



New Hampshire Tax Collectors' Association

January 16, 2018

The Honorable Norman Major, Chairman
House Ways and Means Committee
Legislative Office Building, Room 202
Concord, NH 03301

Re. TESTIMONY IN OPPOSITION TO HB 1673

Dear Chairman Major and Members of the House Ways and Means Committee:

My name is Becky Benvenuti, and I am the Revenue Administrator & Tax Collector for the City of Portsmouth. I am here today representing the City of Portsmouth as well as the NH Tax Collectors' Association. I respectfully request that this Committee vote HB 1673 Inexpedient to Legislate for the reasons set forth below.

This bill is an unnecessary additional remedy to relieve the burden on those who are unable to pay their property taxes due to economic hardship. These remedies already exist and are utilized to assist taxpayers on a case-by-case basis as the need arises. RSA 76:16 permits interest amounts to be abated by a municipality, and RSA 72:38-a establishes a lower interest rate of 6 percent for the elderly or disabled through the tax deferral program. Interest abatements and tax deferrals are regularly granted by municipalities.

This bill would increase property tax delinquencies, which, for example, currently average less than 1% in Portsmouth. Introducing such a low rate could essentially encourage 'borrowing' from the municipality. Our taxpayers, both individuals and businesses, may find it more economical to delay the payment of property taxes for up to 3 years and use those tax monies to pay off debt accruing interest at much higher rates charged by credit card companies or financial institutions.

This bill would increase the number of tax liens executed each year on properties, by removing the increased interest rate for property tax liens over taxes. Lien interest is currently 6% higher than delinquent tax interest. As an example, in Portsmouth in each of the past 5 years, 66% of the remaining delinquent property tax balances were paid during the 45-day period prior to tax lien. We believe this is directly attributable to taxpayers' efforts to avoid the forewarned 18% tax lien interest rate (a 6% increase) should a tax lien be executed.

This bill would increase the number of properties that would become subject to tax deeding. The tax collectors' ability to collect tax lien amounts before the 2-year deadline when a property tax deed must be issued to the municipality would be significantly hindered due to the loss of the incentive to pay tax liens and avoid the higher tax lien interest costs.

This bill would increase the financial burden on all taxpayers through higher property tax rates. Using the 2018 DRA underpayment rate of 6 percent, Portsmouth's tax rate would increase \$.03 cents/1,000 based on a projected loss of \$160,000 of interest revenue (50% on delinquent tax payments and 67% on tax lien payments). In addition, municipalities' need to seek tax anticipation notes would significantly increase with an increase in unpaid property taxes/tax delinquencies.

This bill would require software upgrades for all municipalities in order to calculate interest changes as new "annual underpayment rates" are determined. The software would also be required to track and then determine, based on the length of the taxpayer's nonpayment period, which "annual underpayment rate" would be the higher rate that would apply to that specific year's tax bill or tax lien unpaid balance. This would result in taxpayer's paying different interest rates for each of their unpaid tax years depending upon how long they have carried an unpaid balance on a particular bill. It would also create a difficult scenario for municipal auditors to be able to track.

I sincerely hope and strongly urge you to vote HB 1673 Inexpedient to Legislate and bring to a conclusion the constant threat of repeated attempts to damage a system that currently works for both the taxpayers and the municipalities of this State.

Thank you for your time and the opportunity to provide this testimony.

Sincerely,



**Becky I. Benvenuti
Revenue Administrator & Tax Collector
City of Portsmouth**

Member, NHTCA Legislative Committee