5Mar2026... 0809h
05/07/2026 1635s

2026 SESSION

26-2523
07/08

HOUSE BILL ***1610***

AN ACT allowing school districts to annually retain year-end unassigned general funds.

SPONSORS: Rep. Sellers, Graf. 10; Rep. DeRoy, Straf. 3; Rep. Pauer, Hills. 36; Rep. Panek, Hills. 1; Rep. Franz, Graf. 6

COMMITTEE: Education Funding

ANALYSIS

This bill allows school districts to retain year-end unassigned general funds on an annual basis.

- -

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

5Mar2026... 0809h
05/07/2026 1635s

26-2523
07/08

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty-Six

AN ACT allowing school districts to annually retain year-end unassigned general funds.

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

1 Education; District Taxes; Contingency Fund. Amend RSA 198:4-b to read as follows:

198:4-b Contingency Fund.

I. A school district annually***, only*** by an article separate from the budget and all other articles in the warrant, or the governing body of a city upon recommendation of the school board, when the operation of the schools is by a department of the city, may establish a contingency fund to meet the cost of unanticipated expenses that may arise during the year. A detailed report of all expenditures from the contingency fund shall be made annually by the school board and published with their report. ***The wording of the question may be: "Pursuant to RSA 198:4-b, I, shall the school district establish a contingency fund of $____, raised through taxation, to be used by the school board for any unanticipated purpose?"***

II. Notwithstanding any other provision of law, a school district by a vote of the legislative body may ***annually*** authorize[~~, indefinitely until specific rescission,~~] the school district to retain any unused portion of the year-end unassigned general funds[~~, from the preceding fiscal year in subsequent fiscal years~~], provided that the total amount of year-end unassigned general funds does not exceed[~~, in any fiscal year, 5~~] ***3*** percent of the current fiscal year's [~~net assessment under RSA 198:5~~] ***budget appropriation total. These funds may only be spent due to an unusual circumstance following the procedure specified in RSA 32:11***.

[~~(a) Prior to expending retained general funds, the school board shall hold a prior public hearing on the action to be taken with such funds. Notice of the time, place, and subject of such hearing shall be published in a newspaper of general circulation in the relevant municipality at least 7 days before the meeting is held.~~

~~(b) An annual accounting and report of the activities of the retained general funds shall be presented to the school board of the district and published in the annual report.~~]

III. The legislative body of the city of Manchester, upon recommendation of the school committee, may ***annually*** authorize[~~, indefinitely until specific rescission,~~] the school district to retain year-end unassigned general funds.

2 Applicability. RSA 198:4-b, as amended by section 1 of this act, shall rescind all existing indefinite authorizations to retain unassigned general funds as previously authorized under RSA 198:4-b, II and shall apply to the setting of tax rates for the fiscal year ending in June 30, 2027.

3 Effective Date. This act shall take effect upon its passage.

VETOED July 2, 2026 / Veto Sustained August 19, 2026