REGULAR CALENDAR

April 25, 2022

HOUSE OF REPRESENTATIVES

REPORT OF COMMITTEE

The Committee on Municipal and County Government to which was referred SB 239-FN,

AN ACT relative to noncompliance with municipal audit requirements. Having considered the same, report the same with the recommendation that the bill OUGHT TO PASS.

Rep. Richard Lascelles

FOR THE COMMITTEE

Original: House Clerk
Cc: Committee Bill File

COMMITTEE REPORT

Committee:	**Municipal and County Government**
Bill Number:	**SB 239-FN**
Title:	**relative to noncompliance with municipal audit requirements.**
Date:	**April 25, 2022**
Consent Calendar:	**REGULAR**
Recommendation:	**OUGHT TO PASS**

STATEMENT OF INTENT

The majority of the committee agreed with the sponsors of the bill on the need for the Department of Revenue Administration to have the power to penalize municipalities and counties who do not complete required audits. Current law has no teeth and certain towns have repeatedly ignored requirements for audits.

Vote 18-0.

Rep. Richard Lascelles
FOR THE COMMITTEE

Original: House Clerk
Cc: Committee Bill File

REGULAR CALENDAR

Municipal and County Government

SB 239-FN, relative to noncompliance with municipal audit requirements. **OUGHT TO PASS.** Rep. Richard Lascelles for Municipal and County Government. The majority of the committee agreed with the sponsors of the bill on the need for the Department of Revenue Administration to have the power to penalize municipalities and counties who do not complete required audits. Current law has no teeth and certain towns have repeatedly ignored requirements for audits. **Vote 18-0.**

Original: House Clerk
Cc: Committee Bill File

HOUSE COMMITTEE ON MUNICIPAL AND COUNTY GOVERNMENT

EXECUTIVE SESSION on SB 239-FN

BILL TITLE: relative to noncompliance with municipal audit requirements.

DATE: April 18, 2022

LOB ROOM: 301 - 303

MOTIONS: **OUGHT TO PASS**

Moved by Rep. Lascelles Seconded by Rep. Pauer Vote: 18-0

CONSENT CALENDAR: NO

Statement of Intent: Refer to Committee Report

Respectfully submitted,

Rep John MacDonald, Clerk

HOUSE COMMITTEE ON MUNICIPAL AND COUNTY GOVERNMENT

EXECUTIVE SESSION on SB 239-FN

BILL TITLE: relative to noncompliance with municipal audit requirements.

DATE: 4/18/22

LOB ROOM: 301

MOTION: (Please check one box)

☒ OTP ☐ ITL ☐ Retain (1st year) ☐ Adoption of Amendment # _____ *(if offered)*

☐ Interim Study (2nd year)

Moved by Rep. Lascelles Seconded by Rep. Paven Vote: 18-0

MOTION: (Please check one box)

☐ OTP ☐ OTP/A ☐ ITL ☐ Retain (1st year) ☐ Adoption of Amendment # _____ *(if offered)*

☐ Interim Study (2nd year)

Moved by Rep. _____ Seconded by Rep. _____ Vote: _____

MOTION: (Please check one box)

☐ OTP ☐ OTP/A ☐ ITL ☐ Retain (1st year) ☐ Adoption of Amendment # _____ *(if offered)*

☐ Interim Study (2nd year)

Moved by Rep. _____ Seconded by Rep. _____ Vote: _____

MOTION: (Please check one box)

☐ OTP ☐ OTP/A ☐ ITL ☐ Retain (1st year) ☐ Adoption of Amendment # _____ *(if offered)*

☐ Interim Study (2nd year)

Moved by Rep. _____ Seconded by Rep. _____ Vote: _____

Needs to Go to Finance

CONSENT CALENDAR: ____ YES ____ NO

Minority Report? _____ Yes _____ No If yes, author, Rep: _____ Motion_____

Lascelles Rpt

Respectfully submitted: _____

Rep John MacDonald, Clerk

OFFICE OF THE HOUSE CLERK

1/12/2022 1:48:37 PM
Roll Call Committee Registers Report

2022 SESSION

Municipal and County Government

Bill #: SB 239 **Motion:** OTP **AM #:** _____ **Exec Session Date:** 4/18/22

Members	YEAS	Nays	NV
Dolan, Tom Chairman	18		
Piemonte, Tony Vice Chairman	1		
MacDonald, John T. Clerk	2		
Tripp, Richard P.	3		
Guthrie, Joseph A.	4		
Lascelles, Richard W.	5		
~~McBride, Everett~~ P. TONOSIAN	6		
Melvin, Charles R.	7		
Ayer, Paul F.	8		
Pauer, Diane	9		
~~Maggiore, Jim~~ V. STAVIS	10		
~~Treleaven, Susan GS~~ JACK	11		
Gilman, Julie D.	12		
~~Stavis, Laurel~~ Perez			
Mangipudi, Latha D.	13		
Vann, Ivy C.	14		
Klee, Patricia S.	15		
Gallager, Eric B.	16		
Rung, Rosemarie	17		
TOTAL VOTE:	18	0	

HOUSE COMMITTEE ON MUNICIPAL AND COUNTY GOVERNMENT

PUBLIC HEARING ON SB 239-FN

BILL TITLE: **relative to noncompliance with municipal audit requirements.**

DATE: **April 7, 2022**

LOB ROOM: **301 - 303** **Time Public Hearing Called to Order:** **10:02a.m.**

Time Adjourned: **10:25 a.m.**

Committee Members: **Reps. Dolan, Piemonte, J. MacDonald, Tripp, Guthrie, Lascelles, Melvin, Ayer, Pauer, Maggiore, Treleaven, Gilman, Stavis, Mangipudi, Vann, Gallager and Rung**

Bill Sponsors:
Sen. Giuda **Rep. Major** **Rep. Umberger**

TESTIMONY

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

Senator Bob Giuda - Prime sponsor of the bill. Establishes a requirement. Process. worked with DRA. DRA required to give notice of audit. $250.00 a day penalty - requires local government to comply with audit.

Rep. Pauer: Section two, do we need to define political subdivision? ANS: No objection to an amendment.

Rep. Maggiore: Does it include library trustees? ANS: Not sure.

Rep. Rung: Violating a statute by not doing the audit? Town of Woodsville? ANS: This will give us a consequence $250.00 a day fine.

Rep. Stavis: Has there been a communication from Woodsville why audits have not been performed? ANS: Yes, the communications were generated when the law was past. No communications prior to the law being passed.

Rep. Piemonte: Other towns in violation of this? Sometimes six months before audits posted. ANS: There are. Anyone should be required if they are raising taxes. Precincts, subdivisions. DRA will notify everyone who will be required to do he audit.

Rep. Lascelles: Trust funds should be included in this? ANS: I am sure that is an asset to the town.

Rep. Pauer: Section two, Line 20 and Line 30. This bill would pertain to counties also? ANS: Yes, it would.

Rep. Stavis: Annual requirement? ANS: Yes, it is.

Katherine Heck, NH Municipal Association - Opposes the bill. Any penalties against the towns and municipalities. Most follow the rules. Binding requires an audit. Best interests.

Rep. Mangipudi: Current statute - the new bill would make it more punitive? ANS: Yes, it is.

Respectfully submitted,

Rep. John MacDonald
Clerk

SIGN UP SHEET

To Register Opinion If Not Speaking

Bill # SB 239-FN Date April 7, 2022

Committee Municipal + County Gov.

**** Please Print All Information ****

Name	Address	Phone	Representing	Pro (check one)	Con (check one)
Katherine Heck	NHMA				Comment

House Remote Testify

Municipal and County Government Committee Testify List for Bill SB239 on 2022-04-07

Support: 2 Oppose: 1 Neutral: 0 Total to Testify: 0

Export to Excel

Name	City, State Email Address	Title	Representing	Position	Testifying	Non-Germane	Signed Up
Almy, Susan	Lebanon, NH susan.almy@comcast.net	An Elected Official	Myself	Support	No	No	4/1/2022 9:11 PM
Conroy, Eleanor	Conway, NH conroy.e@comcast.net	A Member of the Public	Myself	Support	No	No	4/4/2022 8:30 PM
Kudlik, Cindy	Grafton, NH CindyKudlik@protonmail.com	An Elected Official	Myself	Oppose	No	No	4/4/2022 11:41 PM

2022 SESSION

22-2852
10/11

SENATE BILL ***239-FN***

AN ACT relative to noncompliance with municipal audit requirements.

SPONSORS: Sen. Giuda, Dist 2; Rep. Major, Rock. 14; Rep. Umberger, Carr. 2

COMMITTEE: Election Law and Municipal Affairs

ANALYSIS

This bill requires notification to the department of revenue administration of a completed municipal or county audit and establishes a fine for failure to complete a required audit.

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.

22-2852
10/11

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty Two

AN ACT relative to noncompliance with municipal audit requirements.

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

1 Department of Revenue Administration; Municipal and property Division; Audits. Amend RSA 21-J:15, II-IV to read as follows:

II. [~~Performing~~] ***Ensuring the performance of*** general municipal and county audits.

III. Assisting the commissioner in [~~his responsibility for~~] setting municipal tax rates.

IV. Establishing a standard technical assistance manual for municipalities ***and political subdivisions*** on finance and budget matters. This manual shall be available for purchase from the division. The manual shall cover statutory requirements, administrative rules adopted by the commissioner, and advice and information for the use of municipalities ***and political subdivisions.*** The manual shall distinguish between those provisions which municipalities ***and political subdivisions*** must comply with and those elements which are advisory in nature.

2 Section; Municipal and Property Division. Amend RSA 21-J by inserting after section 20 the following new section:

21-J:20-a Notification Required; Failure to Complete Audit.

I. Upon completion of an audit made pursuant to RSA 21-J:19 or RSA 21-J:20, each city, town, school district, village district, county, or precinct shall provide notification to the department of the completed audit and a copy such audit shall be sent to the department. If a required audit is not completed by the due date of such audit, the commissioner may levy a fine of up to $250 per day for every day of noncompliance, commencing 90 days after the department has provided written notice to the municipality, political subdivision, or county of the intent to levy such fine.

II. The municipality, political subdivision, or county may petition the commissioner for waiver of the fine in instances where the failure to complete a statutorily required audit by the due date of such audit was due to reasonable cause. If a waiver is granted, the municipality, political subdivision, or county shall within 90 days of receiving the waiver from the department provide the department an executed contract binding the municipality, political subdivision, or county, to conduct the required audit with an entity licensed and certified to do so, and within a time frame approved by the commissioner. Fines collected by the department pursuant to this section shall be deposited in the general fund.

3 Notice by the Department of Revenue Administration. The department of revenue administration shall provide written notice of the provisions of RSA 21-J:20-a as inserted by this act to the governing body of all municipalities, political subdivisions, and counties subject to such

statute within 60 days of the effective date of this section in a manner prescribed by the commissioner of the department of revenue administration.

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

LBA
22-2852
Redraft 12/6/21

SB 239-FN- FISCAL NOTE
AS INTRODUCED

AN ACT relative to noncompliance with municipal audit requirements.

FISCAL IMPACT: **[X] State** **[X] County** **[X] Local** **[ ] None**

	Estimated Increase / (Decrease)			
STATE:	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**
Appropriation	$0	$0	$0	$0
Revenue	$0	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase
Expenditures	$0	$0	$0	$0
Funding Source:	[X] General	[ ] Education	[ ] Highway	[ ] Other

COUNTY:

Revenue	$0	$0	$0	$0
Expenditures	$0	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase

LOCAL:

Revenue	$0	$0	$0	$0
Expenditures	$0	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase

METHODOLOGY:

This bill enacts new RSA 21-J:20-a, which would require each city, town, school district, village district, county, or precinct to provide notification to the Department of Revenue Administration (DRA) upon the completion of an audit made pursuant to RSA 21-J:19 or RSA 21-J:20 and provide a copy of said audit to the DRA. In instances where the required audit is not completed by the due date, the DRA may levy a fine of up to $250 per day for every day of noncompliance, commencing 90 days after the DRA has provided written notice of the intent to levy such fine.

The Department of Revenue Administration states the fiscal impact is an indeterminable increase in General Fund revenue and county and local expenditures as they are unable to determine the amount of fines that will be assessed. DRA also notes they could absorb any administrative cost from the bill into their budget.

It is assumed the fiscal impact of this bill 1 would not occur until FY 2023.

AGENCIES CONTACTED:

Department of Revenue Administration