

A Technical Information Release is designed to provide immediate information of changes in tax laws administered by the Department for the policy positions of the Department as a service to taxpayers and practitioners. A Technical Information Release represents the position of the Department on the limited issues discussed herein based on current law and Department interpretation. For the current status of any tax law, practitioners and taxpayers should consult the source documents (ie., Revised Statutes Annotated, Rules, Case Law, Session Laws, etc.)

The purpose of this information release is to explain the 1999 semi-annual property tax billing provisions enacted under House Bill 117.

On Thursday, April 29, 1999, the Governor signed into law House Bill 117 enacting the solution to the Supreme Court's Claremont decision. HB 117 provides \$825 million to fund an adequate education, utilizing a uniform state property tax rate of \$6.60 to raise over half the adequacy amount.

With the enactment of HB 117, municipalities have the authority to include the school portion of the property tax on their semi-annual billings. Section 51 of the law, a copy of which is attached, provides two formulas for computing the semi-annual rates for this year. Paragraph I is for municipalities liable for excess state education property taxes (donor communities) and allows the semi-annual rate to be increased due to the anticipated excess tax. Paragraph II is for all other communities and, if the municipality so chooses, allows the semi-annual rate to be decreased due to the anticipated additional state funding. The department intends to report the excess tax and grant amounts to municipalities within the next two weeks.

Paragraph III authorizes the Commissioner of the Department of Revenue Administration, upon request of a municipality, to approve the use of a different method (other than the methods in paragraphs I or II) to calculate the 1999 semi-annual property tax rate. Recognizing that many towns must process their warrants immediately, the department will approve all requests to calculate the semi-annual rates based upon the current provisions of RSA 76:15-a and RSA 76:15-b.

The department intends to coordinate instructional seminars with various school and municipal organizations to discuss all aspects of HB 117. Immediate questions should be addressed to the Municipal Services Division at (603) 271-3397.

Excerpt from HB 117, Section 51, 1999 Semi-Annual Rate

51 1999 Semi-annual Rate for Property Tax Payments.

I. Notwithstanding the provisions of RSA 76:15-a and RSA 76:15-b for the tax year beginning April 1, 1999, in municipalities liable for an excess statewide education property tax payment pursuant to RSA 198:46, the partial payment of taxes assessed shall be computed by taking the prior year's assessed valuation times $\frac{1}{2}$ of the previous year's municipal tax rate; $\frac{1}{2}$ of the previous year's county tax rate; $\frac{1}{2}$ of the previous year's local school tax rate; and adding thereto $\frac{1}{2}$ of the statewide education property tax rate which would collect the amount to be collected and remitted for tax year 1999 under RSA 198:46, IV, as determined by the department of revenue administration; provided, however, that whenever it shall appear to the selectmen or assessors that certain individual properties have physically changed in valuation, they may use the current year's appraisal in place of the prior year's valuation to compute the partial payment.

II. Notwithstanding the provisions of RSA 76:15-a and RSA 76:15-b for the tax year beginning April 1, 1999, in all other municipalities, the partial payment of taxes assessed shall be computed by taking the prior year's assessed valuation times $\frac{1}{2}$ of the previous year's municipal tax rate; $\frac{1}{2}$ of the previous year's county tax rate; $\frac{1}{2}$ of the previous year's local

school tax rate deducting therefrom, if the municipality so chooses, $\frac{1}{2}$ of the rate which would collect the amount of the increase in state aid from fiscal year 1999 to fiscal year 2000 resulting from the adequate education grant under RSA 198:42 for the 1999 tax year as determined by the department of revenue administration; provided, however, that whenever it shall appear to the selectmen or assessors that certain individual properties have physically changed in valuation, they may use the current year's appraisal in place of the prior year's valuation to compute the partial payment.

III. In order to avoid a disproportionate semi-annual collection of taxes, the commissioner of revenue administration may, upon request of a municipality, approve the use of a different method to calculate that municipality's 1999 semi-annual property tax rate.