

HB 292 - AS AMENDED BY THE SENATE

26Mar2025... 1030h  
01/07/2026 3101s

2025 SESSION

25-0652  
02/06

HOUSE BILL           **292**

AN ACT                establishing a revolving loan fund for school districts.

SPONSORS:            Rep. Ladd, Graf. 5

Committee:            Education Policy and Administration

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AMENDED ANALYSIS

This bill establishes a revolving loan fund for school districts.

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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                      Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.



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1 trust fund to be placed in the school district adequacy revolving loan fund within a fiscal year not to  
2 exceed the sum of the following:

3 I. Seventy-five percent of total adequacy funding to be distributed to the applying school  
4 district pursuant to RSA 198:41 within the fiscal year of the warrant; and

5 II. Seventy-five percent of the district's total adequacy funding estimated by the department  
6 of education to be distributed on September 1 of the following fiscal year pursuant to RSA 198:41, IV  
7 and RSA 198:42, I.

8 194:66 Loan Terms and Interest. Loans issued from the school district adequacy revolving loan  
9 fund shall bear interest at a rate established by the state treasurer, which shall be based on the  
10 state's current cost of borrowing. A quorum of a school district's governing body, the commissioner of  
11 the department of education, and the state treasurer shall all agree to the terms of the loan which  
12 shall include terms requiring the school district to report monthly deficit, status, cashflows, audits  
13 and status of any outstanding audits to the treasury, the department of revenue and the department  
14 of education, and timely submit all required reports consistent with RSA 198:4-d to the department  
15 of education. When an adequacy payment is due to be distributed pursuant to RSA 198:42:

16 I. The portion of the adequacy payment equivalent to the outstanding principal and interest  
17 balance of the revolving loan shall first be credited against such balance; and

18 II. Any remaining adequacy payment shall then be distributed to school districts.

19 III. If the commissioner of the department of education and the state treasurer determine  
20 that a school district fail to comply with loan terms pursuant to this section, a school district's ability  
21 to receive future loan funds shall be withheld until the school district complies with required loan  
22 terms received and accepted by the commissioner of the department of education and the state  
23 treasurer.

24 194:67 Loan Conditions.

25 I. Funding under the school district adequacy revolving loan fund shall be available to any  
26 school district that makes a request and receives approval from the commissioner of the department  
27 of education, the state treasurer, and the joint fiscal committee of the general court.

28 II. Interest rates for funding received under the school district adequacy revolving loan fund  
29 shall be determined by the state treasurer, but shall be no lower than the effective federal funds rate  
30 (EFFR) published by the Federal Reserve Bank of New York.

31 III. Funds received under the school district adequacy revolving loan fund may be used to  
32 fulfill the obligations under a revenue anticipation note or tax anticipation note, but no school  
33 district shall receive funds if they would still have an outstanding obligation under a revenue  
34 anticipation note or a tax anticipation note.

35 IV. No school district shall apply for loans under the school district adequacy revolving loan  
36 fund for more than 3 consecutive academic years.

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1 V. No school may submit a new application for funds under the school district adequacy  
2 revolving loan fund after June 30, 2030.

3 194:67 Condition for Acceptance.

4 I. School districts shall report monthly deficit, status, cash flows, audits, and the state of  
5 any outstanding audits to the legislative budget assistant of the general court, the state treasurer,  
6 the commissioner of the department of education, the commissioner of the department of revenue  
7 administration, the governor, the president of the senate, and the speaker of the house of  
8 representatives.

9 II. A school district that accepts funding under this subdivision shall be referred to the joint  
10 fiscal committee of the general court, who shall require that a financial and performance audit of the  
11 district be performed by the legislative budget assistant, to be reviewed by the joint fiscal committee,  
12 unless the committee unanimously votes that an audit of the school district should not be conducted.

13 III. Any school district participating in this program shall place a question of whether to  
14 adopt the provision of RSA 32:5-b on the ballot at its next annual school district meeting, unless the  
15 school district has already adopted the provisions of RSA 32:5-b.

16 IV. Any school district within a school administrative unit that is comprised on 2 or more  
17 school districts and participates in the school district adequacy revolving loan fund shall place a  
18 question of whether to adopt the provisions of RSA 194-C:9-a on its local ballot at its next annual  
19 school district meeting, unless the school district has already adopted the provisions of RSA 194 C:9-  
20 a.

21 194:68 Default. A school district's failure to fulfill all of the obligations and conditions of this  
22 subdivision shall constitute default. Notwithstanding any other provision of law to the contrary, the  
23 state treasurer shall orchestrate the return of all outstanding loan proceeds and withhold any other  
24 funds or state grants from the school district in default until the default is cured and the school  
25 district has repaid the loan in full.

26 3 New Paragraph; Education; Adequate Education; Education Trust Fund; Education Trust  
27 Fund Created and Established. Amend RSA 198:39 by inserting after paragraph IV the following  
28 new paragraph:

29 V. Notwithstanding any other provision of law to the contrary, funds under this section may  
30 be used for the purpose of funding the school district adequacy revolving loan fund established in  
31 RSA 194:63.

32 4 Education; Education Freedom Accounts; Definitions. RSA 194-F:1, XIII is repealed and  
33 reenacted to read as follows:

34 XIII. "Priority guidelines" means the ordered list:

- 35 (a) A student currently enrolled in the EFA program;  
36 (b) A sibling of a student currently enrolled in the EFA program;  
37 (c) A child with disabilities as defined by RSA 186-C:2;

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1           (d) A student whose family income is less than or equal to 350 percent of the federal  
2 poverty guidelines as updated annually by the United States Department of Health and Human  
3 Services under 42 U.S.C. section 9902(2).

4           (e) A student residing in a school district participating in school district adequacy  
5 revolving loan fund.

6           5 Department of Education; Directive. The department of education shall amend rule 510.03(b),  
7 pursuant to RSA 541-A, to read as follows:

8           "(b) Unprofessional conduct shall include, but not be limited to:

9                 (1) Gross financial mismanagement;

10                (2) Misappropriation of public funds; and

11                (3) Failure to account for public funds or to keep adequate records of public funds in  
12 the credential holder's care."

13           6 Repeals. The following shall be repealed:

14           I. RSA 6:12, I(b)(411), relative to moneys received by the school district adequacy revolving  
15 loan fund.

16           II. RSA 194:62 through RSA 194:67, relative to the school district adequacy revolving loan  
17 fund.

18           III. RSA 198:39, V, relative to the use of education trust funds for the school district  
19 adequacy revolving loan fund.

20           7 Effective Dates.

21                I. Section 6 of this act shall take effect July 1, 2030.

22                II. The remainder of this act shall take effect upon its passage.

**HB 292-FN- FISCAL NOTE**  
 AS AMENDED BY THE SENATE (AMENDMENT #2025-3101s)

AN ACT establishing a revolving loan fund for school districts.

**FISCAL IMPACT:**

<b>Estimated State Impact</b>				
	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>	<b>FY 2029</b>
<b>Revenue</b>	Indeterminable			
<i>Revenue Fund(s)</i>				
<b>Expenditures*</b>	Indeterminable			
<i>Funding Source(s)</i>	Education Trust Fund			
<b>Appropriations*</b>	Open Warrant Included in Bill			
<i>Funding Source(s)</i>	Education Trust Fund			

\*Expenditure = Cost of bill

\*Appropriation = Authorized funding to cover cost of bill

<b>Estimated Political Subdivision Impact</b>				
	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>	<b>FY 2029</b>
<b>Local Revenue</b>	Indeterminable			
<b>Local Expenditures</b>	Indeterminable			

**METHODOLOGY:**

This bill establishes a temporary revolving loan fund within the State Treasury to provide short-term, interest-bearing loans to school districts experiencing cash flow gaps while awaiting adequacy payments. It sets approval requirements, limits tied to adequacy funding, and mandates financial reporting, oversight, and automatic repayment through future state aid. The program is funded through the Education Trust Fund and is repealed effective July 1, 2030. Per the bill, terms and conditions of the loan would be as follows:

- Loans are not to exceed 75% of their adequacy funding for the current and first payment of the following fiscal year.
- Interest rate on the loan would be based on the State’s cost of borrowing, but not lower than the Federal Funds Rate. (Effective Federal Funds Rate as of 01/14/26 = 3.64%).
- Adequacy payments to districts will first be applied to repay outstanding principal and interest before any remaining funds are distributed.
- In case of default, the State Treasurer can withhold other State funds and grants and orchestrate recovery of loan proceeds.

- Loan terms require monthly financial reporting and compliance to the State Treasurer and other State officials.

This bill has no direct fiscal impact. Any impact on state or local revenue or expenditures would result from a school district applying for a loan authorized by this bill. To the extent such future applications cannot be predicted, this bill's fiscal impact, if any, is indeterminable.

**AGENCIES CONTACTED:**

Treasury Department and Department of Education