



State of New Hampshire Department of Revenue Administration

109 Pleasant Street
PO Box 457, Concord, NH 03302-0457
Telephone 603-230-5005
www.nh.gov/revenue



John T. Beardmore
Commissioner

Kathryn E. Skouteris
Assistant Commissioner

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Judy Silva
NH Municipal Association
25 Triangle Park Drive
Concord, NH 03301

Dean Michener
NH School Boards Association
25 Triangle Park Drive #101
Concord, NH 03301

Mark Joyce
NH School Administrators Association
46 Donovan Street #3
Concord, NH 03301

Peggy Danis
NH Association of Counties
46 Donovan Street #2
Concord, NH 03301

Dear Ms. Silva, Mr. Michener, Mr. Joyce, and Ms. Danis,

The Department of Revenue Administration ("Department") has received inquiries from legislative leaders, local government elected officials and professional staff, as well as the organizations that represent them, concerning the potential impact of the current six-month Continuing Resolution ("CR") and the state's unresolved operating budget on the 2015 local property tax rate-setting process. The purpose of this letter is to address those concerns and to make clear that the Department expects to establish the 2015 property tax rates in a routine manner without any material impact from the ongoing budget discussions in Concord.

RSA 21-J:35 requires the Department to compute and establish the property tax rate of each political subdivision of the state. An important input for the Department's computation is the amount of estimated revenue to be distributed to cities, towns, and school districts by certain agencies of the State of New Hampshire for local aid programs ("State Aid"). These amounts

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are normally established after the state's operating budget has passed and the funding level for the various State Aid programs is set for the full state fiscal year.

The CR provides state agencies with appropriations equal to half of their FY 2015 operating budget, as passed. The precise amount of State Aid to be distributed over the course of the full state fiscal year is usually more certain at this time of year. We have heard concerns that if State Aid estimates provided to the Department for property tax rate-setting are tied to the amounts contained in the six-month CR, it would cause local property taxes to increase or require local budgets to be reduced mid-year. The Department's assumption has been that the total estimated State Aid appropriations will be close to appropriations contained in the final Legislative budget, which is very close to the amounts appropriated last fiscal year, and will reflect the estimated distributions for the full state fiscal year. State Aid contained in the FY 2015 state operating budget was \$1.117 billion, remarkably close to the \$1.114 billion in the FY 2016 budget that did not become law.

I have discussed this issue with Governor Hassan, the presiding officers of the House and Senate, and both Finance Chairs. It is clear to me that policymakers share the expectation that regardless of how the state's operating budget is resolved, State Aid will be provided over the full fiscal year in an amount similar to the amounts noted above, and they do not expect discussions regarding the state's operating budget to disrupt the local property tax rate-setting process.

Over the coming weeks, Department staff will be communicating with their contacts in counties, cities, towns, and school districts to provide more detailed guidance on the information needed to set property tax rates. In the meantime, I hope you enjoy the rest of your summer, and please do not hesitate to contact me if I can be of any assistance to you or your member communities.

Sincerely,



John T. Beardmore
Commissioner

cc: Governor Margaret Wood Hassan
Senate President Chuck Morse
Senator Jeanie Forrester, Chair, Senate Finance Committee
Speaker Shawn Jasper
Rep. Neal Kurk, Chair, House Finance Committee