Bill as Introduced

HB 616-FN-LOCAL – AS AMENDED BY THE HOUSE

20mar03... 0626h

2003 SESSION

03-0150
08/10

HOUSE BILL ***616-FN-LOCAL***

AN ACT relative to the Hampton real estate trust fund.

SPONSORS: Rep. O'Neil, Rock 85; Rep. Francoeur, Rock 85; Rep. Bridle, Rock 85; Rep. Gillick, Rock 85

COMMITTEE: Municipal and County Government

ANALYSIS

This bill permits the town of Hampton to borrow from the Hampton real estate trust fund for capital improvement projects.

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Three

AN ACT relative to the Hampton real estate trust fund.

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

1 Hampton Real Estate Trust Fund; Principal and Interest. Amend 1975, 314:1 as amended by 1983, 3:1 to read as follows:

314:1 Authorization for Real Estate Trust Fund. The town of Hampton may, at any regular or special meeting, provide that the proceeds of sales of land or interests in lands, other than land or interests in land acquired by taking for non payment of taxes or land under the administration of the town's conservation commission, shall be paid over to the town's trustees of trust funds, to be invested and reinvested by them. The trustees are authorized to obtain the services of a bank or professional management company. [~~The income from the fund shall be paid annually or more often into the town's general fund.~~] The principal of the fund shall remain intact. ***The principal of the trust fund may be used to finance capital improvements of the town when authorized in accordance with the procedures under RSA 33:8. The amount of money borrowed shall be paid back to the real estate fund plus interest. The rate of interest shall be the prevailing bank rate charged to municipalities as determined by the trustees of the fund. The amortization schedule on any loan shall not exceed 15 years. The total of all loans shall not exceed 75 percent of the fund's value. Income from the trust may be retained in the trust fund in anticipation of future projects or it may be paid into the town's general fund as determined by the town's legislative body.***

2 Effective Date. This act shall take effect upon its passage.

LBAO
03-0150
1/27/03

HB 616-FN-LOCAL - FISCAL NOTE

AN ACT relative to the Hampton real estate trust fund.

FISCAL IMPACT:

The Office of Legislative Budget Assistant is unable to complete a fiscal note for this bill as it is awaiting information from the Department of Revenue Administration. When completed, the fiscal note will be forwarded to the House Clerk's Office.

Committee Minutes

CC

Date: April 15, 2003
Time: 3:15 PM
Room: 102, LOB

The Senate Committee on Energy and Economic Development held a hearing on the following:

HB 616-FN-L relative to the Hampton real estate trust fund.

Members of Committee present:
Senator Bob Odell
Senator Clifton Below
Senator John Gallus
Senator Russell E. Prescott

The Chair, Senator Bob Odell, opened the hearing.

I will open this hearing on House Bill 616-FN-L, relative to the Hampton real estate trust fund. Do we have anyone to speak to this?

Representative Michael O'Neil, District 85: There are several people to speak I am sorry to say. I am Representative Michael O'Neil, from Rockingham 85, the Town of Hampton.

House Bill 616, basically ... let me give just a brief history. Back in the 80's, I believe it was a trust fund set up for what we called leased land at the beach. Much of the land was owned by HBIC, Hampton Beach Improvement Company, on a 99-year lease. The lease was between the Town of Hampton and the Hampton Beach Improvement. The land is now and has been sold off to the property owners. This money went into what we call a trust fund for the Town of Hampton.

Currently, that fund and there are people that can correct me behind me, I think is approximately about 15 million dollars. What this bill will do, its enabling legislation which will allow the agreement between the trustee of the trust fund and the legislative body of the community to borrow against the trust fund for capitol improvement within the Town. So, in other words, what we would be doing would be becoming our own bank. We can borrow at the rate, the rate would be set by the board, by the of trustees of the trust

CC

fund of the prevailing borrowing rate. So in the long run, the community will be saving a great deal of money because of administrative cost and bonding cost and all of that.

We would pay, the loan would have to be paid back at a maximum time of 15 years. So the money would be going back to the Town, the fund would be gained money because of the interest being paid and it can be turned over.

Eventually, we figured that when all the properties are sold off, which are, I think we have approximately 40 pieces left, the fund could be in the vicinity of about 20 million dollars. This doesn't also prevent us from using any interest that the account draws on to help lower the tax rate to the local community also. So that's what we are attempting to do with this bill.

Senator Bob Odell, D. 8: Thank you for your testimony. Any questions from the committee?

The state's role is this is...

Michael O'Neil: Because this is legislation enacted by the legislature we have to come back to the legislature to change the laws, the RSA's. This was originally, this was Senator Preston, who Senator Prescott knows, was the person who enacted this legislation on behalf of the Town of Hampton.

Senator Bob Odell, D. 8: Any questions? Thank you for your testimony. I will call on Representative Francoeur. Welcome to the committee.

Representative Sheila Francoeur, District 85: Well thank you Mister Chairman, members of the committee, this is kinda nice being over here although you see all these people from Hampton behind me and I am sure we all wish that we were at the beach today.

I am here as a sponsor of the bill, and certainly speak in favor of the bill.

Hampton does find itself in a rather unique position of sitting on a 15 million dollar trust fund. And although it is being managed by the trustee of the trust funds, it will continue to be managed by the trustee of the trust funds, the Town would certainly like to have the option of being able to use that trust fund as sort of a revolving loan account.

So when the market is tight out there and some of the instances we have had in the past, such as the lawsuit, which I think Senator Prescott can relate to, being in his district. With the schools and between the three fifths and two thirds vote, we really would have been in the position that we could have

moved ahead with the Police Station bonding if we had the ability to borrow from ourselves in this case.

The important fact is Representative O'Neil has already stated, is that the legislation is written will preserve the trust account. Those loans that we will be preparing and presenting to the Town will remain as assets to the trust fund and they will be earning interest. And all around it looks to me, as it would be a very good benefit to the Town to be able to use these funds.

And I would be happy to answer any questions.

Senator Bob Odell, D. 8: Any questions from the committee. Senator Gallus.

Senator John Gallus, D. 1: Thank you Mister Chairman. The current use, what is the current use of the funds.

Representative Sheila Francoeur: Current use of the funds is to generate interest, that interest is paid back into the Town's general fund and it reduces the tax rate.

Senator John Gallus, D. 1: Thank you Mister Chairman.

Senator Bob Odell, D. 8: No other questions. Thank you very much for your testimony.

Representative Sheila Francoeur: Thank you very much Mister Chairman.

Senator Bob Odell, D. 8: Before I go to the final speaker, I have in favor of legislation not asking to speak, Representative Gillicki; sorry for the pronunciation, also Selectman William Sullivan; resident of Hampton, Frederick Rice; and Betsey Patten, Representative Patten from Carroll County 7, in favor but not asking to speak.

So, I will call on James Barrington, Hampton Town Manager. Welcome to the committee.

James Barrington, Hampton Town Manager: Thank you, I have brought with me a letter from Ellen Lavin, who is our elected Town Treasurer, and also a CPA. **(Attached hereto as Attachment #1)** Her letter speaks in favor of this as well, and I don't know if I necessarily need to read it unless you would like me to read it. I could enter it into the record.

CC

It is very much in favor of this, it points out that the fund has earned over 14 million dollars in interest since 1984, which has gone back to the taxpayers. The principal is over 15 million dollars and clearly this offers us one addition alternative when we are looking for financing for capital projects that can benefit the taxpayers. We are all very firmly in favor of this and urge your support and passage.

Senator Bob Odell, D. 8: Any questions? Seeing none, thank you very much. Thank you very much.

Hearing concluded at 3:25 PM.

Respectfully submitted,

Carlene C. Cayes
April 16, 2003

Town of Hampton

APRIL 14, 2003

TO SENATE COMMITTEE MEMBERS

AS TREASURER OF THE TOWN OF HAMPTON I URGE YOU TO PASS HAMPTON TRUST FUND BILL WHICH WILL ALLOW THE SELECTMEN AND TREASURER TO BORROW FROM THE REAL ESTATE TRUST FUND.

THE PURPOSE OF BORROWING FROM THE REAL ESTATE TRUST FUND IS TO GIVE THE SELECTMEN AND TREASURER ANOTHER OPTION. AS TREASURER I HAVE A FIDUCIARY RESPONSIBILITY TO THE TAXPAYERS OF HAMPTON TO OBTAIN THE BEST RATES POSSIBLE FOR THE TOWN.

WE WOULD NOT PAY LESS INTEREST TO THE REAL ESTATE TRUST FUND AS THE FUND HAS RETURNED OVER $14,000,000 IN INTEREST SINCE 1984. THE PURPOSE OF BORROWING FROM THE REAL ESTATE TRUST FUND IS NOT TO "RAID" THE MONIES BUT IN TURN TO SAVE THE TAXPAYERS DOLLARS.

THERE ARE TIMES DURING THE YEAR THAT THE TOWN BORROWS IN ANTICIPATION OF TAXES ON A LINE OF CREDIT. WHY NOT BORROW FROM THE REAL ESTATE TRUST FUND? IF YOU CAN SAVE MONEY AND MAKE MONEY AT THE SAME TIME WE ARE IN A WIN – WIN SITUATION.

I THINK THAT THE TIME IS NOW FOR LEGISLATURE TO PASS THIS BILL.

SINCERELY,

ELLEN M. LAVIN, CPA
TREASURER, TOWN OF HAMPTON

100 Winnacunnet Road, Hampton, New Hampshire 03842 Tel. 603-926-6766 Fax 603-926-6853

Speakers

SENATE COMMITTEE HEARING IN ENERGY & ECONOMIC DEVELOPMENT

Date: **April 15, 2003** Time: **3:15 PM** Public Hearing on **HB 616-FN-L**

HB 616-FN-L – relative to the Hampton real estate trust fund.

Please check box(es) that apply.

	SPEAKING	FAVOR	OPPOSED	NAME (Please print)	REPRESENTING
1.	☐	☑	☐	Thomas J. Gilliat	Dist 85 - Hampton
2.	☐	☑	☐	William H. Sullivan	Selectman, Hampton
3.	☐	☑	☐	Frederick C. Rice	Resident, Hampton
4.	☑	☑	☐	Mike O'Neil	Dist 85
5.	☐	☑	☐	Betsey Patten	Carroll 7
6.	☑	☐	☐	Sheila Francoeur	Rep Dist 85 - Hampton
7.	☑	☑	☐	James S Barrington	Hampton Town Manager
8.	☐	☐	☐		
9.	☐	☐	☐		
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20.	☐	☐	☐		

Committee Report

STATE OF NEW HAMPSHIRE

SENATE

REPORT OF THE COMMITTEE

Date:

THE COMMITTEE ON Energy and Economic Development

to which was referred House Bill 616-FN-L

AN ACT relative to the Hampton real estate trust fund.

VOTE: 4 to 0

Having considered the same, report the same without amendment and recommend that the bill: **OUGHT TO PASS.**

Senator Russell E. Prescott
For the Committee

HB616 Docket

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Bill Title: relative to the Hampton real estate trust fund.

Date	Body	Description
1/9/2003	**H**	Introduced and ref to Mun & Cnty Govt; HJ 12, p202
2/5/2003	**H**	==CANCELLED==Hearing Feb 10 11:15 RM301,LOB
2/6/2003	**H**	Rescheduled Hearing Feb 12 10:30 RM301,LOB
3/4/2003	**H**	Maj Report OTP/AM for Mar 20 (Vote 13-0;CC)
3/4/2003	**H**	Prop Comm Am{0626}; HC22, p536
3/20/2003	**H**	Passed with Am; HJ27, p786-787 + 805
4/3/2003	**S**	Introduced and Ref. to Energy & Economic Development; SJ 11, Pg.269
4/11/2003	**S**	Hearing; April 15, 2003, Room 102, LOB, 3:15 p.m.; SC18
4/18/2003	**S**	Committee Report; Ought to Pass [04/24/03]; SC19
4/24/2003	**S**	Ought to Pass, MA, VV; OT3rdg; SJ 14, Pg.333
4/24/2003	**S**	Passed by 3rd Reading Resolution; SJ 14, Pg.340
4/24/2003	**S**	Enrolled; SJ 14, Pg.348
5/5/2003	**H**	4/17/2003 Enrolled; HJ40, p1273
5/13/2003	**H**	Became Law Without Signature on 5/13/2003 Eff: 5/13/2003 Chap: 0053

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Docket Abbreviations