

MINUTES
City Council Legislative Subcommittee
Monday, January, 4, 2021 4:30 p.m.
Remote Meeting via Zoom

Greeting: Mayor Becksted

Participants Present via zoom meeting: Mayor Rick Becksted, Councilor Deaglan McEachern, Councilor Esther Kennedy, Councilor Paige Trace, City Manager Karen Conard, Assistant City Attorney Jane Ferrini, Judie Belanger, Finance Director, Andrew Purgiel, Deputy Finance Director, Nathan Lunney, School Business Administrator

- I.** Greeting: Mayor Becksted convened the zoom meeting at 4:35p.m. and declared COVID-19 outbreak an emergency and waived the requirement that a quorum be physically present at the meeting pursuant to the Governor's Executive Order 2020-04 and Emergency Order #12, Section 3. Members participated remotely and identified their location and any person present with them at that location. Mayor Becksted, Councilor McEachern, Councilor Kennedy and Councilor Trace were alone in their homes. City Manager Karen Conard, Assistant City Attorney Jane Ferrini, Finance Director Judie Belanger, Deputy Finance Director Andrew Purgiel and School Business Administrator Nathan Lunney were alone in their offices at City Hall.
- II.** Approval of October 30, 2020 and November 13, 2020 Minutes. Councilor Kennedy moved and Councilor McEachern seconded a Motion to approve the October 30, 2020 and November 13, 2020 Minutes. The Motion passed 4-0 in a unanimous roll call vote.
- III.** Update on Coalition Communities' interest in reforming to address donor town education funding legislation during the next legislative session.

Mayor Becksted began the discussion addressing the potential return of donor/receiver town funding, acknowledging that we knew this was coming. Assistant Attorney Ferrini noted the Commission on Education Funding recommended that excess SWEPT be returned to the state. She reported there has been communication with former donor towns specifically about the funding model in the AIR report which was incorporated into the Commission's Report. At first there were 5 towns now there are close to 20 discussing these recommendation. The towns are Newington, Rye, Moultonborough, Carroll, Waterville Valley, Newbury, Center Harbor, Sunapee, Sugar Hill, Hebron, Meredith, Bridgewater, Grantham, Lincoln, Hampton, North Hampton and Holderness.

School Business Administrator Nathan Lunney discussed a funding model Paul Deschaine from Newington ran using the AIR funding model which is incorporated into the Commission's Report. Nathan Lunney and Jane Ferrini noted for the Committee that the discussion was based on a funding model in the Report, not legislation, which although expected, has not yet been published likely due to COVID-19 and the death of the Speaker. The Mayor discussed with the Committee participating in Senator Tom Sherman's town hall meeting call on the education funding issue with Assistant Attorney Ferrini. The Mayor noted that when Assistant City Attorney Ferrini asked a question about the Commission's recommendation regarding the return of donor towns, the Chair of the Commission on Education Funding replied that towns with high tax rates have been "donor" towns and that it was not appropriate that former donor towns were receiving a "supplemental grant." Assistant City Attorney Ferrini explained after questions from Councilor McEachern that her understanding of the use of the term "supplemental grant" was the excess SWEPT that former donor towns are now able to retain. The Mayor pointed out to the Committee that the message and words have been changed and he wanted the Committee to be aware of that fact.

Business Administrator Nathan Lunney discussed the funding model that attempts to set a similar education tax rate for all communities at around \$12.00. He explained that for Portsmouth, that would mean a \$5 local tax rate and a new state property tax of \$7.24 per thousand. If legislation passed following that funding model, the education tax for Portsmouth (local \$5 and state \$7.24) would equal a tax rate of \$12.24. This almost doubles what Portsmouth's current local and state education tax rate is. Applying that increased tax rate to Portsmouth's equalized property value would not only result in a substantially higher tax rate to the City's tax payers but would also result in the City contributing in excess SWEPT an amount more than the state's calculation of the cost to fund all City schools, explain that using the funding model and 2018 numbers, the City could send an estimated \$40 million to the state. The Committee members expressed their concerns and questioned how this tax increase could be proposed during the pandemic. Nathan Lunney reported that the funding model used would potentially create 72 donor towns and 167 receiver towns and Portsmouth would be the number one donor town in the state. He expressed that the essence of the concern is how close this model might be to any legislation that will be introduced this session. The Mayor stated that this could be devastating to the community. Councilor Kennedy discussed the importance that organizations like the state association of superintendents and business officials to remain neutral on this issue if legislation is introduced that recreates a donor town funding model because that was not done last time. Nathan Lunney said he has already discussed this with the business administrators group and acknowledged that their members will need to be education on this issue if legislation is introduced and that the association should not take sides.

Assistant Attorney Ferrini reported that over the last several weeks more donor towns and new donor towns under the funding model have become aware of the Commission's recommendation to return to a donor town funding model. The former donor towns and potentially new donor towns have discussed reestablishing the Coalition Communities and to entering into a MOU to hire a lobbyist to educate, communicate and advocate against a donor town funding model.

Committee members discussed the reformation of the Coalition Communities and shared their concerns regarding the information provided on the donor town issue and recommended that these issues be discussed in non-public session on January 11, 2021.

VII. Adjournment at 5:39 p.m.

For updated status of bills and the Senate and House Calendars, see:

<http://www.gencourt.state.nh.us>. For information regarding the New Hampshire

Municipal Association's Bulletin, see: <http://www.nhmunicipal.org/LegislativeBulletins>

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