

BUDGET REVIEW COMMITTEE

OCTOBER 28, 2019

A meeting of the Budget Review Committee was held Monday, October 28, 2019, at 7:00 p.m. in the Aldermanic Chamber.

Alderman Richard A. Dowd, Chairman, presided.

Members of Committee present: Alderman-at-Large Lori Wilshire  
Alderman-at-Large Michael B. O'Brien  
Alderman-at-Large Ben Clemons  
Alderman Jan Schmidt  
Alderman-at-Large David C. Tencza

Members not in Attendance: Alderwoman-at-Large Shoshanna Kelly

Also in Attendance: Kim Kleiner, Director of Administrative Services  
Alderman Ernest Jette

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PUBLIC COMMENT - Public

COMMUNICATIONS - None

UNFINISHED BUSINESS – None

NEW BUSINESS – RESOLUTIONS - None

NEW BUSINESS – ORDINANCES

**O-19-063**

Endorsers: Alderman Ernest Jette  
Alderman Patricia Klee  
Alderman-at-Large Brandon Laws  
Alderman Thomas Lopez  
Alderman June Caron  
Alderwoman Shoshanna Kelly

**AMENDING THE ELDERLY AND DISABLED TAX EXEMPTIONS**

**MOTION BY ALDERMAN O'BRIEN TO RECOMMEND FINAL PASSAGE**

ON THE QUESTION

Chairman Dowd

I'm going to go out on a limb and say, Ms. Kleiner are here to talk about this at all? No. Ok discussion.

Alderman O'Brien

I seem to remember a very short time ago, and maybe other members of the Board can help me out, but we looked at this issue in the past. At that particular time we came out and we found Nashua, compared to other municipalities within our geographical area, we are actually quite liberal or ahead of the game to some degree of what we give in elderly exemptions. So the question is, because whenever we give exemptions, we will have to collect a certain amount. So somebody, it's not giving money away, somebody has to make up for the loss and it could inflate the tax rate. So I want to understand, what is the particular dire need to this at this particular time?

Alderman Jette

It was brought to my attention by a constituent that the exemption for the elderly was different than the exemption for the disabled. There was an inconsistency between the two. The starting exemption, I know you all know, but for the public, a tax exemption is it exempts part of the value of your property from being taxed. So the beginning tax exemption for the elderly, for people 65 to 74, is \$192,000.00. So that means if you own a house that's worth \$200,000.00 the first \$192,000.00 is not taxed. You are only taxed on the \$8,000.00 after that, that's if you qualify for the exemption. This constituent pointed that although the lowest level of exemption for elderly is \$192,000.00; for the disabled at \$194,000.00. There is a \$2,000.00 difference and I couldn't really determine that there was a good reason for that \$2,000.00. It caused some confusion among taxpayers as to what exactly they qualify for. I talked to somebody in the Assessing Department and they agreed that there was some confusion by people. So I thought for the \$2,000.00 it didn't seem like that great of an impact; it made sense to me that we should make them the same.

What this Ordinance does is it raises that beginning elderly exemption from \$192,000.00 to \$194,000.00; it's only \$2,000.00. I also noticed that to qualify for this exemption you are allowed a maximum income and for the elderly the income is \$50,000.00 whether you are single or a couple. But for the disabled, it is \$36,000.00 if you are single and \$40,000.00 if you are a married couple. So I thought to achieve some consistency, we ought to raise the maximum income for the disabled to the same as the elderly, \$50,000.00 for a single person or a couple just to make them the same so there wouldn't be this confusion. I also noticed that the maximum assets that you are allowed for the elderly it is \$150,000.00; for the disabled it is \$125,000.00. So again to make it consistent, I thought we could raise the maximum asset level to \$150,000.00 for the disabled so they are all the same. So in the future, if this is adopted, the beginning exemption for the elderly would be \$194,000.00 as it is for the disabled and the maximum income for the elderly would be \$50,000.00; the same thing for the disabled. The maximum assets is \$150,000.00 now for the elderly; we would raise it to \$150,000.00 for the disabled.

When I was reviewing the Ordinance I also noticed that the Ordinance – so this like many of our Ordinances is based upon enabling legislation from the State Legislature. That enabling Legislation has qualifications as far as people who are eligible for this, you have to own your home. You have to own your home and it talks about whether you own it jointly or as a tenant in common with a spouse or whether you own it jointly or a tenant-in-common with another person who is not your spouse. Our Ordinance takes these qualifications and tries to condense into one sentence and it paraphrases these qualifications and it ends up mis-stating the qualifications. So it leaves out tenants-in-common, you know, and there are some other discrepancies.

So after talking to the Legal Department here we decided that it would be better if our Ordinance exactly matched what the State Enabling Legislation was. So that's what this does, instead of paraphrasing it, it copies exactly what the State Law provides. I consulted with the Mayor's Office and he said that he had no problem with this and I spoke to Kim Kleiner and she did some research about what the financial impact, the issue that you raised Alderman O'Brien. She came up with some figures as to what the impact would be.

Alderman O'Brien

Follow-up with this, I'll let Ms. Kleiner have a seat. But the last time we discussed this particularly in the situation where married couples, the reason we went to the \$50,000.00 as compared to other communities; they had in a way different, when the loss of a couple, then there's like a pop up and everything else. We stayed at the \$50,000.00 for married couple. So regardless, if a couple should lose a spouse in an untimely death, somebody would get kicked off the elderly exemption because they filed jointly. Will this allow somebody to be kicked off because we took into account when we came up with that originally that you could file jointly for that particular reason. Ms. Kleiner, do you know what I am getting at and what I am saying and if you can embellish a little bit better with my question and explain it. But I know we had that safeguard in this particularly for that reason in case somebody should die in a situation.

Kim Kleiner, Administrative Services Director

Kim Kleiner, Administrative Services, Director. Alderman O'Brien I completely understand your question. This will not allow that; this does not change that fact, still the income is not to exceed \$50,000.00 single/joint. That part of it does not change that part of the qualifications.

Alderman O'Brien

Alright. Follow up if I may. Because what it was if somebody, it was the top end of the numbers, break the \$50,000.00 when somebody dies and that was the reason. We went high originally to intend to eliminate that from what I understand in the past.

Ms. Kleiner

So what Alderman Jette's legislation does is it cleans up a lot of the language that has been in our existing ordinance. That needed to be done. There were people that were sometimes a little misled or had some misunderstanding. I think this works very well and it lays it out quite clearly. What you are going to see, what the impact will be is that increase of the \$2,000.00 in the lower level of the elderly exemption, at least for the numbers that submitted applications in the 2019 year which were reported on the MS1 that we delivered in your box, we had 248 properties that filed last Spring. That would reflect with no more of a loss in tax revenue than \$10,822.72 so that's the real cost you are looking at. What makes it a little bit difficult is the change in the disabled. From what we know, from applications submitted to our office this past Spring, there would have been no additional loss in revenue because no applicant was denied having assets at or below the \$150,000.00 limit. So really we don't see any change over that part of the Legislation based on what we know now.

As you know, applications open up January 1<sup>st</sup> of 2020, they are due April 15<sup>th</sup>. What we can say is that we look at these numbers very carefully, the part of the Legislation that we were concerned about was the tax year that you were starting with. And because this starts with tax year 2020 there is no issues with assessing having to issue refunds.

Alderman Clemons

Ok so this is actually going to probably be if anything a positive to folks because we are increasing the amount, is that correct? OK. And then my second question comes with all of the language changes, not so much the amounts but the language changes. Is this what we are currently doing now if somebody comes to apply?

Ms. Kleiner

Yes so they are laid out a lot better for the basic understanding of the public. But what assessing follows is all State Laws.

Alderman Clemons

So in other words if somebody comes in, because I noticed at like, you know, some of the stuff that's in here now, for example the life insurance or you know expenses, cost incurred in the course of conducting business enterprise, stuff like that is not obviously in the current legislation. But what I am asking is if when somebody comes to apply for an exemption, do we ask all of those questions currently.

Ms. Kleiner

So our Assessing staff goes through a whole list of questions and the application quite thoroughly. We are looking at a lot of these things and these issues.

As I said we follow New Hampshire Law so not necessarily everything that you have seen in the Ordinance in the past, there was more investigation by our office when we were reviewing applications.

Alderman Clemons

So what you are telling me, if I understand correctly, is that this language is basically what the State Law reads and it is what the practice is now for the Department as it exists. So we are not changing the process or anything?

Ms. Kleiner

As we reviewed it, Alderman Jette's language exists with current State Law.

Alderman Clemons

Ok but State Law but is that our practice?

Ms. Kleiner

That is our practice.

Chairman Dowd

I have a couple questions, unless somebody else .... I know when taxes go up or we reassess that people, particularly elderly are concerned about losing their homes and I think this to a greatest degree helps significantly for the people with the least incomes. I have no problems with any of those exemptions. My only question is if you are a disabled veteran that's over the age limit, you qualify for all three exemptions?

Ms. Kleiner

Well so you are receiving the Veteran's credit. I have not seen as of yet anyone also qualify for the disabled. The disabled is a little bit harder to qualify, looking at the qualifications. So most of our Veterans received the Veteran's credit but do not qualify for the disabled unless they meet the specific rules and regulations of the disabled.

Chairman Dowd

The other question I have is usually somebody that applies for this is in a dire need if you will. The real estate market is taken out of it because the home doesn't count, it is other assets. Do we ever get in a situation where people all of a sudden the stock markets doing well and they have some amount of 401K or something and all of a sudden they are a couple dollars over the limit and they are off the hook? I always thought that perhaps it should be flexible to some kind of metric that as it goes up the exemption goes up so that they stay whole. I'm not quite sure what metric you would use or how you would apply it but I'm just curious.

The other thing is, business income is exempt, is that right?

Ms. Kleiner

I'm not sure where you are reading that.

Alderman Dowd

I think I read it somewhere. I could have been wrong but I thought business expense was ...

Alderman Jette

295-4 A – when you are determining the income. So you don't consider the expenses and costs incurred in the course of conducting a business enterprise. So it's not the income, to determine the income it would be basically the net income, it would be your gross income less your expenses to determine your net income. So if you are grossing \$100,000.00 but it is costing you \$75,000.00 your net is only \$25,000.00.

Alderman Dowd

Ok I was just concerned that was something we could track because some people could not have a lot of assets but have a business that's making a lot of money. But I mean not a lot of money, but making money to disqualify them but this seems to take that into account. The only other thing I had when I read this is I thought like most laws there are too many words to say something that could be said a lot simpler. But I don't think we need to run it through Legal again because they will probably come back with twice as many words.

Alderman O'Brien

Current law without the words...

Chairman Dowd

Not Corporation Counsel by the way.

Alderman O'Brien

The current operating procedure that we have without as many words which is the nexus of my question here. This is going to be the one property owned, what I am trying to say if somebody owns a place down in Florida then that's considered an asset so therefore they would not be entitled to elderly exemptions in our community, am I correct?

Ms. Kleiner

It goes by your homestead, your home. So are you saying that they live in Florida is their home and they are claiming homestead rights in Florida?

Alderman O'Brien

No what I am saying is that is considered probably follow up to Alderman Dowd's it goes into collectible. Some people have a summer home somewhere else it may not be in Florida it might be up at the lake but they are under the \$50,000.00 thing that's taken into account as far as what they are getting for social security or their particular pension and they can bring that documentation in. But they own property somewhere else so there's property, I understood now, current law says that you are looking at the one residence here in Nashua to get the elderly exemption. If you own property somewhere else that counts, your assets do count. So that still stays because I had trouble kind of reading the residence requirement in the words there. But we are going to follow that same particular procedure, correct?

Ms. Kleiner

Yes and so also have to be careful of, we've had instances in the past where they may have a home in Florida and they are getting the exemption in Florida because they are claiming their homestead is in Florida. They would not be eligible for the exemption here in Nashua as well so there's also that case. So we always tell people if you don't know, fill out the application, come in, sit with a member of our assessing department, our administrative staff and they will walk you through it. Going to Alderman Dowd's question a little earlier, I have seen it where there a few thousand, unfortunately there is no wiggle room for us. And we have to take those applications to the Board of Assessors, and the Board of Assessors have ultimate approval or denial.

Chairman Dowd

One other question, I had some involvement with Manchester and I can't remember, I think I've been told by legal that our exemptions here in Nashua are the highest in the State followed closely by Manchester or the other way around but I think Nashua is higher. And I know when I was helping somebody file in Manchester, it was like you were buying a corporation. It is not a simple process and the people that most need this have a hard time figuring all that out. Is there any way we can make it a little easier?

Ms. Kleiner

So I can only speak to our administrative staff here who diligently sits with these people and explains everything; will ask them to bring in their documents and then will explain the documents and how they affect the application. I think during the time that we came to you and started talking about an improvement plan we mentioned to you that a lot of this is done out in the hallway because there's not ample room within our assessing office to do so. That's one of the reasons that we said it is important for us to add a space. You know, our area in assessing that these applications is standup, it's standing. You have many people that come in that may be handicapped or it is a long time that you could be discussing this application and they should be able to sit with our staff. So we are currently looking at that. But I think that the staff does an excellent job in making sure that they understand every section of the application and how their income and their assets either apply or do not meet.

Chairman Dowd

Do we give them, if they don't have all of the qualifying data required, do we give them an opportunity to try and get that and not get bogged down by some kind of an artificial deadline?

Ms. Kleiner

Yes in fact we do. So as late as just this past September we finally had an application that went in front of the Board of Assessors. The individual was making every attempt to get the information but it was held up for various family reasons and things. So we do work with them and don't hold them to a deadline if we see that they are making progress in trying to get the information.

Chairman Dowd

That's good to know. Any other questions?

Alderman Schmidt

Thank you. I'd just like to say that I really appreciate the fact that we are leveling the numbers. That was very confusing for a couple of my constituents as well. I can also tell you that one of the first things I ever did as an Alderman was to help a veteran understand how to get his exemption. He was totally lost and had no idea. When we introduced him downstairs, he had an opportunity to talk to someone, he understood and he was able to get what he needed. So it's a good department and it works well. It is just a shame that's in legalese instead of simple American language. Thank you.

Alderman Wilshire

Thank you. I too think that it is tough for some people to understand but I think the staff we have is really good and will take their time and make sure they understand everything they are signing or looking for. I was a little reluctant at first with this legislation but you sold me. I mean I think it is a good idea, I think that leveling those out makes sense. And I thank you Alderman Jette for doing this.

Alderman Jette

You're welcome.

Alderman O'Brien

I too like Alderman Wilshire had a couple of questions on it and the reason is because I completely understand. Up at the State Level when we came up with the veterans and we had to look cold hard into Nashua and we put on like granted 100% to what the State law allowed because there's the dangling parts that go out there, how many veterans actually live in the community, what would qualify? And then the next thing that you would know, we would actually be hurting our resources. I am all in favor in helping the elderly live and come and live in a great City that this is, but I also keep in mind any time we look at disabled or elderly exemptions, we've got to remember the other people who are making up for that particular tax law, you know, that occurs. We do have, right now, the situation with the Elm Street School that needs to be either repaired or replaced and other general issues. So if I came across a little bit like the doubting Thomas, it was with good particular reasons. I am glad Alderman Jette recognizes that the good work we do up at the State House, in correcting the thing, it is good to be rewarded once in a while that sitting on both the House of Legislators and here with the City, that can work together to come out with something positive. So I am going to support this.

Chairman Dowd

Speaking of the State Legislation it says "The City of Nashua hereby adopts the provisions of New Hampshire revised statutes Annotated 72:39-b as they may be amended from time to time". Now will our Ordinance automatically change as State Law changes or does it somehow trigger that it has to come back and be changed? Or how is that going to work?

Ms. Kleiner

We watch State Law so we get notified, but I think some of the very clean up that Alderman Jette has brought forth is probably a result of laws changing but we should be updating our Ordinances with changes that are made at the State Level or notified as soon as any changes.

Chairman Dowd

So as the head of Assessing you are going to be notified when State Law changes and you will bring that to the attention of the Board or Legal to change our local Ordinance?

Ms. Kleiner

Sure we would be happy to.

Chairman Dowd

Sounds good. Any other questions or concerns?

**MOTION CARRIED**

GENERAL DISCUSSION - None

PUBLIC COMMENT - None

REMARKS BY THE ALDERMEN

Chairman Dowd

A couple things, I don't know if you got notified today that the Budget Meeting scheduled for December 23<sup>rd</sup> is moved to the 16<sup>th</sup> and we are also going to have another Budget on December 2<sup>nd</sup>. So if you just note those dates down it'll be in the schedule when it comes out, but I just thought I'd give you a heads up on things, so we can get cleaned up.

Alderman O'Brien

Question of the Chair? If you call a meeting on my birthday is there any dispensation or any compensation with that?

Chairman Dowd

Yeah you have to take us all out afterwards.

Alderman O'Brien

I will be here on my birthday.

Alderman Wilshire

And the reason for the Budget change in December is because the Full Board of Aldermen meeting would have been on Christmas Eve so figuring that we probably wouldn't all want to be, well maybe some of us would want to be here on Christmas Eve, but not me. So we are going to move that to the 23<sup>rd</sup> which is why Alderman Dowd graciously switched Budget.

Chairman Dowd

And I think there's a Personnel Meeting scheduled for December 2<sup>nd</sup>. I think we are going to move that. The Chair may not know it yet from that Committee but there's a reason.

POSSIBLE NON-PUBLIC SESSION - None

ADJOURNMENT

**MOTION BY ALDERMAN O'BRIEN TO ADJOURN  
MOTION CARRIED**

The meeting was declared closed at 7:32 p.m.

Alderman-at-Large Michael B. O'Brien, Sr., Committee Clerk