

# CONSENT CALENDAR

March 11, 2024

## HOUSE OF REPRESENTATIVES

### REPORT OF COMMITTEE

The Committee on Ways and Means to which was referred HB 1514-FN-A-LOCAL,

AN ACT relative to excess funds paid to municipalities for the use of school districts. Having considered the same, report the same with the recommendation that the bill be REFERRED FOR INTERIM STUDY.

Rep. Walter Spilsbury

FOR THE COMMITTEE

## **COMMITTEE REPORT**

Committee:	<b>Ways and Means</b>
Bill Number:	<b>HB 1514-FN-A-LOCAL</b>
Title:	<b>relative to excess funds paid to municipalities for the use of school districts.</b>
Date:	<b>March 11, 2024</b>
Consent Calendar:	<b>CONSENT</b>
Recommendation:	<b>REFER FOR INTERIM STUDY</b>

### **STATEMENT OF INTENT**

This bill would restore statutory language repealed in 2011, to require those municipalities that collect more in Statewide Education Property Tax (SWEPT) than they are due in state adequacy aid to remit “excess SWEPT” funds to the state for deposit in the Education Trust Fund. The SWEPT tax has been controversial since its inception as it ostensibly constitutes a state level tax but is applied locally to the same real property that is already the primary source of revenue to fund public education, effectively a surcharge. Unfortunately, debate has tended to pit affluent towns against property poor towns and, thus, protests from so-called “donor towns” led to the 2011 decision allowing them to retain excess SWEPT. That arrangement has been challenged in court, resulting in a court order issued November 2023 in the *Rand* case, declaring that retention of excess SWEPT creates unconstitutional application of the tax inequitably across municipalities. Resolving this dilemma must now be a priority of the legislature, but it is wrapped up in much larger and more complex questions of state funding for public education that are ripe for reconsideration and remain unresolved in the face of other judicial orders from the same court, which are now on appeal. A special subcommittee of House Education was formed this session to focus on a variety of bills relating to SWEPT specifically and education funding more broadly and several have already been either tabled or referred for Interim Study. So, rather than apply a quick fix that will alter the current balance of interests, the committee recommends that this bill be referred to Interim Study so that the work can continue through the fall in coordination with the Education Committee and the Finance Committee in preparation for comprehensive legislation in the next budget session.

Vote 18-0.

Rep. Walter Spilsbury  
FOR THE COMMITTEE

Original: House Clerk  
Cc: Committee Bill File

## CONSENT CALENDAR

### Ways and Means

**HB 1514-FN-A-LOCAL**, relative to excess funds paid to municipalities for the use of school districts. **REFER FOR INTERIM STUDY.**

Rep. Walter Spilsbury for Ways and Means. This bill would restore statutory language repealed in 2011, to require those municipalities that collect more in Statewide Education Property Tax (SWEPT) than they are due in state adequacy aid to remit “excess SWEPT” funds to the state for deposit in the Education Trust Fund. The SWEPT tax has been controversial since its inception as it ostensibly constitutes a state level tax but is applied locally to the same real property that is already the primary source of revenue to fund public education, effectively a surcharge. Unfortunately, debate has tended to pit affluent towns against property poor towns and, thus, protests from so-called “donor towns” led to the 2011 decision allowing them to retain excess SWEPT. That arrangement has been challenged in court, resulting in a court order issued November 2023 in the *Rand* case, declaring that retention of excess SWEPT creates unconstitutional application of the tax inequitably across municipalities. Resolving this dilemma must now be a priority of the legislature, but it is wrapped up in much larger and more complex questions of state funding for public education that are ripe for reconsideration and remain unresolved in the face of other judicial orders from the same court, which are now on appeal. A special subcommittee of House Education was formed this session to focus on a variety of bills relating to SWEPT specifically and education funding more broadly and several have already been either tabled or referred for Interim Study. So, rather than apply a quick fix that will alter the current balance of interests, the committee recommends that this bill be referred to Interim Study so that the work can continue through the fall in coordination with the Education Committee and the Finance Committee in preparation for comprehensive legislation in the next budget session. **Vote 18-0.**

Original: House Clerk

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