

New Hampshire Department of Revenue Administration

Fiscal Note Quick Guide

16-2032

HB 1427-FN-A-LOCAL, *suspending the water and air pollution control facility property tax exemption and appropriating certain revenues for water pollution control grants to municipalities.*

House Municipal and County Government

The proposed bill would suspend the existing property tax exemption for pollution control property provided by RSA 72:12-a, for the balance of the biennium, effective upon passage. The proposed bill would also suspend the existing utility property tax exemption for pollution control facilities provided by RSA 83-F:1, V(a), for the balance of the biennium, effective upon passage.

The pollution control property tax exemption and utility property tax exemption are determined as of April 1 and thus, the fiscal impact of this bill for FY16 depends upon the date the bill becomes law. If the proposed bill becomes law prior to April 1, 2016 it would eliminate the pollution control exemption for FY16 and FY 17 property taxes.

The proposed bill would increase revenue collected under the utility property tax (RSA 83-F) and would transfer that increased revenue to the Department of Environmental Services. The total value of property subject to the utility property tax that is currently exempted as pollution control property is approximately \$550,000,000. This would indicate increases in utility property tax revenue of approximately \$3,630,000 ($\$550,000,000 \times \$6.60/\text{Thousand Rate}$) for FY16 and FY17. This calculation is based on the value of utility property exempted as pollution control property for the most recent year available and does not factor in potential future increases or decreases in value or properties being added to or removed from the tax base.

To the extent that pollution control property is not subject to the RSA 83-F utility property tax, the proposed bill would subject that pollution control property to the RSA 72 property tax, which would shift the burden of the property tax among local taxpayers without affecting the total amount of revenue received from the tax. However, the proposed bill would result in a reapportionment of the local tax burden among the municipalities as it would provide for a higher taxable value for some communities for the duration of the biennium due to the inclusion of new property in the property tax base of particular municipalities.

The inclusion of several new taxpayers in the RSA 83-F utility property tax may result in increased administrative costs to the DRA, but the amount is indeterminable. Similarly, the inclusion of several new taxpayers in the RSA 72 property tax may result in increased administrative costs to municipalities.