



The State of New Hampshire
Department of Environmental Service

Thomas S. Burack, Commissioner

*Celebrating 25 Years of Protecting
New Hampshire's Environment*



January 23, 2012

The Honorable Stephen Stepanek, Chairman
Ways and Means Committee
Legislative Office Building, Room 202
Concord, New Hampshire 03301

Re: HB 1222 Relative to Application Fees for Permits Required Under RSA 483-B

Dear Chairman Stepanek:

Thank you for the opportunity to comment on HB 1222 relative to application fees for permits required under RSA 483-B. The Department of Environmental Services (DES) does not support HB 1222 because this bill would reduce the effectiveness of New Hampshire's Shoreland Water Quality Protection Program and, as a result, have negative impacts on surface water quality, the integrity of shorefront lands and New Hampshire's economy. If HB 1222 were enacted, application fees for protected shoreland permits would be reduced, thus causing a reduction in the total annual revenues available to support this program. The specific funding and program impacts that bill enactment would cause are discussed in this letter.

The requirements for protected shoreland permits under RSA 483-B, the Shoreland Water Quality Protection Act, became effective on July 1, 2008. Since then, during a slow growth period, DES has received permit applications at an average annual rate of about 800 applications per year. We estimate that the average proposed impact within the protected shoreland has been about 2,700 square feet per permit application and the average permit fee has been \$370 per application. If HB 1222 were enacted, the permit fee for an application of average impact (2,700 square feet) would be reduced from \$370 per application to about \$239 per application, or a reduction on average of about \$121 per application. It has been DES's observation that permit fees typically constitute a very small percentage of a project's overall cost. The decline in fee revenues, however, would have a significant detrimental impact on the program. These impacts are described further below.

Assuming an annual rate of 880 protected shoreland permit applications in FY 2013 (also assuming 10% more applications than the average of the previous three years due to an improving economy), DES estimates that total annual protected shoreland permit application revenues would be reduced from \$325,600 under the current fee structure to \$219,320 under the rate structure proposed in HB 1222, resulting in a net annual revenue loss of \$115,280. This annual revenue loss would require an immediate reduction in expenditures by layoff of two technical staff members effective July 1, 2012. These layoffs would cost approximately \$80,000 in 2013 to cover the payout costs. This would put the program immediately into a deficit condition because the program fund balance is currently near zero. As a result, HB 1222 could result in a cost to the general fund to cover the layoff costs of approximately \$70,000 in FY 2013.

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If HB 1222 were enacted, the loss in program revenue would have immediate negative impacts on the effectiveness of the Shoreland Water Quality Protection Program. This program currently has five technical staff members, who collectively review applications, investigate complaints, implement the compliance program and provide public assistance and outreach. The two layoffs caused by enactment of HB 1222 would result in an immediate 40% reduction in staff capacity from five to three staff. Consequently, DES would need to dedicate the three remaining staff primarily to processing protected shoreland permit applications. These permit applications are currently processed within 10 calendar days. The layoffs would reduce staff capacity to deal with spikes in application volume, causing review times to slow during peak application periods, such as the summer months or if permit application submissions generally increase with an improving economy. Permitting delays would cause construction delays, resulting in negative impacts to New Hampshire's economy, especially in communities with significant lakefront property. Moreover, these staff reductions would also substantially diminish the program's compliance assurance efforts, thus leaving complaints and violations unaddressed for long periods that could potentially cause ongoing deterioration of water quality and shorefront lands. Lower water quality causes shorefront property values to drop because fewer people want to buy homes on lakes that are not pristine. When property values decline, assessed values are reduced and a community's tax base suffers. This, in turn, usually causes property tax rates to rise. Therefore, reduced permit fees for a few property owners could have the unintended consequence of raising property taxes for many property owners.

Finally, please note that the existing fee structure is already scheduled in RSA 483-B for sunset and reevaluation in 2016. We believe that this would be the more appropriate time to reconsider the existing fees for protected shoreland permit applications rather than during this legislative session.

Thank you again for this opportunity to comment. Please call Rene Pelletier at 271-2951, or me at 271-2958, if you have any questions or need additional information.

Very truly yours,



Thomas S. Burack
Commissioner

cc: Representative McGuire
Representative Warden
Representative Bettencourt
Representative Giuda