

**New Hampshire Department of Revenue Administration
109 Pleasant Street, Concord, NH 03301**

**TECHNICAL INFORMATION RELEASE
TIR 2012-004 Date July 10, 2012**

A Technical Information Release is designed to provide immediate information regarding tax laws administered by the Department or the policy positions of the Department as a service to taxpayers and practitioners. A Technical Information Release represents the position of the Department on the limited issues discussed herein based on current law and Department interpretation. For the current status of any tax law, practitioners and taxpayers should consult the source documents (i.e., Revised Statutes Annotated, Rules, Case Law, Session Laws, etc.). Questions should be directed to Central Tax Services at (603) 230-5920.

2012 Municipal Law Changes

The purpose of this Technical Information Release (TIR) is to provide New Hampshire cities and towns, as well as taxpayers, with general information regarding certain legislation passed by the New Hampshire Legislature during the 2012 legislative session. This TIR is for informational purposes only and is intended to provide a summary or synopsis of enacted legislation. It is not intended to be relied upon as full and complete text or as a substitute for the actual state law. Please refer to the applicable statute and rules to determine how this information applies to specific persons or situations. If you have any questions, or need additional assistance, please contact the NH Department of Revenue Administration Municipal Division at (603) 230-5090.

Senate Bill 83 (Chapter 219, Laws of 2012) a municipality that has created an actuarial liability to pay “other post-employment benefits” to employees (on or before 1/1/12) may establish an “irrevocable trust” under GASB 43 to pay those benefits. For purposes of this law, “other post-employment benefits” are those other than pensions and could include medical, disability, or other health benefits. *Refer to GASB 43 and 45 for further detail.*

Effective: July 1, 2012

Amended: new section RSA 31:19c, RSA 198:20-c, III, and new paragraph RSA 198:20-c, VII.

Senate Bill 254 (Chapter 181, Laws of 2012) clarifies that appropriations from a separate fund created pursuant to statute, including but not limited to a capital reserve fund under RSA Chp. 35, or trust fund under RSA 31:19-a, is now a special, non-transferable warrant article. The new law also clarifies that no change shall be made to a special revenue fund adopted under RSA 31:95-c unless the town has voted to consider changing the source or fractional portion of revenues or specific purpose of expenditures of the fund in the manner described in RSA 31:95-d I(a) and (b) and authorized such change by a vote of 2/3 of all the voters present and voting at an annual town or district meeting. In addition, if a majority of those voting on the question vote “Yes,” RSA 31:95-c shall not apply within the town, and any remaining amounts in the rescinded fund shall become part of the general fund accumulated surplus.

The new law clarifies that if a recreation revolving fund is rescinded by vote of the local legislative body, any remaining amounts in the fund shall become part of the general fund accumulated surplus.

Effective: August 10, 2012

Amended: RSA 32:3, VI(c), RSA 31:95-d and RSA 35-B:2, II.

Senate Bill 255 (Chapter 104, Laws of 2012) amends RSA 79-A:7 and RSA 80:85 to provide an additional six months for the town to perfect a lien for any unpaid Land Use Change Tax.

Effective: July 28, 2012

Amended: RSA 79-A:7, II(e) and RSA 80:85.

Senate Bill 373 (Chapter 221, Laws of 2012) school districts can vote (until rescinded) to retain year-end unassigned general funds in an amount not to exceed, in any fiscal year, 2.5% of the current fiscal year's net assessment pursuant to RSA 198:5, for the purpose of having funds on hand to use as a revenue source for emergency expenditures and over-expenditures under RSA 32:11, or to be used as a revenue source to reduce the tax rate.

The new law also provides that the legislative body of Manchester, upon recommendation of the school committee, may authorize (indefinitely until specific rescission) the school district to retain year-end unassigned general funds.

Effective: Section 1 effective August 12, 2012; Section 2 (Manchester) effective June 13, 2012.

Amended: RSA 198:4-b, new paragraph RSA 194:23, II-a and RSA 188-E:5, II.

Senate Bill 401 (Chapter 198, Laws of 2012) amends the definition of "determination year" for the purpose of calculating adequate education grants and authorizes the Commissioner of the Department of Education to make adjustments in adequate education grants based on variations in the average daily membership in attendance data.

School districts, when filing the revised estimate of revenue report for tax rates, are allowed to estimate any applicable adequate education grant amounts within 5% of the Department of Education estimate. For cooperative school districts, variances between actual adequacy grants and estimates will be reconciled as part of the apportionment the following year in a town-specific adjustment.

Effective: July 1, 2012 and applicable beginning with the 2013-2014 school year.

Amended: RSA 198:38, I, RSA 198:38, IV, RSA 198:42, I, RSA 198:40-a, IV(a), RSA 198:40-a, V, new paragraph RSA 198:40-a:VI, RSA 198:4-d, II, and new paragraph RSA 195:14, III(a) and (b).

House Bill 1170 (Chapter 6, Laws of 2012) allows any town to vote to require that the annual budget and all special warrant articles having a tax impact, as determined by the governing body, must contain a notation stating the estimated tax impact of the article. The determination of the estimated tax impact shall be subject to approval by the governing body.

Effective: May 21, 2012

Amended: new paragraph RSA 32:5, V-b.

House Bill 1224 (Chapter 29, Laws of 2012) allows any town, with the approval of the governing body, to send tax bills or notices by electronic means to those taxpayers who have specifically requested such delivery. Any request for electronic delivery of tax bills or notices shall contain the physical signature of the taxpayer or an electronic signature conforming to the requirements of the federal “Electronic Signatures Act” or its successor. Any agreement executed by a taxpayer to receive tax bills or notices by electronic means shall contain a description of the delivery system proposed to be used and shall contain clear instructions on the method for terminating such delivery. The statute states that there is no charge for delivery of tax bills or notices by electronic means and there is no penalty for not choosing to elect delivery by electronic means.

The new law provides that in the event that the tax collector has any reason to believe that tax bills or notices sent by electronic means have failed to be delivered, the tax collector shall promptly send a duplicate of the bills or notices by first class mail. A duplicate tax bill or notice mailed in compliance shall be at no cost to the taxpayer. Second and subsequent notices of payments due, or notices of tax delinquency, shall be sent by first class mail. Subsequent sending of a tax bill shall not change the last date that taxes may be paid without penalty.

Effective: July 1, 2012

Amended: RSA 76:11

House Bill 1633 (Chapter 217, Laws of 2012) allows school districts and village districts in addition to any towns to require the numerical tally of the recommendation of the governing body, and any advisory or official budget committee, be placed on school or village district warrant articles.

Effective: July 1, 2013

Amended: RSA 32:5, V-a and RSA 40:13, V-a.

Individuals who need auxiliary aids for effective communication in programs and services of the Department of Revenue Administration are invited to make their needs and preferences known to the N.H. Department of Revenue Administration, 109 Pleasant Street, Concord, NH 03301 or by contacting them at (603) 230-5000.