



NEW HAMPSHIRE MUNICIPAL ASSOCIATION



NHGFOA Annual Conference: 2018 Legislative Happenings

Presented by:

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NHMA Government Finance Advisor

May 4, 2018

Agenda

- Retirement
- Taxation
- Fees
- SB 2 Default Budgets
- Water Quality Standards
- Education
- Investments

Retirement

HB 413: 15% State Contribution - \$40M, House ITL

HB 1756: \$500 TSA (\$7.8M) and 1.5% COLA (\$51M), Senate amended for TSA only, from State General Funds

HB 1757/HB 1427: Age 65 reduction, \$45M



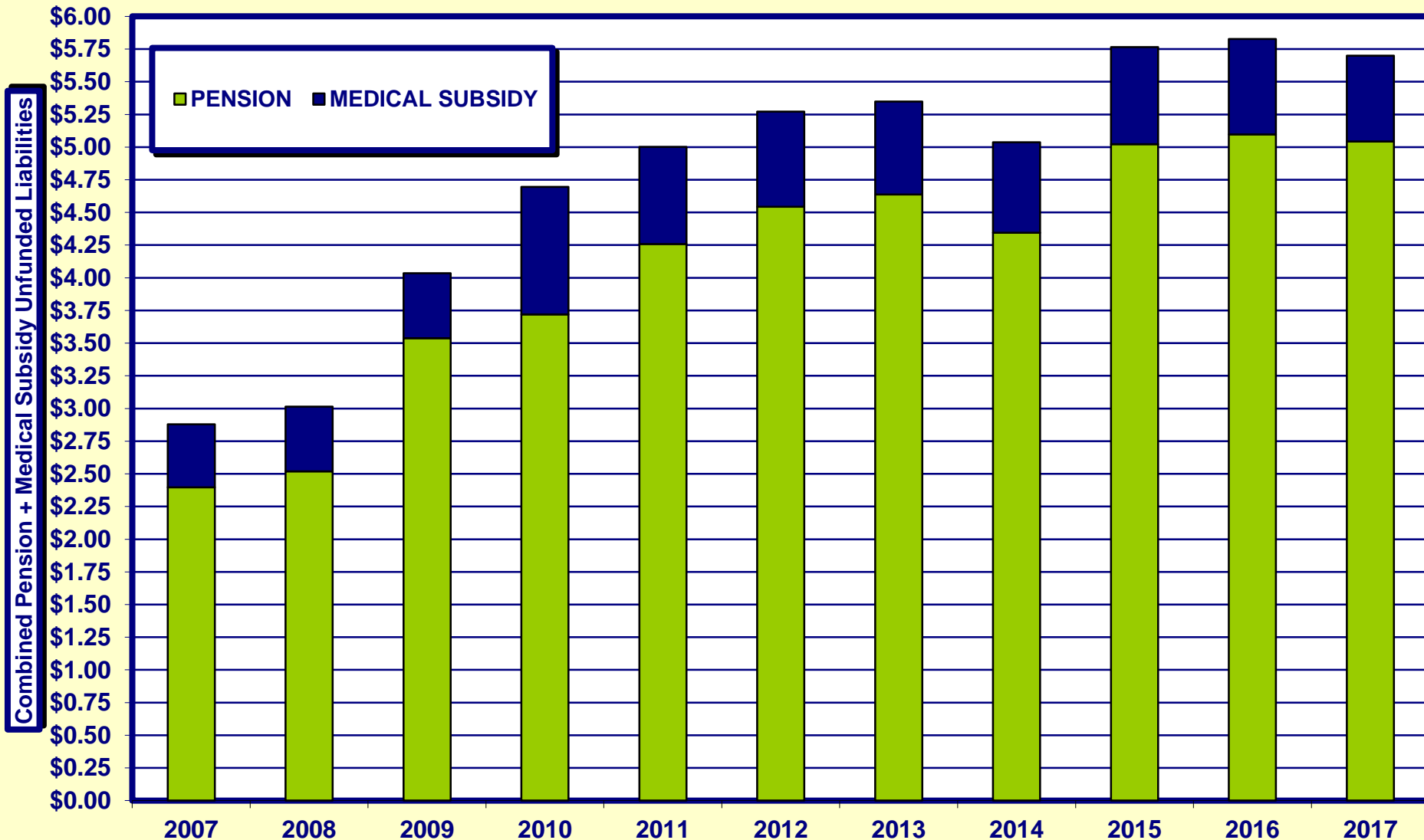
HB 561 Working After Retirement



- **House:** significant penalties, NHRS contributions for FT to PT conversions
- **Senate:** 1,300/yr limit; 1,600/yr surcharge; annual reporting; 28-day grace period, suspension of pension, grandfather provision for current retirees

NHRS UNFUNDED LIABILITIES: 2007-2017

Billions

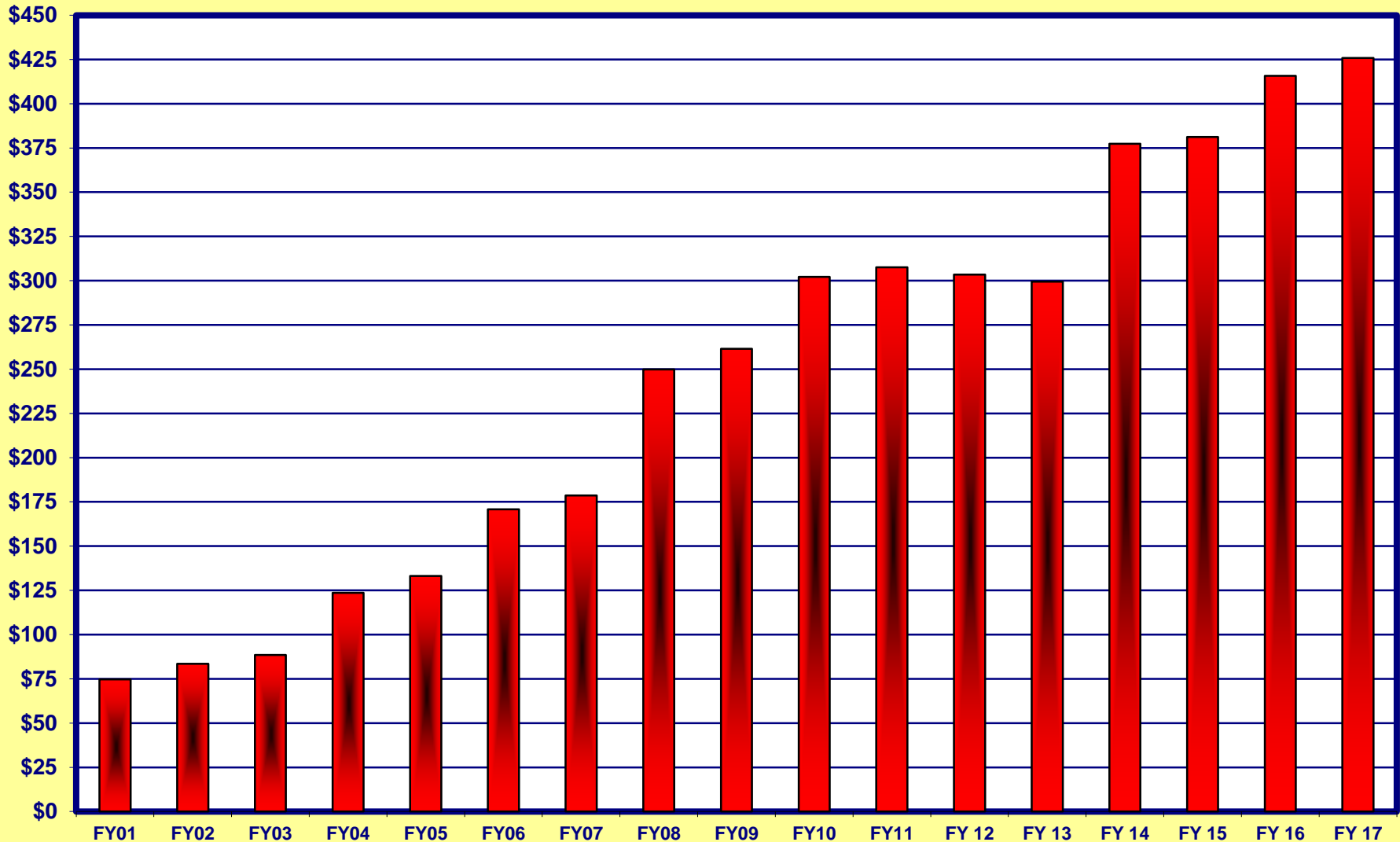


Prepared by NHMA

Source: FY 2007-2017 NHRS Actuarial Valuations and Annual Reports

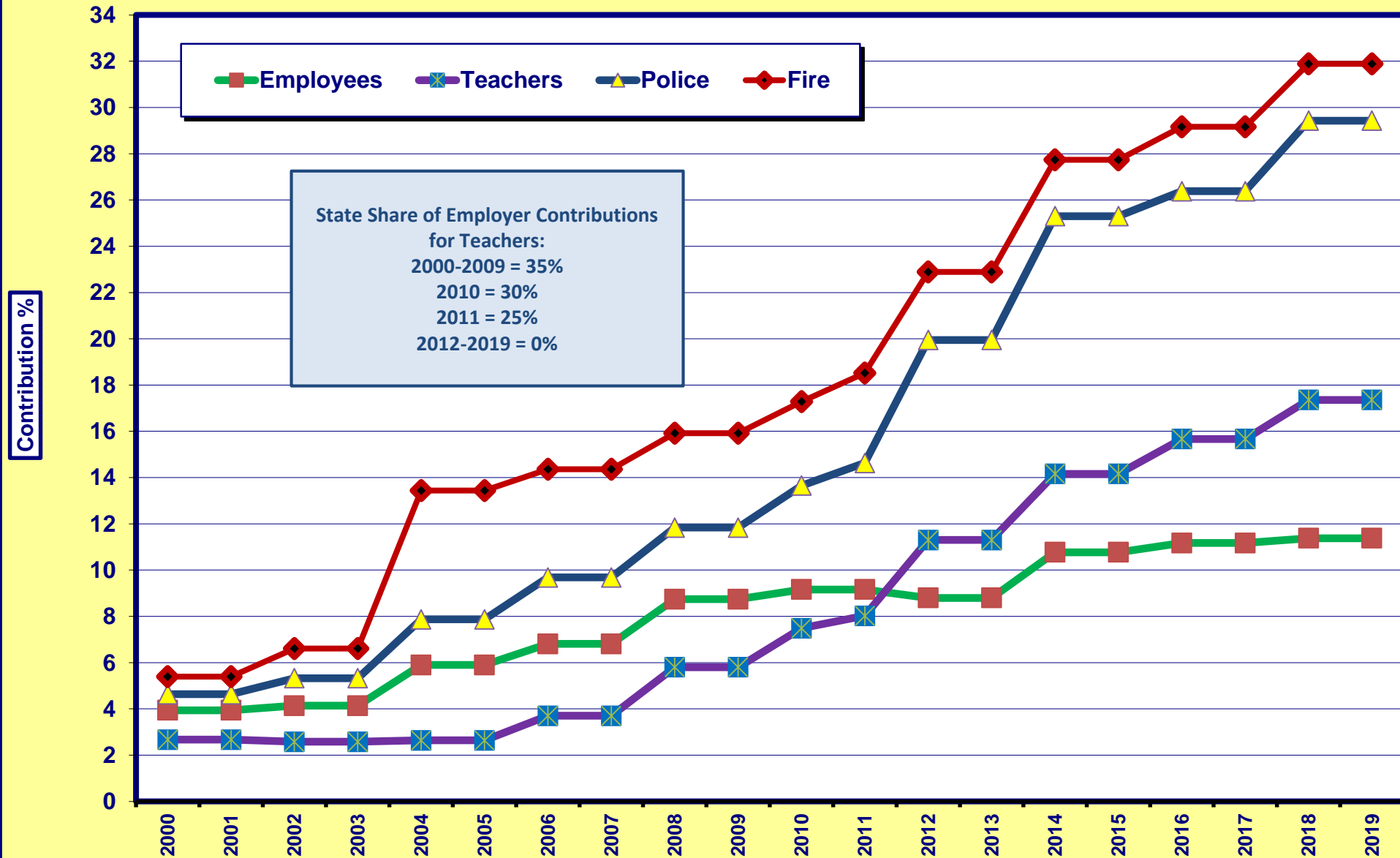
NHRS EMPLOYER CONTRIBUTIONS 2001-2017 COMBINED PENSION + MEDICAL SUBSIDY

Millions



Source: NHRS Comprehensive Annual Financial Reports
Prepared by NHMA

NHRS Local Employer Rates (Net of State Contributions) 2000-2019



Taxation

HB 1673 Interest on Delinquent Taxes

House: Same as DRA interest rate (2018 = 6%), changes annually

Senate: 3 rates (6%, 9%, 12%), amended to 8% and 14%
Effective for taxes assessed on or after 4/1/19



Taxation

HB 1673 Interest on Delinquent Taxes



	DRA	Municipal Pre-Lien	Municipal Post-Lien
Interest	6%	8%	14%
Fail to File	5%	0%	0%
Fail to Pay	<u>10%</u>	<u>0%</u>	<u>0%</u>
Total	21%	8%	14%

Tax Credits

All Local Option

SB 341: Service connected disability credit –
Maximum \$2,000 to \$4,000

SB 503: Increase in optional veteran's credit –
Maximum \$500 to \$750

SB 511: Credit for active combat service -
\$50 to \$500



Fees

HB 121: Transportation improvement fee - changed maximum from \$5 to \$10, Senate: Interim Study

HB 1763: Road Usage Fee – to counter projected decline in gas tax due to increase in fuel efficient vehicles, additional state fee of \$0 - \$111 at annual MV registration, estimated \$21M annually with \$2.5M increase in municipal highway block grants, Senate: Interim Study



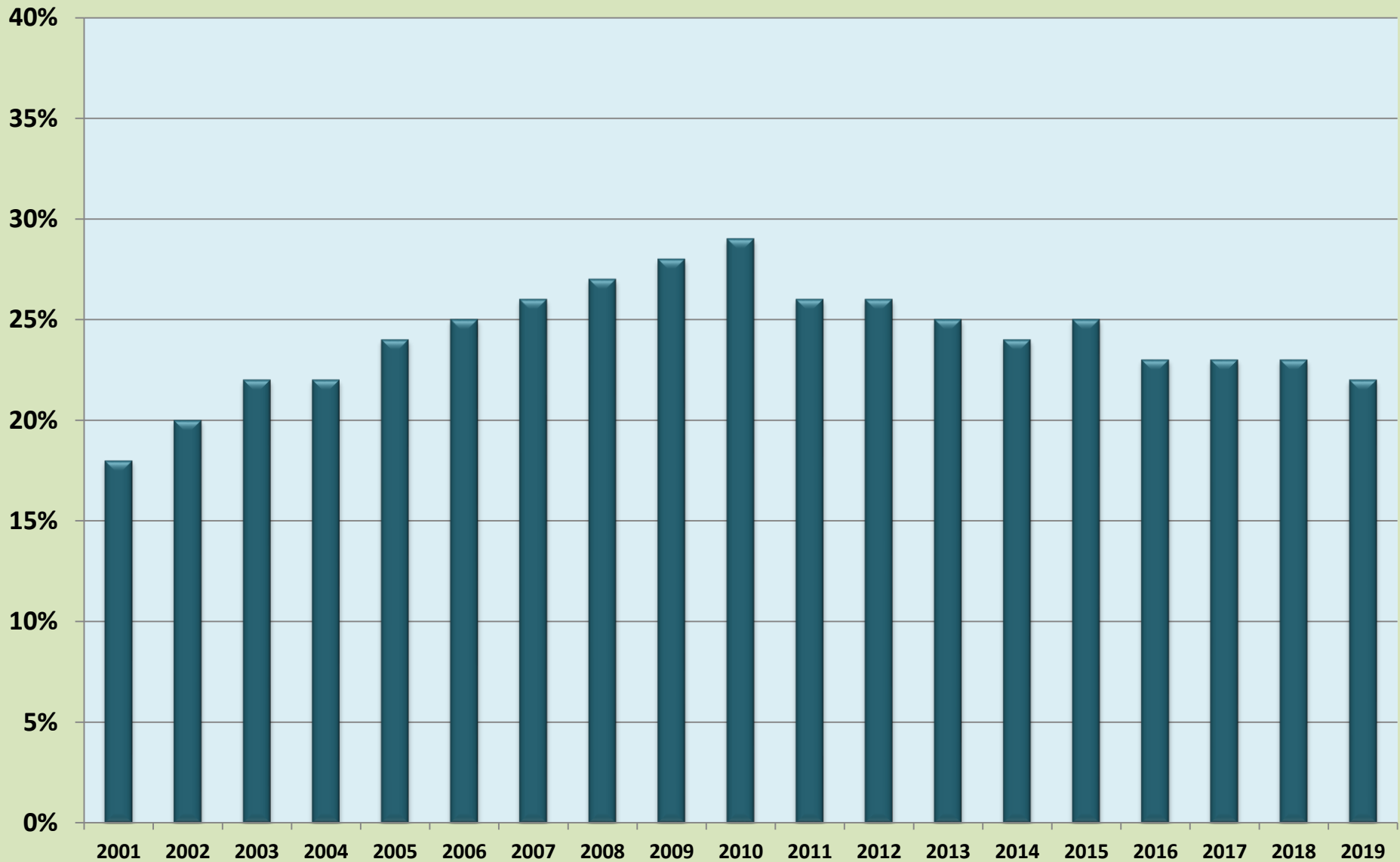
Fees

HB 579/ HB 1614: Discounted Multi-Year Registrations for Out-of-State Semi-Trailers

- Encourages o/s residents to violate their own state MV laws
- Need to compete with similar o/s vehicle registration program in Maine
- Revenue is indeterminable and highly questionable
- NHMA, NHDMV, NH City and Town Clerks Association have consistently opposed this bill (4 years)
- \$500,000 appropriation to implement
- Need stronger enforcement laws
- Tabled in the House, resurfaced in the Senate



M&R Distribution: Municipal Percentage 2001 - 2019



SB2 Default Budgets

HB 1307: Requires line item detail same as operating budget detail and defines “contract”

SB 342: Identify specific changes by account code and reductions for “eliminated” positions



Water Quality Standards

HB 1101 and SB 309: Standards for drinking water, ambient groundwater, surface water and air emissions causing water contamination

HB 1592: Arsenic Standards

SB 240: Monitoring, testing, alternative drinking water supplied by “responsible party”



NH Drinking Water and Groundwater Trust Fund

- \$276 million from MtBE (gasoline additive) lawsuit settlement

- Webinar - Wednesday, May 16

- How to access this funding (loans, grants and matching funds) for drinking water infrastructure projects and for land conservation and source water protection



Education

- **SB 193:** Education Freedom Savings Accounts
- **HB 1415:** \$10 million to Public School Infrastructure Fund for School Readiness Program
- **HB 356 (2017):** Legislative committee to study education funding and cost of an opportunity for an adequate education. Report due November 1, 2018.



Investment Option

SB 72 (2017) Study Committee

- Authorize NH Public Deposit Investment Pool (NHPDIP) to offer certificates of deposits
- Report due by November 1, 2018.



LEGISLATIVE BULLETIN

Interest on Delinquent Taxes – From Bad to Worse

We have reported extensively on [HB 1673](#), which, as passed by the House, lowers the interest rates municipalities may charge on delinquent taxes from 12% pre-lien and 18% post-lien to the rate set annually by the Department of Revenue Administration (DRA) under RSA 21-J:28, II, currently 6%. On Wednesday the Senate Ways and Means Committee voted 4-1 Ought to Pass on an [amendment](#) that retains the annual interest rate setting by DRA, but then adds confusing language regarding the interest rates upon redemption and subsequent payments, stating that the rates will be:

- 6% per annum for the first year;
- 9% per annum for the second year; and
- 12% per annum for the third year and any subsequent year.

Long-standing law, dating back well over 75 years, establishes a two-tiered property tax collection process with an automatic priority lien effective until 18 months after the assessment date of April 1 – in other words, until October 1 of the following year. To protect this priority status during the remainder of the redemption period, the municipal tax collector must execute a lien (also known as “perfecting” the lien) any time after the property tax is delinquent, but prior to October 1 of the following year. This is when the interest rate changes from 12% to 18%.

The Senate amendment **significantly disrupts** this tax collection process by creating a three-tiered process unrelated to perfecting the lien, and unclear as to when the “first year,” “second year,” and “third year” interest rates become effective. Additionally, since the bill retains the provision tying the initial interest rate to the annual rate set by DRA, it is unclear which rate prevails the “first year” in the event the DRA rate is something other than 6%, as it often is. It could also result in the initial interest rate set by DRA being higher than the subsequent interest rates, clearly not the intent of this change!

Understanding the desire of some Senate Ways and Means Committee members to lower the current interest rates, NHMA, in consultation with the NH Tax Collectors Association, suggested interest rates of 10% pre-lien and 16% post-lien. The suggestion was based upon consideration of the

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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.

FREE Local Officials Workshops in May & June

2018 Local Officials Workshops

9:00 am - 4:00 pm
(Registration at 8:30 am)

Free workshops for seasoned and new municipal officials and employees of NHMA member municipalities.

Presented by NHMA's Legal Services attorneys, these workshops provide municipal officials with



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