



**Testimony of Jeff McLynch,  
Project Director, NH School Funding Fairness Project, on HB 486  
before the Senate Election Law and Municipal Affairs Committee,  
Thursday, April 15, 2021**

Chairman Gray, Senator Soucy, Members of the Committee, thank you for the opportunity to appear before you this morning.

For the record, my name is Jeff McLynch and I am the Project Director of the New Hampshire School Funding Fairness Project (NHSFFP), a nonprofit organization that seeks to educate citizens and policymakers about the system New Hampshire uses to fund its public schools, to build awareness of the shortcomings of that system, and to advocate for changes in law to make that system more equitable for students and taxpayers alike.

**As HB 486 would make real progress in improving taxpayer equity, NHSFFP strongly supports the bill and urges the Committee to recommend it as ought to pass.**

As the members of this Committee are aware, one can not discuss New Hampshire's tax system without talking about the property tax. Indeed, the property tax is far and away the largest tax collected in New Hampshire, generating close to \$4 billion to support state and local public services in 2019, well in excess of any other form of taxation levied in the state. Unsurprisingly, New Hampshire's property tax levels, whether measured on a per capita basis or relative to the size of its economy, consistently rank it among the highest – if not the very highest – among the fifty states.

Yet, the property tax is also an unfair tax, as it places far greater responsibility on low- and moderate-income taxpayers than it does on more affluent ones. According to data from the Institute on Taxation and Economic Policy, the poorest 20 percent of New Hampshire households (i.e. households with incomes under \$26,700) paid 6.2 percent of their incomes in property taxes in 2018. In stark contrast, the wealthiest 1 percent of households, each of which enjoyed an income in excess of \$514,900, paid an effective property tax rate of just 1.9 percent.

Despite its heavy reliance on the property tax and, in turn, that tax's heavy toll on the least well-off, New Hampshire does precious little to mitigate the impact of the tax on those struggling to make ends meet. The state's principal approach to property tax relief – the Low- and Moderate-Income Homeowners Property Tax Relief program – has all but evaporated in recent years. In 2003, the program provided roughly \$7.5 million in property tax relief to over 27,000 Granite State households; by 2018, those figures had dwindled to fewer than 7,000 households receiving a total of just \$1.1 million in rebates – even as property taxes continued to climb.

HB 486 seeks to reverse that trend and to aid New Hampshire homeowners facing financial hardship. More specifically, if enacted into law, HB 486 would increase both the number of homeowners eligible to participate in the Low- and Moderate Income Property Tax Relief Program and the value of the rebates they would receive. It would raise the income thresholds for the program – which have not been adjusted since its inception nearly two decades ago – to allow single homeowners with incomes under \$37,000 and married couples with incomes less than \$47,000 to take part. It would also raise the limit on the amount of assessed value used to determine homeowner rebates from \$100,000 to \$220,000.

In bolstering property tax relief, HB 486 is consistent with one of the key recommendations offered by the recent Commission to Study School Funding. As members of the Committee may know, that Commission met for much of last year, despite the pandemic, and received hours of input from school finance officials, tax administrators, academic experts, and members of the public. They examined New Hampshire’s school property tax system at length and, after doing so, recommended that, among other changes:

*“The state should enhance taxpayer equity through property tax relief targeted to homeowners and renters through a low- and moderate-income property tax relief program. This program should include updated limits to income, home value, and net worth, and be satisfactorily funded by the state.”*

Finally, at the present time, the legislature is actively considering changes in tax law intended to spur economic growth and to ease the difficult economic situations many families now face due to the pandemic. Any effort to use New Hampshire’s tax system to achieve those ends should start with property tax relief efforts along the lines of HB 486. HB 486 would put money in the pockets of Granite Staters still coping with the economic consequences of the pandemic and, thus, allow them to shop and spend at local businesses striving to remain open. **For these reasons, I once again urge the Committee to recommend HB 486 as ought to pass.** I look forward to working with the members of the Committee to make New Hampshire’s tax system more fair for everyone and would be happy to answer any questions you may have.