



## CITY OF PORTSMOUTH

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Rick Becksted  
Mayor

February 5, 2021

Senator Robert Giuda, Chairman  
Senate Ways and Means Committee  
107 North Main Street  
Concord, NH 03301

Re: City of Portsmouth's Written Testimony in support of SB 99

Chairman Giuda and Members of the Senate Ways and Means Committee:

The City of Portsmouth derives benefits from being a prime New Hampshire tourism destination 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 not only support Portsmouth businesses, but also support our local and State economy. Hospitality-related businesses in Portsmouth and on the Seacoast contribute significantly to the State's Meals and Rooms Tax Revenues—far beyond what is returned to the City as its proportional distribution is based on population.

The City has never worked harder than during COVID-19 to help support the local tourism economy, business owners and employees who were severely impacted. The City collaborated with business owners, citizen groups and nonprofits to find creative ways to help our restaurants and performing arts community survive. The City recognized that working with numerous restaurants to create new outdoor dining space was vital to their survival. Its collaboration with residents and nonprofit groups helped to create outdoor performance venues in order to help the struggling arts community during the pandemic. These efforts were not just to benefit our residents, workers and local business and arts community; these efforts were also advanced recognizing the need to sustain Meals and Rooms Tax Revenue generated in the City to the statewide benefit of the General Fund.

The challenge of generating those tax revenues made even more glaring the irony that the City of Portsmouth gets so little in return. The City has long supported reexamining the existing Meals and Rooms Tax Revenue distribution formula to help address a way for those communities that support tourism to

receive funds to help defer the costs of tourism and decrease the overreliance on the local property tax. As Mayor, I have witnessed directly the increased demands on municipal services such as police, fire and public works that the tourist population creates and how these demands burden the local taxpayer.

This tax burden on our residents has been made **significantly worse** over the last ten years due to the State's refusal to distribute the statutorily prescribed 40% Meals and Rooms Tax net revenue to New Hampshire communities. **The State repeatedly fails to comply with the "catch up formula" that was designed to bring distribution back to the statutorily prescribed 40%.** This failure has left recent distribution levels to communities at closer to 20% -- less than half of what communities should be receiving.

If the State had distributed net Meals and Rooms Revenue to the City at the statutorily prescribed 40%, the City of Portsmouth would have received **\$19,543,437** from 2011 to 2021. Instead, for that same time period, the City received **\$8,135,603**. The difference between what the City should have received and what it actually received is **\$11,407,834**. This loss of revenue has been borne by our local taxpayers and has created an increased burden on the property tax. This is yet another example of the State downshifting significant costs previously paid by the State and the County onto local communities, compounding the burden on the property tax.

Due to the impact of COVID-19 and limited monies coming directly to cities and towns through the CARES Act, it is even more important to find ways to help municipalities relieve the burden on the property tax for local residents. The City supports SB 99 and urges the Senate Ways and Means Committee to vote SB 99 Ought to Pass for the reasons described above.

Sincerely,



Rick Becksted, Mayor of the City of Portsmouth  
On behalf of the Portsmouth City Council

cc: Legislative Subcommittee  
Karen Conard, City Manager  
Portsmouth Legislative Delegates