

HB 672-FN – AS INTRODUCED

2013 SESSION

13-0396
10/04

HOUSE BILL **672-FN**

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

SPONSORS: Rep. Walz, Merr 23; Rep. Cushing, Rock 21; Sen. Fuller Clark, Dist 21

COMMITTEE: Municipal and County Government

ANALYSIS

This bill requires that the property tax exemption for water and air pollution control facilities shall only apply to the net book value of the facility or portion thereof.

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 Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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

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

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

1 1 Property Taxation; Water and Air Pollution Control Facilities; Net Book Value. Amend
2 RSA 72:12-a to read as follows:

3 72:12-a Water and Air Pollution Control Facilities.

4 I. Any person, firm, or corporation which builds, constructs, installs, or places in use in this
5 state any treatment facility, device, appliance, or installation wholly or partly for the purpose of
6 reducing, controlling, or eliminating any source of air or water pollution shall be entitled to have the
7 **net book** value of said facility and any real estate necessary therefor, or a percentage thereof
8 determined in accordance with this section, exempted from the taxes levied under this chapter for
9 the period of years in which the facility, device, appliance, or installation is used in accordance with
10 the provisions of this section, **provided the net book value is greater than zero for the facility.**

11 This paragraph shall not apply to privately-owned landfills or ancillary facilities located at such
12 landfills or to sewage disposal systems installed pursuant to RSA 485-A:29 through RSA 485-A:44
13 and rules adopted pursuant thereto, except that any exemption for a sewage disposal system granted
14 prior to January 1, 2010 shall remain in effect **for the net book value therefor.**

15 II. The party seeking the exemption shall file an application with the department of
16 environmental services if the exemption sought is for a water pollution control facility or an air
17 pollution control facility, with a copy to the taxing authorities in the municipality where the facility
18 is situated. Said application shall describe the facilities and their function or functions and shall
19 state the applicant's total investment ~~therein~~ **in, and net book value for, the facility** and the
20 portion allocable to each function.

21 III. The department shall investigate and determine whether the purpose of the facility is
22 solely or only partially pollution control. If the department finds that the purpose of the facility is
23 only partially pollution control it shall determine by an allocation of the applicant's investment in
24 the facility what percentage of the facility is used to control pollution. In making its investigation,
25 the department may inspect the facility and request such other information from the applicant as is
26 reasonably necessary to assist it in making its determination.

27 IV. Upon making its determination, the department shall notify the applicant and the taxing
28 authorities of the municipality where the facility is situated whether the purpose of the facility is
29 solely pollution control, or, if not, what percentage of the applicant's investment in the facility should
30 be allocated to pollution control.

31 V. The taxing authorities shall each year separately appraise and describe the facility and

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1 related real estate ***at the net book value thereof*** and cause such appraisal and description to
2 appear in their inventory. In accordance with the provisions of this section, the taxing authority
3 shall exempt from the taxes levied under this chapter the [~~appraised~~] ***net book*** value of the facility
4 and any real estate necessary therefor, or the exempt percentage thereof, determined by the
5 department. The exemption period shall begin as of the April 1 next following the receipt of the
6 department's determination. ***If for any exemption period the net book value of the facility is***
7 ***zero the applicant shall not be granted an exemption under this section.***

8 VI. Either the municipality or the owner of the facility may request a rehearing or appeal
9 from such determination in accordance with the provisions of RSA 541.

10 VII. ***For purposes of this section, "net book value" means original cost less straight***
11 ***line depreciation.***

12 2 Effective Date. This act shall take effect July 1, 2014.

HB 672 FISCAL NOTE

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

FISCAL IMPACT:

The Department of Revenue Administration states this bill, **as introduced**, may decrease state revenue by an indeterminable amount for FY 2014 and each year thereafter. There will be no fiscal impact on county and local revenue, and expenditures or state expenditures.

METHODOLOGY:

The Department of Revenue Administration (DRA) states this bill would change the pollution control exemption from a market value-based determination to a net book value-based determination. The bill defines net book value as the original cost less straight line depreciation. Using the net book value rather than the market value of the facility would result in decreasing tax revenue over the life of the facility (assuming the tax rate remained constant). The DRA states it cannot determine a fiscal impact because it does not have sufficient information regarding the depreciated cost of the facilities. The DRA does state, however, the aggregate value of utility properties in the state in 2011 totaled \$32.8 million and the aggregate value of the pollution control exemption (lost revenue) for related facilities totaled \$4.8 million in 2011.