

Senate Election Law and Municipal Affairs Committee
Tricia Melillo 271-3077

HB 197-LOCAL, relative to the proration of property tax exemptions.

Hearing Date: April 11, 2023

Members of the Committee Present: Senators Gray, Murphy and Perkins Kwoka

Members of the Committee Absent : Senators Abbas and Soucy

Bill Analysis: This bill provides that if an individual is eligible for a property tax exemption for the blind, disabled, deaf or severely hearing impaired, or elderly and owns a fractional interest in the property, the exemption amount shall be prorated based on the amount of their fractional interest in the property.

Sponsors:

Rep. Maggiore

Rep. Ulery

Who supports the bill: Jim Michaud, Natch Greyes -NH Municipal Association

Who opposes the bill: Dawn McKinney- NH Legal Assistance, Cindy Kudlik

Summary of testimony presented in support:

Jim Michaud – Chief Assessor, Town of Hudson

- This bill deals with fractionalization of exemptions for disabled, deaf and blind.
- Currently, for elderly exemptions as well as veterans tax credits, the law is clear.
- If they own a 50% fractional interest in the property, that is the amount of credit or exemption they receive.
- The statute does not have disabled, deaf and blind under the fractionalization section.
- This bill seeks to correct the statute so those with similarly situated fractional interests are treated the same regardless of what exemption they have.

Natch Greyes – NH Municipal Association

- This alters the statute so that all exemptions are treated the same.
- Under New Hampshire's statutory scheme for taxation, there are some exemptions where a fractional owner is granted a fractional exemption.
- That is not the case for all of them so this bill will level the playing field across all existing exemptions.
- Senator Perkins Kwoka asked if there are additional tests that apply to these three new categories that may not apply to the others.
 - Mr. Greyes replied that he would defer that question to Mr. Michaud.
 - Mr. Michaud replied that the procedure for qualifying someone is determining their residency, their income and their assets. That process does not change. If the deed says they have a fractional interest, they fractionalize the exemption. There is no change in how they qualify people. He does not see a sound reason in public policy to treat these other exemptions differently.

- Senator Gray commented that he does not see where it mentions residency.
 - Mr. Michaud stated that there are different statutes that speak to residency. Under RSA 72, it describes the residency requirement to receive a credit or exemption.

Summary of testimony presented in opposition:

Dawn McKinney – NH Legal Assistance

- They have concerns with this legislation because the people who qualify will still have to qualify based on income from all sources.
- The implication is that some people should not get the full deduction because only one person has the disability.
- Including all income is already testing whether they should have the deduction.
- They believe it is not fair to the household to reduce the exemption based on that.
- Senator Perkins Kwoka asked if what she is saying that including these three categories to be treated the same way may not account for the fact that their income is tested differently to qualify for the exemption in the first place.
 - Ms. McKinney replied that the disability affects the whole household so only allowing the exemption for part of the household is an unfair way to do it. They still have to pass the net income threshold to be eligible.

TJM

Date Hearing Report completed: April 14, 2023