

Sen. Johnson, Dist. 2  
Sen. Green, Dist. 6  
Sen. Flanders, Dist. 7  
Sen. Eaton, Dist. 10  
Sen. Bragdon, Dist. 11  
Sen. Gatsas, Dist. 16  
Sen. Barnes, Dist. 17  
Sen. Letourneau, Dist. 19  
Sen. Morse, Dist. 22  
June 9, 2005  
2005-1891s  
04/10

Amendment to HB 616-FN-LOCAL

1 Amend the title of the bill by replacing it with the following:

2

3 AN ACT reducing the education property tax rate and relative to the calculation of  
4 equitable education grants.  
5

6 Amend the bill by replacing all after the enacting clause with the following:

7

8 1 Purpose.

9 I. Previously, state funding of education has relied primarily on a formula which establishes  
10 a base cost per pupil, which was then distributed to school districts based on the number of pupils.  
11 The general court is adopting an alternative approach in order to account for the diversity of  
12 communities present in our state. The general court is the branch of government that is closest to  
13 the people, and the branch of government that most clearly understands the specific local factors  
14 that support or hinder local efforts to administer schools. Specifically, the general court finds family  
15 income, family educational achievement, existing educational infrastructure, as well as intangible  
16 factors such as social capital, affect the ability of local schools to provide educational opportunity to  
17 their students. The general court finds that local property values reflect these factors.

18 II. Accordingly, in order to ensure that all local school districts provide pupils with an  
19 opportunity to acquire an equitable education the general court, in the exercise of its broad  
20 discretion, adopts this education funding distribution formula that expressly recognizes the  
21 difficulties faced by communities with low property values. Accordingly, the general court has  
22 determined that the most equitable method to provide educational opportunity to our children is to  
23 target aid to those communities with low property values. The general court has further determined  
24 that targeting additional aid to those districts that face challenges related to poverty and the  
25 provision of special education services is the most appropriate manner in which to provide  
26 educational opportunities.

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1           2 Assessment and Abatement of Taxes; Statewide Enhanced Education Tax. RSA 76:3 is  
2 repealed and reenacted to read as follows:

3           76:3 Statewide Enhanced Education Tax. Beginning July 1, 2005, and every fiscal year  
4 thereafter, the commissioner of the department of revenue administration shall set the statewide  
5 enhanced education tax rate at a level sufficient to generate revenue of \$363,000,000 when imposed  
6 on all persons and property taxable pursuant to RSA 76:8, except property subject to tax under  
7 RSA 82 and RSA 83-F. The education property tax rate shall be effective for the following fiscal  
8 year. The rate shall be set to the nearest 1/2 cent necessary to generate the revenue required in this  
9 section.

10          3 Utility Property Tax; Exemption. Amend the section heading of RSA 83-F:9 to read as follows:

11          83-F:9 Exemption From [~~State~~] ***Statewide Enhanced*** Education [~~Property~~] Tax.

12          4 School Money; Education Trust Fund. Amend RSA 198:39, I(g) to read as follows:

13                 (g) The full amount of excess ***statewide enhanced*** education [~~property~~] tax payments  
14 from the department of revenue administration pursuant to RSA 198:46.

15          5 State Aid for Educational Equality; Definitions. The subdivision heading immediately  
16 preceding RSA 198:38 and RSA 198:38 are repealed and reenacted to read as follows:

17 State Aid for Educational Equality; Education Trust Fund

18 198:38 Definitions. In this subdivision:

19           I. "Municipality" means a city, town, or unincorporated place.

20           II. "School district" means school district as defined in RSA 194:1 or RSA 195:1.

21           III. "Department" means the department of education.

22           IV. "Determination year" means the fiscal year that was 3 years prior to the fiscal year for  
23 which aid is to be determined. Unless otherwise indicated, determination year data shall be used to  
24 calculate aid.

25           V. "Average annual rate of inflation" means average annual percentage rate of inflation  
26 based on the northeast region consumer price index for all urban consumers as published by the  
27 Bureau of Labor Statistics, United States Department of Labor, for the 4 calendar years ending 18  
28 months before the beginning of the fiscal year for which aid is to be determined.

29           VI. "Average daily membership in residence" means the average daily membership in  
30 residence of pupils in kindergarten through grade 12, as defined in RSA 189:1-d, IV of the second  
31 school year preceding the year in which the calculation is made, provided that no kindergarten pupil  
32 shall count as more than 1/2 day attendance per calendar day.

33           VII. "Limited English proficient pupil" means an annual count of pupils in kindergarten  
34 through grade 12 receiving instruction in English for speakers of other languages for 5 or more hours  
35 per week. Pupils shall be counted and attributed to the municipality or municipalities operating the  
36 school attended by the pupils.

37           VIII. "Educationally disabled child" or "educationally disabled pupil" means the average

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1 daily membership in residence of educationally disabled children as defined in RSA 186-C:2, I.

2 IX. "Pupils eligible for a free or reduced-price meal" means an annual count of pupils in  
3 grades 1 through 12 who are eligible for a free or reduced-price meal. Pupils shall be counted in the  
4 municipality of residence.

5 X. "Equalized valuation including utilities" means equalized valuation including properties  
6 subject to taxation under RSA 82 and RSA 83-F, as determined by the department of revenue  
7 administration, that was the basis for the local tax assessment in the determination year.

8 XI. "Adjusted equalized valuation excluding utilities" means equalized valuation as  
9 determined by the department of revenue administration pursuant to RSA 76:8 for April 1 of the  
10 fiscal year 2 years prior to the fiscal year for which aid is to be determined.

11 XII. "State tax capacity rate" means the total revenue raised statewide by the local  
12 education tax assessment for the determination year multiplied by 1,000. This amount shall be  
13 divided by the total statewide equalized valuation including utilities that was the tax base for the  
14 determination year.

15 XIII. "Median family income" means the most recent census data published for New  
16 Hampshire counties and municipalities by the United States Census Bureau, United States  
17 Department of Commerce, as of October 1 preceding the beginning of the biennium for which aid is  
18 to be determined.

19 6 New Sections; State Aid for Educational Equality; Local Tax Capacity Aid; Per Pupil  
20 Valuation. Amend RSA 198 by inserting after section 40 the following new sections:

21 198:40-a Local Tax Capacity Aid. Beginning July 1, 2005, and for the first year of every  
22 biennium thereafter, local tax capacity aid shall be calculated by the department of education as  
23 follows:

24 I. The total statewide equalized valuation including utilities of all municipalities, as  
25 determined by the department of revenue administration, shall be divided by the total statewide  
26 average daily membership in residence. The result shall be the statewide average equalized  
27 valuation per pupil.

28 II. The equalized valuation of all property including utilities in a municipality, as  
29 determined by the department of revenue administration, shall be divided by the average daily  
30 membership in residence in the municipality. The result shall be the local equalized valuation per  
31 pupil.

32 III. Eligibility for local tax capacity aid under this paragraph shall be determined as follows:

33 (a) If a municipality's local equalized valuation per pupil as calculated in paragraph II is  
34 equal to, or greater than, the statewide average equalized valuation per pupil as calculated in  
35 paragraph I, no local tax capacity aid shall be available.

36 (b) If a municipality's local equalized valuation per pupil as calculated in paragraph II is  
37 less than the statewide average equalized valuation per pupil as calculated in paragraph I, the

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1 municipality shall be entitled to receive local tax capacity aid in an amount equal to the following:  
2 subtract the local equalized valuation per pupil as calculated in paragraph II from the statewide  
3 average equalized valuation per pupil as calculated in paragraph I. This amount shall be divided by  
4 1,000 and then multiplied by the state tax capacity rate. The result shall be multiplied by the  
5 average daily membership in residence in such municipality and shall be the local tax capacity aid  
6 for the municipality.

7 198:40-b Targeted Per Pupil Aid. Targeted aid shall be calculated by the department of  
8 education as follows:

9 I. For the fiscal year beginning July 1, 2005, a municipality with a local equalized valuation  
10 including utilities per pupil, as calculated in RSA 198:40-a, II, which is less than or equal to  
11 150 percent of the statewide average equalized valuation per pupil, as calculated in RSA 198:40-a, I,  
12 and a median family income which is less than or equal to 150 percent of the state average median  
13 family income, shall be eligible to receive targeted per pupil aid for such municipality's educationally  
14 disabled pupils, pupils eligible for free or reduced-price meals, limited English proficient pupils and  
15 transportation costs as follows:

16 (a) A per pupil amount shall be determined by dividing the statewide average equalized  
17 valuation including utilities per pupil, as calculated in RSA 198:40-a, I, by 1,000 and then  
18 multiplying by the state tax capacity rate.

19 (b) The per pupil amount calculated in subparagraph (a) shall be multiplied by 0.95 and  
20 by the average daily membership in residence of educationally disabled pupils in the municipality.  
21 This amount shall be available as targeted aid for educationally disabled pupils in the municipality.

22 (c) The per pupil amount calculated in subparagraph (a) shall be multiplied by 0.95 and  
23 by the number of pupils eligible for a free or reduced-price meal. This amount shall be available as  
24 targeted aid for pupils eligible to receive a free or reduced-price meal in the municipality.

25 (d) The amount of \$1,000 shall be multiplied by the number of limited English proficient  
26 pupils in the municipality.

27 (e) Transportation aid in the amount of \$190 shall be multiplied by the average daily  
28 membership in residence in the municipality.

29 (f) Total targeted per pupil aid for the municipality shall be the sum of subparagraphs  
30 (b), (c), (d) and (e).

31 II. For the biennium beginning July 1, 2007, a municipality with a local equalized valuation  
32 including utilities per pupil, as calculated in RSA 198:40-a, II, which is less than or equal to 150  
33 percent of the statewide average equalized valuation per pupil, as calculated in RSA 198:40-a, I, and  
34 a median family income which is less than or equal to 150 percent of the state average median  
35 family income, shall be eligible to receive targeted per pupil aid for such municipality's educationally  
36 disabled pupils, pupils eligible for free or reduced-price meals, limited English proficient pupils and  
37 transportation costs as follows:

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1           (a) A per pupil amount for educationally disabled pupils shall be determined by dividing  
2 \$100,000,000 by the total average daily membership in residence of educationally disabled pupils in  
3 municipalities eligible for targeted per pupil aid. For each eligible municipality, this per pupil  
4 amount shall be multiplied by the average daily membership of educationally disabled pupils and  
5 the resulting amount shall be available as targeted per pupil aid. Beginning July 1, 2007, and in the  
6 first year of each biennium thereafter, the \$100,000,000 amount in this subparagraph shall be  
7 increased by the greater of the average annual rate of inflation or 3 percent.

8           (b) A per pupil amount for pupils eligible for free or reduced priced meals shall be  
9 determined by dividing \$115,000,000 by the total number of students eligible for free or reduced  
10 priced meals in municipalities eligible for targeted per pupil aid. For each eligible municipality, the  
11 per pupil amount shall be multiplied by the number of pupils eligible to receive a free or reduced-  
12 price meal and the resulting amount shall be available as targeted per pupil aid. Beginning July 1,  
13 2007, and in the first year of each biennium thereafter, the \$115,000,000 amount in this  
14 subparagraph shall be increased by the greater of the average annual rate of inflation or 3 percent.

15           (c) The amount of \$1,000 shall be multiplied by the number of limited English proficient  
16 pupils in each eligible municipality.

17           (d) Transportation aid in the amount of \$190 shall be multiplied by the average daily  
18 membership in residence of pupils in each eligible municipality.

19           (e) Total targeted per pupil aid for the municipality shall be the sum of subparagraphs  
20 (a), (b), (c) and (d).

21           III. A municipality with a local equalized valuation per pupil, as calculated in RSA 198:40-a,  
22 II, which is greater than 150 percent of the statewide average equalized valuation per pupil as  
23 calculated in RSA 198:40-a, I, or a median family income which is greater than 150 percent of the  
24 state average shall not receive targeted per pupil aid under this section.

25           198:40-c Statewide Enhanced Education Tax Capacity Aid. Beginning July 1, 2005, and for the  
26 first year of every biennium thereafter, statewide enhanced education tax capacity aid shall be  
27 calculated by the department using the adjusted equalized valuation excluding utilities, as defined  
28 in RSA 198:38, for the fiscal year that was 2 years prior to the fiscal year for which aid is to be  
29 determined as follows:

30           I. Divide the total statewide equalized valuation of all municipalities, by the total statewide  
31 average daily membership in residence. The result shall be the statewide average equalized  
32 valuation excluding utilities per pupil.

33           II. Divide the equalized valuation of all property in a municipality, by the average daily  
34 membership in residence in the municipality. The result shall be the local equalized valuation  
35 without utilities per pupil.

36           III. Eligibility for statewide enhanced education tax capacity aid under this paragraph shall  
37 be determined as follows:

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1           (a) If a municipality's local equalized valuation per pupil as calculated in paragraph II is  
2 greater than or equal to the statewide average equalized valuation per pupil as calculated in  
3 paragraph I, no state enhanced aid shall be available.

4           (b) If a municipality's local equalized valuation per pupil as calculated in paragraph II is  
5 less than the statewide average equalized valuation per pupil as calculated in paragraph I, the  
6 municipality shall be entitled to receive statewide enhanced education tax capacity aid in an amount  
7 equal to the following: subtract the local equalized valuation per pupil as calculated in paragraph II  
8 from the statewide average equalized valuation per pupil as calculated in paragraph I. This amount  
9 shall be divided by 1,000 then multiplied by the statewide enhanced education tax rate to be imposed  
10 statewide in the fiscal year for which this calculation is made. The result shall be multiplied by the  
11 average daily membership in residence in such municipality and shall be available to a municipality  
12 as statewide enhanced education tax capacity aid.

13           7 Targeted Aid; Determination of Grants and Excess Enhanced Education Tax Payments.  
14 RSA 198:41 is repealed and reenacted to read as follows:

15           198:41 Determination of Grants and Excess Tax.

16           I. For each municipality the department of education shall determine the total education  
17 grant as follows:

18           (a) For the fiscal years beginning July 1, 2005 and July 1, 2007, add the amounts  
19 determined in RSA 198:40-a, RSA 198:40-b, and RSA 198:40-c for each municipality. Such amount  
20 shall also be used to determine a municipality's grant in the second year of such bienniums.

21           (b)(1) For the fiscal year beginning July 1, 2005, if a municipality's education grant as  
22 determined in subparagraph (a) is less than 85 percent of the education grant determined for such  
23 municipality for the fiscal year beginning July 1, 2004, under the version of RSA 198:41 in effect on  
24 July 1, 2004, then the municipality shall receive a transition grant equal to the excess of 85 percent  
25 of the education grant determined for such municipality for the fiscal year beginning July 1, 2004  
26 over the municipality's grant determined in subparagraph (a).

27           (2) For the fiscal year beginning July 1, 2006, an eligible municipality shall receive  
28 the same amount as determined under subparagraph (b)(1).

29           (c)(1) For the fiscal year beginning July 1, 2007, if a municipality's education grant as  
30 determined in subparagraph (a) is less than 85 percent of the municipality's education grant  
31 determined in subparagraph (b), then the municipality shall receive a transition grant equal to the  
32 excess of 85 percent of the education grant determined for such municipality for the fiscal year  
33 beginning July 1, 2006 over the municipality's grant determined in subparagraph (a).

34           (2) For the fiscal year beginning July 1, 2008, an eligible municipality shall receive  
35 the same amount as determined under subparagraph (c)(1).

36           (d) The total education grant shall be the sum of subparagraphs (a), (b), and (c).

37           II. Annually, the department of revenue administration shall determine the amount of

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1 excess enhanced education tax for each municipality as follows:

2 (a) If the average daily membership of the determination year is 2 or less, zero.

3 (b) If the average daily membership of the determination year is greater than 2, then the  
4 amount of the excess enhanced education tax to be remitted pursuant to RSA 198:46 shall be the  
5 greater of:

6 (1) Zero; or

7 (2) The remainder when the determination year local tax assessed for schools  
8 pursuant to RSA 76:8 and the determination year statewide enhanced education tax that was not  
9 excess remitted to the state is subtracted from the statewide enhanced education tax to be assessed  
10 in the year for which aid is being calculated.

11 III. The department of education shall notify municipalities of the estimated amounts of  
12 grants and excess statewide enhanced education tax payments by the November 15 which precedes  
13 the fiscal year for which aid is determined.

14 IV. For the year in which aid is being calculated, total state aid for education shall be the  
15 sum total of all grants; plus the sum total of statewide enhanced education tax assessed, less the  
16 amount of excess statewide enhanced education tax to be remitted pursuant to RSA 198:46.

17 8 Targeted Aid; Determination of Grants and Excess Enhanced Education Tax Payments;  
18 Version Effective July 1, 2009. RSA 198:41, I is repealed and reenacted to read as follows:

19 I. For each municipality, the department of education shall determine the total education  
20 grant as follows:

21 (a) For the first year of the biennium add the amounts determined in RSA 198:40-a,  
22 RSA 198:40-b, and RSA 198:40-c.

23 (b) For the second year of the biennium, the total grant shall be the total grant as  
24 determined in paragraph I for the first year of the biennium.

25 9 School Money; Distribution of Education Grants. RSA 198:42 is repealed and reenacted to  
26 read as follows:

27 198:42 Distribution Schedule of Equitable Education Grants; Appropriation.

28 I. The equitable education grant determined in RSA 198:41 shall be distributed to each  
29 municipality's school district or districts legally responsible for the education of the pupils who  
30 attend approved public schools within the district or in other districts or who attend approved  
31 programs for educationally disabled children, as the case may be, from the education trust fund in  
32 4 payments of 20 percent on September 1, 20 percent on November 1, 30 percent on January 1, and  
33 30 percent on April 1 of each school year; provided that for a dependent school district, the grant  
34 determined in RSA 198:41 shall be distributed to the municipality, which shall appropriate and  
35 transfer the grant funds to its dependent school department.

36 II. For the fiscal year beginning July 1, 2005, and every fiscal year thereafter the amount  
37 necessary to fund the grants under RSA 198:41 is hereby appropriated to the department from the

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1 education trust fund created under RSA 198:39. The governor is authorized to draw a warrant from  
2 the education trust fund to satisfy the state's obligation under this section. Such warrant for  
3 payment shall be issued regardless of the balance of funds available in the education trust fund. If  
4 the balance in the education trust fund, after the issuance of any such warrant, is less than zero, the  
5 commissioner of the department of administrative services shall inform the fiscal committee and the  
6 governor and council of such balance. This reporting shall not in any way prohibit or delay the  
7 distribution of equitable education grants.

8 III. The department of education shall certify the amount of each grant to the state  
9 treasurer and direct the payment thereof to the school district. When a payment of a grant is made  
10 to a school district, the municipality on whose behalf the payment is made, shall receive notification  
11 from the state treasurer of the amount of the payment made to its school district or districts.

12 10 Excess Education Property Tax Payment. RSA 198:46 is repealed and reenacted to read as  
13 follows:

14 198:46 Excess Education Property Tax Payment.

15 I. The department of revenue administration shall annually determine a municipality's  
16 statewide enhanced education tax liability pursuant to RSA 198:41. Any excess shall be remitted to  
17 the department of revenue administration on or before March 15 of the tax year in which the excess  
18 occurs.

19 II. The commissioner of the department of revenue administration shall calculate and collect  
20 from the municipality the excess tax and pay the excess tax over to the state treasurer for deposit in  
21 the education trust fund established by RSA 198:39.

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

26 11 Excess Education Property Tax Payment; Forms. Amend RSA 198:47 to read as follows:

27 198:47 Forms. The commissioner shall approve and provide forms relative to the reporting and  
28 remitting of excess *statewide enhanced* education [~~property~~] tax by the municipalities.

29 12 Low and Moderate Income Homeowners Property Tax Relief. Amend RSA 198:57, III(a) to  
30 read as follows:

31 (a) Owns a homestead or interest in a homestead subject to the *statewide enhanced*  
32 education [~~property~~] tax;

33 13 Low and Moderate Income Homeowners Property Tax Relief. Amend RSA 198:57, IV(c) to  
34 read as follows:

35 (c) Multiply the lesser of the amount determined in subparagraph (a) or (b) by the  
36 [~~current state~~] *statewide enhanced* education [~~property~~] tax rate as shown on the tax bill under RSA  
37 76:11-a;

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1           14 Department of Revenue Administration; Cooperative Assessment Districts; Purpose. Amend  
2 RSA 21-J:14-h to read as follows:

3           21-J:14-h Purpose. The general court finds that the encouragement and support of the  
4 establishment of multi-jurisdictional assessing districts is in the state's interest in order to ensure  
5 the accuracy and fairness of valuations of real property for the purposes of administration of the  
6 statewide **enhanced education** [property] tax, county property taxes, school district property taxes,  
7 municipal property taxes, the distribution of various forms of state aid, and the equalization of  
8 property values among jurisdictions. The general court further recognizes that many municipalities  
9 do not have sufficient numbers of real estate parcels, sufficient varieties of real property, or  
10 sufficient levels of new development to make it practical or economical to engage full-time, trained,  
11 and certified assessing professionals. The general court further finds that the state has a vested  
12 interest in encouraging and supporting the establishment of cooperative assessing districts which  
13 can efficiently and economically provide full-time, trained, and certified assessing professionals to  
14 serve the municipalities which elect to create and join said districts.

15           15 Reference Changes. Amend the following RSA provisions by replacing "adequate" with  
16 "equitable": RSA 21-N:1, II(c); RSA 193:1, I(c); RSA 193-E:1, II; the introductory paragraph of  
17 RSA 193-E:2; the section heading of RSA 193-E:3; RSA 194-B:3, II(i); RSA 194-B:11, IX(a); the  
18 introductory paragraph of RSA 198:39, I; and RSA 198:43.

19           16 Cooperative School Districts; Certification of District Taxes. Amend RSA 195:14, I(c)-(d) to  
20 read as follows:

21           (c) The commissioner of revenue administration shall certify to the state department of  
22 education the total amount to be apportioned among the pre-existing school districts. Such total  
23 shall include the [adequate] **equitable** education cost for the district [~~under RSA 198:38, VII,~~] and the  
24 amount above the cost of an [adequate] **equitable** education to be assessed and collected as local  
25 educational taxes.

26           (d) The state department of education shall determine the proportional share of the costs  
27 above [adequacy] **an equitable education** to be assessed as local education taxes as follows:

28           (1) First, the department shall determine each pre-existing district's proportional  
29 share of the total amount to be apportioned based on the cooperative school district formula.

30           (2) Second, the department shall then deduct each pre-existing school district's  
31 [adequate] **equitable** education cost [~~under RSA 198:38, VII,~~] from its proportional share of the total  
32 amount to be apportioned.

33           (3) Third, the department shall notify the commissioner of revenue administration of  
34 its determinations.

35           (4) If the amount determined in subparagraph (2) for any pre-existing district is less  
36 than zero, the department shall reduce the [adequate] **equitable** education grant payable to the  
37 cooperative district under RSA 198:42 by the difference between the amount determined in

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1 subparagraph (1) and the pre-existing district's [~~adequate~~] *equitable* education cost [~~under~~  
2 ~~RSA 198:38, VII~~].

3 17 Charter and Open Enrollment Schools; Funding. Amend RSA 194-B:11, I to read as follows:

4 194-B:11 Charter and Open Enrollment Schools; Funding. Charter and open enrollment schools  
5 shall be funded as follows:

6 I. There shall be no tuition charge for any pupil attending an open enrollment or charter  
7 conversion school located in that pupil's resident district. Funding limitations in this chapter shall  
8 not be applicable to charter conversion or open enrollment schools located in a pupil's resident  
9 district. For any other charter or open enrollment school authorized by the school district, the pupil's  
10 resident district shall pay to such school an amount equal to not less than 80 percent of that  
11 district's average cost per pupil as determined by the department of education using the most recent  
12 available data as reported by the district to the department. For any charter school authorized by  
13 the state board of education, the pupil's resident district shall pay tuition beginning July 1, [~~2004~~]  
14 **2005** and every fiscal year thereafter, in an amount per pupil [~~equal to the amount~~] determined [~~in~~  
15 ~~RSA 198:40, I~~] *as follows:*

16 (a) *For the fiscal year beginning July 1, 2005, \$3,500 annual tuition.*

17 (b) *For every fiscal year thereafter, the department of education shall determine the*  
18 *tuition rate by adjusting for the average annual percentage rate of inflation based on the northeast*  
19 *region consumer price index for all urban consumers as published by the Bureau of Labor Statistics,*  
20 *United States Department of Labor. The average shall be based on the 4 calendar years ending*  
21 *18 months before the beginning of the fiscal year for which the tuition rate is to be determined.*

22 (c) Tuition amounts shall be prorated on a per diem basis for pupils attending a school  
23 for less than a full school year. To the extent permitted by law, tuition payments shall coincide with  
24 the distribution of adequacy grants under RSA 198:42 or on such other terms as are mutually  
25 acceptable.

26 18 Charter and Open Enrollment Schools; Funding. Amend RSA 194-B:11, XI to read as  
27 follows:

28 XI. Any money appropriated in the budget for matching charter school grants that remains  
29 unused after the department of education issues matching grants to eligible recipients under  
30 paragraph X shall be used to provide a one-year transitional grant to public school districts that  
31 have lost pupils as a result of the establishment of a charter school, and have paid tuition to the  
32 charter school in cash pursuant to subparagraph IX(a). For the first year in which a public school  
33 pupil leaves the public school and enrolls in a charter school, the school district that loses the pupil  
34 shall be eligible for a charter school transitional grant beginning July 1, 2004 and every fiscal year  
35 thereafter, in an amount per pupil equal to the amount determined in RSA [~~198:40, I~~] **198:41**. Such  
36 transitional grants shall be administered by the state board of education which shall have the  
37 authority to determine eligibility and the amount of money to be awarded to school districts under

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1 this section, subject to the amount appropriated in the budget.

2 19 School Money; Maintenance of Local Control. Amend RSA 198:48 to read as follows:

3 198:48 Maintenance of Local Control. Distributions under RSA 198:42 are based on [~~adequate~~  
4 **equitable** education costs determined in RSA [~~198:40~~] **198:41** and are independent of how the  
5 municipalities decide to spend the distributions or other funds they may raise for education.  
6 Notwithstanding any other provision of law, nothing in this subdivision is intended in any way to  
7 limit or control how school districts operate or spend their budgets except that [~~adequate~~] **equitable**  
8 education grants must be expended for educational purposes. [~~Adequate~~] **Equitable** education grants  
9 [~~and hardship grants~~] shall not be considered unanticipated funds under RSA 198:20-b.

10 20 Alternative Kindergarten Programs; Reference Amended. Amend RSA 198:48-a, VII-VIII to  
11 read as follows:

12 VII.(a) Upon the effective date of this paragraph, and for each fiscal year through  
13 June 30, 2003, an [~~adequate~~] **equitable** education grant of \$1,200 per pupil shall be distributed to  
14 school districts, from the education trust fund created in RSA 198:39, for the education of its resident  
15 kindergarten pupils enrolled in an approved alternative kindergarten program established under  
16 this section.

17 (b) Once pupils enrolled in an approved alternative kindergarten program have been  
18 counted in the average daily membership in residence, school districts shall receive, for each such  
19 pupil, an [~~adequate~~] **equitable** education grant calculated in accordance with RSA [~~198:40~~] **198:41**  
20 through RSA 198:42.

21 VIII. Notwithstanding the provisions of this section, alternative kindergarten programs  
22 which were approved and in effect prior to April 29, 1999 may continue to operate and shall continue  
23 to receive per pupil [~~adequate~~] **equitable** education grant amounts in accordance with RSA [~~198:40~~]  
24 **198:41** through RSA 198:42.

25 21 Nonseverability. If the New Hampshire supreme court declares any provision of sections  
26 1-20 of this act to be unconstitutional under either the New Hampshire constitution or the  
27 United States Constitution, then sections 1-20 of this act are hereby repealed on the date such  
28 unconstitutionality is declared.

29 22 Repeal. The following are repealed:

30 I. RSA 198:49, relative to the adequate education and education financing commission.

31 II. RSA 198:40, relative to average per pupil adequacy cost.

32 III. 2004, 200:16-200:23, relative to contingent applicability.

33 IV. 2004, 200:26-200:28, relative to prospective versions of the education property tax and  
34 contingent applicability.

35 23 Effective Dates.

36 I. Section 8 of this act shall take effect July 1, 2009.

37 II. The remainder of this act shall take effect July 1, 2005 at 12:02 a.m.

2005-1891s

AMENDED ANALYSIS

This bill:

I. Beginning July 1, 2005, establishes a new education funding formula for municipalities and sets forth criteria whereby municipalities may receive local tax capacity aid, targeted per pupil aid, and statewide enhanced education tax capacity aid for pupils in the public schools.

II. Beginning July 1, 2005, establishes a new procedure for determining the statewide cost of an equitable education.

III. Fixes the amount to be raised by the education property tax at \$363,000,000 annually.

IV. Provides that in the second year of each biennium, aid and the statewide cost of an equitable education shall increase by the greater of 3 percent or the 4-year average of the northeast regional consumer price index for all urban consumers.