HB 540-LOCAL - AS INTRODUCED

2019 SESSION

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10/03

HOUSE BILL

540-LOCAL

relative to the issuance of bonds by the county for redevelopment districts in unincorporated places.


COMMITTEE: Municipal and County Government

ANALYSIS

This bill permits the establishment by the county of an assessment district for redevelopment in an unincorporated place.

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 Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.
AN ACT relative to the issuance of bonds by the county for redevelopment districts in unincorporated places.

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

1 Assessment for Development in Unincorporated Places. RSA 162-I:15-a is repealed and reenacted to read as follows:

162-I:15-a Assessment District in Unincorporated Places and Assessment District Bonds. In an unincorporated place, the county commissioners, with the approval of the county delegation, may:

(i) separately from, and in addition to, bonds guaranteed pursuant to RSA 162-I:9-a, authorize the issuance of bonds by the county, the source for repayment of which shall be limited to assessment revenues generated by assessment districts created under this section, and shall not be a general obligation of the county; and (ii) establish redevelopment districts to ensure that assessment revenues generated hereunder from projects are sufficient to repay such bonds. The boundaries of the redevelopment district shall be configured so that it includes, but is not limited to, all of the property available to be developed, redeveloped, or revitalized through the issuance of such bonds, or otherwise benefiting from the improvements financed, in whole or in part, with the proceeds of any bonds guaranteed pursuant to RSA 162-I:9-a together with any bonds issued by the county hereunder. Every owner of each lot or parcel located within the redevelopment district shall be subject to an assessment. The amount of the assessment shall be sufficient to provide for repayment of the debt service related to the bond. The terms of any bonds to be issued by the county, and the amount of the assessment, payment terms, and method for collection shall be established in a financing plan prepared by the bond recipient, approved by the commissioner of the department of revenue administration, and adopted by the county commissioners. The financing plan shall include the delegation of collection responsibilities to the county. The county commissioners may enter into such agreements as they deem necessary to ensure repayment under this chapter and to implement the financing plan and including without limitation such terms and conditions as is deemed necessary to provide for the segregation and pledge of the assessments to secure repayment of the bonds. The assessment shall be used solely to pay debt service related to the bond. The incremental increase in value of any project located in a redevelopment district shall be exempt from all property taxes and shall not be considered in the apportionment of county taxes to the unincorporated place, for so long as any bonds (i) issued under this section or (ii) guaranteed pursuant to RSA 162-I:9-a, I remain outstanding. The equalization and apportionment provisions of RSA 21-J shall be applied in a manner consistent with the foregoing sentence. Any unpaid assessment under this chapter shall constitute a lien pursuant to RSA 80 on the assessed property.
Collection and enforcement of assessments under this section shall be in accordance with RSA 80. The county commissioners may negotiate a payment in lieu of taxes agreement with the project developer or developers in the reassessment district who shall also pay all fees for an independent bond counsel. In order to establish a redevelopment district, issue bonds, and adopt a financing plan hereunder, the county commissioners must find that such actions will likely create, revive, or preserve employment opportunities or increase the social or economic prosperity of the county, any of which would be in the public interest. The county commissioners may negotiate with the project developer or developers to establish collection and other fees to cover these costs. Under no circumstances shall the county or the unincorporated place, as issuer of a bond under this section, have any obligation of any kind to repay any of the principal or interest of the bond.

2 Effective Date. This act shall take effect upon its passage.
House Bill 540 Explained

Background

- In 2015, Senate Bill 30 was passed to assist The Balsams’ redevelopment by allowing for the creation of a Tax Assessment District in an Unincorporated Place, such as Dixville.

- It allows assessments – you could consider them “property taxes” – on the new to-be built real estate to pay back a relatively small portion of the Balsams’ financing.

- SB 30 allows for a State Guarantee to be made for this sum through the N. H. Business Finance Authority.

- However, since The Balsams is not going forward at this time with the BFA, the existing law — originally introduced as SB 30 — needs to be amended to preserve the ability to create a Tax Assessment District.

County Role

- SB 30, as passed, requires the BFA’s participation in order to create the Tax Assessment District.

- Going forward without the BFA means that SB 30 must be amended, allowing Coos County to be the issuer of the bond, but without any loan guarantee.

- The amended bill will allow the tax assessment loan to be made by a lender who is providing the funds, but without financial risk or obligation to Coos County.

- HB 540 reads, “Under no circumstances shall the county or the unincorporated place, as issuer of a bond under this section, have any obligation of any kind to repay any of the principal or interest of the bond.”

- HB 540 is enabling legislation. The county commissioners are the ones who have the authority to vote to approve the creation of a Tax Assessment District and to issue a bond, and only with the approval of the county delegation of 10 state legislators. In Unincorporated Places, the commissioners act in essence as a select board and the delegation as the town meeting.

How the Tax Assessment District Would Work

- Assessments, or “property taxes,” collected on new development would only be used for the repayment of the bond.

- County tax payments would resume once the bond has been repaid, likely at the end of 20 years.
- The county will receive fees for administering the Tax Assessment District while the bond is outstanding, as well as an issuance fee and any other fees that the county commissioners negotiate to cover any county costs.

- The Tax Assessment District will cover the Balsams Resort assets only and will not include other landowners in Dixville.

What it Means for The Balsams and Coos County

- HB 540 does not, of course, guarantee the ultimate success of the project. It preserves the ability to have the Tax Assessment District designed to assist the financial viability of The Balsams project.

- The economic benefits of The Balsams redevelopment are tremendous.
  
  - **Putting people to work** – The Balsams will increase the size of Coos County labor force and raise the below-average labor force participation rate, especially among younger, working-age residents.
  
  - **Job diversity** – The Balsams Resort will create 600 construction jobs during Phase 1. Once operational, the Balsams will employ roughly 400 people at the resort with the potential of creating more than 1,000 jobs once the build-out is complete, plus indirect jobs in the communities around Dixville and across Coos County.
  
  - **Good wages** – Wages will average more than $17 per hour in the near term and the median wages will be above the median for all of Coos County. A work force study concludes that there is sufficient available labor in the region to meet the staffing needs of the redeveloped Balsams Resort, at least in its early years of operation. To date, the Balsams has maintained an unprecedented level of pre-sales, currently having collected deposits on more than $22 million worth of future real estate.
  
  - **Great North Woods will become a more diversified destination** to include downhill and cross-country skiing, golf, hiking, swimming, and motorized outdoor activities — snowmobiling and ATVing, plus traditional activities, such as hunting, fishing, and walking in the woods.
  
  - **Coos County will once again be home to three Grand Hotels**, including the Omni Mount Washington Hotel and Ski Area in Bretton Woods, where 600 year-round employees are on payroll with an additional 400 in the winter, and the Mountain View Grand in Whitefield, which stood vacant for over 10 years until its redevelopment in 2002. All of Coos benefits from these high-end economic engines!