2019 NHFGOEA Annual Conference

Legislative Happenings

Presented by:
Barbara Reid, Government Finance Advisor
May 3, 2019

nhmainfo@nhmunicipal.org / 800.852.3358 / www.nhmunicipal.org
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 (suspected 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
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

- Block Grant
- Construction Aid
- Bridge Aid

 Millions

Budgets: 2018, 2019, 2020, 2021

Data Source: LBAO
## 2018 MUNICIPALLY-OWNED RED LIST PROGRESS CHART

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

* 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

- Education Funding - New formula for targeted funding

**EDUCATION FUNDING ANALYSIS**
**PRELIMINARY ESTIMATES - FOR DISCUSSION ONLY**

*Prepared for House Finance Division II*

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td><strong>State Total</strong></td>
<td>$925,798,961</td>
<td>$925,286,467</td>
<td>$919,000,454</td>
<td>$959,719,924</td>
<td>$1,049,266,555</td>
<td>$34,433,457</td>
<td>$130,266,101</td>
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<td>Acworth</td>
<td>682,706</td>
<td>714,220</td>
<td>704,405</td>
<td>763,762</td>
<td>763,762</td>
<td>49,542</td>
<td>59,357</td>
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<tr>
<td>Albany</td>
<td>741,669</td>
<td>728,839</td>
<td>716,222</td>
<td>789,864</td>
<td>789,864</td>
<td>61,025</td>
<td>73,642</td>
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<tr>
<td>Alexandria</td>
<td>1,192,050</td>
<td>1,222,237</td>
<td>1,210,900</td>
<td>1,285,938</td>
<td>1,285,938</td>
<td>63,701</td>
<td>75,038</td>
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<tr>
<td>Allenstown</td>
<td>4,357,312</td>
<td>4,283,143</td>
<td>4,193,980</td>
<td>4,694,328</td>
<td>5,042,512</td>
<td>411,185</td>
<td>848,532</td>
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<tr>
<td>Alstead</td>
<td>1,655,592</td>
<td>1,650,402</td>
<td>1,621,551</td>
<td>1,791,764</td>
<td>1,850,258</td>
<td>141,362</td>
<td>228,707</td>
</tr>
<tr>
<td>Alton</td>
<td>3,620,446</td>
<td>3,639,836</td>
<td>3,639,836</td>
<td>3,599,626</td>
<td>3,599,626</td>
<td>(40,210)</td>
<td>(40,210)</td>
</tr>
<tr>
<td>Amherst</td>
<td>7,323,988</td>
<td>7,357,491</td>
<td>7,357,491</td>
<td>7,459,641</td>
<td>7,459,641</td>
<td>102,150</td>
<td>102,150</td>
</tr>
<tr>
<td>Andover</td>
<td>1,530,321</td>
<td>1,573,970</td>
<td>1,565,472</td>
<td>1,631,043</td>
<td>1,800,626</td>
<td>57,073</td>
<td>235,154</td>
</tr>
<tr>
<td>Antrim</td>
<td>2,542,861</td>
<td>2,534,996</td>
<td>2,486,700</td>
<td>2,758,628</td>
<td>2,758,628</td>
<td>223,632</td>
<td>271,928</td>
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<tr>
<td>Ashland</td>
<td>1,288,081</td>
<td>1,259,263</td>
<td>1,248,257</td>
<td>1,340,410</td>
<td>1,450,887</td>
<td>81,147</td>
<td>202,630</td>
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<tr>
<td>Atkinson</td>
<td>3,048,184</td>
<td>3,061,903</td>
<td>3,061,903</td>
<td>3,039,353</td>
<td>3,039,353</td>
<td>(22,550)</td>
<td>(22,550)</td>
</tr>
<tr>
<td>Auburn</td>
<td>3,670,479</td>
<td>3,813,737</td>
<td>3,810,969</td>
<td>3,824,810</td>
<td>4,259,294</td>
<td>11,073</td>
<td>448,325</td>
</tr>
<tr>
<td>Barnstead</td>
<td>3,901,769</td>
<td>3,924,271</td>
<td>3,888,734</td>
<td>4,148,679</td>
<td>4,761,495</td>
<td>224,408</td>
<td>872,761</td>
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<tr>
<td>Barrington</td>
<td>6,220,148</td>
<td>6,355,624</td>
<td>6,326,605</td>
<td>6,576,083</td>
<td>7,465,074</td>
<td>220,459</td>
<td>1,138,470</td>
</tr>
<tr>
<td>Bath</td>
<td>2,348,625</td>
<td>2,341,551</td>
<td>2,341,551</td>
<td>2,344,154</td>
<td>2,344,154</td>
<td>(70,024)</td>
<td>(48,503)</td>
</tr>
</tbody>
</table>
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

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Retirement Rates

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

State Share of Employer Contributions for Teachers:
2002-2009 = 35%
2010 = 30%
2011 = 25%
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

nhmainfo@nhmunicipal.org / 800.852.3358 / www.nhmunicipal.org
The Action is in the Senate!

http://gencourt.state.nh.us/Senate/members/senate_roster.aspx
Retire 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 28a of the New Hampshire Constitution. We also pointed out that the 2017 Decennial Retirement Commission Report dated January 2018.
Contact NHMA

governmentaffairs@nhmunicipal.org
603.224.7447
800.852.3358

Barbara T. Reid
603.230.3308
breid@nhmunicipal.org
www.nhmunicipal.org