

# LEGISLATIVE BULLETIN

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2013 Session

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## Governor's Budget Begins Restoring State Aid to Municipalities

On Thursday Governor Hassan presented her fiscal year 2014-2015 operating and capital budget proposals to a joint session of the House and Senate. Municipal highlights in her operating budget include restoring some of the recent state aid reductions to cities and towns by increasing the meals and rooms tax distribution by \$5 million, from \$58.8 million to \$63.8 million, in the second year of the biennium (maintaining the funding at \$58.8 million for the first year).

Also included is \$3 million, again in the second year, to begin paying the state share for wastewater treatment projects that have been deferred since 2008. The Land and Community Heritage Investment Program (LCHIP) would be funded at \$1.2 million in fiscal year 2014 and fully funded at \$4.3 million in fiscal year 2015. Regarding education funding, the budget fully funds the existing adequacy formula, and in the second year increases catastrophic aid and tuition and transportation assistance to schools. Highway block grant funding to municipalities is maintained at \$29.6 million in each year of the biennium.

On the revenue side, significant proposals include reversing the 10 cent cigarette tax cut enacted two years ago and increasing that tax by an additional 20 cents. The proposed general fund revenues also include \$80 million from licensing one high-end, highly regulated casino.

While we are encouraged by the Governor's budget proposal, this is but the first step in the budget process. The House Finance Committee will now begin dissecting the Governor's budget to understand the revenue assumptions and expenditure impacts on state agencies, the business community, the environment, citizens, and all levels of local government, and will adopt its own budget proposal. The House version will then be presented to the Senate for its review, amendment and adoption, likely leading to a committee of conference between the two bodies sometime in June.

Copies of the Governor's budget address and more detailed information on her budget proposals are available at <http://www.governor.nh.gov/media/news/2013/pr-2013-02-14-balanced-budget.htm>.

## House Committee to Consider Gas Tax Bills

Several bills that would increase the “road toll” — more commonly known as the gas tax — will have hearings before the House Public Works & Highways Committee next week. Most notable is **HB 617**, which is scheduled for a hearing on **Tuesday, February 19, at 10:30 a.m., in LOB Room 201**.

**HB 617** would increase the road toll, currently 18 cents per gallon, by four cents per year beginning in 2013, eventually reaching 30 cents per gallon in 2016. The tax has not increased since 1991, when the average price of gasoline was around \$1.12 per gallon — meaning the rate of the tax was approximately 16 percent. With current gas prices above \$3.50 per gallon, the tax rate is now approximately five percent. ***NHMA supports HB 617.***

Everyone is familiar with the deteriorating condition of roads in New Hampshire, both state and local. We have not heard of anyone who believes roads are a needless luxury, or a waste of taxpayer dollars. Better roads bring economic development, tourism, and construction jobs, not to mention reducing expenses for auto repairs and reducing accident rates. Last, but hardly least, 12 percent of the road toll goes to municipalities for local road maintenance and improvements. The increase would fund projects that otherwise would be left undone or would be funded through increased property taxes.

The road toll is a true user fee — it doesn't go toward payment of someone else's pension, or medical bills, or education expense. It is a payment for the cost of maintaining the roads, nothing else. The money has to come from somewhere.

Please contact your representatives and members of the [Public Works & Highways Committee](#) and urge them to ***support HB 617.***

## Update on Environmental State Aid Grant Funding

### Governor Hassan's Proposed Budget

As reported elsewhere in this *Bulletin*, Governor Hassan has included \$3 million in her budget proposal for Fiscal Year 2015 for delayed and deferred environmental state aid grant (SAG) projects. Although just a first step, it is an extremely important one, and we urge members to contact Governor Hassan and thank her for her support. We also thank the many members who responded to the call for advocacy when it mattered most.

### Senate Action

Next week the Senate Finance Committee will hear testimony on **SB 168**, an **NHMA policy bill** that seeks to restore funding for the environmental state aid grant program. The hearing is scheduled for **Tuesday, February 19, at 1:00 p.m., in Room 103 of the State House**. This appropriations bill is identical to **HB 623**, requesting roughly \$8.8 million for the legislative biennium. Please urge your senator to attend and register his or her support for this bill.

## State Aid Grants - continued

### House Action

This week the House Finance Committee recommended, by a vote of 22-2, that **HB 623**, an **NHMA policy bill**, be Inexpedient to Legislate. The vote was not a surprise; it does not indicate opposition to the funding, but an intent to take it up as part of the budget bill, rather than as a separate appropriation. In his remarks to the full committee, Rep. Peter Leishman, chair of Division 1 (which handles DES's budget), stated that the division has consistently voted down other appropriation bills, but that the division "will look closely at this issue." Rep. Leishman thanked Rep. Tom Buco for bringing this bill forward; NHMA and our members do too. The recommendation of Inexpedient to Legislate will go to the full House next week.

The issue of SAG funding will likely not be resolved until sometime in June, when it is expected that a committee of conference will be formed to work out the differences in the two chamber's budget proposals. In the meantime, it will be important to keep reminding legislators about this issue. We will keep you informed about further developments.

### **Policy Bill Limits Pollution Control Exemption**

The House Municipal & County Government Committee will hear testimony next week on **HB 672**, an **NHMA policy bill** that would limit the property tax exemption for pollution control facilities. The hearing is scheduled for **Tuesday, February 19, at 10:00 a.m., in LOB Room 301.**

The exemption, contained in RSA 72:12-a, is a relic of the 1950s — long before the enactment of state and federal environmental laws. It provides a tax exemption for the value of "any treatment facility, device, appliance, or installation" that is used "wholly or partly for the purpose of reducing, controlling, or eliminating any source of air or water pollution." The statute was enacted to give businesses an incentive to install pollution control devices *voluntarily*. However, it is typically used now to allow an exemption for pollution control equipment that is *required* by federal or state law. Thus, industrial users get a property tax exemption merely for doing what they're required by law to do, and other property taxpayers bear the burden.

As we have written before, this makes no sense. The law, in essence, requires cities and towns to *pay businesses to comply with federal and state law*. There have been a number of efforts in recent years, all supported by NHMA, to limit or repeal the pollution control exemption, with only minimal success. **HB 672** would not repeal the exemption, but merely limit the amount of the exemption to the net book value of the facility. We understand that the sponsors may be submitting an amendment at the hearing, but we have not seen the amendment. In any event, we support any reasonable effort to limit the pollution control exemption.

If your municipality is affected by the exemption, or if you merely care about tax fairness, please contact members of the [Municipal & County Government Committee](#) and/or your own legislator and urge them to **support HB 672**.

## Control of NHMA Remains With Its Members

On Thursday the Senate followed the lead of the Public and Municipal Affairs Committee and killed **SB 78**, the bill that sought to put into statute the governance structure of the New Hampshire Municipal Association. It is unfortunate that the 14-10 vote in support of the Inexpedient to Legislate motion was, with one exception, along party lines. NHMA is and always has been a nonpartisan organization, and we believe that over its long history, NHMA has worked well with both sides of the aisle. City and town governments are nonpartisan, and the legislative policies adopted by NHMA members rarely become partisan issues.

We thank the Senators who supported the ITL, and we thank our members who provided such wonderful support for *their* association at the hearing and in their discussions with their Senators. If you spoke with your Senator on this issue, please be sure to thank him or her. We look forward to focusing our advocacy activities on all the other issues of importance to municipalities. Please contact the Government Affairs staff if you want to know how your Senator voted, or if you have other questions.

## Rehiring NHRS Retirees to Part-Time Positions

On Thursday the House Executive Departments and Administration Committee heard testimony on **HB 342**, which lowers from 32 to 24 the number of hours per week a New Hampshire Retirement System (NHRS) retiree can work in a part-time position for an NHRS employer. The bill would also require employers to make contributions to NHRS toward the unfunded liabilities on the total compensation paid to these part-time workers if they work more than 24 hours per week. Municipal and county officials from Litchfield, Dunbarton, Hampton, and Strafford County, as well as a retired state trooper, all testified in opposition to the bill, providing numerous examples of the need for local governments to hire experienced part-time workers.

Other than the bill sponsor, the only support came from a representative of the professional firefighters, who argued that this bill provides a means for employers to pay off the unfunded liabilities of the system sooner, noting that this would (somehow) help restore funding for cost-of-living adjustments for retirees. NHMA testified in opposition, explaining that requiring employers to make retirement contributions on a new group of employees (in this case part-time workers who are NHRS retirees) would be a violation of part 1, article 28-a of the New Hampshire Constitution, which prohibits unfunded mandates on local governments. This bill will be going to a subcommittee for further discussion. Many thanks to those local officials who provided very clear and concise testimony this issue.

## Bill Would Change Highway Aid Formula

The House Public Works & Highways Committee heard testimony this week on **HB 674**, which would change the formula for state highway aid to municipalities. Under the highway aid program, which is separate from the block grant program, a

### Highway Aid Formula - continued

municipality can apply to the state for funding to improve a portion of a state highway (class I, II, or III) located within the municipality. If the state approves the request, the state pays two-thirds of the cost of the project, and the municipality pays one-third.

**HB 674** would leave that formula intact if the purpose of the project is to increase the capacity of the road (i.e., widen it); but if the purpose is to improve the condition of the road, the formula would change to 80 percent for the state and 20 percent for the municipality.

If you're thinking that there must be a catch, you're right. In the latter case, “[u]pon completion, the city or town shall assume ownership and maintenance of this section of highway.” Thus, the project will cost the municipality less in the short term, but more in the long run.

The bill was requested by the Department of Transportation, and a representative of the department testified that the goal was to entice more municipalities to take advantage of the program. We are not sure that will be the effect. Will a town accept an 80 percent grant to improve a state road if it means accepting full responsibility for the road upon completion?

We have not heard from any municipalities about the bill, and have not taken a position on it. If you have an opinion, please let us know. More important, please register your opinion with members of the [committee](#).

## Date Change for Cheshire County Equalization Information Session

Last week's *Legislative Bulletin* announced an informational session on the equalization process for municipal, county and state officials from Cheshire County to be held on Tuesday, March 12. Since that is town meeting day, the session has been rescheduled to **Tuesday, March 19**. Click here for more information and registration: <https://nhlgc.wufoo.com/forms/m7p5a3/>

## HOUSE CALENDAR

### Joint House/Senate Meetings Are Listed Under This Section

#### TUESDAY, FEBRUARY 19

#### CRIMINAL JUSTICE AND PUBLIC SAFETY, Room 204, LOB

- 1:00 p.m.      **HB 675-FN**, authorizing and regulating the use of license plate scanning devices.
- 2:30 p.m.      **HB 619-FN**, prohibiting images of a person's residence to be taken from the air.

**House Calendar** - continued**LABOR, INDUSTRIAL AND REHABILITATIVE SERVICES****Room 307, LOB**

- 11:00 a.m. **HB 501-FN**, relative to the minimum wage.  
 2:15 p.m. **HB 591**, relative to an abusive work environment and the health and safety of public employees.

**MUNICIPAL AND COUNTY GOVERNMENT, Room 301, LOB**

- 10:00 a.m. **HB 672-FN**, relative to the property tax exemption for water and air pollution control facilities. **NHMA Policy.**  
 11:00 a.m. **HB 128**, relative to recording public votes in public records.  
 11:15 a.m. **HB 634**, relative to water resource management and protection plans in municipal master plans.  
 1:00 p.m. **HB 655-FN**, relative to the collection of the amount of the property tax deferral for the elderly or disabled upon sale of the property.  
 1:30 p.m. **HB 532**, relative to energy efficiency and clean energy districts.

**PUBLIC WORKS AND HIGHWAYS, Room 201, LOB**

- 10:00 a.m. **HB 667-FN-A**, establishing a temporary surcharge to the road toll to be dedicated to funding the state 10-year transportation improvement plan for rural and town roads.  
 10:15 a.m. **HB 437-FN-A**, relative to the road toll.  
 10:30 a.m. **HB 617-FN-A-L**, increasing the rate of the road toll, increasing the vehicle registration fee, and establishing the New Hampshire state and municipal road and bridge account. **NHMA Policy.**

**SCIENCE, TECHNOLOGY AND ENERGY, Room 304, LOB**

- 11:00 a.m. **HB 517**, relative to the incidental combustion of untreated wood at certain municipal transfer stations. **NHMA Policy.**

**Representatives Hall**

- 2:30 p.m. **HB 484-FN-L**, requiring public approval prior to issuance of certain site evaluation certificates.

**WAYS AND MEANS, Room 202, LOB**

- 10:30 a.m. **HB 581-FN-L**, relative to recovering moneys from a neighboring state for mitigation of flooding.

**THURSDAY, FEBRUARY 21****CRIMINAL JUSTICE AND PUBLIC SAFETY, Representatives Hall**

- 10:00 a.m. **HB 290-FN**, prohibiting unlicensed persons from openly carrying a pistol or revolver in a public building.  
 1:00 p.m. **HB 451-FN**, repealing the license requirement for carrying a concealed pistol or revolver.

**EXECUTIVE DEPARTMENTS AND ADMINISTRATION, Room 306, LOB**

- 2:00 p.m. **HB 627-FN**, requiring unused vacation and sick leave to be converted to service time for purposes of calculating retirement system benefits.

**WAYS AND MEANS, Room 202, LOB**

- 10:00 a.m. **HB 662-FN**, requiring the department of revenue administration to collect and make available data on the amount of meals and rooms tax revenue generated in each municipality.

## SENATE CALENDAR

### TUESDAY, FEBRUARY 19

#### FINANCE, Room 103, SH

- 1:00 p.m.      **SB 150-FN-A-L**, making an appropriation to the department of revenue administration for the purpose of reimbursing cities and towns for certain flood control payments.
- 1:15 p.m.      **SB 168-FN-A-L**, appropriating funds to the department of environmental services for the purpose of funding eligible and completed drinking water, wastewater, and landfill closure projects under the state aid grant program. **NHMA Policy.**

### WEDNESDAY, FEBRUARY 20

#### ENERGY AND NATURAL RESOURCES, Room 101, LOB

- 10:00 a.m.      **SB 188-FN**, relative to municipally-owned utilities.

#### PUBLIC AND MUNICIPAL AFFAIRS, Room 102, LOB

- 9:00 a.m.      **SB 182-FN**, relative to implementation of voter identification requirements.
- 9:15 a.m.      **SB 183-FN**, relative to proof of identity by voters.
- 9:45 a.m.      **SB 185**, establishing a commission on housing policy and regulation.

## NEW BILLS

### Senate

[SB 150-FN-A-LOCAL](#) makes an appropriation to the department of revenue administration for the purpose of reimbursing cities and towns for certain flood control payments. Sen. Sanborn of Bedford; **F-S**.

[SB 154-FN-A-LOCAL](#) establishes a state energy conservation loan program and an energy conservation project fund. Sen. Odell of Lempster; **ENR**.



## FLOOR ACTION

Wednesday, February 13, 2013

### HOUSE

**HB 134**, relative to contingency funds in towns. **Ought to Pass.**

**HB 138**, permitting a town that has adopted official ballot voting to use a topical description of the substance of a warrant article on the official ballot. **Ought to Pass with Amendment.**

**HB 182**, relative to appointments to the assessing standards board. **Ought to Pass.**

**Floor Action** - continued

**HB 187**, relative to deliberative sessions in towns that have adopted official ballot voting. **Ought to Pass with Amendment.**

**HB 198**, relative to town boundary perambulation. **Ought to Pass with Amendment.**

**HB 269-L**, authorizing a city or town to conduct a special meeting necessitated by changes in adequate education funding. **Recommitted to committee.**

**HB 311**, establishing a statutory expectation of privacy in personal materials. **Inexpedient to Legislate.**

**HB 323-FN**, establishing the Franklin Partin right-to-work act. **Inexpedient to Legislate.**

**HB 340-FN-A**, relative to resurfacing a portion of East Conway Road and making an appropriation therefor. **Inexpedient to Legislate.**

**SENATE**

**SB 11-L**, relative to water resources utility districts. **Ought to Pass with Amendment. NHMA Policy.**

**SB 12**, relative to protection and preservation of significant archeological deposits. **Ought to Pass with Amendment.**

**SB 37**, relative to management rights under collective bargaining. **Inexpedient to Legislate.**

**SB 43**, relative to the property taxation of qualifying historic buildings. **Ought to Pass.**

**SB 49**, relative to appeals of planning board decisions. **Ought to Pass with Amendment. NHMA Policy.**

**SB 50**, relative to expiration of variances and special exceptions. **Ought to Pass with Amendment.**

**SB 57**, relative to approval of the project proposed by the Town of Alstead for the lower Warren Brook Restoration project and reestablishes the commission established to determine the appropriate use of flood damaged property. **Ought to Pass with Amendment.**

**SB 58**, relative to the taxation of water works or flood control land held in another town or city. **Ought to Pass. NHMA Policy.**



**Senate Floor Action** - continued

**SB 62**, authorizing the placement of a certain sign in the town of Danbury. **Ought to Pass with Amendment.**

**SB 64**, relative to public informational meetings on dams. **Ought to Pass with Amendment. NHMA Policy.**

**SB 67**, establishing a committee to examine the issue of statutory authority for all terrain vehicles, off highway recreational vehicles, and low speed utility vehicles to access public highways for food, fuel, and lodging. **Ought to Pass.**

**SB 78**, relative to the New Hampshire Municipal Association. **Inexpedient to Legislate.**

**SB 101**, relative to collocation and modification of personal wireless services facilities. **Ought to Pass with Amendment.**