

# 2019 NHFGOA Annual Conference



## Legislative Happenings

*Presented by:*

*Barbara Reid, Government Finance Advisor*

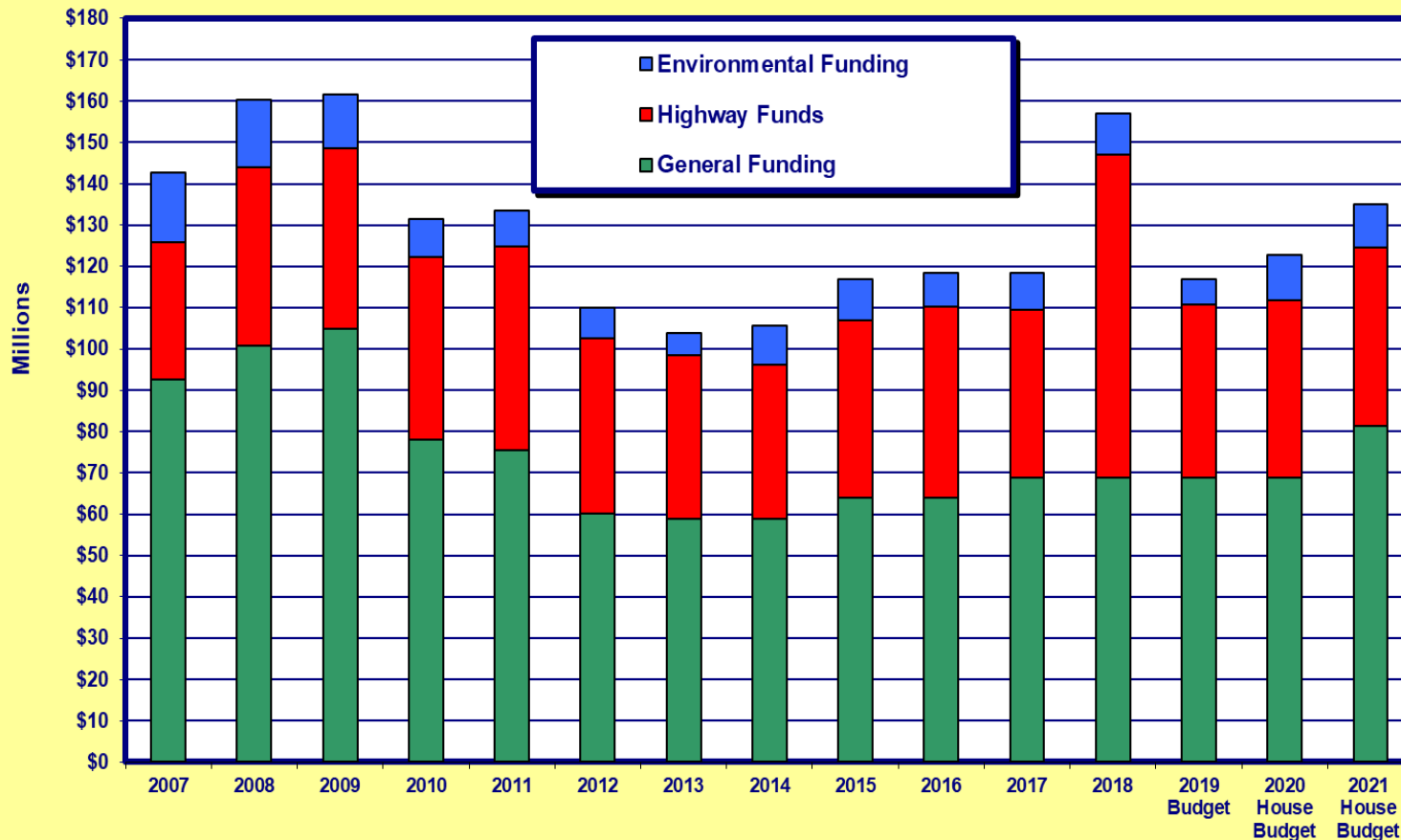
*May 3, 2019*

# HB1/HB2 - FY 20/21 Budget



## STATE AID TO MUNICIPALITIES: 2007-2021 (Excluding Education)

Data Source: NHLBAO State Aid Chart Dated 4/8/19



General Funding: Meals & Rooms (catch-up formula suspended FY10-14, FY16, FY18-21), Revenue Sharing (suspended FY10-21), Municipal Aid \$12.5 in FY21, State Retirement Contributions (Discontinued 2013)

Environmental Funding: Excludes Grants from the Drinking Water and Groundwater Trust Fund

# HB1 /HB2 - FY 20/21 Budget



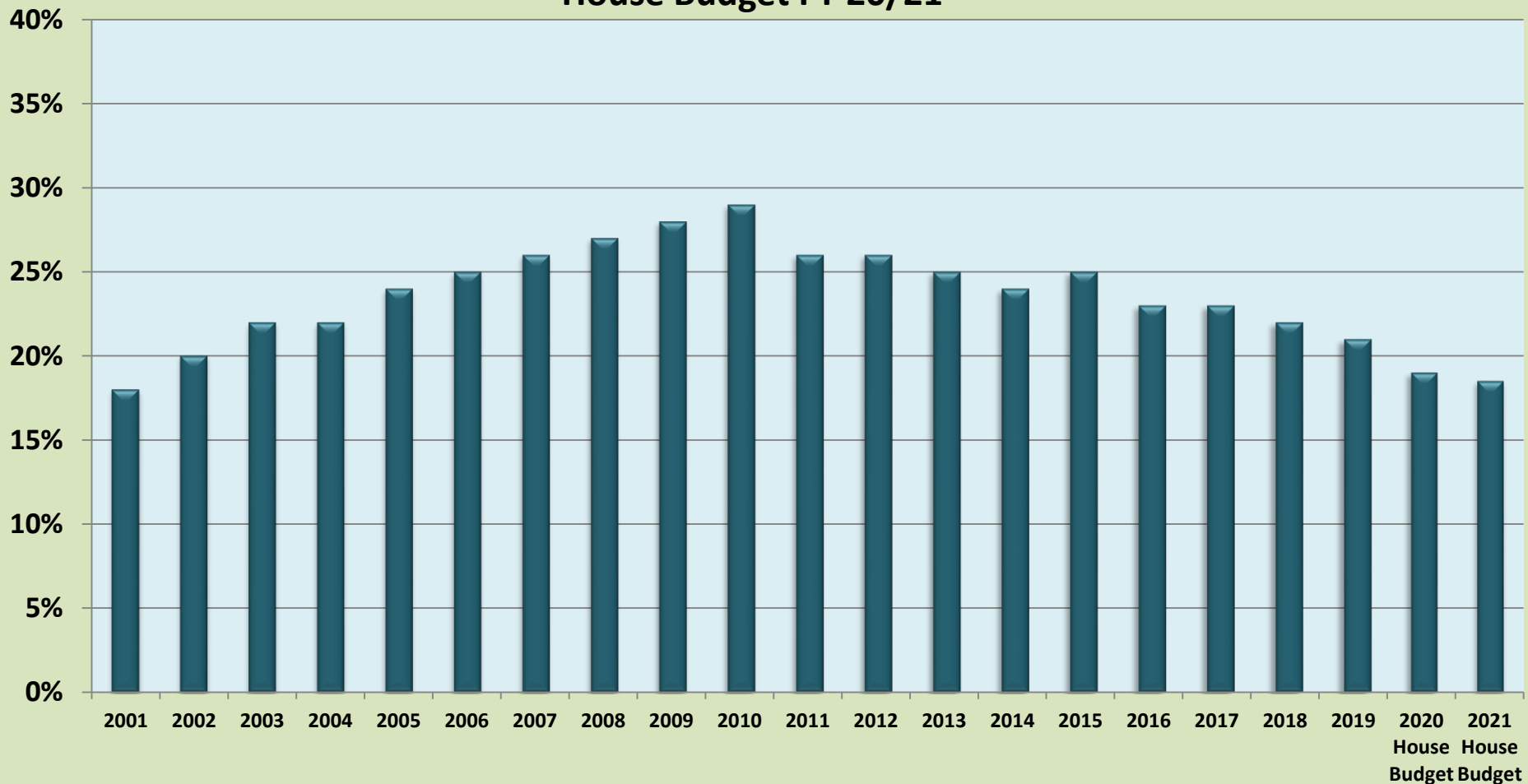
- ▶ Meals and Rooms Tax Distribution - \$68.8 Million each year



# HB1 / HB2 - FY 20/21 Budget



**Municipal Percentage of the Meals and Rooms Tax Revenues  
House Budget FY 20/21**



# HB1 / HB2 - FY 20/21 Budget



Meals & Rooms Tax Distribution to Municipalities

Millions

\$100

\$90

\$80

\$70

\$60

\$50

\$40

\$30

\$20

\$10

\$-

Cumulative Difference = \$97.6 million

2010

2011

2012

2013

2014

2015

2016

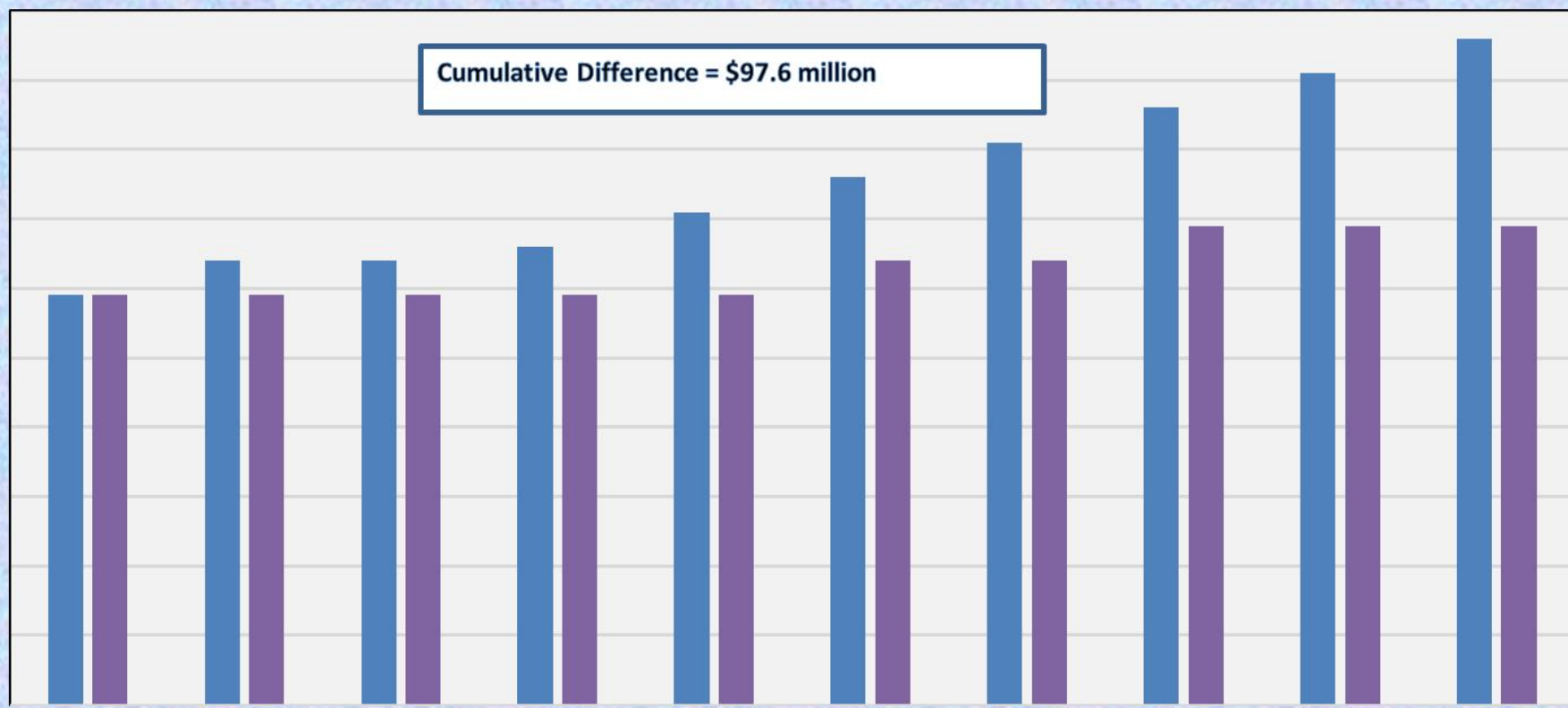
2017

2018

2019

■ Per Catch-Up Formula

■ Actual





# HB1/HB2 - FY 20/21 Budget

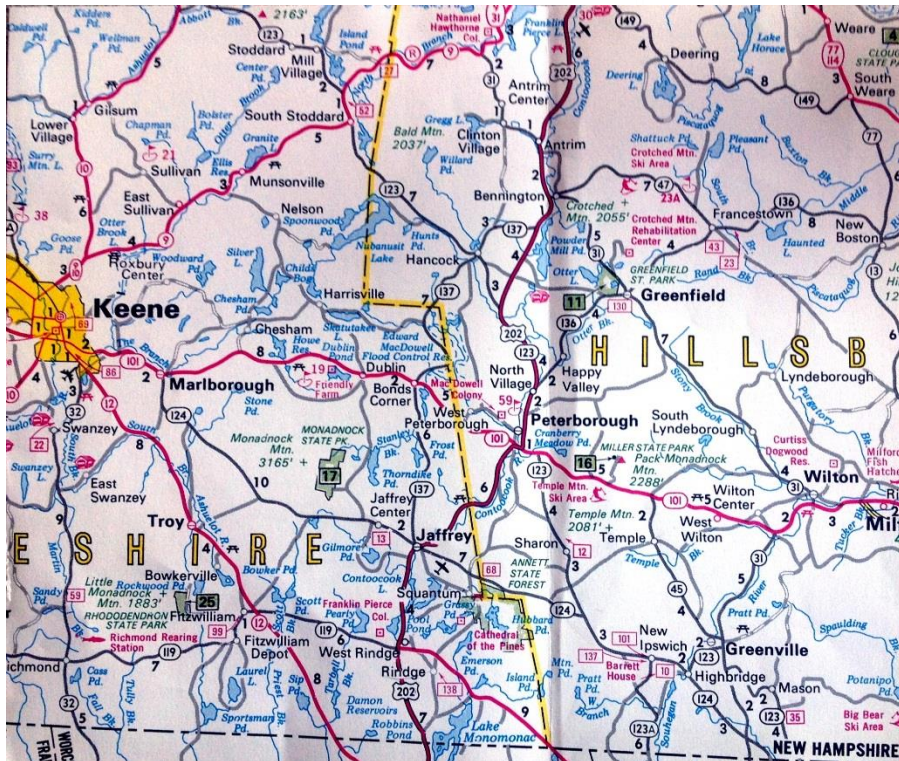


- ▶ Municipal Aid in FY 21 House Budget - based on former Revenue Sharing formula
- ▶ SB 301 - tied to business taxes



# HB1/HB2 - FY 20/21 Budget

- ▶ Highway Block Grants - \$35 million/year
- ▶ Municipal Bridge Aid - \$6.8 million/year



# HB1 / HB2 - FY 20/21 Budget



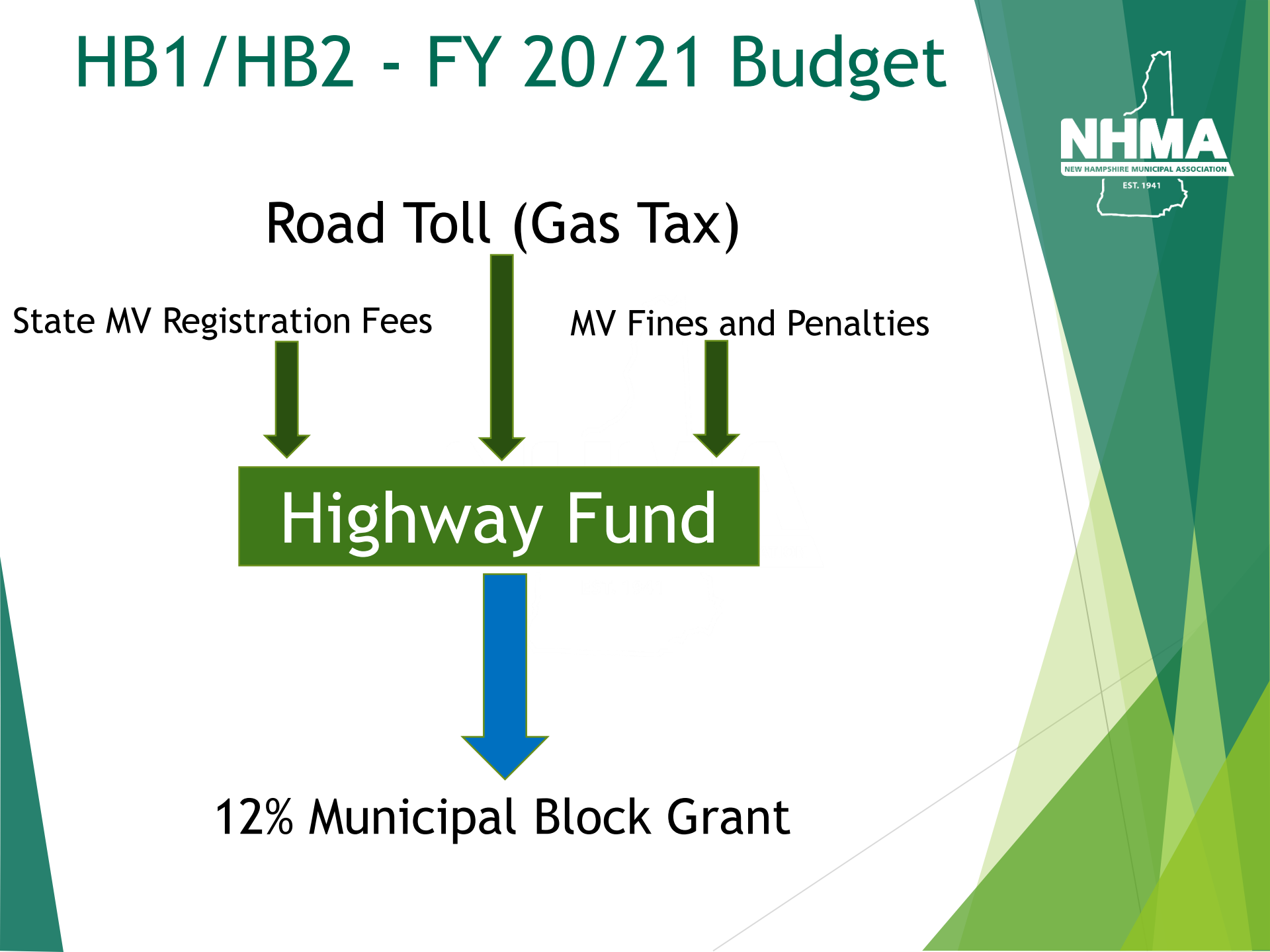
Road Toll (Gas Tax)

State MV Registration Fees

MV Fines and Penalties

Highway Fund

12% Municipal Block Grant

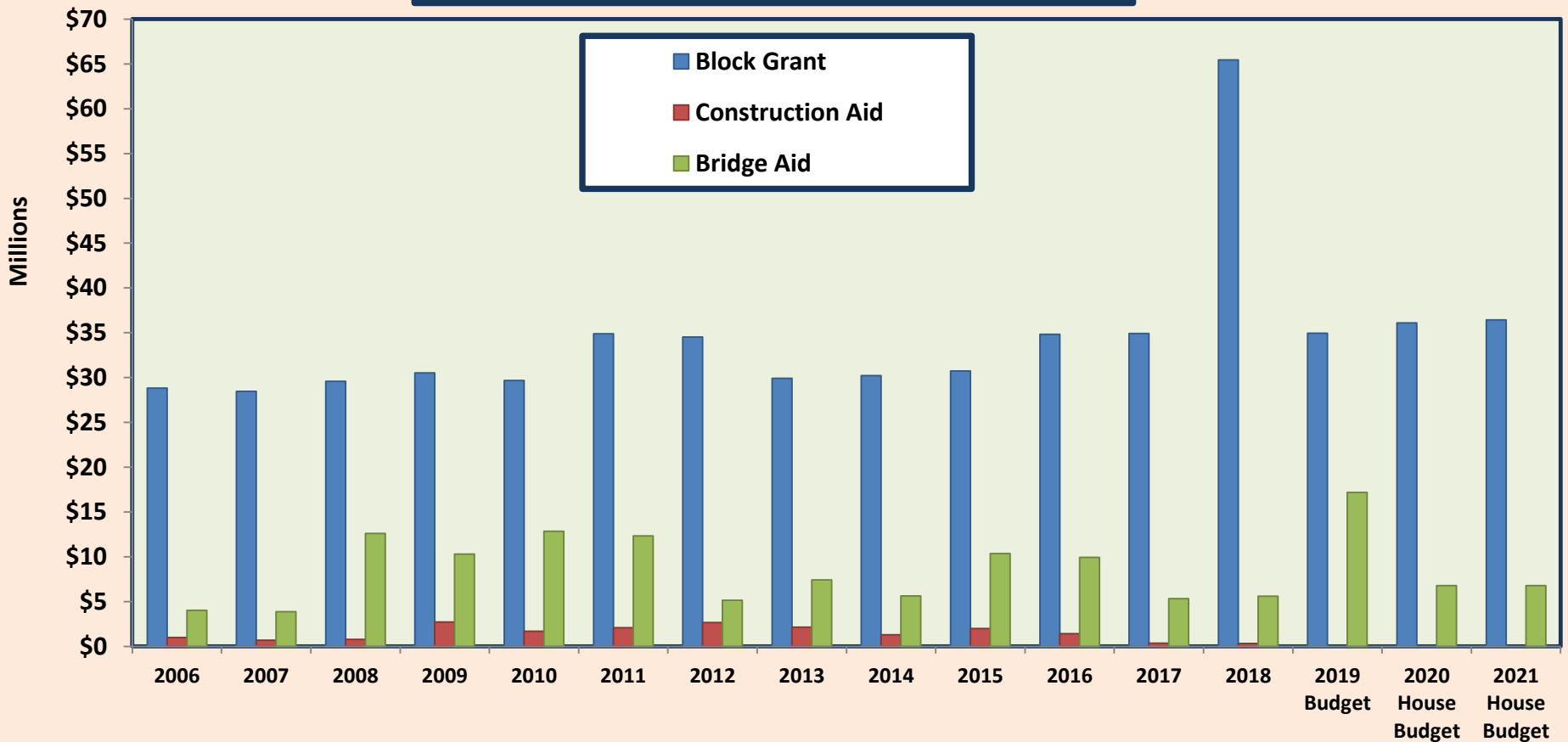




# HB1 / HB2 - FY 20/21 Budget



**Highway Funding 2006-2021**  
**Data Source: LBAO**



## 2018 MUNICIPALLY-OWNED RED LIST PROGRESS CHART



Year	Year Start Total	Number Added	Number Removed	Year End Total
2004	397	5	29	373
2005	373	2	10	364
2006	364	33	34	363
2007	363	34	27	370
2008	370	21	33	358
2009	358	30	22	366
2010	366	25	32	359
2011	359	27	33	353
2012	353	26	27	352
2013	352	15	23	351
2014	351	20	27	344
2015	344	27	33	338
2016	338	15	29	324
2017	324/253*	16	17	252
2018	<b>252</b>	<b>7</b>	<b>18</b>	<b>241</b>
2019	<b>241</b>			

\* 71 bridges were removed from the 2017 Municipal Red List to comply with the amendment (known as Senate Bill 38) made to *RSA 234:25-a Red List Bridges*.

# HB1 /HB2- FY 20/21 Budget



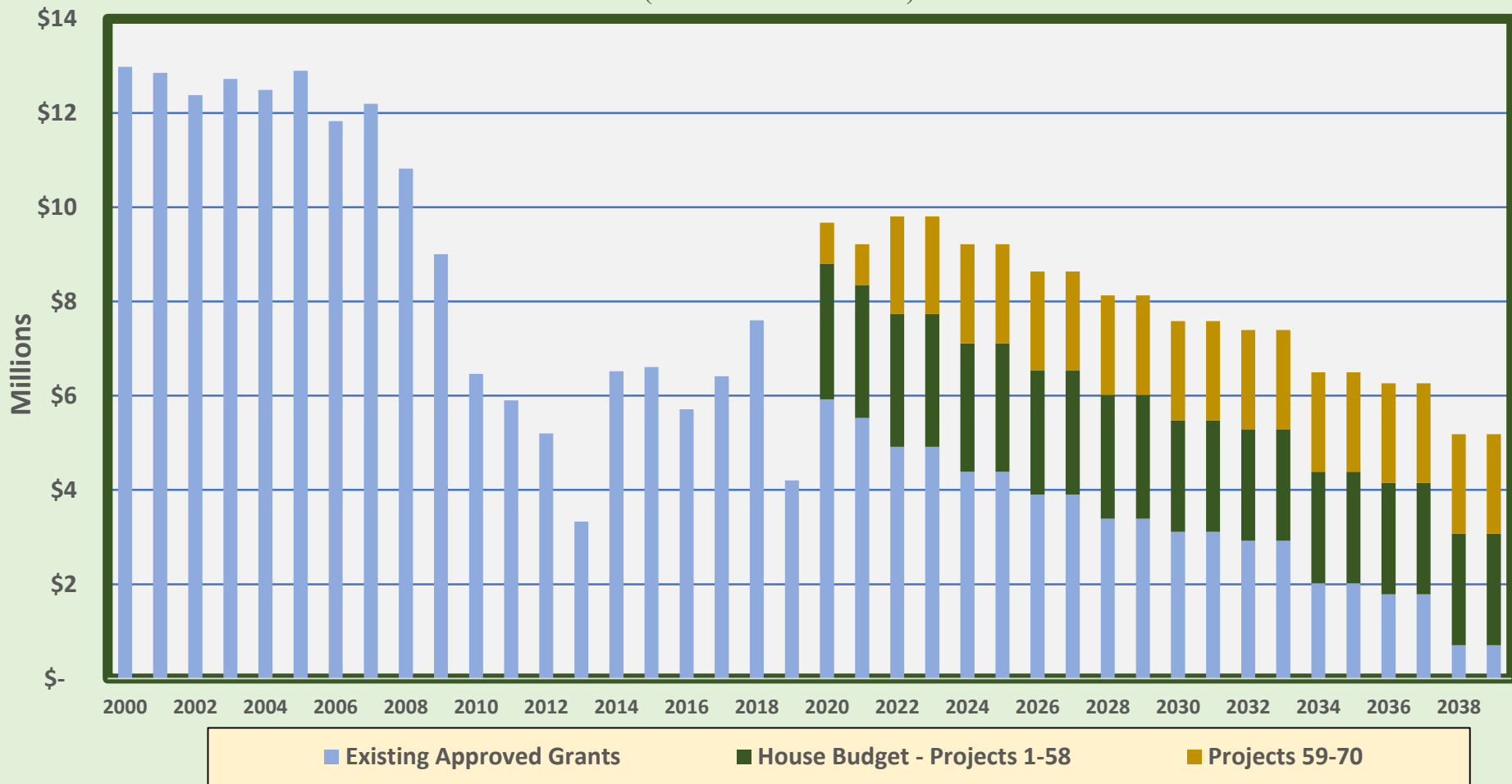
- ▶ State Aid Grants for Wastewater Projects
  - ▶ HB 352 and SB 254 - identical NHMA Policy Bills
  - ▶ House Budget funds projects 1-58 with a cut-off date of “substantial completion” by 12/1/18
  - ▶ SB 254 and Senate Budget - funds for projects 59-70



# HB1 / HB2 - FY 20/21 Budget



State Aid Grants for Pollution Control (Wastewater Projects)  
(HB 352 and SB 254)





# HB1/HB2 - FY 20/21 Budget

- Education Funding - New formula for targeted funding



LBA  
03/24/19

## EDUCATION FUNDING ANALYSIS PRELIMINARY ESTIMATES - FOR DISCUSSION ONLY *Prepared for House Finance Division II*

HB 2 Amendment  
2019-1232h

Includes Total Education Grant, Statewide Education Property Tax (SWEPT) Raised and Retained, & Kindergarten Grants Based on Keno	ESTIMATED - CURRENT LAW			ESTIMATED - PROPOSED		ESTIMATED - DIFFERENCE	
	FY 2019	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020 ESTIMATED VS FY 2020 CURRENT LAW	FY 2021 ESTIMATED VS FY 2021 CURRENT LAW
<b>State Total</b>	<b>\$ 925,798,961</b>	<b>\$ 925,286,467</b>	<b>\$ 919,000,454</b>	<b>\$ 959,719,924</b>	<b>\$ 1,049,266,555</b>	<b>\$ 34,433,457</b>	<b>\$ 130,266,101</b>
Acworth	682,706	714,220	704,405	763,762	763,762	49,542	59,357
Albany	741,669	728,839	716,222	789,864	789,864	61,025	73,642
Alexandria	1,192,050	1,222,237	1,210,900	1,285,938	1,285,938	63,701	75,038
Allenstown	4,357,312	4,283,143	4,193,980	4,694,328	5,042,512	411,185	848,532
Alstead	1,655,592	1,650,402	1,621,551	1,791,764	1,850,258	141,362	228,707
Alton	3,620,446	3,639,836	3,639,836	3,599,626	3,599,626	(40,210)	(40,210)
Amherst	7,323,988	7,357,491	7,357,491	7,459,641	7,459,641	102,150	102,150
Andover	1,530,321	1,573,970	1,565,472	1,631,043	1,800,626	57,073	235,154
Antrim	2,542,861	2,534,996	2,486,700	2,758,628	2,758,628	223,632	271,928
Ashland	1,288,081	1,259,263	1,248,257	1,340,410	1,450,887	81,147	202,630
Atkinson	3,048,184	3,061,903	3,061,903	3,039,353	3,039,353	(22,550)	(22,550)
Auburn	3,670,479	3,813,737	3,810,969	3,824,810	4,259,294	11,073	448,325
Barnstead	3,901,769	3,924,271	3,888,734	4,148,679	4,761,495	224,408	872,761
Barrington	6,220,148	6,355,624	6,326,605	6,576,083	7,465,074	220,459	1,138,470

# HB1 / HB2 - FY 20/21 Revenues



- ▶ Capital Gains, Sports Betting, Tax on E-Cigarettes
- ▶ Retained by Committee
  - ▶ HB 538 - 4 cent gas tax increase
  - ▶ HB 478 - road usage fee



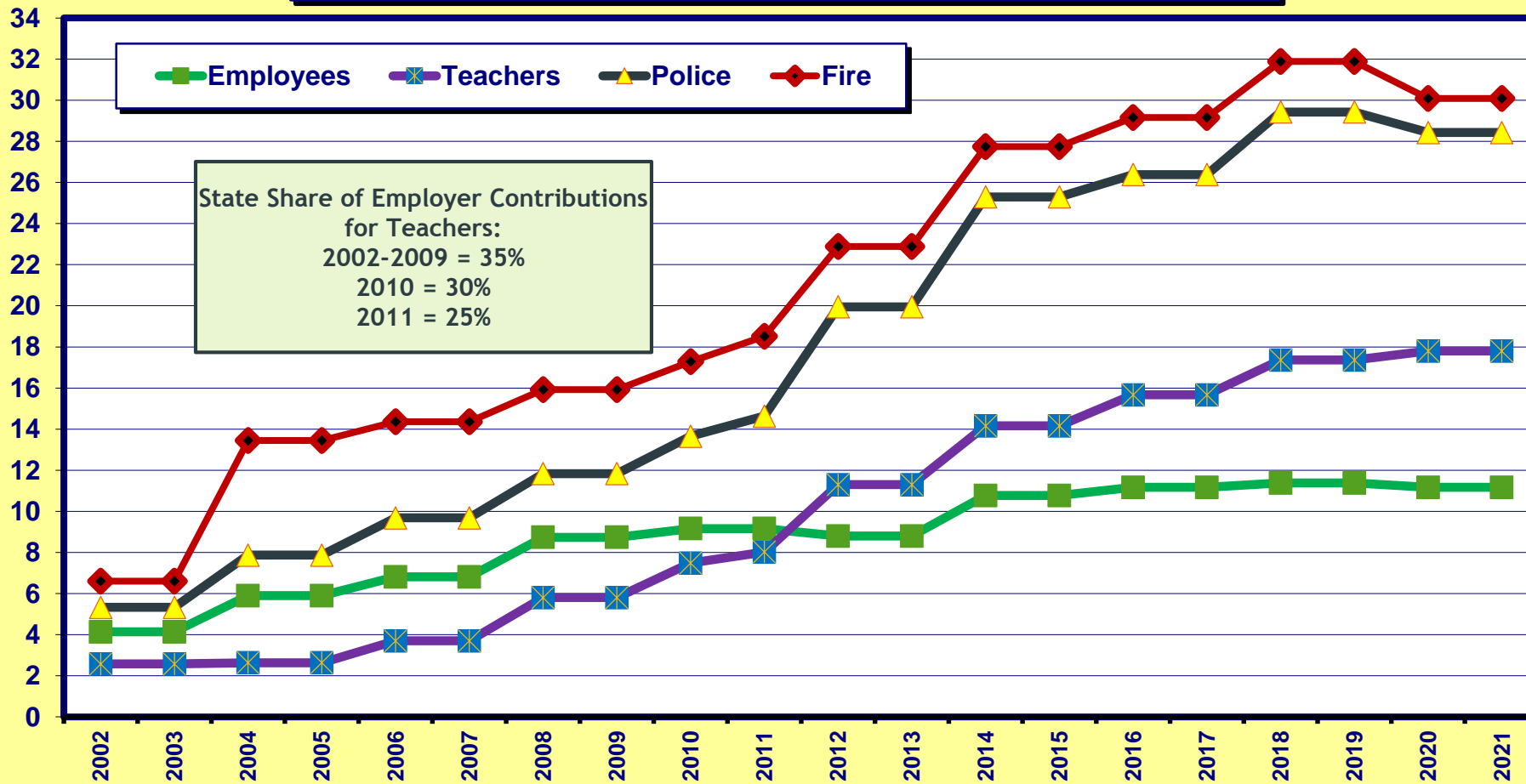
# Retirement Bills



- ▶ HB 497 - 15% State Contribution -  
\$44 Million per year - Retained in House
- ▶ HB 418 - Limit on PT Employment of Retirees -  
Awaiting Senate Action
- ▶ HB 616 - Retiree COLA - \$116 Million over 20  
years - Awaiting Senate Action
  - ▶ *New Hampshire Constitution*  
*Part 1, Article 28-a*  
*Unfunded Mandates*

# Retirement Rates

**NHRS Local Employer Rates - Net of State Contributions  
(Per \$100 of Compensation)**





# Local Option Fees



- ▶ HB 409 - Transportation Improvement Fee (\$5 to \$10)
- ▶ HB 641 - Local Option Hotel Occupancy Fee (up to \$2 per night)



# Water Quality Standards



- ▶ HB 261 - stricter arsenic standards
- ▶ NHDES Rulemaking/PFAS Standards



# The Action is in the Senate!



[http://gencourt.state.nh.us/Senate/members/senate\\_roster.aspx](http://gencourt.state.nh.us/Senate/members/senate_roster.aspx)

Bulletin #16 - Municipal Aid and Ed Funding Lists  
Bulletin #17 - List of 70 Wastewater Projects

New Hampshire Municipal Association

THE SERVICE AND ACTION ARM OF NEW HAMPSHIRE MUNICIPALITIES

LEGISLATIVE  
BULLETIN

Retiree COLA to Cost Employers Over \$100 Million

On Wednesday the Senate Executive Departments and Administration Committee heard testimony on [HB 616](#), which provides a 1.5 percent cost-of-living-adjustment (COLA) to New Hampshire Retirement System (NHRS) retirees who have been retired at least 5 years by July 1, 2019. We have previously reported that the cost to terminally fund this COLA is slightly less than \$77 million, which will be paid by increasing future employer contribution rates.

A recently revised fiscal note on [HB 616](#) states that the terminal cost is approximately \$75 million if employers pay the entire amount up front in fiscal year 2021. However, that is not how the COLA will be financed—it will be paid through increased employer contribution rates over the next 20 years. While the fiscal note indicates the annual cost to NHRS local government employers is \$4.3 million and \$4.5 million in fiscal years 2020 and 2021, respectively, that annual cost will be ongoing and increasing for 20 years. Very similar to a mortgage that is paid over time, resulting in the total cost's being much higher due to the effect of interest, the COLA will cost local government employers (municipalities, school districts and counties) far more than \$75 million—in fact, approximately **\$116 million**—due to the assumed payroll growth factor (an average of 3 percent) that is used in the actuarial computation of future pension liabilities. This ongoing increase in pension costs will result in increased property taxes.

NHMA testified about the true cost of the COLA and again expressed concern that financing retiree COLAs through increased employer contribution rates violates the unfunded mandate provision in Part 1, Article 28-a of the New Hampshire Constitution. We also pointed out that the 2017 [Decennial Retirement Commission Report](#) dated January 2018

Bulletin 18 — 2019 Session  
April 26, 2019

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GOVERNMENT AFFAIRS  
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- Timothy W. Fortier, Communications & Member Services Coordinator



April 24, 2019

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NewsLink is a bi-weekly newsletter of the New Hampshire Municipal Association. Its purpose is to keep you up-to-date on the latest information of interest to municipal officials.

After Elections, NHMA Needs Your City or Town Information



Please Update Your Official Roster and Membership Contact Information

Help Keep NHMA's Database Current!

After each town or city election, we ask our members to identify and update all newly-elected and reelected officials from your city or town. By this action, you will help us maintain the 2019-2020 New Hampshire Municipal Officials Directory as a valuable member resource.

NHMA relies on this vital information to reach municipal officials and staff with timely information regarding available training, program and services as well as important legal and legislative updates throughout the year. This publication is also used extensively as a valuable reference tool by city, town, school and other local government officials.

Please log onto [www.nhmunicipal.org](#) and go to Member Directory Updates in the Member Toolbox. If you don't know who in your city or town has access to do this, please contact NHMA's Judy Pearson at [jpearson@nhmunicipal.org](#) or via phone at 230.3355. This is also a good time to update who receives a complimentary *New Hampshire Town and City* magazine subscription as part of your membership with us.

Please update your official roster at your earliest convenience, but no later than May 31st! Thank you in advance for all your help.

2019 Local Officials Workshops



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