

LEGISLATIVE BULLETIN

State Aid

Towns and cities have been understandably concerned about potential reductions to state aid and revenue sharing due to the pandemic. Some municipalities are in the process of finalizing their fiscal year budgets right now, while many others have already adopted budgets that include the anticipated amounts from the state in meals and rooms tax, municipal aid, and other state aid.

NHMA has been asking the same questions you have. Yesterday, we confirmed that the governor has no intent to make any reductions to state aid amounts. Here is additional information regarding state aid:

Meals and Rooms Tax (M&R) Distributions

RSA 78-A:26 provides a formula for distribution of M&R revenues to municipalities which is based on the most recent estimated population numbers provided by the Office of Strategic Initiatives. The statute uses the prior year’s M&R collection as the basis for the distribution, with 40 percent of the tax revenue intended for municipalities, and includes the so-called “catch-up” provision to reach that level of municipal funding. However, as many of you know, RSA 78-A:26 has been suspended in nine of the past eleven years as part of the biennial state budget. Each year since 2017 the state has appropriated and distributed \$68.8 million regardless of the amount of tax revenue received.

For the fiscal year 2020/2021 biennium the state operating budget again includes an appropriation of \$68.8 million each year for the meals and rooms tax distribution. This is a state general fund appropriation and is not tied to the actual amount of tax revenue the state receives. As such, and as confirmed by the governor, cities and towns will receive the same level of meals and rooms tax distribution in fiscal year 2021 (typically paid at the end of December) that they received last December, with minor adjustments due to updated population estimates used in the distribution formula.

NHMA Legislative Bulletin 24
June 5, 2020

Inside this issue:

House Deadlines at Issue	2
Senate Back in Action	2
Elections and Town Meeting	2
PFAS Standards and Funding	3
NHMA Events	4

GOVERNMENT AFFAIRS CONTACT INFORMATION

Margaret M.L. Byrnes,
Executive Director

Cordell A. Johnston,
Government Affairs Counsel

Barbara T. Reid,
Government Finance Advisor

Natch Greyes,
Municipal Services Counsel

Timothy W. Fortier,
Communications Coordinator

Pam Valley,
Administrative Assistant



25 Triangle Park Drive
Concord NH 03301
Tel: 603.224.7447
EM: governmentaffairs@nhmunicipal.org
Website: www.nhmunicipal.org

Highway Apportionment Block Grants

RSA 235:23 and RSA 235:23-a provide for formulaic distributions of state road toll (gas tax) and motor vehicle fees to municipalities for various local transportation needs. Unlike the M&R tax distribution, these grants are based upon prior year state highway fund revenues. At this time, the state estimates fiscal year 2020 highway fund revenues to be under the revenue plan by an aggregate 7.5%. The state will provide an updated fiscal year 2021 highway apportionment block grant amount to each municipality upon the close of state fiscal year 2020 (i.e. after Jun 30, 2020).

One-Time Grants to Municipalities and School Districts

The state operating budget contained funding for one-time grants to both municipalities and school districts. Both grant amounts are based on data from state fiscal year 2020, including the number of children who qualify for free and reduced lunch. The municipal grants are fixed at an aggregate \$20 million, with funds going out under a proration formula. The education grants are not fixed but are estimated to equal \$62.5 million in fiscal year 2021.

According to the governor, legislative action, not executive action, would be required for any changes to these state aid distributions.

When Will It End?

That's the question as the House heads to its first session since March next Thursday, June 11. To do any more work this year, the House needs to amend its rules to extend its self-imposed deadlines. (Under the current rules, the deadline to complete all legislative activity for the year was yesterday.) News reports suggest, however, that there is disagreement, apparently along party lines, about whether that should happen. If the rules are not amended, House activity will come to a halt; and if the House can't act, there is not a lot for the Senate to do, either.

This is all a bit murky, and the ordinary channels of communication are somewhat less open in the current environment. Suffice it to say that we should know more about the fate of the 2020 legislative session by this time next week.

Meanwhile, Back in the Senate . . .

After we published last Friday's Legislative Bulletin, three Senate calendars were released announcing remote committee hearings this week on several bills of municipal interest. Also announced was a Senate session scheduled for Tuesday, June 16 in Representatives' Hall at the State House.

Election and Town Meeting Bills

One of those hearings was in the Senate Election Law & Municipal Affairs Committee. The committee is back in action and is dealing with some timely issues of significant concern.

Absentee voting and processing of ballots. The committee held a hearing yesterday on **HB 1672**, which authorizes any voter to vote in a state or municipal election without requiring an excuse, such as disability or absence. The legislature passed an identical bill last year, but the governor vetoed it.

Yesterday's hearing was followed by a hearing on an [amendment](#) to **HB 1672**, which would, among other things, allow for early processing of absentee ballots. After the hearing, the committee voted 3-2 to recommend the bill with the amendment.

Expanded absentee voting and early processing of absentee ballots are going to be hugely important for this year's elections. It will be in everyone's interest to reduce the number of voters congregating at polling places, and the only way to do this while still ensuring maximum voter participation is to expand absentee voting. The attorney general and the secretary of state have already issued an interpretation stating that any voter may vote by absentee ballot in the fall "based on concerns regarding COVID-19." That is helpful, but it would be more helpful to have it in statute, even if it has a sunset date of December 31, 2020 (which the amendment does not, as currently drafted).

And if all those people are voting by absentee ballot, the ability to process those ballots early is essential. Under the existing law (RSA 659:49-:55), the processing of completed absentee ballots may not begin earlier than two hours after the polls open on election day. It is an extremely tedious process that, in a normal presidential election year, takes several hours in most municipalities. In some larger towns it is not unusual for election officials to be processing absentee ballots past midnight. Using the same process this year—when five or six times as many absentee ballots may be received—it will simply be impossible for some towns to complete the process on election day or even the next morning.

Under the amendment to **HB 1672**, the processing of absentee ballots could be accomplished on the Thursday or Friday before election day. This would avoid the significant disruption that would be caused by trying to process so many absentee ballots on election day.

Postponed town meetings. We understand that the committee is planning a hearing sometime next week on a bill that would offer relief to towns that have not been able to hold their 2020 annual meetings because of the coronavirus and the state of emergency. We have not seen the final language yet, but we understand it is modeled to some extent on the options proposed in our [April 29 letter](#) to Governor Sununu requesting an emergency order to authorize alternative meeting options.

We support the committee's efforts, although we wonder whether it will be possible to enact legislation fast enough to make a difference. Presumably this will be an amendment to a bill that has already passed the House, but it would still need to speed through the Senate, go back to the House for a quick concurrence, and then be signed by the governor. Meanwhile, the governor still has our letter, and we hear that an emergency order may be coming soon. If it does, it could make legislation unnecessary—but we applaud all efforts to resolve this pressing issue as quickly as possible.

The Senate calendar had not been published as this Bulletin went to press, so we do not know when this hearing will be held. Continue to check the [Senate calendar page](#) for the June 5 calendar, which should contain the hearing information.

PFAS Standards and Funding

On Tuesday the Senate Health and Human Service Committee held a remote hearing on **HB 1264**, which extends the commission on the seacoast cancer cluster investigation. The hearing also addressed **amendment 2020-1261s**, which places into statute the PFAS standards adopted last fall by the Department of Environmental Services through administrative rules. This part of the amendment is identical to **SB 287**, which passed the Senate in mid-February and is awaiting a hearing in the House.

Additionally, sections 4 through 8 of amendment 2020-1261s appear identical to the provisions in **SB 496**, an **NHMA policy bill** that would provide state financial assistance toward the costs of meeting water and wastewater quality standards associated with PFAS. That bill, and now the amendment to **HB 1264**, authorizes the state treasurer to issue up to **\$50 million** in bonds against the credit of the state for the sole purpose of providing low-interest loans to water and wastewater systems for PFAS remediation projects, and extends existing municipal immunity for damage claims based on per and polyfluorochemical contamination. The Senate unanimously passed **SB 496** in mid-February, then sent the bill to Senate Finance, where the committee unanimously recommended it as Ought to Pass in early March; but no further action was taken on that bill due to delays caused by the pandemic.

NHMA was very concerned about the Senate’s passing the PFAS standards in **SB 287** in the absence of state financial support toward compliance with those standards, and supported efforts to place both the standards and the funding into one comprehensive bill. Amendment 2020-1261s to **HB 1264** does just that, by establishing the standards in sections 1 through 3 and then providing the funding and municipal immunity in sections 4 through 8.

The Senate committee voted unanimously on Tuesday to recommend Ought to Pass with Amendment on **HB 1264**. We assume **HB 1264** as amended will be on the agenda for the upcoming Senate session on June 16.

2020 NHMA UPCOMING MEMBER EVENTS	
June 10	2020 Municipal Trustees Training Virtual Workshop Trustees 101 (9:00 – 2:00)
June 11	2020 Municipal Trustees Training Virtual Workshop Module 1 for Cemetery Trustees (10:00 – 11:30)
June 11	2020 Municipal Trustees Training Virtual Workshop Module 2 for Trustees of the Trust Fund (1:00 – 2:30)
June 17	Academy for Good Governance: Workshop Financial Responsibility (5:00 – 7:00 p.m.)
Please visit www.nhmunicipal.org for the most up-to-date information regarding our upcoming training opportunities and events.	
For more information, please call NHMA’s Workshop registration line: (603) 230-3350.	