



CITY OF PORTSMOUTH

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Jack Blalock
Mayor

January 29, 2019

Chairman Clyde Carson
House Municipal and County Government Committee
107 North Main Street
Concord, NH 03301

Re: City of Portsmouth's Written Testimony in support of HB 641

Chairman Carson and Members of the House Municipal and County Government 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 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 based on population.

HB 641, enabling legislation that would permit municipalities to adopt a hotel occupancy fee, 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 641 would allow cities and towns to receive funds to supplement needed additional municipal services, promote tourism and alleviate burdens on our residents. These funds would be deposited in a capital reserve fund, tourism support fund, revolving fund or other special revenue fund. Each city or town could use these funds to address their particular needs as no two communities are alike.

In the City of Portsmouth there are over 75 annual events, 299 food establishments and almost 2,100 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 cultural assets, hotels and other businesses that support tourism, thereby continuing to fuel State revenues through the Meals and Rooms Tax.

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. Funds collected under HB 641 would lessen the impact of the State's reluctance to consistently apply the catch up formula to increase the distribution of the Meals and Rooms Tax net revenue from the current 20% to the statutorily prescribed 40%, and the downshifting of costs previously paid by the State and the County to the local communities. HB 641 would be a way communities could raise funds to offset downshifting costs, support tourism and augment local funding given to the Chamber of Commerce for activities such as destination marketing and other visitor initiatives.

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 641 supports the City's Legislative Principles.

I believe HB 641 will help the City and State enhance tourism and defer the costs borne by local communities.

Sincerely,

A handwritten signature in black ink, appearing to read "Jack Blalock". The signature is written in a cursive, flowing style.

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