statement regarding this program on municipal property tax bills..

The Department of Revenue Administration states that municipalities currently collect and retain the SWEPT locally to fund the state's share of education funding. The amount retained is recognized by the State as revenue to the ETF. By requiring municipalities to remit the SWEPT to the State after deducting collection costs, there would be an indeterminable reduction in revenue to the State based on the municipal deduction of costs from the \$363,100,000 that is assessed and collected. Municipal revenue will decline with the direct payment to the State but overall impact is indeterminable based on whether the SWEPT which would have been retained locally is more or less than what is remitted to the state. The DRA indicates that this change could be administered without any new positions but there would be an indeterminable cost for creating a new electronic filing and payment mechanism for the SWEPT to be paid to the

Department from the municipalities. The DRA states the proposed changes to the Low and Moderate Income Homeowners Program will increase claimants and relief amounts, resulting in an indeterminable increase in state expenditures up to a capped amount of \$25 million. The DRA would require an indeterminable additional appropriation for these claims beginning in FY 2023.

The New Hampshire Municipal Association states that any additional municipal costs related to new schedules, standards and procedures established by the Department of Revenue Administration for the remittance of education taxes are presumed to be deductible prior to sending such tax to the Department, therefore there would be no net effect on municipal expenditures. There may be cash flow issues related to how school districts will receive their allocated state education tax funds if this amount is no longer received directly from the municipality, but such possible impact is not known. The requirement to include additional information in a required format for tax relief statements may result in an indeterminable cost for software upgrades, additional paper and postage costs.

**AGENCIES CONTACTED:**

Department of Revenue Administration and New Hampshire Municipal Association