



Deaglan McEachern
Mayor

CITY OF PORTSMOUTH

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To: Chairperson Pauer and Members of the House Municipal and County Government Committee

From: Mayor Deaglan McEachern, on behalf of the City of Portsmouth

Date: February 28, 2025

Re: City of Portsmouth's Written Testimony in support of HB 544

Chairperson Pauer and Members of the House Municipal and County Government Committee:

The City of Portsmouth derives benefits from being a destination location and invests considerable resources annually to welcome and support visitors. The City consistently works to provide a safe and attractive city for visitors, residents, workers and commuters, who support not only Portsmouth businesses, but our local and State economy. Hospitality-related businesses in Portsmouth and Rockingham County contribute significantly to the State's Meals and Rooms Tax Revenues (typically close to a third of the total revenue) —far beyond what is returned to these communities because the distribution is based solely on the population of residents and excludes those who work and visit the City. The City's portion of the meals and rooms distribution does not fully support the costs related to the impact of tourism on our community.

HB 544, enabling legislation that would permit municipalities to collect a public safety assessment from operators of room rentals, would be a way for communities to receive funds to help defer the cost of tourism and decrease the overreliance on the local property tax. As a Mayor, parent and taxpayer, I have directly witnessed the increased demands on municipal services that the tourist population creates and how that demand burdens the local taxpayer. If passed, HB 544 would permit municipalities to receive funds that would be deposited in a capital reserve fund, revolving fund, special revenue fund or tourism support fund that will be used to augment funding for municipal services associated with the increase in tourism and transient traffic. Each city or town could use these funds to address their particular municipal service needs as no two communities are alike. HB 544 maintains local control, allowing municipalities to make these decisions,

while at the same time improving tourism in the State, which benefits all New Hampshire citizens.

Hospitality-related businesses were some of the hardest hit during the pandemic. The recovery of these businesses is vital to our City and our State. The City was unable to host the traditional number of annual special events for tourists to enjoy during the pandemic. We lost well-loved food establishments and local businesses which simply could not survive the pandemic's negative impacts.

We, as a City, have welcomed tourists back to enjoy the City we are lucky enough to live in. When tourists visit, our population of 22,548 swells and the demand for police, fire, ambulance and public work services increase and change. For example, our Fire Department's response to a single-family residence requires significantly less personnel and different equipment than when responding to a high occupancy multi-story hotel. Special events like festivals and road races that attract tourists often require Public Works Staff to block roads and Police Details to keep vehicles, visitors and residents safe.

All of these costs are not absorbed by the property taxes assessed against the hotels. The burden for the additional police, fire and public works services are absorbed by the local taxpayer. Some taxpayers in the City saw a 50 -60% increase in property assessments in our most recent revaluation. Overreliance on the property tax creates a burden on all taxpayers, particularly our elderly on a fixed income. Although many of our seniors may qualify for an elderly exemption, the exemption amount cannot keep pace with the recent increases in appraised property values and associated property taxes. Cities and towns need alternative sources of revenue other than the overburdened property tax. This is particularly true due to the history of the State downshifting costs on to local municipalities. Notwithstanding the recent improvements to the meals and rooms distribution and the states one-time contribution to employer costs for retirement, HB 544 would be a way for communities to raise funds to offset downshifting costs, support tourism and relieve the burden on the local taxpayers.

The City has long advocated for this enabling legislation because it will help municipalities defer its costs and improve services to hospitality-related businesses that fuel New Hampshire's tourism economy. For the reasons described above, I would ask the House Municipal and County Government Committee to vote HB 544 Ought to Pass.

Thank you for your consideration.