

HB 675-FN-A-LOCAL - AS INTRODUCED

2025 SESSION

25-0505

02/05

HOUSE BILL

675-FN-A-LOCAL

AN ACT

increasing the total revenue raised under the statewide education property tax, requiring municipalities to remit excess statewide education property tax payments to the department of revenue administration, limiting the authority of school districts to make certain appropriations, and increasing base adequacy costs per pupil.

SPONSORS: Rep. Sweeney, Rock. 25; Rep. Osborne, Rock. 2

COMMITTEE: Education Funding

ANALYSIS

This bill changes the formula for determining statewide adequacy aid, ties education funding increases to the Consumer Price Index, requires municipalities to remit excess education tax revenue back to the state, establishes a tax cap for local school districts, and increases the total revenue raised under the statewide education property tax.

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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 increasing the total revenue raised under the statewide education property tax, requiring municipalities to remit excess statewide education property tax payments to the department of revenue administration, limiting the authority of school districts to make certain appropriations, and increasing base adequacy costs per pupil.

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

1 1 Education Tax. RSA 76:3 is repealed and reenacted to read as follows:
2 76:3 Education Tax.

3 I. For the fiscal year beginning July 1, 2025, statewide base adequacy aid paid through
4 statewide education property tax shall be \$773,000,000.

5 II. Beginning July 1, 2026, the definition of statewide base adequacy aid shall be calculated
6 by multiplying the total average daily membership in residence by the base aid amount in RSA
7 198:40-a, II(a) utilized in the previous fiscal year's adequacy calculation multiplied by 68 percent.
8 The department of education shall provide the calculation of the amount to be raised by May 1 before
9 the warrant is issued on December 15 pursuant to RSA 76:8, II.

10 III. Beginning July 1, 2026, the commissioner of the department of revenue administration
11 shall set the education tax rate at a level sufficient to generate revenue to satisfy the statewide base
12 adequacy aid paid through the statewide education property tax pursuant to paragraph II, when
13 imposed on all persons and property taxable pursuant to RSA 76:8, except property subject to tax
14 under RSA 82 and RSA 83-F. The education property tax rate shall be effective for the following
15 fiscal year. The rate shall be set to the nearest 1/2 cent necessary to generate the revenue required
16 in this section.

17 2 Commissioner's Warrant. Amend RSA 76:8, II to read as follows:

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

26 3 New Paragraphs; Commissioner's Warrant. Amend RSA 76:8 by inserting after paragraph III
27 the following new paragraphs:

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1 IV. Until June 30, 2027, school district appropriation amounts, less facilities acquisition and
2 construction, authorized in paragraph III and reported pursuant to RSA 198:4-a, shall not be more
3 than the previous year's appropriation, less facilities acquisition and construction, times the
4 previous 3 years average Consumer Price Index pursuant to paragraph VI.

5 (a) After June 30, 2027, the school district appropriation amount, less facilities
6 acquisition and construction, authorized in paragraph III shall not be more than the greater of the
7 following:

8 (1) The 3-year average percent change in ADMR used for the purposes of calculating
9 adequate education grants pursuant to RSA 198:40-a applied to the previous year's appropriation,
10 less facilities acquisition and construction, or

11 (2) The 3-year average appropriation, less facilities acquisition and construction.

12 (b) School districts seeking appropriations, less facilities acquisition and construction, to
13 assess local property taxes in excess of paragraph IV, as applicable, shall do so by a 2/3 majority vote
14 of their legislative body on each vote or warrant article in excess of the appropriation determined in
15 paragraph V. The vote to exceed the excess shall not be a voice vote.

16 (c) Districts seeking emergency appropriations shall follow the provisions of RSA 197:3.

17 V. Within 45 days after the reported appropriation amounts are submitted pursuant to RSA
18 198:4-a, the commissioner of the department of revenue administration shall notify the school board
19 of any excess appropriations not made in accordance with RSA 76:8, IV and delete those
20 appropriations when computing district taxation pursuant to RSA 198:4-a, IV.

21 VI. Previous 3 years average Consumer Price Index shall be calculated by using the All
22 Urban Consumers, Northeast Region, using the "services less medical care services" special
23 aggregate index, as published by the Bureau of Labor Statistics, United States Department of Labor.
24 The average annual change shall be calculated using the 3 calendar years ending 18 months before
25 the start of the fiscal year.

26 4 New Sections; Excess Statewide Education Property Tax Payment. Amend RSA 198 by
27 inserting after section 47 the following new sections:

28 198:47-a Excess Statewide Education Property Tax Payment.

29 I. Any statewide education property tax collected by a municipality pursuant to a warrant
30 issued by the commissioner of the department of revenue administration pursuant to RSA 76:8 that
31 exceeds the amount determined by the department of education to pay for an adequate education in
32 that municipality shall be remitted to the department of revenue administration.

33 (a) The department of education shall calculate the amount of excess statewide
34 education property tax above and beyond an adequate education as defined in RSA 198:40-a and
35 report that calculation to the department of revenue administration by October 1st.

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1 (b) The department of revenue administration shall submit an invoice with the total
2 amount to be remitted to any municipality with excess statewide education property tax by January
3 1st.

4 (1) The municipality shall be required to make a payment of 30 percent of the total
5 amount due by February 1.

6 (2) The municipality shall be required to make a payment of the remainder of the
7 excess statewide education property tax no later than 75 days following issuance of the
8 municipality's final tax bill notice of the fiscal year.

9 (3) No later than 75 days following the issuance of the municipality's final tax bill
10 notice of the fiscal year, the municipality shall submit to the department of revenue administration a
11 report of the total amount collected pursuant to RSA 76:3 by the municipality.

12 (c) The commissioner of revenue administration may petition the state treasurer to
13 withhold all meals and rooms distribution due under RSA 78-A:26 for a municipality delinquent on
14 an excess education tax payment.

15 (d) The commissioner of the department of education may withhold any state education
16 aid, including adequacy payments under RSA 198:42, to the school districts of any municipality the
17 department of revenue administration reports as delinquent on an excess education tax payment.

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

21 198:47-b Forms. The commissioner of the department of revenue administration shall approve
22 and provide forms relative to the reporting and remitting of excess statewide education property tax
23 by the municipalities.

24 5 Cost of an Opportunity for an Adequate Education. Amend RSA 198:40-a, II(a) to read as
25 follows:

26 (a) A cost of [~~\$4,100~~] **\$7,356.01** per pupil in the ADMR, plus differentiated aid as
27 follows:

28 6 Effective Date. This act shall take effect July 1, 2025.

LBA
25-0505
1/11/25

**HB 675-FN-A-LOCAL- FISCAL NOTE
AS INTRODUCED**

AN ACT increasing the total revenue raised under the statewide education property tax, requiring municipalities to remit excess statewide education property tax payments to the department of revenue administration, limiting the authority of school districts to make certain appropriations, and increasing base adequacy costs per pupil.

FISCAL IMPACT:

The Office of Legislative Budget Assistant is unable to complete a fiscal note for this bill as it is awaiting information from the Department of Education. The Department was contacted on 12/27/24 for a fiscal note worksheet. When completed, the fiscal note will be forwarded to the House Clerk's Office.

AGENCIES CONTACTED:

Department of Education and Department of Revenue Administration