

HB 1417-FN - AS INTRODUCED

2026 SESSION

26-3186
07/06

HOUSE BILL ***1417-FN***

AN ACT enabling municipalities, cities, and towns to adopt a land value tax system and making an appropriation therefor.

SPONSORS: Rep. Sweeney, Rock. 25

COMMITTEE: Municipal and County Government

ANALYSIS

This bill enables municipalities, cities, and towns to adopt a land value tax system and appropriates money to the department of revenue administration to help implement such system.

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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

AN ACT enabling municipalities, cities, and towns to adopt a land value tax system and making an appropriation therefor.

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

1 1 Statement of Purpose. The general court hereby finds that allowing municipalities to tax land
2 values at a higher rate than improvements can promote efficient land use, expand housing supply,
3 reduce blight and vacancy, and shift the tax burden away from building investment.

4 2 New Subdivision; Land Value Taxation System. Amend RSA 76 by inserting after section 21
5 the following new subdivision:

6 Land Value Taxation System

7 76:22 Definitions. In this subdivision:

8 I. "Land value" means the assessed value of a parcel of real property exclusive of the value of
9 any buildings, structures, or other improvements on the parcel.

10 II. "Improvement value" means the assessed value attributable to buildings, structures, and
11 other improvements located on a parcel.

12 III. "Land value tax" or "LVT" means a municipal property tax system under which land
13 value and improvement value are assessed separately and taxed at different rates as authorized by
14 this subdivision.

15 IV. "Split-rate tax" means an LVT in which land value is taxed at a higher rate than
16 improvement value.

17 V. "Pure land tax" means an LVT in which improvement value is taxed at a rate of zero.

18 VI. "Municipality" means a town, city, or village district with taxing authority.

19 VII. "Department" means the department of revenue administration.

20 VIII. "BTLA" means the board of tax and land appeals.

21 76:23 Adoption Authority.

22 I. Notwithstanding any other provision of law to the contrary, a municipality may adopt a
23 LVT by the procedure in RSA 76:24 to apply to the municipal portion of the property tax rate.

24 II. Adoption of a LVT under this subdivision shall not alter, replace, or reduce the statewide
25 education property tax or any county tax. Such components shall continue to be assessed and
26 collected as provided elsewhere in law on total assessed value unless otherwise provided by statute.

27 76:24 Local Adoption.

28 I. Notwithstanding any provision of law to the contrary, a municipality may adopt a LVT by
29 vote of its legislative body following:

30 (a) At least one public hearing noticed 14 days in advance; and

1 (b) The publication of a plain-language fiscal and distributional impact statement
2 prepared by the governing body, with assistance from the assessing officials.

3 II. The warrant article or ordinance shall specify:

4 (a) Whether the municipality adopts a split-rate tax or a pure land tax;

5 (b) The initial tax differential, expressed as separate rates on land value and
6 improvement value, subject to the parameters of RSA 76:27; and

7 (c) A transition schedule under RSA 76:28.

8 III. In towns, adoption shall be by majority vote at an annual or special town meeting. In
9 cities, adoption shall be by majority vote of the city council subject to any charter-required mayoral
10 approval or veto procedures.

11 IV. A municipality may rescind a LVT by the same process after at least 3 tax years of
12 operation, with a transition plan under RSA 76:28, III.

13 76:25 Assessment Standards; Data Transparency.

14 I. Each municipality adopting a LVT shall ensure separate land and improvement values for
15 every taxable parcel using mass appraisal methods consistent with international association of
16 assessing officers standards, department rules, and RSA 21-J.

17 II. Assessing officials shall maintain and annually update a land value map or dataset and
18 make parcel-level land and improvement values publicly available, subject to privacy protections in
19 law.

20 III. The department shall adopt rules, pursuant to RSA 541-A, establishing minimum
21 uniform standards for land/improvement split assessment, modeling, and ratio studies specific to
22 LVT municipalities.

23 IV. Equalization studies for LVT municipalities shall separately analyze land and
24 improvement assessment levels and uniformity.

25 76:26 Exemptions; Current Use; Special Classes.

26 I. All exemptions, credits, and deferrals authorized under state law, including veterans,
27 elderly, disabled, and hardship/tax-deferral programs, shall remain available and shall be applied
28 first to the improvement tax, then to the land tax, unless a local vote specifies a different sequence
29 consistent with department rules.

30 II. Land enrolled in current use under RSA 79-A shall continue to be assessed and taxed as
31 provided in RSA 79-A. A LVT shall apply only to value not governed by RSA 79-A.

32 III. Public utility property, tax-increment finance districts, and any special assessment
33 districts shall be treated in accordance with their respective statutes; municipalities may, by vote,
34 apply a LVT within districts so long as pledged revenues to the district are preserved.

35 76:27 Rate Setting; Parameters.

36 I. Each tax year, the governing body shall set two municipal rates: a land rate and an
37 improvement rate.

1 II. In a split-rate system, the land rate shall be greater than the improvement rate. The
2 improvement rate shall not exceed the land rate.

3 III. In a pure land tax, the improvement rate shall be zero.

4 IV. Municipalities may set the land rate at any level necessary to raise the amount to be
5 raised by taxes for municipal purposes, taking into account the improvement rate, exemptions, and
6 overlays.

7 V. The department shall provide forms and software support for dual-rate tax setting and
8 tax bills.

9 76:28 Transition; Revenue Neutrality.

10 I. In the first fiscal year a LVT is implemented, the combined municipal tax levy raised
11 under the LVT shall be revenue-neutral relative to what would have been raised under a uniform
12 rate, excluding new appropriations adopted contemporaneously.

13 II. A municipality may phase in its chosen LVT over 2 to 5 tax years by annually adjusting
14 the relative land and improvement rates toward the adopted target.

15 III. A municipality adopting a LVT shall establish by ordinance a circuit breaker, reducing
16 or deferring the municipal tax on eligible low- and moderate-income taxpayers whose property tax
17 liability exceeds a threshold percentage of household income. Deferred taxes shall constitute a lien
18 as provided by RSA 80.

19 IV. Nothing in this section shall limit the use of existing deferral and abatement authorities
20 under RSA 72 and RSA 76.

21 76:29 Appeals.

22 I. Taxpayers may appeal land value and improvement value assessments as provided in
23 RSA 75 and RSA 76:16-a, and to the BTLA under RSA 71-B.

24 II. For LVT municipalities, assessment appeals may challenge the apportionment between
25 land and improvement values as well as total value.

26 76:30 Administration; Training; Grants.

27 I. The department shall offer technical assistance and training to municipalities considering
28 or implementing a LVT, including model ordinances, data standards, and public education materials.

29 II. Subject to appropriation, the department may award one-time implementation grants to
30 municipalities for data conversion, modeling, and taxpayer communication.

31 76:31 Reporting; Sunset Review.

32 I. Each LVT municipality shall file an annual report with the department summarizing rate
33 choices, distributional impacts, building permits, vacancy rates, and land use indicators designated
34 by the department.

35 II. On January 1, 2032, the department shall submit a report to the fiscal committees of the
36 general court, and other applicable committees as determined by the department, evaluating fiscal,
37 housing, and economic outcomes of this subdivision and recommend any statutory changes.

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1 76:32 Contingency for Education Tax. Nothing in this act shall modify the calculation,
2 assessment, or collection of the statewide education property tax under RSA 76. Municipal adoption
3 of a LVT shall apply only to the municipal portion of the property tax.

4 76:33 Rulemaking. The department of revenue administration shall adopt rules, pursuant to
5 RSA 541-A, to implement this act, including assessment standards, equalization studies, billing
6 formats, and taxpayer communications rules.

7 3 Department of Revenue Administration; Appropriation. There is hereby appropriated to the
8 department of revenue administration the sum of \$1 for the fiscal year ending June 30, 2027, for the
9 purpose of implementing and supporting the municipal land value tax program established in RSA
10 76:22 through RSA 76:33. The governor is authorized to draw a warrant for said sum out of any
11 money in the treasury not otherwise appropriated.

12 4 Effective Date. This act shall take effect January 1, 2027.

**HB 1417-FN- FISCAL NOTE
AS INTRODUCED**

AN ACT enabling municipalities, cities, and towns to adopt a land value tax system.

FISCAL IMPACT: This bill does not authorize new positions.

Estimated State Impact				
	FY 2026	FY 2027	FY 2028	FY 2029
Revenue	\$0	\$0	\$0	\$0
<i>Revenue Fund(s)</i>	None			
Expenditures*	\$0	Indeterminable Increase \$1,000,000+	Indeterminable Increase \$1,000,000+	\$0
<i>Funding Source(s)</i>	General Fund			
Appropriations*	\$0	\$1	\$0	\$0
<i>Funding Source(s)</i>	General Fund			

*Expenditure = Cost of bill

*Appropriation = Authorized funding to cover cost of bill

Estimated Political Subdivision Impact				
	FY 2026	FY 2027	FY 2028	FY 2029
County Revenue	\$0	\$0	\$0	\$0
County Expenditures	\$0	\$0	\$0	\$0
Local Revenue	\$0	\$0	\$0	\$0
Local Expenditures	\$0	Indeterminable Increase more than \$100,000 to \$500,000 or less	Indeterminable Increase	

METHODOLOGY:

This bill allows municipalities to adopt a land value tax system (LVT) and appropriates \$1 to the Department of Revenue Administration to implement and support the municipal land value tax program by developing rulemaking, providing assistance and training to municipalities, creating a software system, and completing the annual reporting requirement.

The Department of Revenue Administration (DRA) states that its current Municipal Tax Rate Setting Portal cannot support LVT functions. To meet the new requirements, DRA anticipates migrating to the RIMS platform. A precise cost estimate requires defining system requirements, but DRA roughly estimates the upgrade for municipal and property operations would exceed \$2

million. Therefore, the increase in expenditures is deemed indeterminable. DRA also notes the bill does not specify the first applicable tax year.

Municipalities that adopt a land value tax (LVT) system will experience a redistribution of the tax burden rather than an increase in overall revenue. The New Hampshire Municipal Association (NHMA) states implementing either a pure or split-rate LVT requires a comprehensive system for accurately and consistently assessing land values separately from improvements. This will likely lead to increased municipal expenditures for software and potentially additional personnel. The adoption of an LVT is also expected to result in more assessment appeals, raising administrative and legal costs. Transition costs may range from \$100,000 to \$500,000 depending on the municipality's size, while ongoing costs remain indeterminable due to insufficient data.

AGENCIES CONTACTED:

Department of Revenue Administration and New Hampshire Municipal Association