

LEGISLATIVE BULLETIN

Legislative Bulletin 13

2024 Session

March 29, 2024



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House Votes to Restore State Retirement Contribution!

This week, in a welcome turn of events and after a series of close votes, the House overturned the previous Inexpedient to Legislate motion and then voted 194-178 to pass [HB 1279](#), which would restore a portion (7.5 percent) of the state contribution toward the retirement costs of teachers, police, and firefighters. Under the mechanics of this bill, cities and towns would be able to reduce their legally mandated payment to the retirement system by 7.5 percent. By only having to budget 92.5 percent of the costs set by the New Hampshire Retirement System (NHRS), cities, towns, and schools will see direct property tax relief for Group I teachers and Group II police and fire.

Legislative decisions and the costs associated with policies passed at the legislature around RSA 100-A and NHRS have a direct impact on the local taxpayer. Any increase to the unfunded accrued actuarial liability (UAAL) and any "normal costs" associated with a policy change are paid for by the employer (i.e., the state, cities, towns, and counties) and are all funded with tax dollars. Since 2018, nine bills have become law impacting municipal employer rates. Despite the state paying over \$96 million in upfront costs to lessen the property tax burden of these policy changes, \$153 million has been added to the UAAL; and when combined with "normal costs," this has resulted in \$14 million in additional annual costs on the employer, which will not sunset until 2044.

HB 1279 aims to restore a promise made in 1967 when the state committed to paying 40% of the NHRS employer costs when the four separate and distinct systems merged. The legislature has not budgeted for this contribution since 2011, but the one-time payment made in 2022 provided almost \$27 million in property tax relief for cities, towns, and schools. Thank you to the members of the legislature who

voted for local property tax relief. **We encourage local officials to tell your state [representative](#) and [senators](#) what that retirement cost reduction will mean to your property taxpayers.**

Education Funding Update

This week, the House Finance Division II Committee offered significant amendments to [HB 1583](#), relative to the per pupil cost of an opportunity for an adequate education, and [HB 1656](#), relative to adequate education grant amounts for pupils receiving special education services. Although NHMA typically does not take positions on education funding bills, these issues are of great relevance to cities and towns. Both bills are seeking to address recent court decisions that have been appealed by the state.

In *Contoocook Valley School District v. State of New Hampshire*, the court found that the state was not meeting its constitutional obligation to provide an “adequate education” because the minimum, per pupil amount provided to school districts – approximately \$4,100 per year – is too low. The court ruled that the state should spend at least \$7,356.01 to account for realistic public-school expenses. The *Rand v. State of New Hampshire* case was brought by taxpayers, who argued the statewide education property tax (SWEPT) school funding system is not equitable and disproportionately hurts taxpayers in property poor municipalities. The judge determined that the SWEPT tax is not constitutional and should be changed to redistribute revenue from wealthier municipalities to poorer municipalities.

A bi-partisan group of legislators and stakeholders recommended amended versions of **HB 1583** and **HB 1656**, both of which have passed the House and are now in House Finance. **HB 1583** aims to increase the state’s annual base adequacy aid payment from \$4,100 to \$4,404 per student beginning on July 1, 2025. This would result in a \$34 million increase in state funding to all municipalities to assist with the education of our students. This bill as amended also includes \$39 million in fiscal capacity disparity aid, which would direct more funding to communities with low property values, as well as \$25 million of additional funds for communities with high proportions of students eligible for free and reduced-price meals. These additional forms of aid would provide much needed assistance, increase opportunities for students, and help offset increasing local property taxes for communities that need it most. By utilizing the state’s surplus, this would also ensure that **HB 1583** does not further impact local taxpayers.

HB 1656 aims to increase total spending on special education differentiated aid by \$35 million. This would direct funds to students with the greatest needs and ensure that our state’s schools have the funding necessary to provide essential services for students with disabilities.

With the overall objective of passing policy that aligns with the education funding decisions, the House Finance Committee will continue to work through additional amendments being offered on both bills. If this is a topic of concern to your municipality,

we would encourage you to reach out to members of House Finance and your representative to share your position.

House Passes Statewide Zoning Mandates

Yesterday, the House voted on—and passed—all bills originally assigned to the Special Committee on Housing, many of which are statewide zoning mandates:

- [HB 1065](#), with amendment, relative to fire sprinkler requirements in residential buildings. This legislation enacts changes that are largely duplicative of amendments to the state building and fire codes adopted via the code amendment process this fall and expected to be adopted by the legislature this session. **Passed on the consent calendar.**
- [HB 1168](#), establishing a committee to study the impact of the housing crisis on people with disabilities. **Passed on the consent calendar.**
- [HB 1215](#), with amendment, relative to subdivision regulations on the completion of improvements and the regulation of building permits. The amendment substantially rewrites the legislation. It expands the 5-year approval/2-year “active and substantive” development exception to 10-year/5-year. It also alters the appeal process for building and fire codes when the zoning board of adjustment serves as the local building code of appeals. When the appeal is of a locally adopted amendment to either the building or fire code, the appeal would stay with the zoning board of adjustment. However, when the appeal is of the state code – i.e. where there is no local amendment – the appeal would go to the state building code board of appeals. (Municipalities, such as Manchester, with a separate local building code board of appeals would continue to hear appeals of the state code.) **Passed on the consent calendar.**
- [HB 1361](#), with amendment, relative to municipal land use regulation for manufactured housing and subdivisions. The amendment largely rewrites the existing statute. However, section (e) would require that existing manufactured housing parks be provided reasonable and realistic opportunities to expand. **Passed on the consent calendar.**
- [HB 1400](#), with amendment, relative to the required maximum number of residential parking spaces. The amendment states the municipalities “may regulate accessory parking for vehicles, but **shall not require** more than one residential parking space per unit.” NHMA believes that a different bill, **SB 538**, provides a better option for dealing with parking issues, by requiring, instead, that municipalities must *consider* parking alternatives proposed by applicants. **Passed on the consent calendar.**
- [HB 1291](#), with amendment, relative to accessory dwelling unit (ADU) uses allowed by right. The amendment makes some changes to the legislation, which expands the existing ADU law to **require** that municipalities allow (1) detached units and (2) two units. **Passed on a [220-143 roll call vote](#).**
- [HB 1399](#), requiring municipalities to permit two residential units in certain single-family residential zones. The bill creates a formula that requires that

municipalities allow duplexes for all lots that are 2 acres or less in size, and for at least 50 percent of all lots in a municipality zoned for single-family residences where a “proposed development” meets certain criteria. **Passed on a [220-140 roll call vote](#).**

While we appreciate the legislature’s attempts to provide solutions to the housing shortage, recent news coverage and economic analysis has been throwing additional cold water on the idea that significant shifts in housing costs can be found at the local level:

“To make houses as affordable as they were on typical incomes back in February 2020, home prices would have to fall 40%, the average mortgage rate would have to plummet to an unheard-of 2.45% from its December 2023 average of 6.80%, or median household income would have to skyrocket to \$129,096 from its December level of \$77,730. A combination of those three factors would also do the trick, [according to calculations by Investopedia](#).”

Additional coverage in recent weeks has focused on the [settlement of the lawsuit surrounding the 6% commission imposed by Realtors](#), and its [\\$28,620 impact](#) on the average New Hampshire home sale price (as of November 2023), and other cost factors, such as [significantly increased materials costs](#) that have driven up the cost of home construction. Meanwhile, projects proposed at the local level such as plans to build nearly 1,000 housing units in Concord, are running into the reality that infrastructure costs to support such development are tremendous and must be paid for by someone. (A new 1.5-mile road is estimated to cost up to \$16 million to build to service that 1,000 housing unit project, according to [reporting by the Union Leader](#).) Unfortunately, it seems that while policy levers may be able to be pulled to [help moderate price growth](#), it is unlikely that housing will become significantly more affordable without some major shift at the national level.

Next week, the Senate takes up [SB 538](#), the Senate omnibus housing bill (HOMEnibus). If the Senate passes the committee recommended amendment, [2024-2016s](#), NHMA will support the Senate omnibus bill, which would create local tools and incentives, rather than statewide, one-size-fits all mandates.

Focus on Fire Professionals

Yesterday, the House passed [HB 1352](#), which seeks to increase protections for firefighters from PFAS chemicals in their uniforms and personal protective equipment. The bill encourages fire departments to give preference to safe alternatives to turnout gear that contain PFAS, when available. The goal is to limit unnecessary exposure to PFAS in firefighter personal protection equipment or station wear for the overall health and safety of firefighters.

Another related bill, **[SB 352](#)**, would establish an early detection cancer screening pilot program for retired and full-time active firefighters and would appropriate a \$5 million to the Department of Safety – Division of Fire Standards and Training. **SB 352** has bipartisan and broad stakeholder support and highlights the need for proactive state policy to address the elevated cancer risks faced by firefighters due to exposure to chemicals and occupational hazards. It has been assigned to the House Health, Human Services and Elderly Affairs Committee.

GET INVOLVED: NHMA'S 2025-2026 LEGISLATIVE POLICY PROCESS

April 15 Deadline Approaching: Submit a Legislative Policy Proposal and Create Change

Time is almost up for municipalities to submit proposed legislative policies to NHMA to be considered as part of the legislative policy process. If there is a law affecting municipal government that you think needs to be fixed, or if you have an idea for how the functions of local government might be improved through legislation, this is your opportunity to make a change.

Use the [Legislative Policy Proposal Form](#) to submit a proposal for consideration. The deadline for submitting proposals is April 15, although earlier submission is encouraged. Please follow the instructions on the form for submitting your proposal.

[Bill Hearings Schedule](#)

[NHMA Events Calendar](#)

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