

Senate Finance Committee

Deb Martone 271-4980

HB 1435-FN, relative to changes to the Winnepesaukee river basin control replacement fund.

Hearing Date: March 10, 2026

Time Opened: 1:54 p.m.

Time Closed: 2:09 p.m.

Members of the Committee Present: Senators Gray, Birdsell, Pearl, Rosenwald and Watters

Members of the Committee Absent: Senators Innis, Carson and Lang

Bill Analysis: This bill makes changes to the Winnepesaukee river basin control replacement fund.

Sponsors:

Rep. Bogert

Rep. St. Clair

Who supports the bill: Representative Bogert; Wesley Anderson; Ted Diers; Cory Stone; Scott Burns; Judith Ackerson; Kenneth Ackerson; William Yacopucci;

Who opposes the bill: Jennifer Favreau; Tami Lanzillo Zeimetz;

Summary of testimony presented in support:

Representative Bogert, Prime Sponsor:

- This is a very important bill for the folks in Belknap County and along the Winnepesaukee River Basin. It will create a potential large savings for ratepayers.
- HB 1435-FN is about a replacement fund that was established many years ago. It's a replacement fund but it's not a replacement fund for the sewer plant itself. It is for the replacement of parts that break down. The fund itself was used as a short-term funding vehicle for financing projects like pipe brakes and pumps that break, for example. For years the fund has worked at a 5% level.
- This replacement fund charges those cities and towns that are part of the consortium to contribute to the fund.
- Every five years, the assessed value of the sewer plant gets reevaluated. At this point in time, the evaluation went up extremely high. And at the 5% level, it has caused that 5% level to get charged out at an extremely high rate.
- This fund was never meant to be used to replace the sewer plant. It exists to replace maintenance type materials in the \$1 million range.

- They've determined they could go from a 5 percent level to a 2 percent level and continue to maintain the cost of doing all necessary repairs.
- Senator Watters imagines the cost for parts is going up as well. What happens if that plant has to be replaced? Whose dime is that on? Is that the communities? Representative Bogert responded the State of New Hampshire owns it, but the ratepayers of the towns that are part of the consortium pay for it. Senator Watters asked how old the plant was. Representative Bogert responded five decades. If the plant needed to be replaced today, it would be bonded out through a capital project and the ratepayers would have to pay for it.
- This sewer plant is the only one the state owns. Representative Bogert believes there is a plan to transfer the plant from the state back to the consortium.
- As an example, if a stretch of pipe in Belmont needed replacing and the cost was approximately \$2 million, this fund would be able to pay for it. Belmont would have ten years to replace the money. If they chose, they could also pay it off in six months with no interest.

Ted Diers, Assistant Director-Water Division, New Hampshire Department of Environmental Services and Wesley Anderson, Chair, Winnepesaukee River Basin Advisory Board:

- Essentially, they have been collecting for this fund since the plant was created 45 years ago. It is an emergency fund. Each year they bill out a certain amount of dollars. However, that dollar amount has skyrocketed as a result of this last assessment.
- The \$994,340 indicated on the fiscal note is the differential between charging 5% and 2% on that valuation.
- HB 1435-FN is essentially retroactive to the evaluation that occurred last year. The folks who have already paid for this particular assessment are fine. Those who are still paying into it at the old rate will get the new rate, which will be in place for five years.
- It is retroactive in the date of the assessment.
- Senator Watters indicated he can see what they are trying to accomplish. Will they come back in five years and change the percentage? Chairman Anderson explained every five years they look at the plant as a whole and determine what the new evaluation should be. If inflation has gone up 10 percent per year in five years, the cost of the plant would be up an additional 50 percent. That would mean what goes into the replacement fund would also be higher because it would be 2 percent of the increased value of the plant. The plant is not just the treatment plant, it's the entire system. Senator Watters inquired how much they would need for maintenance. Chairman Anderson stated the 2 percent will be enough for those type of repairs that are funded out of the replacement fund.
- There are actually four separate accounts that the communities fund. One is the annual operations maintenance account, which is adjusted annually based off of inflation and all the other costs that the Winnepesaukee River Basin has to expend. The second one is the administration fund which pays for the overhead portion. There is also the replacement fund. They pay for debt service separately. All they are really talking about is that portion dealing with the replacement fund. The others are adjusted annually.

- Director Diers stated 45 year ago when the equation was developed they needed a rational way that would increase with time. No one anticipated the dramatic increases which have occurred over the last 5-10 years, with the cost of construction, inflation, and all of the replacement costs of equipment skyrocketing in a short period of time. We all hope that has leveled out a little bit and will continue to level out.
- Part of the conversation is relative to SB 592. As a result of what comes out of that, this will become part of the conversation. They need to determine if there is perhaps a different way of tagging that fund to some other kind of calculation. But for at least the next five years, hopefully for the next ten years, this will suffice so that it is not creating more expense for the communities, and at the same time provide the emergency fund that is needed for on-the-spot big projects.
- Senator Gray stated he would be addressing the fiscal note for this bill with the LBA.

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Date Hearing Report completed: March 11, 2026