

HB 177 - AS INTRODUCED

2023 SESSION

23-0567

05/10

HOUSE BILL **177**

AN ACT relative to the definition of qualified structures under the community revitalization tax relief incentive.

SPONSORS: Rep. Long, Hills. 23

COMMITTEE: Ways and Means

ANALYSIS

This bill expands the community revitalization tax relief incentive by replacing the term qualifying structure with qualifying property so that the tax incentive may be used for revitalization of land as well as structures.

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 Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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

AN ACT relative to the definition of qualified structures under the community revitalization tax relief incentive.

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

1 1 Community Revitalization Tax Relief Incentive Program. Amend RSA 79-E:1 - 79-E:2 to read
2 as follows:

3 79-E:1 Declaration of Public Benefit.

4 I. It is declared to be a public benefit to enhance downtowns and town centers **or other**
5 **designated sections of a municipality** with respect to economic activity, cultural and historic
6 character, sense of community, and in-town residential uses that contribute to economic and social
7 vitality.

8 II. It is further declared to be a public benefit to encourage the rehabilitation of the many
9 underutilized structures **and properties** in urban and town centers as a means of encouraging
10 growth of economic, residential, and municipal uses in a more compact pattern, in accordance with
11 RSA 9-B.

12 II-a. In instances where a qualifying ~~[structure]~~ **property** is determined to possess no
13 significant historical, cultural, or architectural value and for which the governing body makes a
14 specific finding that rehabilitation would not achieve one or more of the public benefits established
15 in RSA 79-E:7 to the same degree as the replacement of the underutilized structure with a new
16 structure, the tax relief incentives provided under this chapter may be extended to the replacement
17 of an underutilized structure **or other development of the property** in accordance with the
18 provisions of this chapter.

19 II-b. It is further declared to be a public benefit to encourage the rehabilitation of historic
20 structures in a municipality by increasing energy efficiency in the preservation and reuse of existing
21 building stock.

22 III. Short-term property assessment tax relief and a related covenant to protect public
23 benefit as provided under this chapter are considered to provide a demonstrated public benefit if
24 they encourage substantial rehabilitation and use of qualifying ~~[structures]~~ **property**, or in certain
25 cases, the replacement of a qualifying ~~[structure]~~ **property**, as defined in this chapter.

26 79-E:2 Definitions. In this chapter:

27 I. "Historic structure" means a building that is listed on or determined eligible for listing on
28 the National Register of Historic Places or the state register of historic places.

29 II.(a) "Qualifying ~~[structure]~~ **property**" means a building **or parcel of land** located in a
30 district officially designated in a municipality's master plan, or by zoning ordinance, as a downtown,

town center, central business district, or village center, or, where no such designation has been made, in a geographic area which, as a result of its compact development patterns and uses, is identified by the governing body as the downtown, town center, ~~or~~ village center, **or area of a municipality where revitalization and development would be a public benefit** for purposes of this chapter.

(b) Qualifying ~~structure~~ **property** shall also mean:

(1) Historic structures in a municipality whose preservation and reuse would conserve the embodied energy in existing building stock.

(2) A one or 2-family home or an attached multi-family home with not more than 4 units located in a residential property revitalization zone designated under RSA 79-E:4-b and which is at least 40 years old.

(c) Cities or towns may further limit "qualifying ~~structure~~ **property**" according to the procedure in RSA 79-E:3 as meaning only a structure **or property** located within such districts that meet certain age, occupancy, condition, size, or other similar criteria consistent with local economic conditions, community character, and local planning and development goals.

(d) Cities or towns may further modify "qualifying ~~structure~~ **property**" to include buildings that have been destroyed by fire or act of nature, including where such destruction occurred within 15 years prior to the adoption of the provisions of this chapter by the city or town.

(e) In a city or town that has adopted the provisions of RSA 79-E:4-a, "qualifying ~~structure~~ **property**" also means potentially impacted ~~structures~~ **properties** identified by the municipality within the coastal resilience incentive zone established under RSA 79-E:4-a.

(f) In a city or town that has adopted the provisions of RSA 79-E:4-c, "qualifying ~~structure~~ **property**" also means a housing unit or units constructed in a housing opportunity zone established under RSA 79-E:4-c.

III. "Replacement" means the demolition or removal of a qualifying ~~structure~~ **property** and the construction of a new structure on the same lot.

IV. "Substantial rehabilitation" means rehabilitation of a qualifying ~~structure~~ **property** which costs at least 15 percent of the pre-rehabilitation assessed valuation or at least \$75,000, whichever is less. In addition, in the case of historic structures, substantial rehabilitation means devoting a portion of the total cost, in the amount of at least 10 percent of the pre-rehabilitation assessed valuation or at least \$5,000, whichever is less, to energy efficiency in accordance with the U.S. Secretary of the Interior's Standards for Rehabilitation. Cities or towns may further limit "substantial rehabilitation" according to the procedure in RSA 79-E:3 as meaning rehabilitation which costs a percentage greater than 15 percent of pre-rehabilitation assessed valuation or an amount greater than \$75,000 based on local economic conditions, community character, and local planning and development goals.

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1 V. "Tax increment finance district" means any district established in accordance with the
2 provisions of RSA 162-K.

3 VI. "Tax relief" means:

4 (a) For a qualifying ~~[structure]~~ **property**, that for a period of time determined by a local
5 governing body in accordance with this chapter, the property tax on a qualifying ~~[structure]~~
6 **property** shall not increase as a result of the substantial rehabilitation thereof.

7 (b) For the replacement of a qualifying ~~[structure]~~ **property**, that for a period of time
8 determined by a local governing body in accordance with this chapter, the property tax on a
9 replacement ~~[structure]~~ **property** shall not exceed the property tax on the replaced qualifying
10 ~~[structure]~~ **property** as a result of the replacement thereof.

11 (c) For a qualifying ~~[structure]~~ **property** which is a building destroyed by fire or act of
12 nature, that for a period of time determined by a local governing body in accordance with this
13 chapter, the property tax on such qualifying ~~[structure]~~ **property** shall not exceed the tax on the
14 assessed value of the ~~[structure]~~ **property** that would have existed had the ~~[structure]~~ **property** not
15 been destroyed.

16 VII. "Tax relief period" means the finite period of time during which the tax relief will be
17 effective, as determined by a local governing body pursuant to RSA 79-E:5.

18 2 Community Revitalization Tax Relief Incentive; Qualifying Property. Amend RSA 79-E:4, I-IV
19 to read as follows:

20 I. An owner of a qualifying ~~[structure]~~ **property** who intends to substantially rehabilitate or
21 replace ~~[such structure]~~ **the property** may apply to the governing body of the municipality in which
22 the property is located for tax relief. The applicant shall include the address of the property, a
23 description of the intended rehabilitation or replacement, any changes in use of the property
24 resulting from the rehabilitation or replacement, and an application fee.

25 I-a. In order to assist the governing body with the review and evaluation of an application
26 for replacement of a qualifying ~~[structure]~~ **property**, an owner shall submit to the governing body as
27 part of the application, a New Hampshire division of historical resources individual resource
28 inventory form, prepared by a qualified architectural historian and a letter issued by the local
29 heritage commission and if the qualifying ~~[structure]~~ **property** is located within a designated
30 historic district established in accordance with RSA 674:46, a letter from the historic district
31 commission or, if such local commissions are not established, a letter issued by the New Hampshire
32 division of historical resources that identifies any and all historical, cultural, and architectural value
33 of the structure or structures that are proposed to be replaced and the property on which those
34 structures are located. The application for tax relief shall not be deemed to be complete and the
35 governing body shall not schedule the public hearing on the application for replacement of a
36 qualifying ~~[structure]~~ **property** as required under RSA 79-E:4, II until the inventory form and the
37 letter, as well as all other required information, have been submitted.

II. Upon receipt of an application, the governing body shall hold a duly noticed public hearing to take place no later than 60 days from receipt of the application, to determine whether the ~~[structure]~~ **property** at issue is a qualifying ~~[structure]~~ **property**; whether any proposed rehabilitation qualifies as substantial rehabilitation; and whether there is a public benefit to granting the requested tax relief and, if so, for what duration.

III. No later than 45 days after the public hearing, the governing body shall render a decision granting or denying the requested tax relief and, if so granting, establishing the tax relief period.

IV.(a) The governing body may grant the tax relief, provided:

(1) The governing body finds a public benefit under RSA 79-E:7; and

(2) The specific public benefit is preserved through a covenant under RSA 79-E:8;

and

(3) The governing body finds that the proposed use is consistent with the municipality's master plan or development regulations; and

(4) In the case of a replacement, the governing body specifically finds that the local heritage commission or historic district commission or, if such local commissions are not established, the New Hampshire division of historical resources has determined that the replaced qualifying ~~[structure]~~ **property** does not possess significant historical, cultural, or architectural value, the replacement of the qualifying ~~[structure]~~ **property** will achieve one or more of the public benefits identified in RSA 79-E:7 to a greater degree than the renovation of the underutilized ~~[structure]~~ **property**, and the historical, cultural, or architectural resources in the community will not be adversely affected by the replacement. In connection with these findings, the governing body may request that the division of historical resources conduct a technical evaluation in order to satisfy the governing body that historical resources will not be adversely affected.

(b) If the governing body grants the tax relief, the governing body shall identify the specific public benefit achieved under RSA 79-E:7, and shall determine the precise terms and duration of the covenant to preserve the public benefit under RSA 79-E:8.

3 Duration of Tax Relief Period. Amend RSA 79-E:5, I-a to read as follows:

I-a. For the approval of a replacement of **structure on** ~~[of]~~ a qualifying ~~[structure]~~ **property**, the governing body may grant such tax assessment relief for a period of up to 5 years, beginning only upon the completion of construction of the replacement structure. The governing body may, in its discretion, extend such additional years of tax relief as provided for under this section, provided that no such additional years of tax relief may be provided prior to the completion of construction of the replacement structure. The municipal tax assessment of the replacement structure and the property on which it is located shall not increase or decrease in the period between the approval by the governing body of tax relief for the replacement structure and the time the owner completes construction of the replacement structure and grants to the municipality the

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1 covenant to protect the public benefit as required by this chapter. The governing body may not grant
2 any tax assessment relief under this chapter with respect to property and structures for which an
3 election has been made for property appraisal under RSA 75:1-a.

4 4 Reference Change. Amend the following RSA sections by replacing the term "structure" with
5 the term "property": RSA 79-E:4-a, I; 79-E:4-b, I, II, and III; 79-E:4-c; 79-E:5, III; 79-E:7; 79-E:8, I;
6 and 79-E:13, I(b) and II.

7 5 Effective Date. This act shall take effect 60 days after its passage.