

HB 595-FN - AS INTRODUCED

2025 SESSION

25-0824

08/09

HOUSE BILL **595-FN**

AN ACT relative to coastal resilience zones.

SPONSORS: Rep. Muns, Rock. 29; Rep. Khan, Rock. 30; Rep. Malloy, Rock. 24; Rep. de Vries, Rock. 29; Rep. Grote, Rock. 24; Rep. Maggiore, Rock. 23; Rep. Edgar, Rock. 29; Rep. Balboni, Rock. 38; Rep. Manos, Rock. 12; Sen. Gannon, Dist 23; Sen. Altschiller, Dist 24; Sen. Perkins Kwoka, Dist 21

COMMITTEE: Resources, Recreation and Development

ANALYSIS

This bill:

I. Adds flood resiliency improvements to the definition of qualifying improvements for the purposes of C-PACE and R-PACE funding.

II. Enables municipalities to offer property owners who engage in flood resilience projects a property tax abatement or tax assessment freeze for a specified period of time.

III. Enable municipalities to assess a fee on properties in a flood resilience zone to be deposited into a non-lapsing flood resilience investment fund.

IV. Makes an appropriation to the department of business and economic development to fund a statewide analysis of the costs and benefits of flood risk and flood risk mitigation efforts.

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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 relative to coastal resilience zones.

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

1 1 District; Energy Efficiency and Clean Energy Districts. Amend RSA 53-F:1, II to
2 read as follows:

3 II. "District" means an energy efficiency and clean energy, **or flood resilience** district
4 established under this chapter.

5 2 Definitions; Qualifying Improvement. Amend RSA 53-F:1, III to read as follows:

6 III. **"Qualifying improvement" means:**

7 (a) "Energy conservation and efficiency improvements" means measures to reduce
8 consumption, through conservation or more efficient use, of electricity, fuel oil, natural gas, propane,
9 or other forms of energy on or off the property, including but not limited to air sealing, installation of
10 insulation, installation of heating, cooling, or ventilation systems meeting or exceeding ENERGY
11 STAR standards, building modifications to increase the use of daylighting, replacement of windows
12 with units meeting or exceeding ENERGY STAR standards, installation of energy controls or energy
13 recovery systems, and installation of efficient lighting equipment, provided that, to be covered by an
14 agreement with a property owner and financed under this chapter, all such improvements must be
15 permanently affixed to a building or facility that is part of the property and shall be qualifying
16 improvements under RSA 53-F:6.

17 (b) **"Flood resiliency improvement" means providing flood and water damage**
18 **mitigation and resiliency improvements, prioritizing repairs, replacement, or**
19 **improvements that qualify for reductions in flood insurance premiums, including raising a**
20 **structure above the base flood elevation to reduce flood damage; constructing a flood**
21 **diversion apparatus, drainage gate, or seawall improvement, including seawall repairs**
22 **and seawall replacements; purchasing flood damage-resistant building materials; or**
23 **making electrical, mechanical, plumbing, or other system improvements that reduce flood**
24 **damage.**

25 3 Adoption by Municipality. Amend RSA 53-F:2, IV to read as follows:

26 IV. The language of the question shall designate [~~an energy efficiency and clean energy~~] **the**
27 district, which may cover all or a portion of the area within the municipality, or may designate all or
28 a portion of the area within the municipality as part of [~~an energy efficiency and clean energy~~] **a**
29 district that encompasses all or portions of multiple municipalities.

30 4 Authority. Amend RSA 53-F:3 to read as follows:

31 53-F:3 Authority.

1 To achieve the public benefits of protecting the economic and social well-being by reducing
2 energy costs **and enhancing resiliency** in the community and risks to the community associated
3 with future escalation in energy prices, **threats to public and private property from more**
4 **frequent and severe flooding**, and addressing the threat of global climate change, any
5 municipality which has adopted the provisions of this chapter and established [~~an energy efficiency~~
6 ~~and clean energy~~] a district may, upon a finding by the governing body of the municipality, after
7 notice and hearing, that the [~~energy conservation and efficiency and clean energy~~] **qualifying**
8 improvements will serve the public purposes as set forth in this chapter and not primarily be for the
9 benefit of private persons or uses even though such private benefits and uses may incidentally
10 result, do the following:

11 I. A municipality which adopts this chapter shall thereafter be authorized to establish one or
12 more [~~energy efficiency and clean energy~~] districts.

13 II. Encourage private financing from individuals or institutions for qualifying improvements
14 to eligible properties within the district and enter into agreements with those private lenders to
15 administer the [~~energy conservation and efficiency improvements or clean energy~~] **qualifying**
16 improvements program on their behalf, including evaluating eligible properties, supervising the
17 improvements, arranging for the closing of the loans, collecting the special assessments, and
18 assisting them with the exercise of their lienholder rights, provided that anticipated expenses for the
19 administration of the program shall be borne by the owners of eligible properties participating in the
20 program.

21 III. Participate in state or federal programs providing support for municipal [~~energy~~
22 ~~efficiency and clean energy finance~~] **qualifying improvements** programs such as those authorized
23 by this chapter.

24 IV. Enter into agreements with owners of eligible property in which the owners consent to
25 make [~~energy conservation and efficiency improvements or clean energy~~] **qualifying** improvements
26 to their properties and to have the municipality include a special assessment to pay for such
27 improvements on their property tax bills, their bills for water or sewer service or another municipal
28 service, or separate bills, provided that such agreements shall not affect the tax liability or
29 municipal services charges of other participating or nonparticipating property owners in the district.

30 V. Collect charges from participating owners of eligible properties to cover the cost of
31 administration for the district.

32 VI. Otherwise administer a program for promoting and financing [~~energy efficiency and~~
33 ~~clean energy~~] **qualifying** improvements within a district in accordance with this chapter, enter into
34 an agreement with a public or private entity to administer such a program on its behalf in
35 accordance with this chapter, and enter into an agreement with one or more other municipalities to
36 share services and otherwise cooperate in the administration of a district or districts in accordance
37 with this chapter.

1 VII. Adoption of a [~~clean energy efficiency and clean energy~~] **a** district shall include a
2 commercial property assessed clean energy (C-PACE) **and residential property assessed clean**
3 **energy (R-PACE)** model implemented according to the most recent U.S. Department of Energy
4 (DOE) released best practice guidelines for PACE financing programs.

5 5 Agreement With Property Owner. Amend RSA 53-F:4, I(b) to read as follows:

6 (b) An agreement with an owner of eligible property shall provide that the owner shall
7 contract for qualifying improvements with one or more qualified contractors, purchase materials to
8 be used in making qualified improvements, or both, and that, upon submission of documentation
9 required by the municipality, the municipality shall disburse funds to those contractors and vendors
10 in payment for the qualifying improvements or materials used in making qualified improvements.
11 [~~An~~] **For energy conservation and efficiency improvements** agreement with a property owner
12 shall require that the property owner report post-installation energy use data for program
13 evaluation purposes over a period determined by the municipality. **For flood resiliency**
14 **improvements an agreement with a property owner shall require that the property owner**
15 **file a report confirming that all agreed upon improvements have been completed.**

16 6 Eligibility of Property Owners. Amend RSA 53-F:5, II to read as follows:

17 II. Prior to entering into an agreement with an owner of eligible property, the municipality
18 shall determine that:

19 (a) [~~all~~] **All** property taxes and any other assessments levied with property taxes are
20 current and have been current for 3 years or the owner's period of ownership, whichever is less; that
21 there are no involuntary liens such as mechanic's liens on the property; and that no notices of
22 default or other evidence of property-based debt delinquency have been recorded during the past 3
23 years or the property owner's period of ownership, whichever is less.

24 (b) [~~The municipality shall adopt additional criteria, appropriate to property assessed~~
25 ~~clean energy finance programs.~~] The municipality shall determine whether any mortgages or liens of
26 record exist in the registry of deeds on the property, whether they are current in the obligations, and
27 whether the total debt to equity ratio specified by the private lender will be met. If any such
28 mortgage or lien exists, the municipality shall notify each such mortgagee or lienholder in writing
29 that a private lender is considering making a loan secured by a municipal lien pursuant to the
30 provisions of this chapter and request the consent of each such mortgagee or lienholder to the
31 making of such loan. Each mortgagee or lienholder shall have the right to determine in its sole
32 discretion whether or not it will consent to such loan. If all of the mortgagees or lienholders of
33 record elect to consent, the consents shall be in writing and recorded with the municipal lien in the
34 registry of deeds. The legal effect of having all consents shall be that the municipal lien shall not be
35 extinguished in the event of a foreclosure or sheriff's sale by the mortgagee or lienholder as provided
36 in RSA 53-F:8. If all of the mortgagees or lienholders of record do not consent, but the private lender

1 determines that it will proceed in making such loan, then in the event of a foreclosure or sheriff's
2 sale by a mortgagee or lienholder, the municipal lien shall be extinguished.

3 ***(c) The municipality shall adopt additional criteria, appropriate to C-PACE***
4 ***and R-PACE programs.***

5 7 Qualifying Improvements. Amend RSA 53-F:6, I-III to read as follows:

6 I. Improvements financed pursuant to an agreement under this chapter shall be based upon
7 an audit performed by a person who has been certified as a building analyst by the Building
8 Performance Institute or who has obtained other appropriate certification as determined by the
9 department of energy or another appropriate New Hampshire-based entity. The audit shall identify
10 recommended energy conservation and efficiency and clean energy improvements ***or flood***
11 ***resiliency improvements***; provide the estimated [energy] cost savings, useful life, benefit-cost ratio,
12 and simple payback or return on investment for each improvement; and provide the estimated
13 overall difference in annual [energy] costs with and without recommended improvements. Financed
14 improvements shall be consistent with the audit recommendations. The cost of the audit may be
15 included in the total amount financed under this chapter.

16 II. Improvements shall be permanently affixed to an existing building or facility that is part
17 of the eligible property. The owner of the property may not finance projects in buildings or facilities
18 under new construction.

19 III. Improvements shall be made by a contractor or contractors, which may include a
20 cooperative or not-for-profit organization, determined by the municipality to be qualified to make the
21 energy efficiency or clean energy improvements ***or flood resiliency improvements*** in the
22 agreement. Contractors may be designated as qualified by an electric or gas utility program or
23 another appropriate New Hampshire-based entity. Any work requiring a license under any
24 applicable law shall be performed by an individual holding such license. A municipality may elect to
25 permit the financing pursuant to an agreement under this chapter of improvements made by the
26 owner of the property, but shall not permit the value of the owner's labor to be included in the
27 amount financed.

28 8 Financing Terms. Amend RSA 53-F:7, I to read as follows:

29 I. Improvements shall be financed pursuant to an agreement under this chapter only on
30 terms such that the total [energy] cost savings realized by the property owner and the property
31 owner's successors during the useful lives of the improvements are expected to exceed the total cost
32 to the property owner and the property owner's successors of the improvements.

33 9 Priority; Collection and Enforcement. Amend RSA 53-F:8 to read as follows:

34 53-F:8 Priority; Collection and Enforcement. Collection of special assessments under this
35 chapter shall be made by the tax collector or other official responsible for property tax or municipal
36 service charge collection. A municipality shall commit bills for amounts due on the special
37 assessments, including interest and any charges, to the tax collector with a warrant signed by the

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1 appropriate municipal officials requiring the tax collector to collect them. Each year bills for
2 amounts due on the special assessments shall coincide with bills for property taxes or municipal
3 service charges. Each special assessment imposed under a ~~[clean energy efficiency and clean energy]~~
4 district program pursuant to an assessment contract, including any interest on the assessment and
5 any penalty, shall, upon recording of the assessment contract in the county in which the district area
6 is located, constitute a lien against the property on which the assessment is imposed until the
7 assessment, including any interest or penalty, is paid in full. The lien of the assessment contract
8 shall run with the property until the assessment is paid in full and a satisfaction or release for the
9 same has been recorded by the town, city, or district or its program administrator and shall have the
10 same lien priority and status as other property tax and special assessment liens as provided in RSA
11 80. The town, city, or district, or any permitted assignee, shall have all rights and remedies in the
12 case of default or delinquency in the payment of an assessment as it does with respect to delinquent
13 property taxes and other delinquent special assessments as set forth in RSA 80, except that all prior
14 recorded mortgages or liens shall retain priority over the lien of the assessment contract unless all
15 such mortgagees or lienholders of record have consented to the lien as provided for in RSA 53-F:5.

16 10 New Subdivision; Flood Resiliency Improvement Exemption. Amend RSA 72 by inserting
17 after section 87 the following new subdivision:

18 **Flood Resiliency Improvement Exemption**

19 72:88 Definition of Flood Resiliency Improvement. For purposes of an exemption under RSA
20 72:89, in this subdivision "flood resiliency improvement" means providing flood and water damage
21 mitigation and resiliency improvements, prioritizing repairs, replacement, or improvements that
22 qualify for reductions in flood insurance premiums, including raising a structure above the base
23 flood elevation to reduce flood damage; constructing a flood diversion apparatus, drainage gate, or
24 seawall improvement, including seawall repairs and seawall replacements; purchasing flood
25 damage-resistant building materials; or making electrical, mechanical, plumbing, or other system
26 improvements that reduce flood damage.

27 72:89 Exemption for Flood Resiliency Improvement. Each city and town may adopt under RSA
28 79-E an exemption from the assessed value, for property tax purposes, for real property which is
29 includes a flood resiliency improvement as defined in RSA 72:88. The value of such exemption shall
30 not exceed the value of the flood resiliency improvement made and shall attach to the property and
31 not the property owner.

32 72:90 Flood Resiliency Improvement Credit. In addition to or in place of an exemption for flood
33 resiliency improvement as provided under RSA 72:89, each city and town may, upon adoption
34 pursuant to RSA 72:27-a, offer an annual property tax credit of between \$100 and \$1,000 for a period
35 of not to exceed 5 years. The accumulated value of such credit over the period it is offered shall not
36 exceed the value of the flood resiliency and the credit shall attach to the property and not the
37 property owner.

1 11 Application for Exemption or Tax Credit. Amend the introductory paragraph of RSA 72:33, I
2 to read as follows:

3 I. No person shall be entitled to the exemptions or tax credits provided by RSA 72:28, 28-b,
4 28-c, 29-a, 30, 31, 32, 35, 36-a, 37, 37-a, 37-b, 38-b, 39-b, 62, 66, ~~and~~ 70, **and 89** unless the person
5 has filed with the selectmen or assessors, by April 15 preceding the setting of the tax rate, a
6 permanent application therefor, signed under penalty of perjury, on a form approved and provided
7 by the commissioner of revenue administration, showing that the applicant is the true and lawful
8 owner of the property on which the exemption or tax credit is claimed and that the applicant was
9 duly qualified upon April 1 of the year in which the exemption or tax credit is first claimed, or, in the
10 case of financial qualifications, that the applicant is duly qualified at the time of application. The
11 form shall include the following and such other information deemed necessary by the commissioner:

12 12 Procedure for Adoption Modification, or Rescission. Amend the introductory paragraph of
13 RSA 72:27-a, I to read as follows:

14 I. Any town or city may adopt the provisions of RSA 72:28, RSA 72:28-b, RSA 72:29-a, RSA
15 72:35, RSA 72:37, RSA 72:37-b, RSA 72:38-b, RSA 72:39-a, RSA 72:62, RSA 72:66, RSA 72:70, RSA
16 72:76, RSA 72:82, RSA 72:85, ~~or~~ RSA 72:87, **RSA 72:80, or RSA 72:90** in the following manner:

17 13 Appeal from Refusal to Grant Exemption, Deferral, or Tax Credit. Amend RSA 72:34-a to
18 read as follows:

19 72:34-a Appeal From Refusal to Grant Exemption, Deferral, or Tax Credit. Whenever the
20 selectmen or assessors refuse to grant an applicant an exemption, deferral, or tax credit to which the
21 applicant may be entitled under the provisions of RSA 72:23, 23-d, 23-e, 23-f, 23-g, 23-h, 23-i, 23-j,
22 23-k, 28, 28-b, 28-c, 29-a, 30, 31, 32, 35, 36-a, 37, 37-a, 37-b, 38-a, 38-b, 39-a, 39-b, 41, 42, 62, 66, ~~or~~
23 70, **89, or 90** the applicant may appeal in writing, on or before September 1 following the date of
24 notice of tax under RSA 72:1-d, to the board of tax and land appeals or the superior court, which may
25 order an exemption, deferral, or tax credit, or an abatement if a tax has been assessed.

26 14 New Section; Flood Resilience Investment Funds. Amend RSA 72 by inserting after section
27 11-a the following new section:

28 72:11-b Flood Resilience Investment Funds.

29 I. The legislative body of a municipality may vote to apply and collect a municipal flood
30 resilience fee on each property within the entire town or city or within only a designated flood
31 resiliency district as defined in RSA 53, for deposit into a flood resilience investment fund. The fee
32 may be collected as an additional assessment on the assessed value of all property in the designated
33 flood resilience district of up to \$0.50 per \$1,000 assessed valuation. Enforcement powers for
34 nonpayment shall be the same as those provided under RSA 31:39-c, RSA 31:39-d, and RSA 47:17-b,
35 relative to enforcement of ordinances.

36 II. The revenues collected shall be deposited in a flood resilience investment fund
37 established by the municipality under the provisions of RSA 31:95-c or RSA 47:1-b. Such flood

1 resilience investment fund shall be structured in such a way that other sources of public and private
2 funding intended to address risks from flooding in the flood resilience district may be deposited into
3 it and so that funding (through grants or below market loans) can be provided to individuals and
4 businesses within the flood resiliency districts who are intending to invest in qualifying flood
5 resilience improvements.

6 15 Appropriation; Statewide Economic Impact Study. The sum of \$500,000 for the fiscal year
7 ending June 30, 2026 is hereby appropriated to the department of business and economic affairs to
8 fund a statewide analysis of the costs and benefits of flood risk and flood risk mitigation efforts.
9 This study shall include a comprehensive analysis of the fiscal and economic impacts of flood risk
10 mitigation across all flood-prone properties in New Hampshire; an assessment of statewide property
11 elevation strategies, examining varying flood risks, property values, and climate projections like sea-
12 level rise; quantifying benefits such as reduced damages, increased property values, and enhanced
13 tax revenues, while highlighting the costs of inaction, including displacement and economic decline;
14 equipping policymakers with data to guide flood mitigation investments using GIS mapping, climate
15 modeling, and economic forecasting; forecasting the economic ripple effects of mitigation measures—
16 such as job creation and insurance premium savings—and prioritizing high-risk areas for targeted
17 action; and emphasizing the long-term economic benefits of proactive adaptation. This effort aims to
18 position New Hampshire as a leader in climate resilience and sustainable growth. This
19 appropriation shall be offset by any federal or private grants the department is able to secure for this
20 purpose. The governor is authorized to draw a warrant for said sum out of any money in the
21 treasury not otherwise appropriated.

22 16 Effective Date. This act shall take effect upon its passage.

HB 595-FN- FISCAL NOTE
 AS INTRODUCED

AN ACT relative to coastal resilience zones.

FISCAL IMPACT:

Estimated State Impact				
	FY 2026	FY 2027	FY 2028	FY 2029
Revenue	\$0	\$0	\$0	\$0
<i>Revenue Fund(s)</i>	None			
Expenditures*	\$500,000	\$0	\$0	\$0
<i>Funding Source(s)</i>	General Fund			
Appropriations*	\$500,000	\$0	\$0	\$0
<i>Funding Source(s)</i>	General Fund			

***Expenditure = Cost of bill**

***Appropriation = Authorized funding to cover cost of bill**

METHODOLOGY:

This bill adds flood resiliency improvements to the definition of qualifying improvements for the purposes of C-PACE and R-PACE funding, enables municipalities to offer property owners who engage in flood resilience projects a property tax abatement or tax assessment freeze for a specified period of time. The bill also enables municipalities to assess a fee on properties in a flood resilience zone to be deposited into a non-lapsing flood resilience investment fund, and makes a \$500,000 General Fund appropriation to the Department of Business and Economic Development to fund a statewide analysis of the costs and benefits of flood risk and flood risk mitigation efforts. This appropriation shall be offset by any federal or private grants the Department is able to secure for this purpose.

The Department of Business and Economic Affairs (DBEA) states the study is intended to include a comprehensive analysis of the fiscal and economic impacts of flood risk mitigation across all flood-prone properties in New Hampshire, an assessment of statewide property elevation strategies, quantification of benefits such as reduced damages, increased property values, and enhanced tax revenues, and forecasting of broader economic impacts such as job creation and insurance premium savings. The agency believes this scope of work would not be feasible with the funding provided, as much of the required information is restricted by FEMA due to privacy laws, and the work exceeds the capacity of current staff. DBEA anticipates the

study would need to be conducted by a third-party consultant, which would require state procurement and Executive Council approval. Given the bill's requirement that funds be spent by June 30, 2026, DBEA indicates it is unlikely that an RFP could be developed, a consultant selected, and a contract executed and approved by the Executive Council within that time frame.

The Department of Revenue Administration states this bill would have no fiscal impact on state revenues, expenditures, or the department's budget for the taxes it administers.

The Department of Energy (DOE) states this bill would have no fiscal impact as far as the DOE is concerned, either to the agency, electricity rates, or to the NHSaves programs.

The New Hampshire Municipal Association indicates, under this bill, a municipality that opts to participate is authorized to collect charges from participating owners of eligible properties to cover the cost of administration of the district. The Association states the bill should not have any net impact on revenue or expenses for municipalities.

AGENCIES CONTACTED:

Departments of Business and Economic Affairs, Energy, and Revenue Administration, and New Hampshire Municipal Association