

Local Financing for Transportation Projects in New Hampshire

A Look at the Municipal Vehicle
Registration Fee

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Upper Valley **T M A**
Working to Reduce Reliance on Driving Alone



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About the Upper Valley TMA



The Upper Valley Transportation Management Association (TMA) is a member-based program of Vital Communities, a regional nonprofit that works in 69 towns across Vermont and New Hampshire on a variety of quality of life issues. The Upper Valley TMA's mission is to reduce reliance on driving alone, and its members include five transit companies, three regional planning commissions, five municipalities, 10 major employers, transportation consultants, and interested citizens.



Background

Members of the Upper Valley TMA have long recognized the need for more diverse and reliable transportation funding at the local and state levels. New Hampshire does not collect sales or income taxes, and the legislature has prioritized the widening of a section of Interstate 93 over all other transportation projects in the state. This situation limits the amount of state funding available for local transportation needs, and is further complicated by the federal government's failure to pass a long-term transportation funding bill for nearly a decade.

One mechanism that New Hampshire municipalities can use, however, is an optional \$5 vehicle registration fee to create a local transportation fund.

Under RSA 261:153 VI:

"[I]n addition to the motor vehicle registration fees collected under paragraphs I and V, the legislative body of a municipality may vote to collect an additional fee for the purpose of supporting a municipal and transportation improvement fund"; a "municipality [may] establish the required fee, up to the maximum amount allowable, based on anticipated funding needs for transportation improvements," such as "roads, bridges, bicycle and pedestrian facilities, parking and intermodal facilities and public transportation."

The municipal vehicle registration fee is a unique option that enhances local control over transportation projects without raising property taxes. It differs significantly from road-toll revenue ("gas taxes") because it can be used for non-capital projects, such as transit operating expenses. The law allows municipalities to restrict the use of the fund to particular modes of travel (e.g., a sidewalk fund). No more than 10 percent of funds collected under the statute may be used for administrative costs.

The Purpose of This Study

The Upper Valley TMA steering committee, including state Representative Patricia Higgins (Grafton-District 12), urged staff members to conduct a study on the optional fee to document the following:

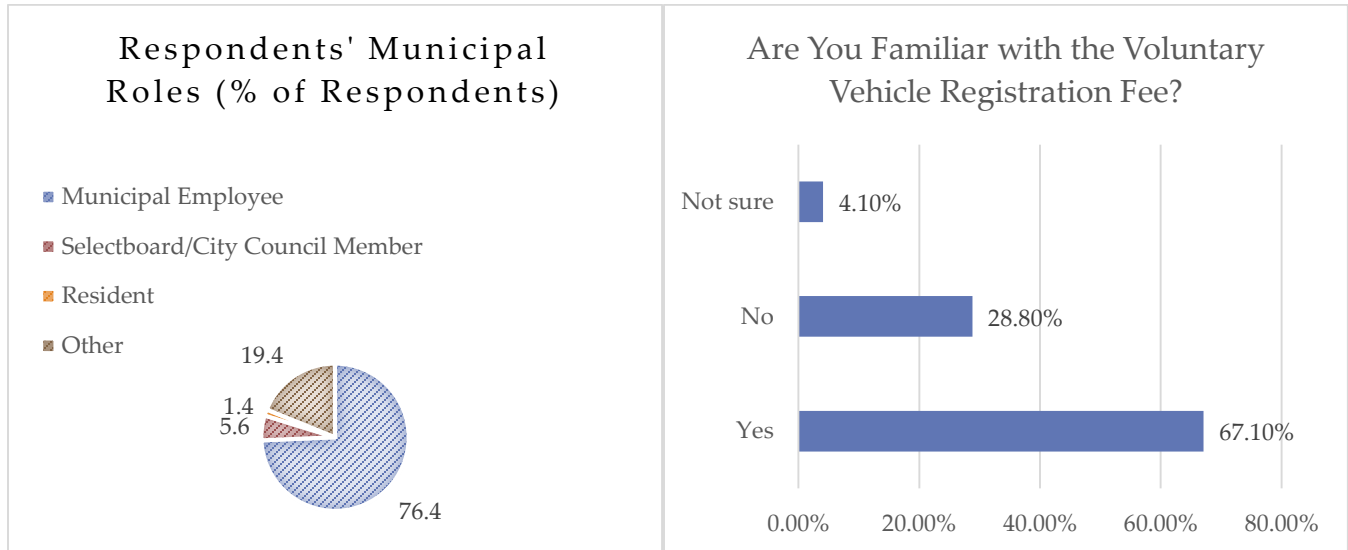
- (1) Which municipalities currently assess the fee
- (2) How much funding municipalities collect
- (3) What projects municipalities have funded with vehicle registration revenue
- (4) Whether other municipalities are interested in adopting the fee.

This research intends to improve our overall understanding of ways that municipalities can meet local transportation revenue needs. The report is also timely because Representative Higgins has filed a bill that would raise the \$5 cap on the fee to \$10.



Methodology

Vital Communities administered a survey to all New Hampshire municipalities in summer 2015. In total, 73 people responded, representing 67 different municipalities or 29 percent of all New Hampshire towns and cities. Of those surveyed, 13 reported assessing the vehicle registration fee and several respondents said that their community is actively looking at adopting it. Despite repeated email requests for their participation, we did not receive responses from several towns that administer the fee, including Nashua, Manchester, and Portsmouth.



The vast majority of respondents (76.4 percent) were municipal employees, and eight of the 14 people who identified as “Other” were elected tax collectors or elected town clerks. Municipalities that participated in the study ranged greatly in population size, and they included small towns such as Landaff (415) and Errol (291) and larger communities such as Concord (42,419) and Keene (23,419). A majority of survey respondents were familiar with the voluntary fee allowed under RSA 261:153. Respondents who were unaware of the fee tended to represent smaller communities, such as Cornish and Sugar Hill.

Twenty-eight respondents fell into the category of “aware of the fee but do not collect it.” Eight of these respondents said their communities had considered adopting the fee, 14 said they had not considered it, and the remaining six were unsure or did not answer the question. Some of these respondents had favorable thoughts on the optional fee. One remarked, “This could help with road improvements.” Another said he intended to bring the option to local leaders. Some survey takers offered nuanced reasons why their community considered the fee but did not adopt it. For example, one said that “[the Select] Board did not approve the fee based on the impact on large commercial fleet entities.”



Current Vehicle Registration Fee Collectors

Most participating municipalities use the vehicle registration fee revenue for general road and bridge work, but some have programs for specific modes. The City of Lebanon, for example, uses its funding to support local bus company Advance Transit. The nearby Towns of Hanover and New London use vehicle registration fees to support local bicycle and pedestrian projects, such as bike-friendly drain grates and sidewalk maintenance.

Municipalities that collect the fee seem to have a favorable view of it. Claremont’s respondent called the source “an integral part of our road program” and said “wish I was aware of it sooner!” Below is a summary table of the communities that collect the fee and how they use it.

<i>Municipalities that Collect \$5 Vehicle Registration Fee</i>			
City/Town	Population	Estimated Amount Collected ¹	Uses of Funding
Claremont	13,355	\$25,000-\$99,999	Roads and bridges, winter maintenance. Respondent noted, “This has been an integral part of our road program. Wish I was aware of it sooner!”
Concord	42,695	\$200,000 ²	Annual road maintenance
Derry	33,109	\$100,000-\$499,000	Roads and bridges
Franklin	8,477	\$25,000-\$99,999	Roads and bridge, parking, bicycle and pedestrian projects, match for federal funds.
Greenland	3,549	\$5,000-\$24,999	Roads and bridges. Respondent added, “We opted to collect \$2.50 rather than full \$5.00 allowed.”
Hanover	11,260	\$25,000-\$99,999	Roads and bridges, bicycle and pedestrian projects. Respondent noted, “Paving projects involving bike and ped improvements as part of the overall project; pedestrian improvements; bike friendly storm drain grates, etc.”
Keene	23,409	Not yet known. Keene passed the resolution in 2015.	Roads and bridges, bicycle and pedestrian projects, match for federal funds. Resolution prohibits use of funds on parking.
Lebanon	13,151	\$60,000 ³	Contribution to Advance Transit

¹ Respondents were allowed to choose from a range of funding levels: less than \$5,000; \$5,000-\$24,999; \$25,000-\$99,999; \$100,000-\$499,999; and \$500,000 or more.

² Correspondence with Michael Jache, Treasurer/Tax Collector, City of Concord, NH.

³ Correspondence with David Brooks, Director of Planning and Zoning, City of Lebanon, NH.

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City/Town	Population	Estimated Amount Collected ⁴	Uses of Funding
Middleton	1,783	Not known	Not known
Newmarket	8,936	\$25,000-\$99,999	Roads and bridges
Northumberland	2,288	\$5000-\$24,999	Roads and bridges. Respondent noted "Primarily paving and sidewalks. There will be a water/sewer replacement on Winter Street which is a state road that will need to be ground and paved to spec in 2016."
Swanzey	7,230	\$25,000-\$99,000	"Engineering & survey for a roadway reconstruction project"
Non-Respondent Towns			
Manchester	110,378	\$500,000 or more ⁵	
Nashua	87,137		
Portsmouth	21,440		
Average Population: 24,537			
Average Population without Manchester: 18,814			

Conclusion

The municipal vehicle registration fee allowed under RSA 261:153 has helped over a dozen New Hampshire communities raise funds for local transportation projects. While most communities that administer the fund use the revenue for traditional road and bridge projects, some have supported local transit, bicycle infrastructure, and sidewalks. The New Hampshire legislature will consider raising the cap on how much municipalities can add to their vehicle registration fees. This move could make an already important funding mechanism even more effective in generating local dollars and control over transportation projects.



Road maintenance in Concord, NH. Credit: <http://concordnh.gov/pavingplan>.

⁴ Respondents were allowed to choose from a range of funding levels: less than \$5,000; \$5,000-\$24,999; \$25,000-\$99,999; \$100,000-\$499,999; and \$500,000 or more.

⁵ Ted Siefer, "Auditor: Manchester's fee fund improperly accounted," *Union Leader*, April 20, 2015. Available online at <http://www.unionleader.com/article/20150421/NEWS0606/150429833/1010/1>.