

HB 696-FN - AS INTRODUCED

2025 SESSION

25-0533

06/02

HOUSE BILL **696-FN**

AN ACT exempting electricity generators from the utility property tax and including them under the statewide education property tax, and relative to communications services tax revenues.

SPONSORS: Rep. Vose, Rock. 5; Rep. Janigian, Rock. 25; Rep. J. MacDonald, Carr. 6; Rep. McFarlane, Graf. 18; Rep. C. McGuire, Merr. 27; Rep. Ulery, Hills. 13; Sen. Watters, Dist 4; Sen. Lang, Dist 2

COMMITTEE: Science, Technology and Energy

ANALYSIS

This bill provides certain electric generating facilities with a temporary exemption from the state education tax while they have an existing payment in lieu of taxes agreement.

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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

AN ACT exempting electricity generators from the utility property tax and including them under the statewide education property tax, and relative to communications services tax revenues.

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

1 1 New Section; Property Taxation; Liability for Tax; Certain Electric Generation. Amend RSA
2 72 by inserting after section 74-a the following new section:

3 72:74-b Transition to Paying the State Education Property Tax. In the case of an electric
4 generating facility that is exempt from the utility property tax pursuant to RSA 83-F:1, V(g) and is
5 making payments in lieu of taxes to a municipality pursuant to RSA 72:74, if the payment in lieu of
6 tax agreement was in effect as of January 1, 2027, then the facility will not be liable for payment of
7 the state education tax under RSA 76:3 until that payment in lieu of taxes agreement expires or
8 until January 1, 2031, whichever occurs first. Once payment of the state education tax under RSA
9 76:3 is required, it may be included in a payment in lieu of taxes pursuant to a new agreement
10 reached under RSA 72:74 or it may be paid in addition to a payment in lieu of taxes if the underlying
11 agreement has not expired or been reopened and renegotiated. If the state education tax under RSA
12 76:3 is paid separately from the payment in lieu of taxes, then the amount of the state education tax
13 owed by the facility shall be determined by using the imputed value of the facility that is calculated
14 and used by the department of revenue administration for purposes of equalization under RSA 21-
15 J:3, XIII.

16 2 New Subparagraph; Utility Property Tax; Definition of Utility Property; Exclusion Added.
17 Amend RSA 83-F:1, V by inserting after subparagraph (f) the following new subparagraph:

18 (g) Property used for the purposes of generating electricity owned by entities defined in
19 RSA 362:4-c, I.

20 3 New Subparagraph; Utility Property Tax; Payment Forms. Amend RSA 83-F:5, V by inserting
21 after subparagraph (b) the following new subparagraph:

22 (c) As of May 1 of each year the owners of property exempted from the definition of
23 utility property under RSA 83-F:1, V(g) shall file a form, designated by the commissioner, that
24 collects sufficient information identifying utility and non-utility property and maintain an inventory
25 of assets that are and are not subject to the utility property tax. The form shall be signed by an
26 authorized representative, subject to the pains and penalties of perjury. If by May 1 the taxpayer is
27 unable to file the form required under this subparagraph, the taxpayer shall request an extension
28 from the department. Such extension shall be valid only upon written confirmation from the

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1 department, and shall not exceed 30 days per request. No more than 2 extensions shall be granted
2 in a given tax year.

3 4 Reference Added; Utility Property Tax; Exemptions. Amend RSA 83-F:9 to read as follows:

4 83-F:9 Exemption From Education Tax. Persons and property subject to taxation under this
5 chapter shall not be subject to tax under RSA 76:3; provided, however, that nothing in this chapter
6 shall be construed to exempt such persons or property from local school, municipal, district, or
7 county taxation under RSA 76, ***except as provided in RSA 72:74-b.***

8 5 Effective Date. This act shall take effect July 1, 2027.

HB 696-FN- FISCAL NOTE
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AN ACT exempting electricity generators from the utility property tax and including them under the statewide education property tax, and relative to communications services tax revenues.

FISCAL IMPACT:

Estimated State Impact				
	FY 2025	FY 2026	FY 2027	FY 2028
Revenue	\$0	\$0	\$0	Indeterminable
<i>Revenue Fund(s)</i>	Education Trust Fund			
Expenditures*	\$0	\$0	\$0	\$0
<i>Funding Source(s)</i>	None			
Appropriations*	\$0	\$0	\$0	\$0
<i>Funding Source(s)</i>	None			

*Expenditure = Cost of bill

*Appropriation = Authorized funding to cover cost of bill

METHODOLOGY:

This bill exempts certain electric generating facility properties from the Utility Property Tax (UPT). The bill also does not subject these electric generating facility properties to the Statewide Education Property Tax (SWEPT) while making payments in lieu of taxes (PILOT) of which an agreement was in effect as of January 1, 2027. The properties will not be subject to SWEPT until the PILOT agreement expires or until January 1, 2031, whichever occurs first. However, the SWEPT may be included in a new PILOT or may be paid in addition to the PILOT if the underlying agreement has not expired or been reopened and renegotiated. Should the SWEPT be paid separate from a PILOT, that SWEPT shall be determined using the imputed value of the facility that is calculated and used by the Department of Revenue Administration for equalization purposes.

The Department states exempting properties used for the purposes of generating electric from the UPT will decrease Education Trust Fund funding by an indeterminable amount beginning in FY 2028. The Department is not able to calculate the exact impact as it is not able to determine future valuation of the exempted properties. The Department is able to calculate the potential fiscal impact using Tax Year 2024 information. The properties employed in the generation of electricity were valued at approximately \$1.93 billion in Tax Year 2024. Applying the tax rate of \$6.60 on each \$1,000 of value results in UPT revenue for these specific properties of \$12.72

million. Based on this, Education Trust Fund revenue will decrease by \$5.36 million in FY 2028 and by \$12.72 million in FY 2029 and each year thereafter.

This bill keeps SWEPT at the statutorily required amount of \$363 million; however, the inclusion of property employed in the generation of electricity will result in a change to the overall statewide equalized valuation and SWEPT rate. The Department is unable to predict future equalized value due to the movement of the market prices of property. However, an increase in the property base to be equalized would generally increase the statewide equalized value, which is the denominator in the calculation of the statewide SWEPT rate, and, therefore, reduces the statewide SWEPT rate. Any resulting affect from this would be reflected in the SWEPT warrant for Tax Year 2028 (FY 2029).

The Department would need to update all necessary tax return forms and electronic management systems to reflect the changes contained in this bill; however, it is not anticipated this will result in any additional administrative costs that could not be absorbed in the Department's operating budget.

The Department of Education notes this bill will not change the total amount of SWEPT to be collected (currently \$363 million); however the bill may shift the SWEPT tax base depending on which utilities become obligated to pay the SWEPT tax instead of the UPT and where these utilities are located.

AGENCIES CONTACTED:

Department of Revenue Administration and Department of Education