

Minutes
City Council Legislative Subcommittee and Portsmouth Legislative Delegation Conference
Room A, City Hall
Monday, February 11, 2019 at 9:00 a.m.

I. Greeting: Mayor Blalock

Mayor Blalock called the meeting to order at 9:05 a.m.

Present: Mayor Blalock, Assistant Mayor Lazenby, Councilor Dwyer, Deputy City Manager Colbert Puff, Assistant City Attorney Ferrini, Assistant Mayor Lazenby, City Attorney Sullivan, City Clerk Barnaby, State Representative Meuse, State Representative McBeath, State Representative Le, State Representative Grote of Rye and New Castle, State Representative Murray of Rye and New Castle and Senator Fuller Clark

Absent: Councilor Denton, State Representative Pantelakos, State Representative Calipitts, State Representative Somssich, and State Representative Ward

II. Review of Minutes from October 26, 2018 and February 1, 2019

No action taken on the October 26, 2018 or February 1, 2019 minutes.

III. Discussion of bills and legislative issues of interest to the City, Legislative Delegates, Committee and Staff:

- A. **Education Funding:** Discussion of bills that address SWEPT (HB 676) and the return of the donor towns (HB 709), a bill that would require excess SWEPT currently retained by municipalities to be returned to the state. Report back from Jane Ferrini on former donor towns' discussion regarding hiring a lobbyist to assist in tracking and opposing bills that would reestablish donor towns.

Assistant City Attorney Ferrini reported on the education funding bills and said HB 709 is the one to watch. She stated HB 709 has a great deal of support. She informed the Council that a Subcommittee has been established and review all the bills that change the education funding formula. She spoke to the formula, explain the base amount and then various funds are added on for each child in the state. Assistant City Attorney Ferrini advised the Council that the average actual cost per student in the State is \$15,000.00. She said there is a 20 year history on education funding and currently there is a strong position to change the formula. She indicated that there are 3 bills that will be dealing with educational funding. She stated HB 709 says any town has excess SWEPT funds would need to give it back to the state. She indicated what this would mean for the City of Portsmouth, we would see an increase in our tax rate of \$.30 which is a rough estimate and the decrease in SWEPT funds equals \$1,687,530.00. Assistant City Attorney Ferrini said there will be a change to the education funding formula this year but we do not know what that will look like. She advised the Council that HB 709 is receiving support

in the Subcommittee and that is why we want our Representatives to be aware of it. She said there will be a change in education funding this year.

Senator Fuller Clark spoke to the SWEPT funds and how they are dispersed by the state and asked how they would be used. Assistant City Attorney Ferrini said the funds would go back into the education trust fund.

She said there is a great deal of information on the fiscal impact regarding the return of SWEPT to the state. She indicated that the Coalition Communities would like to hire a lobbyist to track this bill as well as other education funding bills. She said that there are currently 10+ bills relating to education funding. She said the Coalition Communities are also interested in donating funds for this effort.

Councilor Dwyer asked about the short term fix stabilization of funds and if there is a suggestion of where that money comes from.

State Representative Le said the return of stabilization funds back to 2016 rates did pass. Councilor Dwyer asked what the source of funding is in there. Representative Le said the stabilization funds came from the state. She said she did not know how the money was put into the fund. Representative Murray stated there was a grant and money set aside for that and as you know the poorest schools are getting the least amount of money. She said the grant was supposed to even that out. Councilor Dwyer asked where the new money comes from. Representative Murray said the money was set aside into a fund for the stabilization grant and it gets drawn down every year. Councilor Dwyer said then there is money still in the fund. Representative Murray said that is correct. Representative Grote spoke to a bill that was passed that would reduce it by 4% every year until it dwindled away. Representative Le said there is a sense of desperation and they're closing schools. She said the formulas are not working the way they are supposed to. Councilor Dwyer said she would like to know if any of these bills address consolidation. Representative Le said that is always a conversation and the push is there to consolidate but it takes a great deal of time to do that but right now we are in crisis mode.

Assistant City Attorney Ferrini said to close schools is a local decision and an issue for the Commission which is a separate bill. She said any of the funding bills do not take that into account at all.

Representative Le said the taking of the SWEPT funds is not in addition to what the state is paying they would take the funds from the top.

Representative Grote said she is concerned that we put ourselves in a situation where something is not viable. She said is there any sentiment to look at the bills to see how they could be best merged. She said the town should not be giving more money to the state.

Senator Fuller Clark said there have been discussions of doing away with the educational trust fund and just have all the money go into the general fund and then be allocated out for education. She said we need to keep the education trust fund because it makes a statement to the broader community of

the voters of New Hampshire that we are committed to fund education and it has to be funded before anything else is funded, which is stated right in the Constitution.

Assistant City Attorney Ferrini reported that the Subcommittee is looking to combine HB 678 HB 713, HB 711, HB 686 and HB 709 into one bill.

Deputy City Manager Colbert Puff left the meeting in order to attend another meeting.

Representative Le spoke to HB 709 and increase the adequacy amount which should be \$9,000.00 per student.

Mayor Blalock spoke to the down shifting in costs and no ability to raise monies for municipalities.

Senator Fuller Clark said the proportion is not looked at in the City we have 48% are renters and not owners. Councilor Dwyer said wealthy individuals may not be paying their fair share but towns are not made up of wealthy individuals. She said it is not about the community but about the individual.

Representative Le said communities in the Seacoast and Lakes Region it is her opinion those communities are stepping up and the state has not. She said the local taxpayers are taking on the responsibilities and we need to be getting more from the state.

Mayor Blalock spoke to the amount of money collected for meals and room tax from the City is staggering.

Representative Meuse said you have Berlin looking at closing their one elementary school. He said school funding is the number one issue in the legislature. He said donor towns need to be part of the solution not just the solution.

Representative Grote said the solution needs to be sustainable and have a long term effect. She said she is not convinced that this is the most efficient way to find the solution. She stated it needs to be sustainable for the donor towns as well.

Representative Murray said we need people on the commission to have our point of view is part of the solution.

Senator Fuller Clark said we should tie a new formula for the room and meals tax. She said we need to look at how you offset the loss of education dollars in donor communities. Councilor Dwyer said we do not want the concept of donor communities. She said maybe a portion of the room and meals tax goes into the educational fund. She stated we are concerned that elderly and disabled could lose their homes so a district of 500 could have a superintendent.

Mayor Blalock said funding education in New Hampshire is broken and needs to be fix.

- B. **Hotel Occupancy Fees:** Discussion of (HB 641), a bill that is enabling legislation that would permit municipalities to charge a hotel occupancy fee and report back on City testimony and public hearing.

Mayor Blalock said this is enabling legislation to add a fee. He said we have a large number of hotel rooms in the City.

Assistant City Attorney Ferrini spoke to HB 641 and said that the Hampton Town Manager spoke at the hearing on the downshifting of funds. Portsmouth Chamber of Commerce Valerie Rochon spoke at the hearing in support of the bill and would like a portion to go towards destination marketing and that the fee be no more than \$2.00. She advised that the Lebanon City Manager and a City Council member provided testimony in support of the bill as well as Barbara Reid from NHMA. She advised that the President of the NH Lodging spoke opposed to the bill. She said overall the testimony had more people than last year who supported the bill.

- C. **Licensing of Short Term Rentals:** Discussion of (SB 69), a bill that would permit licensing and limited inspections of short term rentals and report back on City testimony and public hearing.

Assistant City Attorney Ferrini provided copies of an amendment to SB 69 as proposed by Senator Fuller Clark.

Senator Fuller Clark said we need to create perimeters around these short term rentals. She stated people are looking at short term rentals as businesses. She said this would provide a mechanism to regulate short term rentals with issues around noise, safety and fire. She said the State Fire Chief came to the hearing and asked for some changes that had not been incorporated into the draft amended bill provided by Assistant City Attorney Ferrini. Senator Fuller Clark feels we may have a better chance of getting this bill passed this year. She stated NHMA made no reference in the bill for cities and she felt it was clear that this bill covers cities as well. She said she would like to move this bill forward.

Discussion continued regarding language relative to fire issues.

Senator Fuller Clark said we will be defining these rentals as less than 30 consecutive days.

- D. **Noise Abatement:** Discussion of (HB 510), a bill regarding funding from State motor vehicle registration fees for highway noise abatement projects.

Senator Fuller Clark said it is an effort to find a way to raise funding for noise barriers.

Assistant City Attorney Ferrini asked if it would take away some local motor vehicle fees and then we would not support it and we should watch the bill.

IV. Discussion of topics for new legislative Principles

Councilor Dwyer said we should add something related to not supporting legislation that pits one community against another or brings back the educational funding donor town concept.

Councilor Dwyer said she would like a principle that the City Council not support legislation that bring backs donor towns for education funding.

Senator Fuller Clark said it should not be on the backs of donor towns and she does not want to have donor towns in the principle.

Assistant Mayor Lazenby said a sustainable, equitable long term solution should be part of the principle.

Representative McBeath said that she would hesitate with the term donor town as part of the principle.

Mayor Blalock suggested an equitable solution that does not include donor towns.

Representative Murray said every community is doing their best to fund education for their citizens. She said the state is unwilling to step up to the plate to fund adequate education.

Councilor Dwyer said that this is a principle for our own Council.

Representative Le said we need to understand the realities of what we are trying to do. She said the local taxpayers are paying 62% to provide education in New Hampshire.

Councilor Dwyer said we don't support the donor town concept.

Assistant Mayor Lazenby moved to support legislation that provides education funding based on an equitable and sustainable framework as a principle. Seconded by Councilor Dwyer.

Councilor Dwyer said she would clarify the language on the City Council floor.

Motion passed.

V. Discussion of upcoming hearings on bills of interest to City

Assistant City Attorney Ferrini said we are following a number of bills that we have reviewed today.

VI. Adjournment

At 10:25 a.m., Mayor Blalock closed the meeting.

Respectfully submitted by:

Kelli L. Barnaby, MMC, CMC, CNHMC
City Clerk