

New Hampshire Department of Revenue Administration

Fiscal Note Quick Guide

17-0322

HB 566-FN-LOCAL, *repealing the community revitalization tax relief incentive.*

House Ways & Means

The proposed bill repeals the RSA 79-E, Community Revitalization Tax Relief Incentive Program effective July 1, 2017.

The Community Revitalization Tax Relief Incentive Program is a local option that, if adopted, allows a municipality to provide short-term property tax relief to property owners who are completing substantial rehabilitations on qualifying structures. When a municipality adopts the provisions of RSA 79-E and grants property tax relief, the subject property will be valued without accounting for the increased value resulting from improvements, for a term of years as specified by agreement.

The repeal of RSA 79-E would prevent qualifying projects from receiving beneficial valuation pursuant to the Community Revitalization Tax Relief Incentive Program. However, elimination of this program would simply shift the burden of tax among local taxpayers, without affecting the total amount of revenue received from the local property tax.

The repeal of the Community Revitalization Tax Relief Incentive Program could result in an indeterminable decrease in local expenditures for those towns who have adopted the provisions of RSA 79-E and are currently administering applications and agreements pursuant to RSA 79-E.

The Community Revitalization Tax Relief Incentive Program under RSA 79-E has been adopted by 30 Towns as of January 4, 2017. 17 of those Towns currently have 66 total structures receiving property tax relief. The remaining 13 Towns who have adopted 79-E currently have no structures receiving property tax relief.

The proposed legislation does not address the impact of the proposed repeal of RSA 79-E on existing agreements entered into between taxpayers and municipalities. The DRA interprets this proposed legislation as eliminating the authority under RSA 79-E going forward as of July 1, 2017, but as not repealing any existing covenants signed between municipalities and property owners.