

HB 739-FN - AS INTRODUCED

2025 SESSION

25-0778

07/08

HOUSE BILL **739-FN**

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

SPONSORS: Rep. Spilsbury, Sull. 3

COMMITTEE: Ways and Means

ANALYSIS

This bill requires municipalities to remit any excess statewide education property tax to the state for deposit in the general fund.

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 Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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 the use of school districts.

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

1 1 New Sections; Adequate Education; Excess Statewide Education Property Tax Payment.
2 Amend RSA 198 by inserting after section 47 the following new sections:

3 198:47-a Excess Statewide Education Property Tax Payment.

4 I. Any excess statewide education property tax shall be remitted to the department of
5 revenue administration on or before March 15 of the tax year in which the excess occurs.

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

9 III. The amount of such excess to be remitted shall not include any income derived from the
10 investment of funds by the municipal treasurers under RSA 41:29 and RSA 48:16. Any funds
11 remaining after full payment of the excess tax required in paragraph I shall become available for
12 unrestricted use by the municipality.

13 198:47-b Forms. The commissioner shall approve and provide forms relative to the reporting
14 and remitting of excess statewide education property tax by the municipalities.

15 2 Education; School Money; Adequate Education; Education Trust Fund; Determination of
16 Education Grants. Amend RSA 198:41, I(b) to read as follows:

17 (b) Subtract the amount of the education tax warrant to be issued by the commissioner
18 of revenue administration for such municipality reported pursuant to RSA 76:8 for the next tax year,
19 ***not including the amount of the education tax payment remitted back to the department of***
20 ***revenue administration under 198:47-a***; and

21 3 Assessment of Education Tax; Commissioner's Warrant. Amend RSA 76:8, II to read as
22 follows:

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

31 4 Education Trust Fund Created and Invested. Amend RSA 198:39, II(k) to read as follows:

HB 739-FN - AS INTRODUCED

- Page 2 -

1 (k) *Funds collected and paid over to the to the state treasurer by the department*
2 *of revenue administration pursuant to RSA 198:47-a.*

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

4 5 Effective Date. This act shall take effect July 1, 2025.

HB 739-FN- FISCAL NOTE
AS INTRODUCED

AN ACT relative to excess funds paid to municipalities for the use of 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	<u>Department of Education</u> Adequate Education Grants - Decrease of Approximately \$28.6M Per Year <u>Department of Revenue Administration</u> System Changes - Increase of \$300,000 in FY 2026 Only		
Funding Source(s)	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	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 deposited to the state 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. This bill would change this methodology, so that excess SWEPT revenue is deposited to the ETF as state revenue.

This bill is effective on July 1, 2025, and the Department of Revenue Administration assumes this to mean that municipalities would remit excess SWEPT annually beginning with property tax year 2026, beginning on April 1, 2026, no later than March 15, 2027. Based on FY 2026 preliminary data (published November 15, 2024) the total amount of excess SWEPT is approximately \$28.6 million. Therefore, this bill is expected to decrease state ETF expenditures and local revenue by approximately \$28.6 million per year. This amount is entirely related to "excess SWEPT" towns. Data is not yet available for FY 2027 and beyond, however, it is expected the impact in out years is expected to be of similar magnitude.

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