

HB 504-FN-LOCAL - AS INTRODUCED

2021 SESSION

21-0628
10/08

HOUSE BILL ***504-FN-LOCAL***

AN ACT relative to the state education property tax and the low and moderate income homeowners property tax relief program.

SPONSORS: Rep. Ames, Ches. 9; Rep. Luneau, Merr. 10; Rep. Heath, Hills. 14; Rep. Porter, Hills. 1

COMMITTEE: Ways and Means

ANALYSIS

This bill requires the department of revenue administration to receive the revenues from the state education property tax and deposit them in the education trust fund, and revises the procedures for calculating state education grants. The bill modifies the criteria for relief under the low and moderate income homeowners property tax relief program, and establishes a committee to study the low and moderate income homeowners property tax relief program.

Explanation: Matter added to current law appears in ***bold italics***.
Matter removed from current law appears [~~in brackets and struckthrough.~~]
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty One

AN ACT relative to the state education property tax and the low and moderate income homeowners property tax relief program.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 1 Property Taxation; Commissioner's Warrant. Amend RSA 76:8, II to read as follows:

2 II. The commissioner shall issue a warrant under the commissioner's hand and official seal
3 for the amount computed in paragraph I to the selectmen or assessors of each municipality by
4 December 15 directing them to assess such sum and ~~[pay it to the municipality for the use of the~~
5 ~~school district or districts]~~, ***after subtracting the municipality's actual cost carrying out the***
6 ***functions required by this subdivision, pay the remainder to the department of revenue***
7 ***administration for deposit in the education trust fund. Such payments by municipalities,***
8 ***and the subtractions for actual costs, shall be made in accordance with schedules,***
9 ***standards, and procedures established by rules adopted by the department of revenue***
10 ***administration after consultation with the commissioner of education.*** Such sums shall be
11 assessed at such times as may be prescribed for other taxes assessed by such selectmen or assessors
12 of the municipality.

13 2 Property Tax Bill Information. Amend RSA 76:11-a, II to read as follows:

14 II. The tax bill shall also contain a statement informing the taxpayer of the types of tax
15 relief for which the taxpayer has the right to apply. ***The statement shall explicitly list the low***
16 ***and moderate income homeowners property tax relief program specified by RSA 198:57 and***
17 ***shall include information on how to apply for the program.*** The following statement shall be
18 considered adequate:

19 "If you are elderly, disabled, blind, a veteran, or veteran's spouse, or are unable to pay taxes due
20 to poverty or other good cause, you may be eligible for a tax exemption, credit, abatement, or
21 deferral, ***which can reduce your current property tax bill.*** For details and application
22 information, contact (insert title of local assessing officials or office to which application should be
23 made ***and deadline for application.***)

24 ***Depending on your income, you may also be eligible for a refund of some of your taxes***
25 ***under the low and moderate income homeowners property tax relief program. To find out***
26 ***how to get a refund, call the New Hampshire department of revenue administration at***
27 ***(insert current telephone number here) or visit the department's website (insert current***
28 ***website address here). Applications for refunds are due by June 30.***

29 This statement shall be prominent [~~and~~], legible, ***and printed in at least 12-point boldface type,***
30 and may either be printed on the tax bill itself, or on a separate sheet of paper enclosed with the tax

HB 504-FN-LOCAL - AS INTRODUCED

- Page 2 -

1 bill. A municipality may in its discretion choose to include more detailed information about the
2 eligibility criteria for different forms of tax relief, provided, however, that the information in the
3 above statement shall be considered a minimum.

4 3 New Subparagraph; Education Trust Fund. Amend RSA 198:39, I(l) to read as follows:

5 (l) *The full amount of education property tax payments from the department of*
6 *revenue administration pursuant to RSA 76:8, II.*

7 (m) Any other moneys appropriated from the general fund.

8 4 Repeal; Tax Warrant; Determination of Education Grants. RSA 198:41, I(b) relative to
9 subtracting the amount of the state education tax warrant in the determination of grants, is
10 repealed.

11 5 Determination of Education Grants; Tuition. Amend RSA 198:41, II(b) to read as follows:

12 (b) The total amount paid for items of current education expense as determined by the
13 department of education [~~minus the amount of the education tax warrant to be issued by the~~
14 ~~commissioner of revenue administration for such municipality reported pursuant to RSA 76:8 for the~~
15 ~~next tax year~~].

16 6 Determination of Grants; Stabilization. Amend RSA 198:41, IV(d) to read as follows:

17 (d) For fiscal year 2017 and each fiscal year thereafter, the department of education
18 shall distribute a total education grant to each municipality in an amount equal to the total
19 education grant for the fiscal year in which the grant is calculated plus a percentage of the
20 municipality's fiscal year 2012 stabilization grant, if any, distributed to the municipality; the
21 percentage shall be 96 percent for fiscal year 2017, 92 percent for fiscal year 2018, 88 percent for
22 fiscal year 2019, and 100 percent for fiscal year 2020 and each fiscal year thereafter. No
23 stabilization grant shall be distributed to any municipality for any fiscal year in which the
24 [~~municipality's education property tax revenue collected~~] **amount of the commissioner's warrant**
25 **for the municipality's education tax assessment** pursuant to RSA 76 exceeds the total cost of an
26 adequate education or to any municipality for any fiscal year in which the municipality's ADMA is
27 zero.

28 7 Low and Moderate Income Homeowners Property Tax Relief. Amend RSA 198:57, III and IV
29 to read as follows:

30 III. An eligible tax relief claimant is a person who:

31 (a) Owns a homestead or interest in a homestead subject to the education tax;

32 (b) Resided in such homestead on [~~April 1 of~~] **the date of the final tax bill as defined**
33 **in RSA 76:1-a** for the year for which the claim is made, except such persons as are on active duty in
34 the United States armed forces or are temporarily away from such homestead but maintain the
35 homestead as a primary domicile; and

36 (c) Realizes total household income of:

37 (1) [~~\$20,000~~] **\$55,000** or less if a single person;

HB 504-FN-LOCAL - AS INTRODUCED

- Page 3 -

1 (2) ~~[\$40,000]~~ **\$70,000** or less if a married person or head of a New Hampshire
2 household.

3 IV. All or a portion of an eligible tax relief claimant's ~~[state]~~ education property taxes~~[, RSA~~
4 ~~76:3,~~] shall be rebated as follows:

5 (a) Multiply the total local assessed value of the claimant's property by the percentage of
6 such property that qualifies as the claimant's homestead;

7 (b) Multiply ~~[\$100,000]~~ **\$150,000** by the most current local equalization ratio as
8 determined by the department of revenue administration;

9 (c) Multiply the lesser of the amount determined in subparagraph (a) or (b) by the
10 ~~[education tax rate as shown on the tax bill under RSA 76:11-a;]~~ **sum of the following:**

11 (1) **The local education tax rate as shown on the tax bill under RSA 76:11**
12 **and;**

13 (2) **The state education tax rate as shown on the tax bill under RSA 76:11.**

14 (d) Multiply the product of the calculation in subparagraph (c) by the following
15 percentage as applicable to determine the amount of tax relief available to the claimant, **provided**
16 **that the maximum amount of tax relief available to any claimant in any fiscal year shall**
17 **not exceed \$1,000:**

18 (1) If a single person and total household income is:

19 ~~[(A) less than \$12,500 \$20,000 , 100 percent;~~

20 ~~(B) \$12,500 but less than \$15,000, 60 percent;~~

21 ~~(C) \$15,000 but less than \$17,500, 40 percent; or~~

22 ~~(D) \$17,500 but less than or equal to \$20,000, 20 percent.]~~

23 (A) **less than \$20,000, 100 percent;**

24 (B) **\$20,000 but less than \$55,000, a percentage that is reduced by 5**
25 **percent for each \$1,750 of household income above \$20,000;**

26 (C) **more than \$55,000, zero percent.**

27 (2) If a head of a New Hampshire household or a married person and total household
28 income is:

29 ~~[(A) less than \$25,000, 100 percent;~~

30 ~~(B) \$25,000 but less than \$30,000, 60 percent;~~

31 ~~(C) \$30,000 but less than \$35,000, 40 percent; or~~

32 ~~(D) \$35,000 but less than or equal to \$40,000, 20 percent]~~

33 (A) **less than \$30,000, 100 percent;**

34 (B) **\$30,000 but less than \$70,000, a percentage that is reduced by 5**
35 **percent for each \$2,000 of household income above \$30,000;**

36 (C) **more than \$70,000, zero percent.**

HB 504-FN-LOCAL - AS INTRODUCED

- Page 4 -

1 (e) The amount determined by subparagraph (d) is the allowable tax relief in any year,
2 *provided however that the aggregate of tax relief checks issued by the commissioner to all*
3 *taxpayers claiming eligibility for tax relief shall not exceed \$25,000,000 for the fiscal year*
4 *to which the claim applies, exclusive of late filed claims which are accepted by the*
5 *commissioner pursuant to paragraph VI(b) which shall be counted against the \$25,000,000*
6 *limit for the fiscal year in which the claims are received, and that the commissioner shall*
7 *reduce proportionally the amount of each taxpayer's tax relief check for that fiscal year*
8 *when a reduction is necessary to conform to the \$25,000,000 limit for that fiscal year.*

9 8 New Paragraphs; Low and Moderate Income Homeowners Property Tax Relief; Adjustment for
10 Inflation; Forms. Amend RSA 198:57 by inserting after paragraph VIII the following new
11 paragraphs:

12 IX. The amounts specified in subparagraph III(c), IV(b), IV(d), and IV(e) shall be adjusted
13 annually for inflation and rounded to the nearest \$100 by the commissioner of the department of
14 revenue administration based on the average change in the Consumer Price Index for All Urban
15 Consumers, Northeast Region as published by the Bureau of Labor Statistics, United States
16 Department of Labor. The average change shall be calculated using the calendar year ending 12-
17 months prior to the beginning of the program year.

18 X. Each year, on or about May 1, the department of revenue administration shall mail the
19 current year forms necessary to apply for property tax relief to each homeowner who received
20 property tax relief under the provisions of paragraph IV in the prior year.

21 9 Study Committee on Low and Moderate Income Homeowners Property Tax Relief. There is
22 established a committee to study the low and moderate income homeowners property tax relief
23 program authorized by RSA 198:57-58.

24 I. The members of the committee shall be as follows:

25 (a) Three members of the senate, appointed by the president of the senate.

26 (b) Four members of the house of representatives, appointed by the speaker of the house
27 of representatives.

28 II. Members of the committee shall receive mileage at the legislative rate when attending to
29 the duties of the committee.

30 III.(a) The committee shall study, with the assistance of the commissioner of the department
31 of revenue administration, issues relating to the extension of the low and moderate income
32 homeowners property tax relief program to tenants who indirectly pay education property taxes as
33 part of the rent that they pay for the right to live in their principal place of residence and domicile
34 and shall make recommendations regarding said extension;

35 (b) The committee shall also study, with the assistance of the commissioner of the
36 department of revenue administration, the relationship between household income, property values,
37 and property taxation, as well as the sufficiency of data relating to that relationship that is currently

HB 504-FN-LOCAL - AS INTRODUCED

- Page 5 -

1 available to the department of revenue administration, including data needed to determine the
2 impact of property tax changes by property classification, value, and ownership status, including
3 owner-occupied, out-of-state, commercial, residential, or other relevant ownership categories, and
4 shall report on its findings and recommendations on said relationship, data sufficiency, and changes
5 in assessment data collected, eligibility, and funding levels that would improve the low and
6 moderate income homeowners property tax relief program.

7 (c) The committee shall also study, with the assistance of the commissioner of the
8 department of revenue administration, the components of a statewide property tax deferral program
9 designed to provide relief to homeowner property taxpayers where taxpayer-specific circumstances
10 temporarily impair such taxpayers ability to timely pay their property tax bills, and shall make
11 recommendations regarding the development of such a program.

12 (d) The committee may solicit input or testimony from any person or organization the
13 committee deems relevant to the study.

14 IV. The members of the committee shall elect a chairperson from among the members. The
15 first meeting shall be called by the first-named house member. The first meeting of the committee
16 shall be held within 45 days of the effective date of this section. Four members of the committee
17 shall constitute a quorum.

18 V. The committee shall report its findings and any recommendations for proposed legislation
19 to the president of the senate, the speaker of the house of representatives, the senate clerk, the
20 house clerk, the governor, and the state library on or before November 1, 2021.

21 10 Effective Date.

22 I. Section 9 of this act shall take effect upon its passage.

23 II. The remainder of this act shall take effect July 1, 2021.

**HB 504-FN-LOCAL- FISCAL NOTE
AS INTRODUCED**

AN ACT relative to the state education property tax and the low and moderate income homeowners property tax relief program.

FISCAL IMPACT: State County Local None

STATE:	Estimated Increase / (Decrease)			
	FY 2021	FY 2022	FY 2023	FY 2024
Appropriation	\$0	\$0	Indeterminable Increase	Indeterminable Increase
Revenue	\$0	Indeterminable Decrease	Indeterminable Decrease	Indeterminable Decrease
Expenditures	\$0	\$0	Indeterminable Increase	Indeterminable Increase
<i>Funding Source:</i>	<input checked="" type="checkbox"/> General	<input checked="" type="checkbox"/> Education	<input type="checkbox"/> Highway	<input type="checkbox"/> Other

LOCAL:

Revenue	\$0	Indeterminable	Indeterminable	Indeterminable
Expenditures	\$0	Indeterminable	Indeterminable	Indeterminable

METHODOLOGY:

This bill requires municipalities to pay the statewide education property tax (SWEPT) assessed, less collection costs, to the Department of Revenue Administration for deposit into the Education Trust Fund (ETF) and amends the calculation of state education grants. The bill also changes the thresholds and criteria for eligibility for the low and moderate income homeowners property tax relief program and specifies language and format for an additional tax relief statement regarding this program on municipal property tax bills..

The Department of Revenue Administration states that municipalities currently collect and retain the SWEPT locally to fund the state's share of education funding. The amount retained is recognized by the State as revenue to the ETF. By requiring municipalities to remit the SWEPT to the State after deducting collection costs, there would be an indeterminable reduction in revenue to the State based on the municipal deduction of costs from the \$363,100,000 that is assessed and collected. Municipal revenue will decline with the direct payment to the State but overall impact is indeterminable based on whether the SWEPT which would have been retained locally is more or less than what is remitted to the state. The DRA indicates that this change could be administered without any new positions but there would be an indeterminable cost for creating a new electronic filing and payment mechanism for the SWEPT to be paid to the

Department from the municipalities. The DRA states the proposed changes to the Low and Moderate Income Homeowners Program will increase claimants and relief amounts, resulting in an indeterminable increase in state expenditures up to a capped amount of \$25 million. The DRA would require an indeterminable additional appropriation for these claims beginning in FY 2023.

The New Hampshire Municipal Association states that any additional municipal costs related to new schedules, standards and procedures established by the Department of Revenue Administration for the remittance of education taxes are presumed to be deductible prior to sending such tax to the Department, therefore there would be no net effect on municipal expenditures. There may be cash flow issues related to how school districts will receive their allocated state education tax funds if this amount is no longer received directly from the municipality, but such possible impact is not known. The requirement to include additional information in a required format for tax relief statements may result in an indeterminable cost for software upgrades, additional paper and postage costs.

AGENCIES CONTACTED:

Department of Revenue Administration and New Hampshire Municipal Association

HB 608-FN-A-LOCAL - AS INTRODUCED

2021 SESSION

21-0076

06/04

HOUSE BILL ***608-FN-A-LOCAL***

AN ACT relative to the formula for determining funding for an adequate education.

SPONSORS: Rep. Steven Smith, Sull. 11; Rep. Ladd, Graf. 4; Rep. Aron, Sull. 7; Rep. Rollins, Sull. 6; Rep. Potucek, Rock. 6; Rep. Spilsbury, Sull. 8

COMMITTEE: Education

ANALYSIS

This bill increases the base per pupil cost for an adequate education; increases differentiated aid available to eligible pupils; establishes fiscal capacity disparity aid to municipalities based on equalized valuation per pupil; requires school districts to report on the use of adequate education grant funds; amends the law governing transportation of pupils in kindergarten through grade 12; and repeals stabilization grants to municipalities.

Explanation: Matter added to current law appears in ***bold italics***.
Matter removed from current law appears [~~in brackets and struckthrough.~~]
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty One

AN ACT relative to the formula for determining funding for an adequate education.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 1 Application of Receipts; Excess Education Tax. Amend RSA 6:12, I(b)(65) to read as follows:

2 (65) Money received under RSA 77-A, RSA 77-E, RSA 78, RSA 78-A, RSA 78-B, RSA
3 83-F, ***RSA 198:42-a***, RSA 284:44 and RSA 284:47, and from the sweepstakes fund, which shall be
4 credited to the education trust fund under RSA 198:39.

5 2 Assessment; Commissioner's Warrant. Amend RSA 76:8, II to read as follows:

6 II. The commissioner shall issue a warrant under the commissioner's hand and official seal
7 for the amount computed in paragraph I to the selectmen or assessors of each municipality by
8 December 15 directing them to assess such sum and pay it to the municipality for the use of the
9 school district or districts, ***and if there is an excess education tax payment due pursuant to***
10 ***RSA 198:42-a, directing them to assess the amount of the excess payment and pay it to the***
11 ***department of revenue administration for deposit in the education trust fund.*** Such sums
12 shall be assessed at such times as may be prescribed for other taxes assessed by such selectmen or
13 assessors of the municipality.

14 3 RSA 198:39, I(g) is repealed and reenacted to read as follows:

15 (g) The full amount of excess education property tax payments from the department of
16 revenue administration pursuant to RSA 198:42-a.

17 4 Cost of an Opportunity for an Adequate Education. Amend RSA 198:40-a to read as follows:

18 I. For the biennium beginning July 1, [~~2015~~] ***2023***, the annual cost of providing the
19 opportunity for an adequate education as defined in RSA 193-E:2-a shall be as specified in
20 paragraph II. The department shall adjust the rates specified in this paragraph in accordance with
21 RSA 198:40-d.

22 II.(a) A cost of [~~\$3,561.27~~] ***\$3,709*** per pupil in the ADMA, plus differentiated aid as follows:

23 (b) An additional [~~\$1,780.63~~] ***\$1,854*** for each pupil in the ADMA who is eligible for a free
24 or reduced price meal, ***plus an additional amount as follows:***

25 (1) ***An additional \$927 multiplied by the ADMA, in a school district in which***
26 ***at least 12 percent but less than 24 percent of the ADMA is eligible to receive a free or***
27 ***reduced-price meal; or***

28 (2) ***An additional \$1,854 multiplied by the ADMA, in a school district in***
29 ***which at least 24 percent but less than 36 percent of the ADMA is eligible to receive a free***
30 ***or reduced-price meal; or***

1 (3) *An additional \$2,781 multiplied by the ADMA, in a school district in*
2 *which at least 36 percent but less than 48 percent of the ADMA is eligible to receive a free*
3 *or reduced-price meal; or*

4 (4) *An additional \$3,709 multiplied by the ADMA, in a school district in*
5 *which 48 percent or more of the ADMA is eligible to receive a free or reduced-price meal;*
6 *plus*

7 (c) An additional [~~\$697.77~~] **\$726** for each pupil in the ADMA who is an English language
8 learner; plus

9 (d) An additional [~~\$1,915.86~~] **\$1,995** for each pupil in the ADMA who is receiving special
10 education services; plus

11 (e) An additional [~~\$697.77~~] **\$726** for each third grade pupil in the ADMA with a score
12 below the proficient level on the reading component of the state assessment administered pursuant
13 to RSA 193-C:6 or the authorized, locally-administered assessment as provided in RSA 193-C:3,
14 IV(i), provided the pupil is not eligible to receive differentiated aid pursuant to subparagraphs (b)-
15 (d). A school district receiving aid under this subparagraph shall annually provide to the
16 department of education documentation demonstrating that the district has implemented an
17 instructional program to improve non-proficient pupil reading.

18 III. The sum total calculated under paragraph II shall be the cost of an *opportunity for an*
19 *adequate education*. The department shall determine the cost of an *opportunity for an adequate*
20 *education* for each municipality based on the ADMA of pupils who reside in that municipality.

21 5 School Money; Accountability for Use of Adequate Education Aid; Fiscal Capacity Disparity
22 Aid. RSA 198:40-b and 198:40-c are repealed and reenacted to read as follows:

23 198:40-b Accountability for Use of Adequate Education Aid.

24 I. A school district which receives adequate education aid under RSA 198:40-a for schools
25 within its jurisdiction shall separately account for such aid as part of its financial accounting
26 procedures. Such aid shall only be used to provide enhanced programs in schools within its
27 jurisdiction for which such aid has been allocated that are known to improve pupil achievement,
28 including but not limited to: pre-kindergarten programs, full-day kindergarten programs, extended
29 learning time, professional development opportunities for teachers, hiring of additional instructional
30 and non-instructional personnel, programs designed to reduce class size, parental involvement
31 programs, additional technology resources, dropout prevention programs, principal incentive
32 programs, and curriculum enrichment programs. The school district shall determine which
33 programs are most needed and most appropriate for their pupils. The department shall annually
34 review and update the list of approved programs from which a school district may choose.

35 II. A school district which receives adequate education aid under RSA 198:40-a for use in
36 schools within its jurisdiction shall annually submit a report to the commissioner documenting for
37 each school within its jurisdiction for which such aid has been allocated, the enhanced programs

1 selected for implementation, an explanation of the specific educational needs which the program is
2 intended to address, an explanation of how the program will be implemented in the school, and an
3 estimate of the cost of implementing the program. The commissioner shall review these reports to
4 ensure that adequate education aid will be used to provide programs approved under paragraph I.

5 III. A school district which receives adequate education aid for schools within its jurisdiction
6 pursuant to RSA 198:40-a shall direct such aid to the schools for which such aid was calculated. A
7 school district which receives adequate education aid for pupils that attend schools in another school
8 district, shall direct such aid to the school district where its pupils are being educated. Any
9 adequate education aid directed from one school district to another pursuant to this paragraph shall
10 be a credit against any existing financial liability between the school districts.

11 198:40-c Fiscal Capacity Disparity Aid.

12 I. In addition to aid for the cost of the opportunity for an adequate education provided under
13 RSA 198:40-a, each biennium the commissioner shall calculate fiscal capacity disparity aid and
14 provide that amount of aid in each year of the biennium to a municipality's school districts and to
15 chartered public schools approved under RSA 194-B as follows:

16 (a) A municipality with an equalized valuation per pupil of \$660,000 or less shall receive
17 \$1,500 per pupil in the municipality's ADMA.

18 (b) A municipality with an equalized valuation per pupil between \$660,001 and \$999,999
19 shall receive .0044 cents per pupil in the municipality's ADMA per dollar of equalized valuation per
20 pupil between \$660,001 and \$999,999.

21 (c) A municipality with an equalized valuation per pupil of \$1,000,000 or more shall
22 receive no fiscal capacity disparity aid.

23 II. Fiscal capacity disparity aid shall be distributed pursuant to RSA 198:42.

24 III. In this section, "equalized valuation per pupil" means a municipality's equalized
25 valuation, including properties subject to taxation under RSA 82 and RSA 83-F, as determined by
26 the department of revenue administration, that was the basis for the local tax assessment in the
27 determination year, divided by the school district's kindergarten through grade 12 ADMA in the
28 determination year.

29 6 Determination of Adequate Education Grants. RSA 198:41, I(c) is repealed and reenacted to
30 read as follows:

31 (c) Add the municipality's fiscal capacity disparity aid pursuant to RSA 198:40-c.

32 7 Determination of Education Grants. RSA 198:41, III is repealed and reenacted to read as
33 follows:

34 III.(a) No municipality shall receive a total education grant which is less than the total
35 education grant received in the preceding fiscal year.

LBA
21-0076
1/13/21

**HB 608-FN-A-LOCAL- FISCAL NOTE
AS INTRODUCED**

AN ACT relative to the formula for determining funding for an adequate education.

FISCAL IMPACT:

The Office of Legislative Budget Assistant is unable to complete a fiscal note for this bill, as introduced, as it is awaiting information from the Department of Education. When completed, the fiscal note will be forwarded to the House Clerk's Office.

AGENCIES CONTACTED:

Department of Education

HB 608-FN-A-LOCAL - AS INTRODUCED

- Page 4 -

1 (b) The additional amount of a municipality's free and reduced-price meal aid calculated
2 pursuant to subparagraphs (1)-(4) only in RSA 198:40-a, II(b), shall not be more than 101.5 percent
3 of the municipality's free and reduced-price meals aid received in the previous fiscal year.

4 (c) A municipality's fiscal capacity disparity aid pursuant to RSA 198:40-c shall not be
5 more than 101.5 percent of the municipality's fiscal capacity disparity aid received in the previous
6 fiscal year.

7 8 New Section; Excess Education Property Tax Payments. Amend RSA 198 by inserting after
8 section 42 the following new section:

9 198:42-a Excess Education Property Tax Payments.

10 I. The commissioner of the department of revenue administration shall annually calculate a
11 municipality's excess education tax pursuant to RSA 198:41 and shall notify each municipality of the
12 amount of its excess. A municipality shall remit any excess education tax revenue to the department
13 of revenue administration on or before March 15 of the tax year in which the excess occurs. The
14 commissioner shall collect and remit the excess to the state treasurer for deposit in the education
15 trust fund established by RSA 198:39.

16 II. The amount of such excess to be remitted shall not include any income derived from the
17 investment of funds by the municipal treasurers under RSA 41:29 and RSA 48:16.

18 III. The commissioner shall approve and provide forms relative to the reporting and
19 remitting of excess education tax by the municipalities.

20 9 Effective Date. This act shall take effect July 1, 2021.

SB 158-FN-LOCAL - AS INTRODUCED

2021 SESSION

21-1052
06/10

SENATE BILL ***158-FN-LOCAL***

AN ACT relative to the formula for funding an adequate education.

SPONSORS: Sen. Kahn, Dist 10; Rep. Myler, Merr. 10; Rep. Luneau, Merr. 10

COMMITTEE: Education

ANALYSIS

This bill:

- I. Develops a formula for funding an opportunity for an adequate education.
- II. Modifies the determination of education grants.
- III. Modifies the statewide education property tax and its collection.
- IV. Develops rates for special education services provided by chartered public schools.
- V. Modifies property tax relief for low and moderate income homeowners.

Explanation: Matter added to current law appears in ***bold italics***.
Matter removed from current law appears [~~in brackets and struckthrough~~]
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty One

AN ACT relative to the formula for funding an adequate education.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 Findings: The commission to study school funding identified a means of funding an adequate
2 education based upon each student in every school having an opportunity to achieve statewide
3 average performance outcomes. This formula differs from the current funding formula based on
4 input ratios that don't exist in any New Hampshire school and lead to a universal cost per student.
5 However, the cost of providing an opportunity for an adequate education, as required by RSA 198:40-
6 a, can be calculated by a district educating all of its students to a statewide average outcome based
7 on student needs and district characteristics. Average outcomes are based upon student
8 achievement scores, absentee rates, and graduation rates for every school in New Hampshire. The
9 commission recommends a costing formula using weighted enrollment that reflects factors that can
10 predict the cost for each New Hampshire school district. It is the obligation of the state to ensure
11 that every district has access to the resources necessary to provide an adequate education. The goal
12 is an allocation of state funds that provides greater student equity and taxpayer equity across the
13 state.

14 2 Cost of an Adequate Education. Amend RSA 193-E:2-b, I-II to read as follows:

15 I. The general court shall use the definition of the opportunity for an adequate education in
16 RSA 193-E:2-a to determine the resources necessary ~~[to provide essential programs, considering~~
17 ~~educational needs]~~ **for students to achieve measurable student outcomes, as defined in RSA**
18 **193-E:3, such that all students have a comparable opportunity for an adequate education**
19 **regardless of need or location of the district in which they are enrolled.**

20 The general court shall make an initial determination of the ~~[necessary specific resource elements to~~
21 ~~be included in]~~ **outcome performance measures to achieve** the opportunity for an adequate
22 education.

23 II. The general court shall create a process for the periodic determination of the ~~[specific~~
24 ~~resource elements essential to providing the substantive educational content of]~~ **outcome**
25 **performance measures to achieve the opportunity for** an adequate education. This review
26 should occur no less frequently than every ~~[10]~~ 5 years.

27 3 Cost of an Opportunity for an Adequate Education. RSA 198:40-a is repealed and reenacted to
28 read as follows:

29 198:40-a Cost of an Opportunity for an Adequate Education.

SB 158-FN-LOCAL - AS INTRODUCED

- Page 2 -

1 I. Beginning July 1, 2022, the annual cost of providing the opportunity for an adequate
2 education as defined in RSA 193-E:2 and RSA 193-E:2-a shall be as specified in paragraphs II
3 through IV.

4 II. The allocation of state funds to schools and towns shall be based on an education cost
5 formula that differentiates aid to school districts based on the average daily membership in
6 attendance (ADMA) as defined in RSA 198:38, student differentiated need, and community
7 characteristics.

8 III. Predicted costs are based upon weighted student ADMA calculated on the following base
9 cost plus the base times each weighted student in a district:

10 (a) Base cost of \$6,107 per student in the ADMA, plus differentiated aid based on
11 weighted cost per pupil that are multipliers to the base cost as follows:

12 (b) An additional weighted student of 1.49 for each student in the ADMA who is eligible
13 for a free or reduced price meal; plus

14 (c) An additional weighted student of 2.20 for each student in the ADMA who is an
15 English language learner; plus

16 (d) An additional weighted student of 4.29 for each student in the ADMA who is
17 receiving special education services; plus

18 (e) An additional weighted student for each student in the ADMA based on enrollment
19 in:

20 (1) Between 1 and 200 students - weighted student of $(-0.00451 * \text{enrollment} + 1.621)$

21 (2) Between 201 and 600 students - weighted student of
22 $(-0.00065 * \text{enrollment} + 0.845)$.

23 (3) Between 601 and 1200 students - weighted student of
24 $(-0.00006 * \text{enrollment} + 0.494)$.

25 (4) Between 1201 and 2000 students - weighted student of
26 $(-0.00049 * \text{enrollment} + 1.008)$.

27 (f) An additional weighted student by level of instruction:

28 (1) Grades 6-8 – weighted student of 1.42

29 (2) Grades 9-12 - weighted student of 0.42

30 IV. The sum total calculated weighted student ADMA times the base cost under paragraph
31 III shall be the a district's predicted cost of an adequate education. The department shall determine
32 the cost of an adequate education for each municipality based on the weighted ADMA of students
33 who reside in that municipality.

34 4 Determination of Education Grants. Amend RSA 198:41, I-II to read as follows:

35 I. Except for municipalities where all school districts therein provide education to all of their
36 pupils by paying tuition to other institutions, the department of education shall determine the total
37 education grant for the municipality as follows:

SB 158-FN-LOCAL - AS INTRODUCED

- Page 3 -

1 (a) Add the per pupil cost of providing the opportunity for an adequate education for
2 which each pupil is eligible pursuant to RSA 198:40-a, I-III, and ~~from~~ to such amount

3 (b) ~~[Subtract the amount of the education tax warrant to be issued by the commissioner
4 of revenue administration for such municipality reported pursuant to RSA 76:8 for the next tax year;
5 and]~~

6 ~~[(e)]~~ add the municipality's additional aid for free or reduced-price meals pursuant to
7 RSA 198:40-b and fiscal capacity disparity aid pursuant to RSA 198:40-c.

8 II. For municipalities where all school districts therein provide education to all of their
9 pupils by paying tuition to other institutions, the department of education shall determine the total
10 education grant for each municipality as the lesser of the 2 following calculations:

11 (a) The amount calculated in accordance with paragraph I of this section; or

12 (b) The total amount paid for items of current education expense as determined by the
13 department of education. ~~[minus the amount of the education tax warrant to be issued by the
14 commissioner of revenue administration for such municipality reported pursuant to RSA 76:8 for the
15 next tax year.]~~

16 5 Determination of Education Grants RSA 198:41, I is repealed and reenacted to read as
17 follows:

18 I. For each municipality where the result is greater than zero, the department of education
19 shall determine the education grant for the municipality as follows:

20 (a) Multiply the municipality's equalized valuation by 0.0075; and

21 (b) Deduct that amount from not less than 90 percent of district's predicted cost of an
22 adequate education pursuant to RSA 198:40-a, I-III; however:

23 (c) If the result is greater than zero and the municipality's equalized local education
24 property tax rate is less than \$7.50/mill, then the education grant shall be reduced by the same
25 proportion.

26 6 Chartered Public Schools; Funding. Amend RSA 194-B:11, III(c) to read as follows:

27 (c) Consistent with section 5210(1) of the Elementary and Secondary Education Act and
28 section 300.209 of the Individuals with Disabilities Education Act, when a parent enrolls a child with
29 a disability in a chartered public school, the child and the child's parents shall retain all rights under
30 federal and state special education law, including the child's right to be provided with a free and
31 appropriate public education, which includes all of the special education and related services
32 included in the child's IEP. The child's resident district shall have the responsibility, including
33 financial responsibility, to ensure the provision of the special education and related services in the
34 child's IEP, and the chartered public school shall cooperate with the child's resident district in the
35 provision of the child's special education and related services. ***The department of education shall
36 develop rate setting for special education services provided by chartered public schools
37 and charged to public school districts.***

SB 158-FN-LOCAL - AS INTRODUCED

- Page 4 -

1 7 Education Tax. RSA 76:3 is repealed and reenacted to read as follows:

2 76:3 Education Tax.

3 I. Beginning July 1, 2021, and every fiscal year thereafter, the commissioner of the
4 department of revenue administration shall set the education tax rate at \$2 per \$1,000 of equalized
5 assessed valuation.

6 II. The education property tax rate is imposed on all persons and property taxable
7 pursuant to RSA 76:8, except property subject to tax under RSA 82 and RSA 83-F. The statewide
8 education property tax rate shall be collected by the municipal tax collector and paid to the
9 department of revenue administration for deposit to the education trust fund.

10 8 Property Taxation; Commissioner's Warrant. Amend RSA 76:8, II to read as follows:

11 II. The commissioner shall issue a warrant under the commissioner's hand and official seal
12 for the amount computed in paragraph I to the selectmen or assessors of each municipality by
13 December 15 directing them to assess such sum and [~~pay it to the municipality for the use of the~~
14 ~~school district or districts~~], **after subtracting the municipality's actual cost carrying out the**
15 **functions required by this subdivision, pay the remainder to the department of revenue**
16 **administration for deposit in the education trust fund. Such payments by municipalities,**
17 **and the subtractions for actual costs, shall be made in accordance with schedules,**
18 **standards, and procedures established by rules adopted by the department of revenue**
19 **administration after consultation with the commissioner of education.** Such sums shall be
20 assessed at such times as may be prescribed for other taxes assessed by such selectmen or assessors
21 of the municipality.

22 9 Property Tax Bill Information. Amend RSA 76:11-a, II to read as follows:

23 II. The tax bill shall also contain a statement informing the taxpayer of the types of tax
24 relief for which the taxpayer has the right to apply. **The statement shall explicitly list the low**
25 **and moderate income homeowners property tax relief program under RSA 198:57 and shall**
26 **include information on how to apply for the program.** The following statement shall be
27 considered adequate:

28 "If you are elderly, disabled, blind, a veteran, or veteran's spouse, or are unable to pay taxes due to
29 poverty or other good cause, you may be eligible for a tax exemption, credit, abatement, or deferral,
30 **which can reduce your current property tax bill.** For details and application information,
31 contact (insert title of local assessing officials or office to which application should be made **and**
32 **deadline for application**). **Depending on your income, you may also be eligible for a refund**
33 **of some of your taxes under the low and moderate income homeowners property tax relief**
34 **program. To find out how to get a refund, call the New Hampshire department of revenue**
35 **administration at (insert current telephone number here) or visit the department's website**
36 **(insert current website address here). Applications for refunds are due by June 30."**

SB 158-FN-LOCAL - AS INTRODUCED

- Page 5 -

1 ~~[This statement]~~ **These statements** shall be prominent and legible, **printed in at least 12-point**
2 **boldface type**, and may either be printed on the tax bill itself, or on a separate sheet of paper
3 enclosed with the tax bill. A municipality may in its discretion choose to include more detailed
4 information about the eligibility criteria for different forms of tax relief, provided, however, that the
5 information in the above statement shall be considered a minimum.

6 10 Education Trust Fund. Amend RSA 198:39, I(l) to read as follows:

7 (l) **The full amount of education property tax payments from the department of**
8 **revenue administration pursuant to RSA 76:8, II.**

9 (m) Any other moneys appropriated from the general fund.

10 11 Low and Moderate Income Homeowners Property Tax Relief. Amend RSA 198:57, III and IV
11 to read as follows:

12 III. An eligible tax relief claimant is a person who:

13 (a) Owns a homestead or interest in a homestead subject to the education tax;

14 (b) Resided in such homestead on ~~[April 1 of]~~ **the date of the final tax bill as defined**
15 **in RSA 76:1-a** for the year for which the claim is made, except such persons as are on active duty in
16 the United States armed forces or are temporarily away from such homestead but maintain the
17 homestead as a primary domicile; and

18 (c) Realizes total household income of:

19 (1) ~~[\$20,000]~~ **\$55,000** or less if a single person;

20 (2) ~~[\$40,000]~~ **\$70,000** or less if a married person or head of a New Hampshire
21 household.

22 IV. All or a portion of an eligible tax relief claimant's state education property taxes, RSA
23 76:3, shall be rebated as follows:

24 (a) Multiply the total local assessed value of the claimant's property by the percentage of
25 such property that qualifies as the claimant's homestead;

26 (b) Multiply ~~[\$100,000]~~ **\$150,000** by the most current local equalization ratio as
27 determined by the department of revenue administration;

28 (c) Multiply the lesser of the amount determined in subparagraph (a) or (b) by the
29 ~~[education tax rate as shown on the tax bill under RSA 76:11-a;]~~ **sum of the following:**

30 (1) **The local education tax rate as shown on the tax bill under RSA 76:11**
31 **and;**

32 (2) **The state education tax rate as shown on the tax bill under RSA 76:11.**

33 (d) Multiply the product of the calculation in subparagraph (c) by the following
34 percentage as applicable to determine the amount of tax relief available to the claimant, **provided**
35 **that the maximum amount of tax relief available to any claimant in any fiscal year shall**
36 **not exceed \$1,000:**

37 (1) If a single person and total household income is:

SB 158-FN-LOCAL - AS INTRODUCED

- Page 6 -

1 (A) less than [~~\$12,500~~] **\$20,000**, 100 percent;

2 (B) [~~\$12,500~~] **\$20,000** but less than [~~\$15,000, 60 percent~~] **\$55,000, a percentage**
3 **that is reduced by 5 percent for each \$1,750 of household income above \$20,000;**

4 (C) [~~\$15,000 but less than \$17,500, 40 percent; or~~

5 (~~D) \$17,500 but less than or equal to \$20,000, 20 percent~~] **more than \$55,000,**
6 **zero percent.**

7 (2) If a head of a New Hampshire household or a married person and total household
8 income is:

9 (A) less than [~~\$25,000~~] **\$30,000**, 100 percent;

10 (B) [~~\$25,000~~] **\$30,000** but less than [~~\$30,000, 60 percent~~] **\$70,000, a percentage**
11 **that is reduced by 5 percent for each \$2,000 of household income above \$30,000;**

12 (C) [~~\$30,000 but less than \$35,000, 40 percent; or~~

13 (~~D) \$35,000 but less than or equal to \$40,000, 20 percent~~] **more than \$70,000,**
14 **zero percent.**

15 (e) The amount determined by subparagraph (d) is the allowable tax relief in any year,
16 **provided however that the aggregate of tax relief checks issued by the commissioner to all**
17 **taxpayers claiming eligibility for tax relief shall not exceed \$25,000,000 for the fiscal year**
18 **to which the claim applies, exclusive of late filed claims which are accepted by the**
19 **commissioner pursuant to subparagraph VI(b) which shall be counted against the**
20 **\$25,000,000 limit for the fiscal year in which the claims are received, and that the**
21 **commissioner shall reduce proportionally the amount of each taxpayer's tax relief check**
22 **for that fiscal year when a reduction is necessary to conform to the \$25,000,000 limit for**
23 **that fiscal year.**

24 12 New Paragraphs; Low and Moderate Income Homeowners Property Tax Relief; Adjustment
25 for Inflation; Forms. Amend RSA 198:57 by inserting after paragraph VIII the following new
26 paragraphs:

27 IX. The amounts specified in subparagraph III(c), IV(b), IV(d), and IV(e) shall be adjusted
28 annually for inflation and rounded to the nearest \$100 by the commissioner of the department of
29 revenue administration based on the average change in the Consumer Price Index for All Urban
30 Consumers, Northeast Region as published by the Bureau of Labor Statistics, United States
31 Department of Labor. The average change shall be calculated using the calendar year ending 12-
32 months prior to the beginning of the program year.

33 X. Each year, on or about May 1, the department of revenue administration shall mail the
34 current year forms necessary to apply for property tax relief to each homeowner who received
35 property tax relief under the provisions of paragraph IV in the prior year.

36 13 Repeal. 2019, 346:236, I-III, relative to the repeal of free or reduced price meals and fiscal
37 capacity disparity aid, is repealed.

SB 158-FN-LOCAL - AS INTRODUCED

- Page 7 -

1 14 Repeal. RSA 198:41, IV, relative to relative to stabilization grants, is repealed.

2 15 Effective date.

3 I. Sections 2, 3, 5, and 14 of this act shall take effect July 1, 2022.

4 II. Section 13 of this act shall take effect June 30, 2021.

5 III. The remainder of this act shall take effect July 1, 2021.

LBA
21-1052
2/8/21

**SB 158-FN-LOCAL- FISCAL NOTE
AS INTRODUCED**

AN ACT relative to the formula for funding an adequate education.

FISCAL IMPACT:

The Office of Legislative Budget Assistant is unable to complete a fiscal note for this bill, as introduced, as it is awaiting information from the Department of Education. When completed, the fiscal note will be forwarded to the Senate Clerk's Office.

AGENCIES CONTACTED:

Department of Revenue Administration and Department of Education

