HB 1514-FN-A-LOCAL - AS INTRODUCED

2024 SESSION

24-2245
02/10

HOUSE BILL ***1514-FN-A-LOCAL***

AN ACT relative to excess funds paid to municipalities for the use of school districts.

SPONSORS: Rep. Bickford, Straf. 3

COMMITTEE: Ways and Means

ANALYSIS

This bill requires municipalities to remit any excess statewide education property tax to the state for deposit in the general fund.

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

24-2245
02/10

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty Four

AN ACT relative to excess funds paid to municipalities for the use of school districts.

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

1 New Sections; Adequate Education; Excess Statewide Education Property Tax Payment. Amend RSA 198 by inserting after section 47 the following new sections:

198:47-a Excess Statewide Education Property Tax Payment.

I. Any excess statewide education property tax shall be remitted to the department of revenue administration on or before March 15 of the tax year in which the excess occurs.

II. The commissioner of the department of revenue administration shall collect from the municipality the excess tax and pay the excess tax over to the state treasurer for deposit in the education trust fund.

III. The amount of such excess to be remitted shall not include any income derived from the investment of funds by the municipal treasurers under RSA 41:29 and RSA 48:16. Any funds remaining after full payment of the excess tax required in paragraph I shall become available for unrestricted use by the municipality.

198:47-b Forms. The commissioner shall approve and provide forms relative to the reporting and remitting of excess statewide education property tax by the municipalities.

2 New Paragraph; Determination of Education Grants and Excess Statewide Education Tax. Amend RSA 198:41, I(b) by inserting after paragraph II the following new paragraph:

(b) Subtract the amount of the education tax warrant to be issued by the commissioner of revenue administration for such municipality reported pursuant to RSA 76:8 for the next tax year***, not including the amount of the education tax payment remitted back to the department of revenue administration under 198:47-a***; and

3 Assessment of Education Tax; Commissioner's Warrant. Amend RSA 76:8, II to read as follows:

II. The commissioner shall issue a warrant under the commissioner's hand and official seal for the amount computed in paragraph I to the selectmen or assessors of each municipality by December 15 directing them to assess such sum and pay it to the municipality for the use of the school district or districts ***and, if there is an excess statewide education property tax payment due pursuant to RSA 198:47-a, directing them to assess the amount of the excess payment and pay it to the department of revenue administration for deposit in the education trust fund***. Such sums shall be assessed at such times as may be prescribed for other taxes assessed by such selectmen or assessors of the municipality.

4 Education Trust Fund Created and Invested. Amend RSA 198:39, II(k) to read as follows:

(k) ***Funds collected and paid over to the to the state treasurer by the department of revenue administration pursuant to RSA 198:47-a.***

(l) Any other moneys appropriated from the general fund.

5 Effective Date. This act shall take effect July 1, 2024.

LBA
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12/6/23

HB 1514-FN-A-LOCAL- FISCAL NOTE
AS INTRODUCED

AN ACT relative to excess funds paid to municipalities for the use of school districts.

FISCAL IMPACT: [X] State [ ] County [X] Local [ ] None

Estimated State Impact - Increase / (Decrease)				
	FY 2024	**FY 2025**	**FY 2026**	**FY 2027**
Revenue	$0	$0	$0	$0
Revenue Fund(s)	None			
Expenditures	$0	Education Trust Fund - ($29,036,762) General Fund - DRA $300,000	Indeterminable Decrease	
Funding Source(s)	Education Trust Fund, General Fund			
Appropriations	$0	$0	$0	$0
Funding Source(s)	None			

- Does this bill provide sufficient funding to cover estimated expenditures? [X] No
- Does this bill authorize new positions to implement this bill? [X] N/A

Estimated Political Subdivision Impact - Increase / (Decrease)				
	FY 2024	**FY 2025**	**FY 2026**	**FY 2027**
Local Revenue	$0	($29,036,762)	Indeterminable Decrease	
Local Expenditures	$0	$0	$0	$0

METHODOLOGY:

This bill remits excess Statewide Education Property Tax (SWEPT) collected by municipalities to the education trust fund. While the proposed bill does not explicitly define "excess SWEPT", the mechanics of how the adequacy formula interacts with SWEPT, makes excess SWEPT revenue equal to SWEPT revenue exceeding the cost of an adequate education. Using this methodology, excess SWEPT is estimated to be $29,036,762 for FY 2025. Since the proposed bill does not reallocate the excess SWEPT funding to another program after being remitted to the education trust fund, the estimated impact is a decrease in $29,036,762 in state expenditures, as the excess would not be kept in the form of a grant, and a decrease in local revenue in the

form of a reduced state grant. Based on FY 2025 preliminary data, "excess SWEPT" by municipality is as follows:

State Total	**$29,036,762**
Alton	$1,321,539
Bartlett	$1,323,865
Bridgewater	$334,983
Cambridge	$15,417
Carroll	$490,340
Center Harbor	$505,349
Clarksville	$14,113
Dix's Grant	$1,650
Dixville	$14,553
Easton	$26,530
Eaton	$23,351
Errol	$90,324
Franconia	$235,814
Freedom	$687,553
Gilford	$146,240
Hale's Location	$99,692
Harrisville	$105,664
Hart's Location	$24,530
Hebron	$279,117
Holderness	$552,461
Jackson	$550,375
Lincoln	$1,584,356
Martin's Location	$105
Meredith	$1,625,279
Millsfield	$7,209
Moultonborough	$5,105,266
New Castle	$1,319,596
New London	$1,179,248
Newbury	$973,964
Newington	$723,992
North Hampton	$493,169
Odell	$4,637
Other Unincorp. Places	$32,514
Pinkham's Grant	$7,480
Pittsburg	$400,467
Portsmouth	$803,917
Randolph	$8,872
Rye	$2,264,409
Sandwich	$284,129
Success	$21,892

Sugar Hill	$72,606
Sunapee	$1,557,735
Tuftonboro	$1,396,872
Washington	$23,342
Waterville Valley	$504,231
Wentworth Location	$13,217
Wolfeboro	$1,784,796

Impact on FY 2026 will likely be similar, but is indeterminable at this time as applicable data is not yet available.

The Department of Revenue Administration states it would be responsible for updating all necessary forms related to this proposed legislation, which would not result in any additional administrative costs that could not be absorbed in its operating budget. However, the proposed legislation contemplates that the Department will bill and collect excess SWEPT. To administer this new requirement and build out the functionality within its new Revenue Information Management System (RIMS) and on-line user portal Granite Tax Connect (GTC), the estimated cost is $300,000, assumed to be incurred in FY 2025.

AGENCIES CONTACTED:

Department of Education and Department of Revenue Administration