

# New Hampshire Department of Revenue Administration

## Fiscal Note Quick Guide

19-0917

**SB 57**, relative to phasing out and repealing the utility property tax.

Senate Ways & Means

This proposed legislation phases out and eventually repeals the Utility Property Tax (UPT). It lowers the UPT rate in three successive years. The first rate reduction lowers the current rate from \$6.60 on each \$1,000 of value to \$4.95 for taxable periods beginning April 1, 2020. The next rate reduction lowers the rate from \$4.95 to \$3.30 for taxable periods beginning April 1, 2021. The third rate reduction lowers the rate from \$3.30 to \$1.65 for taxable periods beginning April 1, 2022. The effective date of the repeal is April 1, 2023.

The fiscal impact is indeterminable but would decrease Education Trust Fund revenues. The Department has no way to determine the value of utility property in future years.

However, the Department did calculate a possible fiscal impact for FY 2020 through FY 2024 based on the value of utility property as of April 1, 2018 (the “2018 utility value”). We assumed the value would not change during that time.

Using the 2018 utility value of \$6,330,430,107, we divided by 1,000 and multiplied by the current tax rate of \$6.60 to arrive at UPT of \$41,780,839. However, since there are required quarterly estimate payments due in April, June, September, and December, with a true-up payment in January, every tax year actually covers two fiscal years. We have determined that for any tax year, approximately 48% of UPT payments are made during the corresponding fiscal year and 52% during the subsequent fiscal year (e.g., for tax year 2018, 48% during FY 2018 and 52% during FY 2019). We applied the 2018 utility value and this breakdown to the proposed reductions, to arrive at the following:

<b>Tax Year</b>	<b>Split by Payment from Tax Year to Fiscal Year</b>			<b>Estimated Reduction in Revenue</b>	<b>Fiscal Year</b>
2019	April, June	48%	FY 2019	\$ -	FY 2019
	Sept, Dec, Jan	52%	FY 2020	\$ (5,013,701)	FY 2020
2020	April, June	48%	FY 2020	\$ (15,458,910)	FY 2021
	Sept, Dec, Jan	52%	FY 2021		
2021	April, June	48%	FY 2021	\$ (25,904,120)	FY 2022
	Sept, Dec, Jan	52%	FY 2022		
2022	April, June	48%	FY 2022	\$ (36,349,330)	FY 2023
	Sept, Dec, Jan	52%	FY 2023		
2023	April, June	48%	FY 2023	\$ (41,780,839)	FY 2024
	Sept, Dec, Jan	52%	FY 2024		
2024	April, June	48%	FY 2024		