**HB 739-FN - AS AMENDED BY THE HOUSE**

13Mar2025... 0680h

2025 SESSION

25-0778
07/08

HOUSE BILL ***739-FN***

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

SPONSORS: Rep. Spilsbury, Sull. 3

COMMITTEE: Ways and Means

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AMENDED ANALYSIS

This bill requires municipalities to remit any excess statewide education property tax to the state for deposit in the education trust 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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

*In the Year of Our Lord Two Thousand Twenty Five*

AN ACT relative to excess funds paid to municipalities for use in 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 Education; School Money; Adequate Education; Education Trust Fund; Determination of Education Grants. Amend RSA 198:41, I(b) to read as follows:

(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 Applicability. The first excess SWEPT payment shall be remitted on or by March 15, 2027.

6 Effective Date. This act shall take effect July 1, 2025.

LBA
25-0778
4/1/25

# HB 739-FN- FISCAL NOTE

AS AMENDED BY THE HOUSE (AMENDMENT #2025-0680h)

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

**FISCAL IMPACT:** This bill does not provide funding.

| Estimated State Impact | | | | |
|---|---|---|---|---|
| | **FY 2025** | **FY 2026** | **FY 2027** | **FY 2028** |
| **Revenue** | $0 | $0 | $0 | $0 |
| *Revenue Fund(s)* | None | | | |
| **Expenditures*** | $0 | Department of Education<br>Adequate Education Grants -<br>Decrease of Approximately $28.6M Per Year,<br>Beginning in FY 2027<br><br>Department of Revenue Administration<br>System Changes - Increase of $300,000 in FY 2026 | | |
| *Funding Source(s)* | General Fund and Education Trust Fund | | | |
| **Appropriations*** | $0 | $0 | $0 | $0 |
| *Funding Source(s)* | None | | | |

***Expenditure = Cost of bill** ***Appropriation = Authorized funding to cover cost of bill**

| Estimated Political Subdivision Impact | | | | |
|---|---|---|---|---|
| | **FY 2025** | **FY 2026** | **FY 2027** | **FY 2028** |
| **Local Revenue** | $0 | $0 | Decrease of Approximately $28.6M Per Year | |
| **Local Expenditures** | $0 | $0 | $0 | $0 |

**METHODOLOGY:**

This bill requires that any excess statewide education property tax (SWEPT) be returned to the state and credited to the education trust fund (ETF). The term “excess SWEPT” is assumed to be the amount of a municipality’s SWEPT collection that exceeds the amount of its calculated cost of an opportunity for an adequate education. Under current law, each municipality collects SWEPT on behalf of the state totaling approximately $363 million and retains the SWEPT locally as part of state education funding. Although, the SWEPT is locally retained, the total amount of SWEPT collected by the municipalities is still recognized by the state as revenue to the ETF.

Under current law, the November 15th estimate for school year 2025 (to be paid in state fiscal year 2026) results in an estimated final adequacy and SWEPT grant total of $1,080,465,155. When removing excess SWEPT raised funds from the adequacy formula, the estimated final adequacy and SWEPT grant equals $1,051,823,898, a decrease of $28,641,257. This bill is effective on July 1, 2025, however it will be first applicable in FY 2027 (first remittance of excess SWEPT is due no later than March 15, 2027).

The Department of Revenue Administration believes it could implement this bill without any new positions, however, there would be a cost associated with implementing the electronic filing and payment mechanism within the Department's Revenue Information System (RIMS) and the Granite Tax Connect portal (GTC). This one-time cost is estimated to be $300,000 in FY 2026.

**AGENCIES CONTACTED:**

Department of Education and Department of Revenue Administration