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Mayor

CITY OF PORTSMOUTH

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Chairman Weyler and Members of the Budget Committee of Conference:

As Mayor of the City of Portsmouth, on behalf of the City, I am writing to urge you to reject the House budget proposal to suspend the 30% municipal share of the meals and rooms tax distribution in FYs 26-27 and replace it with a flat appropriation of \$137 million per year. This will *reduce the meals and rooms distribution to cities and towns*. The House's recommendation is particularly frustrating because it has only been over the last several years that cities and towns have received a reasonable level of meals and rooms distribution (30%). This 30% distribution (although less than the statutory obligation or 40%), is far more equitable than the formula used for distributions over the past decade. The House's recommendation is just another chapter in the Legislature's history of downshifting costs on to local municipalities.

Adopting the House's recommendation on the meals and rooms distribution would negatively impact NH taxpayers, and in the case of Portsmouth, reduce funds used to support the services that are necessary to fuel the hospitality engine that generates the meals and rooms tax. 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 —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. The House's budget recommendation would further reduce funds that help support services necessary to support tourism, while increasing the overreliance on the property tax that burdens local taxpayers who must fund those services to support tourism.

On behalf of the City of Portsmouth, I urge the Budget Committee of Conference to reject the House's recommendation on the meals and rooms tax distribution formula of a flat \$137 million per year and support the Senate's recommendation that leaves the 30% distribution as it is.

Thank you for your consideration.

Deaglan McEachern, Mayor of City of Portsmouth