Bill as Introduced

HB 449 – AS INTRODUCED

2003 SESSION

03-0660
05/10

HOUSE BILL ***449***

AN ACT relative to disclosure of the amount of property taxes paid by a tenant's rent.

SPONSORS: Rep. Benn, Graf 17; Rep. M. Smith, Straf 72; Rep. Graham, Hills 57; Rep. Akins, Graf 18; Sen. Below, Dist 5

COMMITTEE: Judiciary

ANALYSIS

This bill requires the owner of taxable rental property to disclose that portion of the tenant's rent to be applied toward payment of property taxes.

Explanation: Matter added to current law appears in ***bold italics.***
Matter removed from current law appears [~~in brackets and struckthrough.~~]
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

HB 449 – AS INTRODUCED

03-0660
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STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Three

AN ACT relative to disclosure of the amount of property taxes paid by a tenant's rent.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 New Section; Persons and Property, Where and To Whom Taxed; Property Tax Disclosure Required. Amend RSA 73 by inserting after section 22 the following new section:

73:22-a Property Tax Disclosure. At the time of entering into a lease or written rental agreement for taxable rental property, the owner of the rental property shall disclose to the tenant the amount of state and local property taxes assessed on the property in the last year and that portion of the tenant's rent to be applied toward payment of the state and local property tax. If the tenancy is at will or pursuant to an oral rental agreement, the owner of the rental property shall provide this information to the tenant upon request. If the assessed amount changes during the tenancy, the owner of the rental property shall disclose this information to the tenant within a reasonable time period and in all cases prior to any change in the rent or other terms of the tenancy. The owner of the rental property shall make a good faith effort to allocate the property taxes among individual units based on each unit's proportional square footage and according to standard accounting practices. Nothing in this section shall create an enforceable contract or other legal obligation between the owner and tenant relative to the tax disclosure.

2 Effective Date. This act shall take effect January 1, 2004.

Speakers

SIGN UP SHEET

To Register Opinion If Not Speaking

Bill # HB 449 Date 2/10/03

Committee Judiciary

** Please Print All Information **

Name	Address	Phone	Representing	(check one) Pro	Con
RALPH AKINS	GRAFTON DISTRICT 18		LEBANON	✓	
Rep. NANCY K. JOHNSON	DISTRICT 6 8			✓	
[signature]	GRAFTON 18		LEBANON	✓	

Hearing Minutes

HOUSE COMMITTEE ON JUDICIARY

PUBLIC HEARING ON HB 449

BILL TITLE: relative to disclosure of the amount of property taxes paid by a tenant's rent.

DATE: Feb. 10, 2003

LOB ROOM: 208 **Time Public Hearing Called to Order:** 1:30 p.m.

Time Adjourned: 2:35 p.m.

(please circle if present)

Committee Members: Reps. Mock, Rowe, Jacobson, Ford, Dudley, Soltani, Woods, Rice, Souza, Desmarais, Haytayan, Mooney, Morris, Sorg, J. Wheeler, Wall, J. Pratt, Craig, Lasky, Potter, and Franklin.

Bill Sponsors: Rep. Benn, Rep. M. Smith, Rep. Graham, Rep. Akins, Sen. Below

TESTIMONY

* Use asterisk if written testimony and/or amendments are submitted.

Rep. Bernie Benn, District 17, Prime Sponsor- Important for all citizens (owners and renters) to know the cost of local taxes. Owners know the taxes paid but the tenants (about 30% of all citizens) do not know the taxes paid. Many tenants know that part of the rent goes to taxes, but they don't know how much. The bill requires additional duty on landlord, but not a major burden.
Read 2 letters in support of bill.

**Written testimony in file*

Rep. Marjorie Smith, co-sponsor- appeared in support of bill.

Malcolm Beaulieu, Landlord, Manchester- Opposes. Taxes are public, all property is assessed, public adds a burden to a landlord to have to calculate and account. Would have to re-calculate every time another expense increases.

Questions:
Rep. Rowe
Rep. Lasky
Rep. Craig +
Rep. Jacobson +
Rep. Woods
Rep. Franklin
Rep. Potter
Rep. Rice

Respectfully Submitted,

Phyllis Woods

Rep. Phyllis L. Woods for Rep. Terri C. Dudley, Clerk

Testimony

Judiciary Committee - Rep. Henry P. Mock, Chairman

HB 449 - relative to disclosure of the amount of property tax paid by a tenant's rent.

10 February 2003

Outline of Testimony by Rep. Bernie Benn
District 17 (Hanover, Lyme, Enfield, Canaan, Dorchester, Orange, and Grafton)

Housing Data
A little over 30% of NH households rent their living units (143,823 households) (474,606 total households; 2000 census)

Purpose of Legislation: To inform tenants of the amount of property taxes paid for their rental unit.

Why is this important? The **underlying principal** on which this bill is based is that it is in the **public interest** to have as many citizens as possible participate fully in the life and decision making of their communities.

To encourage this type of participation, an understanding of the financial relationship between the community and one's own household is essential.

We are all more apt to participate in community decisions on how to raise public money and on how to spend it when we understand the effect on our own pocketbook.

It is unfortunate that the **form of ownership** of housing determines whether a household knows the amount of property tax paid for their living unit. Households living in identical apartments in identical buildings, one a condominium or owner occupied house and the other an apartment building or rental house, have different information available to them.

The 70% of NH households that own their dwelling unit know how much property tax they contribute to the community because they are billed and they pay the property taxes directly; the other **30% of NH households are without this basic information because their contribution is billed to and paid indirectly by their landlord.**

It is interesting to note that **commercial tenants** most often know how much property taxes they contribute because of the net form of most commercial leases. Such leases require reimbursement to the landlord of the exact amount of property taxes directly related to their premises.

Origin of Idea for Bill

I became aware of need for this legislation while listening to a testimony last year in my committee on a bill regarding affordable housing.

While campaigning this fall, the need became apparent again. Some renters I spoke with didn't even realize that property taxes are a part of their rent payments. Many became very interested to know how much property tax they were paying.

Residential renters are the only group of citizens, that I can think of, that pay taxes, albeit indirectly, but do not know how much. Even when you buy a meal or stay in a hotel, the tax you pay is clearly marked on the receipt.

Questions about Bill

I have received certain questions regarding the bill which I should like to address:

1. **Would the bill create confusion as to deductibility of property taxes from federal taxes by the tenant?** If the committee feels that it might, I would suggest amending the bill by adding on line 6 after "...property tax." the following: The disclosure shall include the clarification that "The portion of rent paid toward property taxes is not deductible by the tenant from Federal Income Taxes."

2. **Will this bill create an undue burden on landlords?** While it does impose an additional requirement for the landlord, the bill is designed to minimize any burden in carrying out the terms of the legislation. It simply calls for a "good faith effort" on the part of the landlord to allocate the property taxes among the units. In most cases, the information is already known by landlords. The form of notice is left open so that the landlord can design whatever form best fits his business operation, so long as the information is given to the tenants. The bill does not create a legal obligation between tenant and landlord and thereby protects the landlord from legal consequences for inadvertent errors in the information provided.

I own a few housing units and have all my expenses broken out by apartment. It would be very easy for me to follow this legislation.

3. **Is this an anti-property tax bill?** I don't think so, but it is clear that no one I know likes paying taxes. We tolerate them if we think they are fair and if we understand that they are being spent in our best interest. Although most will agree that property taxes are too high and rising too quickly, this is not an anti-tax bill. It simply asks that the amount of taxes paid be disclosed.

HB 449 is essentially a consumer information, full disclosure, form of legislation that represents bipartisan values and is in the public interest.

Suggested Amendment to HB 449

Due to time constraints, legislative services was unable to make a few changes to the wording of the bill that I requested. I think the bill would be improved by **deleting in lines 6,7,8** the sentence ~~"If the tenancy is at will or pursuant to an oral rental agreement, the owner of the rental property shall provide this information to the tenant upon request"~~ and by **adding in line 3** the words ***or oral*** after written.

Upper Valley Housing Coalition
104 Railroad Row
White River Junction, VT 05001
802-291-9100

February 8, 2003

Henry P. Mock,
Chairman
NH House Judiciary Committee
Legislative Office Building, Room 208
Concord, NH

RE: HB 449

Dear Chairman Mock:

The Upper Valley is the region of New Hampshire and Vermont defined by the jobshed of the Lebanon/Hanover labor market. There are over 150,000 residents, equally divided between the two states. The Upper Valley Housing Coalition was formed in November 2001, in response to an acute shortage of housing. It works to increase the supply of housing for our region's workforce. Its membership represents large and small employers, regional planning organizations, nonprofits, and financial institutions.

One objective of the Housing Coalition is to increase awareness amongst the citizens of the seriousness of the situation and how it affects the economic health of the region. Rising property taxes are, in part, a reflection of an increase in assessment that is caused by an increase in valuation. This, in the case of this region and I believe throughout the state, is caused by a scarcity of housing that artificially drives up prices. Property owners are painfully aware of this but often the people who rent apartments are unaware of the gravity of the situation because they don't know how much of their rent payment is going to cover the property taxes of the building in which they live.

HB-449 corrects this. If passed, it would help us to make tenants of our region more aware of the burden of property taxes so that they could assist us, and others throughout the state, in building the case for increasing the supply of houses in our region.

I respectfully ask you and your committee to recommend to the House that this bill be approved for passage.

Sincerely,

Leonard K. Cadwallader
Coordinator
Upper Valley Housing Coalition

Voting Sheets

HOUSE COMMITTEE ON JUDICIARY

EXECUTIVE SESSION on HB 449

BILL TITLE: **relative to disclosure of the amount of property taxes paid by a tenant's rent.**

DATE: Feb. 11, 2003

LOB ROOM: 208

Amendments:

Sponsor: Rep. OLS Document #:

Sponsor: Rep. OLS Document #:

Sponsor: Rep. OLS Document #:

Motions: OTP, OTP/A, (ITL) Interim Study (Please circle one.)

Moved by Rep. Rowe

Seconded by Rep. Wheeler

Vote: 17-1 (Please attach record of roll call vote.)

Motions: OTP, OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep.

Seconded by Rep.

Vote: (Please attach record of roll call vote.)

CONSENT CALENDAR VOTE: 18-0

(Vote to place on Consent Calendar must be unanimous.)

Statement of Intent: Refer to Committee Report

Respectfully submitted,

Rep. Terri C. Dudley, Clerk

OFFICE OF THE HOUSE CLERK

2003 SESSION

JUDICIARY

Bill #: HB 449 Title: relating to disclosure of property taxes paid by a tenants rent.

PH Date: 02/10/02 Exec Session Date: 02/11/03

Motion: ITL Amendment #:

MEMBER	YEAS	NAYS
Mock, Henry P, Chairman	✓	
Rowe, Robert H, V Chairman	✓	
Jacobson, Alf E	✓	
Ford, Nancy M	✓	
Dudley, Terri C, Clerk	✓	
Soltani, Tony F	—	
Woods, Phyllis L	✓	
Rice, Thomas E P	✓	
Souza, Kathleen F	✓	
Desmarais, Vivian J	✓	
Haytayan, Harry M	✓	
Mooney, Maureen C	—	
Morris, Richard W	✓	
Sorg, Gregory M	✓	
Wheeler, James E	✓	
Wall, Janet G	✓	
Pratt, John	✓	
Craig, James W	—	
Lasky, Bette R	✓	
Potter, Frances D	—	✓
Franklin, Peter E	✓	
TOTAL VOTE: Printed: 1/23/2003	17	01

Committee Report

COMMITTEE REPORT

COMMITTEE: **Judiciary**

BILL NUMBER: **HB 449**

TITLE: relative to disclosure of the amount of property taxes paid by a tenant's rent.

DATE: Feb. 11, 2003 CONSENT CALENDAR YES ☒ NO ☐

☐ OUGHT TO PASS

☐ OUGHT TO PASS WITH AMENDMENT

☒ INEXPEDIENT TO LEGISLATE

☐ REFER TO COMMITTEE FOR INTERIM STUDY
(Available only in second year of biennium.)

STATEMENT OF INTENT
(Include Committee Vote)

The purpose of this bill was to ensure that tenants were aware that a portion of their rent is used by the landlord to pay the property tax assessed on the property. The bill mandates that the landlord notify the tenant of his or her share of the rent going towards the property tax. The bill requires that standard accounting practices be used and the allocated property tax be proportional to the square footage of the rental unit. The bill does not take into consideration common property, garages or other elements associated with the rental unit in setting the amount. This bill offers some benefit but is overshadowed by the burden to the landlord.

Vote 17-1.

Rep. Robert H. Rowe
FOR THE COMMITTEE

Original: House Clerk
cc: Committee Bill file

CONSENT CALENDAR

Judiciary

HB 449, relative to disclosure of the amount of property taxes paid by a tenant's rent. **INEXPEDIENT TO LEGISLATE**

Rep. Robert H. Rowe for Judiciary: The purpose of this bill was to ensure that tenants were aware that a portion of their rent is used by the landlord to pay the property tax assessed on the property. The bill mandates that the landlord notify the tenant of his or her share of the rent going towards the property tax. The bill requires that standard accounting practices be used and the allocated property tax be proportional to the square footage of the rental unit. The bill does not take into consideration common property, garages or other elements associated with the rental unit in setting the amount. This bill offers some benefit but is overshadowed by the burden to the landlord. **Vote 17-1.**