



CITY OF PORTSMOUTH

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Rick Becksted
Mayor

February 11, 2021

Chair Carol McGuire
House Executive Departments and Administration Committee
107 North Main Street
Concord, NH 03301

Re: City of Portsmouth's Written Testimony in support of HB 274

Chair McGuire and Members of the House Executive Departments and Administration Committee:

Due to the impact of COVID-19 and limited monies coming directly to cities and towns through the CARES Act, it is more critical than ever for the Legislature to find ways to help relieve the burden on the property tax for local residents. HB 274 would provide that needed relief by helping to reduce municipal budgets that will be significantly increased due to substantial rate increases to employer contributions to the NH Retirement System for 2022-23.

The rate increases for the 2022-23 employer contributions are substantial: 25.87% for employees; 18.09% for teachers; 19.17% for police; and 9.64% for fire. These rate increases account for an increase in the City or Portsmouth's budget of \$ 1,688,000. If HB 274 were to pass and the State contributed 5% of retirement costs for police, fire and school employees, the City's budget would decrease by **\$436,510**. Passage of HB 274 would give much needed property tax relief to local taxpayers.

This rate increase in employer contributions to the NH Retirement System for employees will be borne by our local taxpayers because municipal budgets have no choice but to absorb the total cost. This will mean either higher tax rates or a reduction in services or both. However, it is not just these new rate increases that have created this burden on budgets and taxpayer. It is the State's reduction and then suspension of its contribution to the NH Retirement System over the last dozen years that has downshifted to cities and towns approximately \$729.5 million in employer retirement contributions from 2010 through 2021. This is just another example of the State's pattern of downshifting significant costs previously paid by the State onto local communities. This downshifting must stop.

It is time for the State to demonstrate a commitment to its taxpayers by providing some limited relief to the overburdened property tax by voting HB 274 Ought to Pass. For the reasons set forth above, on behalf of the City of Portsmouth, I urge the House Executive Departments and Administration Committee to vote HB 274 Ought to Pass.

Sincerely,

Rick Becksted, Mayor of the City of Portsmouth
On behalf of the Portsmouth City Council

c: Legislative Subcommittee
Karen Conard, City Manager
Portsmouth Legislative Delegates