

HB 1803-FN - AS INTRODUCED

2026 SESSION

26-2834

07/06

HOUSE BILL

1803-FN

AN ACT rendering a recipient of an education tax credit scholarship ineligible to receive education freedom account funds in the same program year.

SPONSORS: Rep. Fellows, Graf. 8; Rep. Luneau, Merr. 9; Rep. Damon, Sull. 8; Rep. M. Murray, Hills. 37; Rep. K. Murray, Rock. 22; Rep. Hakken-Phillips, Graf. 12; Rep. Cornell, Hills. 22; Sen. Fenton, Dist 10

COMMITTEE: Education Funding

ANALYSIS

This bill prohibits students from receiving funds under the education freedom account program and the education tax scholarship program in the same program year.

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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

AN ACT rendering a recipient of an education tax credit scholarship ineligible to receive education freedom account funds in the same program year.

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

1 1 New Paragraph; Taxation; Education Tax Credit; Scholarships. Amend RSA 77-G:2 by
2 inserting after paragraph II the following new paragraph:

3 III. No student shall be eligible for a scholarship under this chapter during any program
4 year in which the student is also eligible for or receiving funds under the education freedom account
5 program established RSA 194-F:2, or has a remaining fund balance from a prior education freedom
6 account program year.

7 2 Education; Education Freedom Accounts; Program. Amend RSA 194-F:2, II(d) to read as
8 follows:

9 (d) Services contracted for and provided by a district public school, chartered public
10 school, ***including the virtual learning academy charter school authorized pursuant to RSA***
11 ***194-B:3-a***, public academy, or independent school, including, but not limited to, individual classes
12 and curricular activities and programs.

13 3 New Paragraph; Education; Education Freedom Accounts; Program. Amend RSA 194-F:2 by
14 inserting after paragraph IX the following new paragraph:

15 X. No student shall be eligible for funds under this chapter during any program year in
16 which the student is also eligible for or receiving a scholarship pursuant to the education tax credit
17 scholarship program established RSA 77-G:2, or has a remaining fund balance from a prior
18 education tax credit scholarship program year.

19 4 Education; Chartered Public Schools; Funding. Amend RSA 194-B:11, I(b)(1)(B) to read as
20 follows:

21 (B) For the Virtual Learning Academy Charter School authorized pursuant to
22 RSA 194-B:3-a, the state shall pay tuition amounts pursuant to RSA 198:40-a, II(a)-(c) and (e), plus
23 an additional grant of \$2,036 directly to the Virtual Learning Academy Charter School for each
24 eligible full-time enrolled pupil in the chartered public school's ADMA. The state shall pay amounts
25 required pursuant to RSA 198:40-a, II(d) directly to the resident district. The state shall also pay
26 tuition amounts pursuant to RSA 198:40-a, II(a) plus an additional grant of \$2,036 directly to the
27 Virtual Learning Academy Charter School for ~~[each full-time equivalent pupil]~~ ***the full-time***
28 ***equivalent of each part-time student, provided the student was not a participant in the***
29 ***education freedom account program under RSA 194:1, VII, or the business tax credit***
30 ***scholarship program under RSA 77-G during the determination year.*** Beginning July 1, 2017

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1 and every July 1 thereafter, the department of education shall adjust the per pupil amount of the
2 additional grant pursuant to RSA 198:40-d.

3 5 Education; Chartered Public Schools; Funding. Amend RSA 194-B:11, I(b)(2) to read as
4 follows:

5 (2) For an online chartered public school which receives its initial authorization to
6 operate from the state board of education pursuant to RSA 194-B:3-a on or after July 1, 2013, the
7 state shall pay tuition amounts pursuant to RSA 198:40-a directly to the online chartered public
8 school for each *full-time* pupil who is a resident of this state in the chartered public school's ADMA.
9 In this subparagraph, "online chartered public school" means a chartered public school which
10 provides the majority of its classes and instruction on the Internet.

11 6 Effective Date. This act shall take effect July 1, 2026.

HB 1803-FN- FISCAL NOTE
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AN ACT rendering a recipient of an education tax credit scholarship ineligible to receive education freedom account funds in the same program year.

FISCAL IMPACT:

Estimated State Impact				
	FY 2026	FY 2027	FY 2028	FY 2029
Revenue	\$0	Indeterminable		
Revenue Fund(s)	General Fund and Education Trust Fund			
Expenditures*	\$0	Indeterminable Decrease (\$500K - \$1M Per Year)		
Funding Source(s)	Education Trust Fund			
Appropriations*	\$0	\$0	\$0	\$0
Funding Source(s)				

***Expenditure = Cost of bill**

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

METHODOLOGY:

This bill prohibits students from participating in both the Education Freedom Account Program (EFA) and the state's Education Tax Credit (ETC) Program, meaning students in the EFA and ETC programs would have to select one of the two. The bill also imposes additional restrictions on students participating in either of these programs who wish to access part-time Virtual Learning Academy Charter School (VLACS) instruction. Under this bill, the state will no longer be required to pay tuition to VLACS for students enrolled in either the EFA or the ETC program. The families of these students would be responsible for paying any tuition expenses associated with part-time enrollment in VLACS.

Department of Education (DOE)

- ETC and EFA Restrictions on Dual Participation
 - o In school year 2023, 70 percent of ETC students were also enrolled in the EFA program. In 2024, it was 94.5 percent. The Department of Education (DOE) assumes that, under a scenario where they had to choose, families would select the program that offered the most financial assistance. In school year 2025, the Children's Scholarship Fund reported the average school scholarship amount for the ETC program as \$3,405 and the average homeschool scholarship amount as \$712.50. In contrast, the average EFA grant in school year 2025 was \$5,204.

Based on these figures, DOE assumes that all dual-enrolled students would remain enrolled in the EFA program and exit the ETC. This would yield no savings for the state from the Education Trust Fund, as the tax credit program is funded from contributions made by individuals and businesses.

- **VLACS**

- o DOE evaluated the overlap between EFA students and VLACS and used trends from 2025 and 2026 to project potential EFA VLACS participants in school year 2027 (see below for more information on the calculations). DOE assumes that EFA students will continue participating in the EFA program and will either terminate their participation in VLACS or continue participating but assume responsibility for the costs. Both of these will reduce the amount of adequacy paid by the state to VLACS. Drawing on the assumptions outlined above and the calculations in the table below, the reduction in 2027 will be \$888,611. Some of the loss in funding for the VLACS program will be offset by tuition funds paid directly by students to the organization. The amount of this is unknowable.

	FY 2027
Total EFA Students	12,500
Overlapping EFA/VLACS	622
VLACS ADM	129.8
VLACS Rate	\$6,846
Projected Savings	\$888,610.80

There were 287 EFA students in VLACS in 2025 (4.98%) and 381 in 2026 (3.63%). The per-student ADM in 2025 was .21. DOE used the 4.9% value and applied that to the total projected number of EFA students in FY 2027 to get the estimate of affected students. DOE selected the higher value from the two years because the bill also includes ETC students, and it does not have a count on the overlap between ETC and VLACS. DOE applied the per-student ADM value to the number of overlapping students and multiplied that by the rate to calculate the estimated VLACS cost, which would be the savings to the state from this bill.

Department of Revenue Administration (DRA)

The Department for Revenue Administration (DRA) states this bill:

- Clarifies that the Virtual Learning Academy Charter School (VLACS) is considered a school whose services can be paid for using Education Freedom Account (EFA) funds and would further clarify that the state-paid tuition for part-time students attending VLACS is not applicable to students participating in either the EFA program or the business tax credit scholarship program (a/k/a the Education Tax Credit program or ETC program).

- The DRA states that while it may not have been intended, as currently drafted the proposed clarification applies only with respect to students attending VLACS part-time. VLACS would still, arguably, be eligible to receive state-paid tuition in addition to EFA or ETC funds.
- Amends both the EFA and ETC statutes, so that students would become ineligible under either program if they were eligible for or receiving funds under or had a remaining fund balance in the other program in the same program year.
 - The DRA states that while it may not have been intended, as currently drafted the proposed legislation could make students who meet the eligibility criteria for both programs unable to receive funds from either program.

The DRA states it is not involved in administering either the EFA or ETC programs, which are administered by a scholarship organization. The scholarship organization provides information to DRA regarding ETC program participants and their credit eligibility but provides no information to DRA with respect to the EFA program. The DRA assumes that the scholarship organization would perform the necessary cross-checks in determining eligibility, so that this bill is given its intended effect and no ETC credits are inappropriately awarded.

Based on the above, DRA states this bill would not result in any additional administrative costs that could not be absorbed in the DRA operating budget. The fiscal impact of the bill is dependent upon how the EFA and ETC program eligibility criteria are currently being applied, and whether there are currently students receiving funds under both programs. If and to the extent the education tax credit is currently being claimed by businesses that provide scholarships for students who would become ineligible under the proposed legislation, and to the further extent that these businesses adjust their donations downward as a result, the proposed legislation could result in an indeterminable increase to the general and education trust funds. Likewise, if and to the extent that education freedom accounts are currently being created for students that also are eligible for or receive scholarships under the ETC program, the proposed legislation could result in an indeterminable increase to the education trust fund. To the extent current participation in both the EFA and ETC programs is unknown, DRA is unable to estimate these possible fiscal impacts.

AGENCIES CONTACTED:

Department of Education and Department of Revenue Administration