

HB 569-FN - AS INTRODUCED

2023 SESSION

23-0330

02/10

HOUSE BILL

***569-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

COMMITTEE:       Ways and Means

---

ANALYSIS

This bill requires the department of revenue administration to receive the revenues from the state education property tax and deposit them in the education trust fund, and revises the procedures for calculating state education grants. The bill modifies the criteria for relief under the low and moderate income homeowners property tax relief program, and 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                      Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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 Three*

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 Property Taxation; Commissioner's Warrant. Amend RSA 76:8, II to read as follows:

2            II. The commissioner shall issue a warrant under the commissioner's hand and official seal  
3 for the amount computed in paragraph I to the selectmen or assessors of each municipality by  
4 December 15 directing them to assess such sum and ~~[pay it to the municipality for the use of the~~  
5 ~~school district or districts]~~, ***after subtracting 3 percent as compensation for the municipality's***  
6 ***cost carrying out the functions required by this section, pay the remainder to the***  
7 ***department of revenue administration for deposit in the education trust fund. Such***  
8 ***payments by municipalities, and the 3 percent subtractions, shall be made in accordance***  
9 ***with schedules, standards, and procedures established by rules adopted by the department***  
10 ***of revenue administration after consultation with the commissioner of the department of***  
11 ***education.*** Such sums shall be assessed at such times as may be prescribed for other taxes  
12 assessed by such selectmen or assessors of the municipality.

13            2 Property Tax Bill Information. Amend RSA 76:11-a, II to read as follows:

14            II. The tax bill shall also contain a statement informing the taxpayer of the types of tax  
15 relief for which the taxpayer has the right to apply. ***The statement shall explicitly list the low***  
16 ***and moderate income homeowners property tax relief program specified by RSA 198:57 and***  
17 ***shall include information on how to apply for the program.*** The following statement shall be  
18 considered adequate:

19            "If you are elderly, disabled, blind, a veteran, or veteran's spouse, or are unable to pay taxes due  
20 to poverty or other good cause, you may be eligible for a tax exemption, credit, abatement, or  
21 deferral, ***which can reduce your current property tax bill.*** For details and application  
22 information, contact (insert title of local assessing officials or office to which application should be  
23 made ***and deadline for application.*** ***Depending on your income, you may also be eligible***  
24 ***for a refund of some of your taxes under the low and moderate income homeowners***  
25 ***property tax relief program. To find out how to get a refund, call the New Hampshire***  
26 ***department of revenue administration at (insert current telephone number here) or visit***  
27 ***the department's website (insert current website address here). Applications for refunds***  
28 ***are due by June 30."***

29            This statement shall be prominent ~~[and]~~, legible, ***and printed in at least 12-point boldface***  
30 ***type,*** and may either be printed 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.

3 Education Trust Fund Created and Invested. Amend RSA 198:39, I(l) to read as follows:

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

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

4 Determination of Education; Tuition. Amend RSA 198:41, II(b) to read as follows:

(b) The total amount paid for items of current education expense as determined by the department of education ~~[minus the amount of the education tax warrant to be issued by the commissioner of revenue administration for such municipality reported pursuant to RSA 76:8 for the next tax year].~~

5 Determination of Grants; Stabilization. Amend RSA 198:41, IV(d) to read as follows:

(d) For fiscal year 2017 and each fiscal year thereafter, the department of education shall distribute a total education grant to each municipality in an amount equal to the total education grant for the fiscal year in which the grant is calculated plus a percentage of the municipality's fiscal year 2012 stabilization grant, if any, distributed to the municipality; the percentage shall be 96 percent for fiscal year 2017, 92 percent for fiscal year 2018, 88 percent for fiscal year 2019, and 100 percent for fiscal year 2020 and each fiscal year thereafter. No stabilization grant shall be distributed to any municipality for any fiscal year in which the ~~[municipality's education property tax warrant]~~ ***amount of the commissioner's warrant for the municipality's education tax assessment*** pursuant to RSA 76:8 exceeds the total cost of an adequate education or to any municipality for any fiscal year in which the municipality's ADMR is zero.

6 Low and Moderate Income Homeowners Property Tax Relief. Amend RSA 198:57, III-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 ~~[April 1 of]~~ ***the date of the final tax bill as defined in RSA 76:1-a*** for 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) ~~[\$37,000]~~ ***\$65,000*** or less if a single person;

(2) ~~[\$47,000]~~ ***\$77,500*** 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:

(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 ~~[\$220,000]~~ **\$165,000** 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 ~~[education tax rate as shown on the tax bill under RSA 76:11-a;]~~ **sum of the following:**

**(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 ~~[\$23,100]~~ **\$25,000**, 100 percent;

(B) ~~[\$23,100]~~ **\$25,000** but less than ~~[\$27,800]~~ **\$65,000**, ~~[60-percent]~~ **a percentage that is reduced by 5 percent for each \$2,000 of household income above \$25,000;**

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

~~[(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 ~~[\$29,400]~~ **\$37,500**, 100 percent;

(B) ~~[\$29,400]~~ **\$37,500** but less than ~~[\$35,300]~~ **\$77,500**, ~~[60-percent]~~ **a percentage that is reduced by 5 percent for each \$2,000 of household income above \$37,500;**

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

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

(e) The amount determined by subparagraph (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 7 New Paragraphs; Low and Moderate Income Homeowners Property Tax Relief; Adjustment for  
4 Inflation; Forms. Amend RSA 198:57 by inserting after paragraph VIII the following new  
5 paragraphs:

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

12 X. Each year, on or about May 1, the department of revenue administration shall mail the  
13 current year forms necessary to apply for property tax relief to each homeowner who received  
14 property tax relief under the provisions of paragraph IV in the prior year.

15 8 Committee Established. There is established a committee to study the low and moderate  
16 income homeowners property tax relief program authorized by RSA 198:57-58.

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

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

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

21 II. Members of the committee shall receive mileage at the legislative rate when attending to  
22 the duties of the committee.

23 III. The committee shall study, with the assistance of the commissioner of the department of  
24 revenue administration:

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

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

**HB 569-FN - AS INTRODUCED**  
**- Page 5 -**

1           (c) The components of a statewide property tax deferral program designed to provide  
2 relief to homeowner property taxpayers where taxpayer-specific circumstances temporarily impair  
3 such taxpayers ability to timely pay their property tax bills, and shall make recommendations  
4 regarding the development of such a program.

5           (d) The committee may solicit input or testimony from any person or organization the  
6 committee deems relevant to the study.

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

11           V. The committee shall report its findings and any recommendations for proposed legislation  
12 to the speaker of the house of representatives, the president of the senate, the house clerk, the  
13 senate clerk, the governor, and the state library on or before November 1, 2023.

14           9 Repeal. RSA 198:41, I(b), relative to deducting the state education tax warrant; in education  
15 grants, is repealed.

16           10 Effective Date.

17           I. Section 8 of this act shall take effect upon its passage.

18           II. The remainder of this act shall take effect July 1, 2023.

**HB 569-FN- FISCAL NOTE**  
**AS INTRODUCED**

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

**FISCAL IMPACT:**    ☒ **State**                      ☐ **County**                      ☒ **Local**                      ☐ **None**

STATE:	Estimated Increase / (Decrease)			
	FY 2023	FY 2024	FY 2025	FY 2026
<b>Appropriation</b>	\$0	\$0	Indeterminable Increase	Indeterminable Increase
<b>Revenue</b>	\$0	\$0	(\$10.9 million)	(\$10.9 million)
<b>Expenditures</b>	\$0	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase
<b>Funding Source:</b>	<input checked="" type="checkbox"/> General	<input checked="" type="checkbox"/> Education	<input type="checkbox"/> Highway	<input type="checkbox"/> Other

**LOCAL:**

<b>Revenue</b>	\$0	Indeterminable	Indeterminable	Indeterminable
<b>Expenditures</b>	\$0	Indeterminable	Indeterminable	Indeterminable

The Legislative Budget Assistant is still awaiting information from the Department of Education in response to this bill. The Department of Education was originally contacted on 12/29/22 for a fiscal note worksheet.

**METHODOLOGY:**

This bill requires municipalities to collect the Statewide Education Property Tax (SWEPT) and remit the SWEPT in full to the Department of Revenue (DRA) for deposit into the Education Trust Fund, after deducting a 3% municipal processing Fee. Additionally, the bill makes changes to the Low and Moderate (L&M) Income Homeowner Property Tax Relief program to include the following:

- 1) Increases the household income amounts for both single and married persons eligible for the program.
- 2) reduces the claimant's minimum homestead amount multiplied by the applicable local equalization ratio from \$220,000 to \$165,000.
- 3) increases the single person and total household income amounts and adjusts the percentage used to determine the tax relief rebate to be made available to the claimant.
- 4) Allows for inclusion of both the local education tax rate and the state education tax rate into the calculation of property tax relief available to a claimant and states the maximum

amount of tax relief available to a any claimant in any fiscal year shall not exceed \$1,100. Currently, only the state education tax rate is included in the calculation for relief under the L&M program.

5) Caps the L&M program at \$30 million for the fiscal year to which the claim applies and proportionally reduced claims if the amount requested exceeds the cap.

6) Requires the DRA to annually adjust the claimant requirements for inflation and mail the current year forms to each homeowner who received L&M property tax relief in the prior year.

The DRA states under current law, each municipality collects SWEPT on behalf of the state totaling \$363 million and retains the SWEPT locally to fund the State's portion of 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 Education Trust Fund (ETF). This bill would instead require the municipality to collect the SWEPT and remit the SWEPT in full to the DRA for deposit into the ETF, after deducting 3% for municipal costs. Therefore, although the State would receive the SWEPT collected by the municipalities, the proposed legislation would result in a reduction in ETF revenue, \$10.9 million, due to the municipality's ability to deduct their costs from the \$363,100,000 they assess and collect. The DRA interprets the proposed effective date as first impacting property taxes assessed on April 1, 2024 and collected via the final property tax bill in the fall of 2024 or FY 2025. DRA indicates there would be an indeterminable cost to expenditures associated with implementing the electronic filing and payment mechanism that would be required to facilitate payment for the SWEPT over to DRA.

The DRA is unable to determine the impact of this change on municipalities. The payment of the SWEPT over to the state will result in a decrease in municipal revenue. However, the SWEPT that is currently retained locally offsets the state's obligation to fund the state portion of education funding, which will now be paid directly to the municipality by the State. The impact this will have on municipalities will vary depending on whether SWEPT normally collected and retained is more or less than the State's obligation to fund the State portion of education.

The DRA is unable to determine the impact the L&M portion of the bill will have on State expenditures due to not possessing all the necessary information. The DRA anticipates the increase in the income thresholds and other changes to the L&M program will result in more claimants seeking tax relief and an increase in relief amounts under this bill. Therefore, an increase in rebates being paid from the education trust fund will occur by an indeterminable amount up to \$30 million program cap. This indeterminable increase in state expenditures



would require additional appropriations to pay these additional claims beginning in FY 2025. The DRA states there would also be an indeterminable increase in expenditures for the newly required mailing of the L&M forms to each homeowner who received L&M property tax relief in the prior year.

The New Hampshire Municipal Association (NHMA) states there will be an indeterminable increase to local expenditures as the bill will require the municipalities to implement new payment procedures for collecting and administering SWEPT funds. Additionally, the NHMA states depending on the municipality's property valuation, the SWEPT payment to the DRA may result in decreased revenue to a municipality, even with the municipality retaining 3% of the SWEPT, since the current practice allows a municipality to collect and retain funds locally which may be more or less than what is required to fund the State's obligator portion of education.

The NHMA also stated they could see an interminable increase in local expenditures based on the requirement of the L&M program details being required to be printed on the property tax bill.

**AGENCIES CONTACTED:**

Department of Revenue Administration, Department of Education and New Hampshire Municipal Association