



# County of Cheshire

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12 Court Street, Keene, NH 03431

[www.co.cheshire.nh.us](http://www.co.cheshire.nh.us)

## State of New Hampshire's Broken Promises

Your property taxes have tripled in the past 20 years, and the reason has virtually nothing to do with local town, city or county spending. These increases have everything to do with state cost shifting. The actions of the state, including the Governor, both political parties of the Legislature and the Courts have been systematically breaking nearly every promise government has made to municipalities and counties.

Shifting taxation to the local property tax payer is not sustainable. We hope that through increasing awareness and information, we can reverse this trend. Every individual property tax payer should demand that state-level revenue sources be utilized more sustainably so as to provide relief for property tax payers.

It is critical to understand the effect that state-level budget decisions have on local property taxes. The financial burden is shifted to local government when the state reduces funding for any program developed to help New Hampshire citizens.

The state has shirked its responsibility at the expense of the local property tax payer; this letter will focus on a few of those points.

1. **Meals and Room Tax (M&RT).** Enacted in 1967 the state bargained with the municipalities so that IF the municipalities agreed to collect revenue for the state, the state would split the revenue 60%/40% with the municipalities. That was a promise made into law. However, the state has never kept that promise. Today, only 21% of that revenue is shared with municipalities even though M&RT revenues have risen dramatically. This has taken hundreds of millions of dollars from local communities over the past two decades. Your property taxes increased to fill this void.
2. **Business Profits Tax (BPT).** Enacted in 1969, again with the state promise that if the municipalities collected this tax locally, it would be returned to the local municipalities. That revenue sharing has decreased over time so currently the state returns NO revenue to the municipalities. This decision has taken hundreds of millions of dollars from the local communities over the past two decades. Your property taxes increased to fill this void.
3. **Highway Block Grants.** The State promised to help communities maintain and improve Class IV and V local roads. This promise resulted in the Legislature's establishing a sustainable plan to maintain and improve local roads and highways through the use of a gas tax on fuel. However, only once in 23 years has the gas tax been increased to account for inflation. As a result, approximately 30% of local roads and highways are in poor condition. A state funding plan is lacking to correct the condition of the roads in your community. Your property taxes have been increased to fill this void.

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#### Area Code 603

♦ **County Commissioners** 352-8215/Fax 355-3026 ♦ **Registry of Deeds** 352-0403/Fax 352-7678 ♦ **Finance Department** 355-0154/Fax 355-3000 – 12 Court Street, Keene, NH 03431 ♦ **County Sheriff** 352-4238/Fax 355-3020 ♦ **County Attorney** 352-0056/Fax 355-3012 – 12 Court Street, Keene, NH 03431 ♦ **Alternative Sentencing/Mental Health Court** 355-0160/Fax 355-0159 – 33 West St. Keene N.H. ♦ **Department of Corrections** 825 Marlboro Street, Keene, 03431 - 903-1600/Fax 352-4044 ♦ **Maplewood Nursing Home & Assisted Living** 399-4912/Fax 399-7005 - TTY Access 1-800-735-2964 ♦ **Facilities** 399-7300/Fax 399-7357 ♦ **Human Resources** 399-7317/399-7378/Fax 399-4429 - 201 River Rd, Westmoreland, NH 03467

4. **State Bridge Aid.** Due to lack of realistic funding through gas tax and tolls, there will be as many ‘Red List’ bridges 10 years from now as there were 10 years ago. Local communities that make their own repairs do so with 100% of the own local funding with limited success for reimbursement from the state. There is no state plan to honor the promise of providing adequate bridge aid to communities. Your property taxes have increased to fill this void.
  
5. **Medicaid Funding for Long-Term Care.** Over the decades, the State has gradually, but significantly, shifted the costs of nursing home care to the local property tax payer. There are complex formulas mixed in all of this, but in 1998, NONE of your local property taxes went to pay for Medicaid long-term care. Now, your property taxes pay for more than 50% of these costs as part of your County tax assessment, and this does account for the Silver Tsunami that is at hand in the state where the number of residents over 65 is projected to rise to over 408,000 which is over 20% of the total state population, and the number of residents over 85 will triple to over 85,000 by 2040. Although the State has promised to cap the liability for Medicaid costs for counties, that cap is continually increased to shift additional costs onto the local property tax payer. Raising the cap has resulted in the transfer tens of millions of Medicaid costs onto the local property tax payer and this will continue unless changes made. Your property taxes will increase to fill this void.
  
6. **The New Hampshire Retirement System.** In 1967 the State insisted that all communities consolidate their local pensions and form one single retirement system for all public employees. In return for this, the State enacted a statute that promised to make funding contributions thereby mitigating the cost to local communities and recognizing that these costs are integral to the overall needs of government in New Hampshire, enabling employees to retire after years of dedicated service. In the past few years, the state has broken that promise and transferred tens of millions of dollars of funding burdens onto the local property tax payers. This saved the state budget from having to contribute its 35% promised contribution. However, your property taxes increased to fill this void.
  
7. **Water and Wastewater Treatment Grants.** Environmental Grants to make water/wastewater plants modern and safe have been reduced by more than two-thirds and dozens of projects are now in the “Delayed and Deferred” pile with NO plan for meaningful funding. That means that if (when) your community encounters water or wastewater quality issues, your property taxes will increase to fill this void.

## **In Conclusion**

The state has virtually abandoned its promises to provide aid to local communities. If you are wondering who funded the “Rainy Day Fund” or created the State budget surplus, it was the local property tax payer.

Generally, municipalities are spending less today than they did years ago. Your local property tax continues to increase not because of local spending but because the state has spent the past two decades breaking promises and reallocating the source of income under the guise of ‘balancing’ the state budget.

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We have local Senators and State Representatives in Cheshire County who understand this cost-shifting and who have done their best to ease the burden on property tax payers.

However, this is a call to arms, their voices are not enough to accomplish real change. It will take every Selectperson and thousands of citizens to make our voices heard in Concord and more importantly in the voting booth.

We need state government to recognize that shifting costs onto the local property tax payer is not sustainable. We have a right to institute responsible state funding practices that generate the revenue necessary to meet State's statutory obligations without leaning so heavily on local property tax payers.

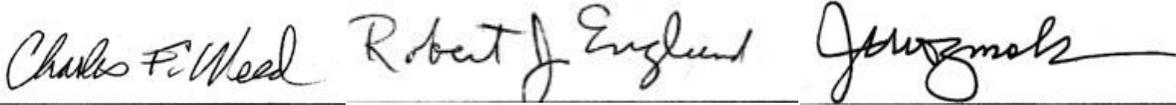
Let the discussion begin.

Cheshire County Board of Commissioner's

Charles F. Weed  
Chairman

Robert J. Englund  
Clerk

John Wozmak  
Vice-Chair



Handwritten signatures of Charles F. Weed, Robert J. Englund, and John Wozmak.

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