



CITY OF PORTSMOUTH

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Deaglan McEachern
Mayor

January 8, 2024

Chairperson Sanborn
House Ways and Means Committee
107 North Main Street
Concord, NH 03301

Re: City of Portsmouth's Written Testimony in support of HB 1254

Chairperson Sanborn 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 welcome and support visitors. 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 Rockingham County contribute significantly to the State's Meals and Rooms Tax Revenues (typically close to a third of the total revenue) —far beyond what is returned to these communities because the distribution is based solely on the population of residents and excludes those who work and visit the City. The City's portion of the meals and rooms distribution does not fully support the costs related to the impact of tourism on our community.

HB 1254, enabling legislation that would permit municipalities to collect a public safety assessment from operators of room rentals, 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 Mayor, parent and taxpayer, I have directly witnessed the increased demands on municipal services that the tourist population creates and how that demand burdens the local taxpayer. If passed, HB 1254 would permit municipalities to receive funds that would be deposited in a capital reserve fund, revolving fund, special revenue fund or tourism support fund that will be used to augment funding for municipal services associated with the increase in tourism and transient traffic. Each city or town could use these funds to address their particular municipal service needs as no two communities are alike. at the same gives cities and towns local control to make these decisions while at the same time improving tourism in the State which benefits all New Hampshire citizens.

Hospitality-related businesses were some of the hardest hit during the pandemic. The recovery of these businesses is vital to our City and our State. The City was unable to host the traditional number of annual special events for tourists to enjoy during the pandemic. We lost well-loved food establishments and local businesses which simply


could not survive the pandemic's negative impacts. We, as a City, have worked hard to help our local economy recover from the pandemic. We are happy to report that our restaurants and hotels are back to pre-pandemic capacity and since our hotels are no longer recovering from the pandemic, the payment and collection of a public safety assessment would not create an excessive administrative burden or cost to hotels.

We, as a City, have welcomed back tourists to enjoy the City we are lucky enough to live in. When tourists visit, our population of 22,548 swells and the demand for police, fire, ambulance and public work services increase and change. For example, our Fire Department's response to a single-family residence requires significantly less personnel and different equipment than when responding to a high occupancy multi-story hotel. Special events like festivals and road races that attract tourists often require Public Works Staff to block roads and Police Details to keep vehicles, visitors and residents safe.

All of these costs are not absorbed by the property taxes assessed against the hotels. The burden for the additional police, fire and public works services are absorbed by the local taxpayer. Overreliance on the property tax creates a burden on all taxpayers, particularly our elderly on a fixed income. Although many of our seniors may qualify for an elderly exemption, the exemption amount cannot keep pace with the recent increases in appraised property values and associated property taxes. Cities and towns need alternative sources of revenue other than the overburdened property tax. This is particularly true due to the history of the State downshifting costs on to local municipalities. Notwithstanding the recent improvements to the meals and rooms distribution and the states one-time contribution to employer costs for retirement, HB 1254 would be a way for communities to raise funds to offset downshifting costs, support tourism and relieve the burden on the local taxpayers.

The City has long advocated for this enabling legislation because it will help municipalities defer its costs and improve services to hospitality- related businesses that fuel New Hampshire's tourism economy. For the reasons described above, I would ask the House Ways and Means Committee to vote HB 1254 Ought to Pass.

Sincerely,



Deaglan McEachern
Mayor of the City of Portsmouth
On behalf of the Portsmouth City Council

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