

HB 734-FN - AS INTRODUCED

2025 SESSION

25-0761

07/05

HOUSE BILL

734-FN

AN ACT relative to the state education property tax and the low- and moderate-income homeowners property tax relief program.

SPONSORS: Rep. Ames, Ches. 13; Rep. Luneau, Merr. 9

COMMITTEE: Education Funding

ANALYSIS

This bill:

I. Requires the department of revenue administration to receive the revenues from the state education property tax and deposit them in the education trust fund.

II. Revises the procedures for calculating state education grants.

III. Modifies the criteria for relief under the low- and moderate-income homeowners property tax relief program.

IV. Establishes a committee to study the low- and moderate-income homeowners property tax relief program.

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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 the state education property tax and the low- and moderate-income homeowners property tax relief program.

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

1 1 Taxation; Apportionment, Assessment and Abatement of Taxes; Education
2 Tax. Amend RSA 76:3 to read as follows:

3 76:3 Education Tax.

4 ***I.*** Beginning July 1, **2025** [2005], and every fiscal year thereafter, the commissioner of the
5 department of revenue administration shall set the education tax rate at a level sufficient to
6 generate revenue of \$363,000,000 when imposed on all persons and property taxable pursuant to
7 RSA 76:8, except property subject to tax under RSA 82 and RSA 83-F. The education property tax
8 rate shall be effective for the following fiscal year. The rate shall be set to the nearest 1/2 cent
9 necessary to generate the revenue required in this section.

10 ***II.*** ***The amount of \$363,000,000 specified paragraph I shall be adjusted annually for***
11 ***inflation and rounded to the nearest \$100 by the commissioner of the department of***
12 ***revenue administration based on the average change in the Consumer Price Index for All***
13 ***Urban Consumers, Northeast Region, as published by the United States Bureau of Labor***
14 ***Statistics. The average change shall be calculated using the calendar year ending 6-***
15 ***months prior to the beginning of the current fiscal year.***

16 2 Taxation; Apportionment, Assessment and Abatement of Taxes; Commissioner's Warrant.
17 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 ***all revenue received to the department***
21 ***of revenue administration for deposit in the education trust fund. Such payments by***
22 ***municipalities shall be made in 4 quarterly installments in accordance with schedules,***
23 ***standards, and procedures established by rules adopted by the department of revenue***
24 ***administration after consultation with the commissioner of education.*** [it to the
25 municipality for the use of the school district or districts.] Such sums shall be assessed at such times
26 as may be prescribed for other taxes assessed by such selectmen or assessors of the municipality.

27 3 Taxation; Apportionment, Assessment and Abatement of Taxes; Information. Amend RSA
28 76:11-a, II to read as follows:

29 II. The tax bill shall also contain a statement informing the taxpayer of the types of tax
30 relief for which the taxpayer has the right to apply. ***The statement shall explicitly list the low-***

and moderate-income homeowners property tax relief program specified by RSA 198:57 and shall include information on how to apply for the program. The following statement shall be considered adequate:

"If you are elderly, disabled, blind, a veteran, or veteran's spouse, or are unable to pay taxes due to poverty or other good cause, you may be eligible for a tax exemption, credit, abatement, or deferral *which can reduce your current property tax bill.* For details and application information, contact (insert title of local assessing officials or office to which application should be made *and deadline for application*).

Depending on your income, you may also be eligible for a refund of some of your taxes under the low- and moderate-income homeowners property tax relief program. To find out how to get a refund, call the New Hampshire Department of Revenue Administration at (insert current telephone number here) or visit the department's website at (insert current website address here). Applications for refunds are due by June 30."

This statement shall be prominent, [and] legible, and [may either be] printed *in at least 12-point font with a boldface font*, either on the tax bill itself, or on a separate sheet of paper enclosed with the tax bill. A municipality may in its discretion choose to include more detailed information about the eligibility criteria for different forms of tax relief, provided, however, that the information in the above statement shall be considered a minimum.

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

(k) *The full amount of education property tax payments from the department of revenue administration pursuant to RSA 76:8, II.*

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

5 Education; School Money; Low- and Moderate-Income Homeowners Property Tax Relief. Amend RSA 198:57, III and IV to read as follows:

III. An eligible tax relief claimant is a person who:

(a) Owns a homestead or interest in a homestead subject to the education tax;

(b) Resided in such homestead *on the date of the final tax bill, as defined in RSA 76:1-a, for the year* [on April 1 of the year] for which the claim is made, except such persons as are on active duty in the United States armed forces or are temporarily away from such homestead but maintain the homestead as a primary domicile; and

(c) Realizes total household income of:

(1) *\$65,000* [\$37,000] or less if a single person;

(2) *\$77,500* [\$47,000] or less if a married person or head of a New Hampshire household.

IV. All or a portion of an eligible tax relief claimant's [state] education property taxes[; RSA 76:3;] shall be rebated as follows:

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(a) Multiply the total local assessed value of the claimant's property by the percentage of such property that qualifies as the claimant's homestead;

(b) Multiply **\$165,000** [~~\$220,000~~] by the most current local equalization ratio as determined by the department of revenue administration;

(c) Multiply the lesser of the amount determined in subparagraph (a) or (b) by ***the sum of the following:*** ~~[the education tax rate as shown on the tax bill under RSA 76:11-a;]~~

(1) The local education tax rate as shown on the tax bill under RSA 76:11; and

(2) The state education tax rate as shown on the tax bill under RSA 76:11.

(d) Multiply the product of the calculation in subparagraph (c) by the following percentage as applicable to determine the amount of tax relief available to the claimant, ***provided that the maximum amount of tax relief available to any claimant in any fiscal year shall not exceed \$1,100:***

(1) If a single person and total household income is:

(A) less than **\$27,000** [~~\$23,100~~], 100 percent;

(B) ***More than \$27,000*** [~~\$23,100~~] but less than **\$65,000** [~~\$27,800~~], ***a percentage that is reduced from 95 percent by 5 percent for each \$2,000 of household income above \$27,000*** [~~60 percent~~];

(C) ***More than \$65,000, zero percent.*** [~~\$27,800 but less than \$32,400, 40 percent; or~~]

~~[(D) \$32,400 but less than or equal to \$37,000, 20 percent.]~~

(2) If a head of a New Hampshire household or a married person and total household income is:

(A) less than **\$39,500** [~~\$29,400~~], 100 percent;

(B) ***More than \$39,500 but less than or equal to \$77,500, a percentage that is reduced from 95 percent by 5 percent for each \$2,000 of household income above \$39,500*** [~~\$29,400 but less than \$35,300, 60 percent~~];

(C) ***More than \$77,500, zero percent.*** [~~\$35,300 but less than \$41,100, 40 percent; or~~]

~~[(D) \$41,100 but less than or equal to \$47,000, 20 percent.]~~

(e) The amount determined by subparagraph (c) ~~[(d)]~~ is the allowable tax relief in any year, ***provided, however, that the aggregate of tax relief checks issued by the commissioner to all taxpayers claiming eligibility for tax relief shall not exceed \$30,000,000 for the fiscal year to which the claim applies, exclusive of late filed claims which are accepted by the commissioner pursuant to paragraph VI (b) which shall be counted against the \$30,000,000 limit for the fiscal year in which the claims are received, and that the commissioner shall***

1 *reduce proportionally the amount of each taxpayer's tax relief check for that fiscal year*
2 *when a reduction is necessary to conform to the \$30,000,000 limit for that fiscal year.*

3 6 New Paragraphs; Education; School Money; Low- and Moderate-Income Homeowners Property
4 Tax Relief. Amend RSA 198:57 by inserting after paragraph VIII the following new paragraphs:

5 IX. The amounts specified in subparagraph III(c), IV(b), IV(d), and IV(e) shall be adjusted
6 annually for inflation and rounded to the nearest \$100 by the commissioner of the department of
7 revenue administration based on the average change in the Consumer Price Index for All Urban
8 Consumers, Northeast Region, as published by the Bureau of Labor Statistics. The average change
9 shall be calculated using the calendar year ending 12-months prior to the beginning of the program
10 year.

11 X. Every year, by first day of May, the department of revenue administration shall mail the
12 current year's tax forms necessary to apply for property tax relief to each homeowner who received
13 property tax relief under the provisions of paragraph IV in the prior year.

14 7 Committee Established. There is established a committee to study the low- and moderate-
15 income homeowners property tax relief program authorized by RSA 198:57 and 198:58.

16 I. The members of the committee shall be as follows:

17 (a) Four members of the house of representatives, appointed by the speaker of the house
18 of representatives.

19 (b) Three members of the senate, appointed by the president of the senate.

20 II. Legislative members of the committee shall receive mileage at the legislative rate when
21 attending to the duties of the committee.

22 III. The committee, with the support of the commissioner of the department of revenue
23 administration, shall study or solicit input or testimony the following:

24 (a) Issues relating to the extension of the low- and moderate-income homeowners
25 property tax relief program to tenants who indirectly pay education property taxes as part of the
26 rent that they pay for the right to live in their principal place of residence and domicile and shall
27 make recommendations regarding said extension.

28 (b) The relationship between household income, property values, and property taxation,
29 as well as the sufficiency of data relating to that relationship that is currently available to the
30 department of revenue administration, including data needed to determine the impact of property
31 tax changes by property classification, value, and ownership status, including owner-occupied, out-
32 of-state, commercial, residential, or other relevant ownership categories, and shall report on its
33 findings and recommendations on said relationship, data sufficiency, and changes in assessment
34 data collected, eligibility, and funding levels that would improve the low- and moderate-income
35 homeowners property tax relief program.

36 (c) The components of a statewide property tax deferral program designed to provide
37 relief to homeowner property taxpayers where taxpayer-specific circumstances temporarily impair

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1 such taxpayers ability to timely pay their property tax bills, and shall make recommendations
2 regarding the development of such a program.

3 IV. The members of the study committee shall elect a chairperson from among the members.
4 The first meeting of the committee shall be called by the first-named house member. The first
5 meeting of the committee shall be held within 45 days of the effective date of this section. Four
6 members of the committee shall constitute a quorum.

7 V. The committee shall report its findings and any recommendations for proposed legislation
8 to the speaker of the house of representatives, the president of the senate, the house clerk, the
9 senate clerk, the governor, and the state library on or before November 1, 2025.

10 8 Applicability. This act shall apply to all taxable periods ending on or after April 1, 2026.

11 9 Effective Date. This act shall take effect July 1, 2025.

HB 734-FN- FISCAL NOTE
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AN ACT relative to the state education property tax and the low- and moderate-income homeowners property tax relief program.

FISCAL IMPACT:

Estimated State Impact				
	FY 2026	FY 2027	FY 2028	FY 2029
Revenue	Indeterminable Increase			
Revenue Fund(s)	Education Trust Fund			
Expenditures*	\$300,000	\$0	Indeterminable Increase	
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 2026	FY 2027	FY 2028	FY 2029
Local Revenue	Indeterminable			
Local Expenditures	\$0	\$0	\$0	\$0

The Office of Legislative Budget Assistant is unable to provide a complete fiscal note for this bill as it is awaiting information from the Department of Education. The Department was initially contacted on 12/31/24 for a fiscal note worksheet, with follow-up contact made on 01/09/25 and 05/19/26. When completed, the fiscal note will be forwarded to the House Clerk's Office.

METHODOLOGY:

This fiscal note below illustrates a potential impact based on the bill's effective date of July 1, 2025, and applicability for tax periods ending on or after April 1, 2026. Both dates have passed. Modifying these dates would push the potential impacts to future periods.

This bill, effective July 1, 2025, changes how the Statewide Education Property Tax (SWEPT) is collected and deposited into the Education Trust Fund, while expanding eligibility and benefits under the Low- and Moderate-Income Homeowners Property Tax Relief (L&M) Program. It also

creates a study committee to examine additional property tax relief options. Below is a summary of each section's changes:

- Section 1 requires the Department of Revenue Administration (DRA) to annually adjust the amount of revenue to be generated by the SWEPT for inflation beginning July 1, 2025, applicable beginning with tax year 2026 (April 1, 2026, through March 31, 2027).
- Section 2 requires municipalities to remit all SWEPT revenues collected to DRA on a quarterly basis for deposit in the education trust fund (ETF), as directed in the warrant issued by the DRA Commissioner, applicable beginning with tax year 2026. This section also authorizes DRA, in consultation with the Department of Education, to adopt rules, procedures, and forms for this purpose.
- Section 3 modifies the language concerning the Low- and Moderate-Income Homeowners Property Tax Relief Program (L&M Program) required to be included on property tax bills.
- Section 4 adds SWEPT revenues remitted by DRA to the list of revenues deposited into the ETF.
- Section 5 expands the L&M Program by allowing rebates of both local and statewide education property taxes, increasing household income eligibility limits, modifying the property value factor and income brackets used in the rebate calculation, and establishing annual per-claimant and aggregate payment caps. This section also changes the residency date for eligibility purposes to the date of the final tax bill, as defined in RSA 76:1-a.
- Section 6 requires the DRA Commissioner to annually adjust for inflation the dollar amounts modified in Section 5.
- Section 7 establishes a committee, with support from the DRA Commissioner, to study specified aspects of the L&M Program and report its findings by November 1, 2025.

Under current law, municipalities collect the State Education Property Tax (SWEPT) and retain those revenues locally to offset the State's share of adequate education funding. Although retained locally, SWEPT revenues are recognized as revenue to the Education Trust Fund (ETF) for state accounting purposes. This bill would instead require all SWEPT revenues to be remitted to the Department of Revenue Administration (DRA) for deposit into the ETF beginning in tax year 2026. The bill would also require the annual SWEPT revenue target,

currently \$363 million, to be adjusted annually for inflation. DRA is unable to estimate the resulting revenue increase because future inflation rates are unknown.

The bill does not establish a mechanism for returning SWEPT revenues to municipalities after deposit into the ETF. Under current law, education grants are calculated net of each municipality's SWEPT warrant because those revenues remain available for local school funding. As a result, additional statutory changes or another distribution mechanism may be necessary if the intent is for municipalities to continue receiving the benefit of some or all SWEPT revenues collected within their jurisdictions.

DRA is unable to determine the fiscal impact of Sections 5 and 6 because it does not possess sufficient data to estimate the number of eligible claimants or resulting benefit amounts. The bill expands eligibility for the Low- and Moderate-Income Homeowners Property Tax Relief Program by increasing household income limits, modifying the homestead value factor and income brackets used in calculating benefits, and allowing rebates for both local and statewide education property taxes. The bill also establishes annual caps of \$1,100 per claimant and \$30 million in aggregate payments. DRA interprets the July 1, 2025, effective date as first affecting taxes assessed on April 1, 2026, with applications beginning May 1, 2027, and rebate payments beginning in FY 2028.

DRA states it can administer the SWEPT remittance requirements without additional personnel. However, the DRA expects one-time implementation costs associated with developing forms, modifying systems, and creating electronic filing and payment processes needed to receive SWEPT payments from municipalities. DRA estimates these costs at approximately \$300,000 in FY 2026.

While DRA cannot quantify the impact of the expanded tax relief program, it expects state expenditures to increase by an indeterminable amount. DRA notes that local education property taxes substantially exceed SWEPT collections and that the bill applies the same eligibility standards to both taxes. Based on historical program participation, DRA believes expanding rebates to include local education property taxes could at least double total rebate payments, although the actual impact cannot be determined.

AGENCIES CONTACTED:

Department of Education and Department of Revenue Administration