

HB 769-FN - AS INTRODUCED

2025 SESSION

25-0565

02/11

HOUSE BILL **769-FN**

AN ACT relative to the base annual cost per pupil of providing the opportunity for an adequate education and statewide education property tax rate.

SPONSORS: Rep. Gould, Hills. 2

COMMITTEE: Education Funding

ANALYSIS

This bill increases the base cost of providing the opportunity for an adequate education, and changes the statewide education property tax rate.

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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 base annual cost per pupil of providing the opportunity for an adequate education and statewide education property tax rate.

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

1 1 Cost of an Opportunity for an Adequate Education. Amend RSA 198:40-a, I-II(a) to read as
2 follows:

3 I. For the biennium beginning July 1, [~~2023~~] **2025**, the annual cost of providing the
4 opportunity for an adequate education as defined in RSA 193-E:2-a shall be as specified in
5 paragraph II. The department shall adjust the rates specified in this paragraph in accordance with
6 RSA 198:40-d.

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

8 76:3 Education Tax. Beginning July 1, [~~2005~~] **2025**, and every fiscal year thereafter, [~~the~~
9 ~~commissioner of the department of revenue administration shall set~~] the education tax rate [~~at a~~
10 ~~level sufficient to generate revenue of \$363,000,000 when~~] **shall be set at \$2.50 per \$1,000 and**
11 imposed on all persons and property taxable pursuant to RSA 76:8, except property subject to tax
12 under RSA 82 and RSA 83-F. [~~The education property tax rate shall be effective for the following~~
13 ~~fiscal year. The rate shall be set to the nearest 1/2 cent necessary to generate the revenue required~~
14 ~~in this section.~~]

15 2 Effective Date. This act shall take effect July 1, 2025.

HB 769-FN- FISCAL NOTE
AS INTRODUCED

AN ACT relative to the base annual cost per pupil of providing the opportunity for an adequate education and statewide education property tax rate.

FISCAL IMPACT:

Estimated State Impact				
	FY 2025	FY 2026	FY 2027	FY 2028
Revenue	\$0	<u>FY 2026</u> \$447.9M Increase <u>FY 2027 and FY 2028</u> Indeterminable increase, but expected to be greater than \$450M		
<i>Revenue Fund(s)</i>	Education Trust Fund			
Expenditures*	\$0	<u>FY 2026</u> District Adequacy - Approximately \$540.4M Charter School Grants - Approximately \$28.3M Education Freedom Accounts - Approximately \$25.6M Total - Approximately \$594.3M <u>FY 2027 and Beyond</u> Indeterminable, but similar magnitude expected (see methodology below)		
<i>Funding Source(s)</i>	Education Trust Fund			
Appropriations*	\$0	Statutory Open Warrant		
<i>Funding Source(s)</i>	Education Trust Fund			

*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	<u>FY 2026</u> Approximate \$540.4M Increase <u>FY 2027 and Beyond</u> Indeterminable, but similar magnitude expected (see methodology below)		
Local Expenditures	\$0	\$0	\$0	\$0

METHODOLOGY:

This bill, effective for FY 2026, increases the base per pupil aid amount for the cost of an opportunity for an adequate education under RSA 198:40-a, II(a), as illustrated in the table below, and modifies the amount of statewide education property tax (SWEPT) collected from \$363 million per year, to a fixed rate of \$2.50 per \$1,000 (the SWEPT rate for FY 2026 is \$1.12 per \$1,000).

Base Adequacy Aid, Per Pupil	FY 2026	FY 2027	FY 2028
Current Law	\$4,265.64	\$4,350.95	\$4,437.97
Proposed	\$7,356.01	\$7,503.13	\$7,653.19
Increase	\$3,090.37	\$3,152.18	\$3,215.22

This bill will impact state education trust fund (ETF) revenue, district adequacy grants, charter school grants, and education freedom accounts.

Education Trust Fund Revenue Impact

Under current law, SWEPT is required to raise \$363 million per year. Under this bill, SWEPT would be set at \$2.50 per \$1,000, which based on FY 2026 figures would raise approximately \$811 million, an increase of approximately \$448 million. The annual impact in FY 2027 and beyond indeterminable, however, is expected to be greater than \$450 million, as it can be assumed property valuations will increase.

District Adequacy

Based on preliminary data, this bill will increase adequacy grants to school districts by an estimated \$540,411,764 in FY 2026:

	Current Law	Proposed	Increase
Adequacy Grant	\$716,948,319	\$809,485,131	\$92,536,812
Statewide Education Property Tax (SWEPT)	\$363,516,836	\$811,391,788	\$447,874,952
Final State Grant	\$1,080,465,155	\$1,620,876,919	\$540,411,764

Data for FY 2027 and FY 2028 is not yet available, therefore, this bill’s impact on district adequacy beyond FY 2026 is indeterminable, however expected to be in the \$560 million to \$580 million range per year.

It should be noted that this bill, in FY 2026, would increase “excess SWEPT” from approximately \$28.6 million to \$99.2 million (an increase of \$70.6 million, which is included in the “final state grant” figures above). 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.

Charter School Grants

Based on the estimated student count of 7,868, this bill would increase aid to charter schools by \$24,315,031 in FY 2026 ($\$3,090.37 \times 7,868$ students). Data to estimate FY 2027 and FY 2028 student counts is not yet available, therefore, this bill's impact on charter school grants beyond FY 2026 is indeterminable, however expected to be approximately \$25 million per year.

Education Freedom Accounts

Based on the estimated student count of 6,500 this bill would increase aid to charter schools by \$20,087,405 in FY 2026 ($\$3,090.37 \times 6,500$ students). Data to estimate FY 2027 and FY 2028 student counts is not yet available, therefore, this bill's impact on education freedom accounts beyond FY 2026 is indeterminable, however expected to be approximately \$20 million per year.

AGENCIES CONTACTED:

Department of Education and Department of Revenue Administration