

Talking Points

- Tourism supports local and state economy by generation of meals and rooms tax and local jobs.
- Tourism comes with a cost.

A. Meals and Rooms Revenue Distribution to City:

1. Meals and Rooms tax generated by City is significant but distribution of revenue is disproportional because it is based on residential population (21,898) and does not account for daily influx of workers (33,000) and tourist (est. 4 million a year). See attached chart.
2. State consistently not keeping up with catch up formula and Cities and Towns received 20% of net revenue distribution in 2019 and anticipate 19% distribution in 2020, notwithstanding statute prescribing 40% distribution to Cities and Towns.
3. Of total distribution to Cities and Towns, Portsmouth receives 1.6%.

B. Tourism creates increased demands on municipal services, including police, fire, infrastructure and public works (2019 221 events, 308 food service establishments with 35,120 seats and approximately 2,165 hotel rooms).

1. Real estate taxes on local hotels not sufficient to cover increase demands on fire, police and public works.
2. Burden on local tax payers:

Example senior citizen has lived in 1025 square foot home with no renovations for many decades

Compare 2016 real estate taxes to 2019 28% increase

Same time period water bill increase 4% sewer 12%

3. Fire Department response and equipment needs change to meet demand from multi story hotels:

186 responses to 18 hotels in 2019

More staff required to respond to hotel call than single family

Request to replace 75' ladder truck with a 95' platform (tower)

- Committee to study the distribution of meals and rooms tax should address a fair way that communities that support tourism could receive statutorily prescribed amount and reexamine formula to help offset burden on the local taxpayer.