RSA 79-E, Community Revitalization Tax Relief Incentive: Fact Sheet

This legislative proposal encourages investment in downtowns and village centers with a new tax incentive modeled on existing New Hampshire statute (the so-called Barn Bill). Its goals are to ***encourage the rehabilitation and active use of under-utilized buildings*** and, in so doing, to

- **promote strong local economies** and**,**
- **promote smart, sustainable growth, as an alternative to sprawl, in accordance with the purpose and objectives of RSA Ch. 9-B** (State Economic Growth, Resource Protection, and Planning Policy).

How it works:

- In a town that has adopted the tool created by this legislation, a property owner who wants to substantially rehabilitate a building located downtown, or in a village center, may apply to the local governing body for a period of temporary tax relief.
- The temporary tax relief, if granted, would consist of a finite period of time during which the property tax on the structure would not increase as a result of its substantial rehabilitation. In exchange for the relief, the property owner grants a covenant ensuring there is a public benefit to the rehabilitation.
- Following expiration of the finite tax relief period, the structure would be taxed at its full market value taking into account the rehabilitation.

The legislation offers strong community process and discretion:

- Any city or town may adopt this program with the majority vote of its legislative body.
- Applications by property owners are made to the governing body and are accompanied by a public notice and public hearing.
- The governing body may grant tax relief if the application meets the guidelines and public benefit test.
- The governing body may deny the application in its discretion: "..such denial shall be deemed discretionary and shall not be set aside by the board or tax and land appeals or the superior court except for bad faith or discrimination." (79-E:4 V)

Qualifying properties:

A property owner can apply for the tax relief only if:

- The building is located in the community's downtown district (or equivalent), and
- The rehabilitation costs at least 15% of the building's pre-rehab assessed value, or $75,000, whichever is less, and
- The rehabilitation is consistent with the municipality's master plan or development regulations.

For more information, contact:

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RSA 79-E Community Revitalization Tax Relief Incentive

Step One: Local Authorization

Board of Selectmen places question on Special or Annual town meeting warrant; may also be placed on warrant by petition (RSA 39:3)

Town Meeting votes on question to allow RSA 79-E tax relief incentives

City or Town Council acts upon proposal to allow RSA 79-E tax relief incentives following procedures required by local charter; ***or*** the question may be placed on a municipal election ballot for voter approval

Governing Body (Selectmen or Council) authorized to grant tax relief incentives

Step Two: Application Process

Owner of ***qualifying structure*** intends to ***substantially rehabilitate*** it

Owner applies to **Governing Body** for tax relief incentive

Governing Body holds a ***public hearing*** within 60 days of application receipt.

3 Questions

1. Is it a qualifying structure? Located in a district designated by zoning or master plan as a downtown; ***or*** if there is no designation, in an area determined by the local governing body to be a downtown, based on compact development patterns

2. Is the proposed rehabilitation substantial? Rehab cost ≥ $75,000 ***or*** 15% of structure's assessed valuation, whichever is less

3. Is there a public benefit?

- Downtown economic vitality;
- Improves a culturally or historically important structure;
- Promotes downtown development; ***or***
- Increases downtown housing

Governing Body decides within 45 days of the hearing. To grant the tax relief, it must find the following: (1) there is a specifically identified public benefit that will be preserved by a ***covenant***; and (2) the proposed use is ***consistent*** with the local master plan or development regulations

Approval: no tax increases attributable to the rehabilitation of the structure for a maximum of 5 years from completion of rehab; may be extended 2 years if new housing units are created (4 years if affordable); may be extended 4 years if the structure is historically important

Covenant is recorded; may last 2X the term of tax relief; may include a **lien** against casualty insurance proceeds

Denial of application must be accompanied by written explanation; Denial may be appealed to superior court or Board of Tax and Land Appeals

Covenant and lien are released at end of term

Termination: the tax relief provided by a municipality may be terminated if the property owner fails to maintain or utilize the property according to the terms of the covenant, or fails to restore, rebuild, or demolish the structure following damage or destruction. The Governing Body holds a public hearing to determine the extent of the diminution of the public benefit; the tax relief may be reduced or terminated; if it is terminated, the property owner is liable for back taxes.