

STATE OF NEW HAMPSHIRE
DEPARTMENT OF REVENUE ADMINISTRATION



Low and Moderate Income Homeowners Property Tax Relief

The New Hampshire Department of Revenue Administration (“DRA”) will be accepting claims for Low and Moderate Income Homeowners Property Tax Relief from May 1, 2009 to June 30, 2009 from New Hampshire property owners who meet the eligibility criteria. The Department is expecting a very high volume of claims for relief to be filed and we anticipate many taxpayers will contact governmental officials about this program. This memorandum will give an overview of the program including eligibility criteria and the relief claim process.

History of Property Tax Relief

In December 1997, the New Hampshire Supreme Court in the Claremont II decision ruled that it is the State’s duty to define and provide all New Hampshire’s public school students with an adequate education. The court also ruled that the manner of raising revenue to pay for the adequate education be through a system of taxation that is proportional in substance and just and reasonable in application.

On April 29, 1999, Governor Shaheen signed into law Chapter 17 instituting an education funding plan. This established a uniform education property tax and a utility property tax, increased the business profit and real estate transfer taxes, and included other sources of revenue to provide funding for an adequate public education. The uniform education property tax included a phase-in provision for “property rich” aka donor towns to allow property owners and local governments time to adjust and minimize any economic hardship that may result. A five year period was provided to these donor towns that allowed the full rate of \$6.60 per \$1,000 of valuation to be gradually phased-in. Taxpayers in the remaining towns would pay the full rate immediately.

The Supreme Court Decision of October 15, 1999, ruled that portions of the statewide property tax enacted under Chapter 17 in 1999 were unconstitutional. Specifically, that the phase-in provisions of Chapter 17 in essence establishes two distinct

classes of taxpayers, those required to pay the full rate of \$6.60 per \$1,000 of valuation and those required to pay some lesser rate on like property for a five-year period.

In the Supreme Court decision of October 15, 1999, the New Hampshire general court desired to reenact a state wide property tax to provide funding for an adequate public education. The general court also recognized that tax relief is constitutional if the relief is provided to taxpayers who meet identified criteria, has a valid purpose, and is not arbitrary. On November 3, 1999, Governor Shaheen signed into law Chapter 338, reenacting the state education property tax at a rate of \$6.60 per \$1,000 of equalized property value. Because the state education property tax would have serious adverse economic consequences on certain taxpayers, the law also included a hardship relief provision. This Education Property Tax Hardship Relief provision would lessen the economic burden on these at-risk taxpayers.

Governor Shaheen signed into law Chapter 158, effective July 1, 2002, repealing the Education Property Tax Hardship Relief and enacting the new Low and Moderate Income Homeowners Property Tax Relief.

Eligibility

An eligible claimant is a person who:

- Owns a homestead or holds interest in a homestead subject to the state education property tax;
- Resided in such homestead on April 1, in the year for which the claim is made; and
- Realizes total household income of :
 - \$20,000 or less if a single person
 - \$40,000 or less if a married person or head of a New Hampshire household

Important Definitions

“Homestead” – means the dwelling owned by a claimant or, in the case of a multi-unit dwelling, the portion of the dwelling which is owned and used as the claimant’s principal place of residence and the claimant’s domicile. “Homestead” shall not include land and buildings taxed on the basis of current use or land or buildings or the portion of land and buildings rented or used for commercial or industrial purposes.

“Household income” – means the sum of the adjusted gross income for federal income tax purposes of the claimant and any adult member of the claimant’s household who resides in the homestead for which a claim is made.

“New Hampshire household” – means any person filing a federal income tax return as head of a household or two or more adults who jointly share the benefit of the homestead. “New Hampshire household” shall not include those adults who share the homestead under a landlord-tenant relationship.

“Adult” – means a person who has attained the age of 18 years.

Relief Application Procedure

- Eligible claimants shall apply for relief to the New Hampshire of Revenue Administration using form DP-8.

- Form DP-8 are made available to the public after April 15, 2009. The form can be obtained from our website at *nh.gov/revenue*, at local municipal offices, at the 25 State Depository Libraries, by contacting our forms line at (603) 271-2192, or by visiting the Department at 109 Pleasant Street, Concord, NH.

- Completed forms DP-8 must have the following attachments:
 - A copy of pages 1 and 2 of your 2008 federal income tax returns for each claimant and any adult members of the household;
 - The final 2008 property tax bill showing the net assessed value of the homestead property; and
 - In cases where additional documentation is needed to clarify ownership or other issues, copies of trusts, deeds, and/or explanatory statements may be required.

- Completed forms DP-8 must be postmarked no earlier than May 1, 2009 and no later than June 30, 2009.

- Completed forms DP-8 should be sent to the New Hampshire Department of Revenue Administration, P.O. Box 299, Concord, NH 03302-0299 or delivered to the Department at 109 Pleasant Street, Concord, NH 03301.

Inquiries regarding the status of a claim can be made using a web interface, which can be accessed through the DRA’s website. Claimants will login using their last names and the last four digits of their social security numbers. For claimants preferring not to use the last four digits of their social security number, login can be achieved by using their last name, city/town, and property map and lot number. Upon successfully logging on, the claimant will receive one of four possible search results: Match Not Found; Received In System; Approved; and Not Approved. Additional explanatory text will accompany each result.