



Jack Blalock
Mayor

CITY OF PORTSMOUTH

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January 18, 2018

Chairman Norman Major
House Ways and Means Committee
107 North Main Street
Concord, NH 03301

Re: City of Portsmouth's Written Testimony in support of HB 1609, as amended

Chairman Major and Members of the House Ways and Means Committee:

The City of Portsmouth derives benefits from being a destination location and invests considerable resources annually to support visitorship. 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 the Seacoast contribute significantly to the State's revenues—far beyond the proportionate share the City receives through Meals and Rooms distribution.

HB 1609, enabling legislation that would permit municipalities to adopt a surcharge on hotel occupancy, 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 business owner, taxpayer and Mayor, I have witnessed directly the increased demands on municipal services that the tourist population creates. HB 1609 would allow cities and towns to receive funds to supplement needed addition municipal services, promote tourism and alleviate burdens on our residents. Each city or town could use the funds to address their particular needs as no two communities are alike. In the City of Portsmouth there are over 50 annual events, 307 food establishments and almost 2,000 hotel rooms. Visitors to these festivals, restaurants and hotels create a need for police, fire, ambulance and public work services. Communities could also support visitors by creating bike-friendly paths, adding shuttle and trolley services, building a better connected community for everyone to enjoy. In addition, cities and towns could enhance their tourism marketing, emphasizing their hotels and other local businesses and culture, thereby continuing to fuel State revenues through Meals and Rooms taxes.

Cities and towns need alternative sources of revenue other than the overburdened property tax. This is particularly true given the steady decrease in Meals and Rooms Tax net revenue distributed to New Hampshire communities, the State's failure to consistently apply the catch up formula to increase the net revenue distribution of the Meals and Rooms Tax revenue from the current 21% to the statutorily prescribed 40%, and the downshifting of costs previously paid by the State and the County to the local communities. HB 1609 would be a way communities could raise funds to offset downshifting costs and support tourism.

The City could raise needed funds to support tourism. An example of the potential revenue generated in the City of Portsmouth could be as follows:

$$\begin{array}{rcccccc} 1974 & \times & 365 & \times & .75 & \times & \$2 & = & \$1,441,021.50 \\ (\text{\#rooms}) & & (\text{days}) & & (\text{occupancy \%}) & & (\text{surcharge}) & & (\text{gross revenue}) \end{array}$$

Although the City supports the surcharge, it does not support that those funds be paid through DRA under RSA 78-A. The City supports an amendment to the bill for local municipalities to collect and administer the surcharge, reducing the State's administrative costs and ensuring that the funds be directed immediately to the purpose for which they raised.

The Portsmouth City Council has adopted Legislative Principles, whereby the City will support legislation that supports revenue streams to aid municipalities, specifically those that name Portsmouth or will directly support Portsmouth and further supports directing revenues to the purposes for which they are raised. Overall, HB 1609 supports the City's Legislative Principles.

As amended, I believe HB 1609 will help the City and State enhance tourism and defer the costs borne by local communities.

Sincerely,



Jack Blalock, Mayor of the City of Portsmouth
On behalf of the Portsmouth City Council

cc: Legislative Subcommittee
John P. Bohenko, City Manager