

Bill as  
Introduced

HB 370-FN - AS INTRODUCED

2013 SESSION

13-0725  
04/09

HOUSE BILL

**370-FN**

AN ACT

repealing the education tax credit program.

SPONSORS:

Rep. Gile, Merr 27; Rep. Porter, Hills 1; Rep. Frazer, Merr 13; Rep. Gorman, Hills 31; Rep. Gargasz, Hills 27; Rep. Vaillancourt, Hills 15; Rep. P. Sullivan, Hills 10; Sen. Kelly, Dist 10

COMMITTEE:

Ways and Means

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ANALYSIS

This bill repeals the education tax credit program.

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Explanation:

Matter added to current law appears in ***bold italics***.

Matter removed from current law appears [~~in brackets and struck through.~~]

Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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 Thirteen*

AN ACT repealing the education tax credit program.

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

- 1       1 Repeal. The following are repealed:
- 2           I. RSA 77-A:5, XV, relative to the education tax credit against the business profits tax.
- 3           II. RSA 77-E:3-d, relative to the education tax credit against the business enterprise tax.
- 4           III. RSA 77-G, relative to education tax credit.
- 5       2 Effective Date. This act shall take effect upon its passage.

**HB 370-FN - FISCAL NOTE**

AN ACT repealing the education tax credit program.

**FISCAL IMPACT:**

The Department of Revenue Administration states this bill, **as introduced**, will increase state revenue by \$3,400,000 in FY 2014, \$5,100,000 in FY 2015, and by an indeterminable amount in FY 2016 and each year thereafter. The Department of Education states this bill may increase state expenditures, and increase local revenue and expenditures by an indeterminable amount in FY 2014 and each year thereafter. This bill will have no fiscal impact on county revenue and expenditures.

**METHODOLOGY:**

The Department of Revenue Administration (DRA) states this bill would repeal the education credit against the business profits tax (BPT) and/or the business enterprise tax (BET) for business organizations that contribute to scholarship organizations which awards scholarships to be used by students to defray education expenses of attending an independent school. Currently, the BPT tax credit amounts are established at \$3,400,000 in FY 2014, \$5,100,000 in FY 2015, and can increase by 25% in each fiscal year thereafter if the amount of total donations used for scholarships exceed 80% of the current year's tax program allowed. For the purposes of this fiscal note, the Department assumes the amount of tax credits would be awarded in their entirety in FY 2014 and FY 2015. Estimates were not made beyond FY 2015.

The Department of Education (DOE) states this bill would repeal the Education Tax Credit program under RSA 77-G. The current education tax credit allows for businesses to claim a tax credit against the BET or BPT for 85% of any contribution made to a scholarship organization established pursuant to RSA 77-G. RSA 77-G:7 requires DOE to determine the number of students receiving a scholarship who were counted in the calculation of the average daily membership in attendance for schools, other than chartered public schools, for the student's school district of residence and for each such student, and deduct the adequate education grant calculated on behalf of that student from the total adequate education grant disbursed to that student's district. Assuming the Education Tax Credit program would have decreased state adequacy payments to local school districts, and decreased costs to local school districts as a

result of students leaving public schools to attend private schools, the repeal of such program has the potential to increase adequacy payments (state expenditures and local revenue) and costs to local school districts by removing said program from statute. The exact fiscal impact cannot be determined at this time since although the Education Tax Credit program was established in statute, it has not yet been implemented.

**HB 370 FISCAL NOTE**

AN ACT repealing the education tax credit program.

**FISCAL IMPACT:**

The Departments of Education and Revenue Administration state this bill, as introduced, may increase state revenue by \$3,740,000 in FY 2014, \$5,610,000 in FY 2015, \$7,012,500 in FY 2016, increase state expenditures and local revenue by \$3,989,776 in FY 2014, \$5,918,739 in FY 2015, \$6,841,887 in FY 2016, and increase local expenditures by \$301,915 in FY 2014, \$446,620 in FY 2015, and \$511,241 in FY 2016. This bill will have no fiscal impact on county revenue and expenditures.

**METHODOLOGY:**

The Department of Revenue Administration (DRA) states this bill would repeal the education credit against the business profits tax (BPT) and/or the business enterprise tax (BET) for business organizations that contribute to scholarship organizations which awards scholarships to be used by students to defray education expenses of attending an independent school. Currently, the BPT tax credit amounts are established at \$3,400,000 in FY 2014, \$5,100,000 in FY 2015, and can increase by 25% in each fiscal year thereafter if the amount of total donations used for scholarships exceed 80% of the current year's tax program allowed (estimated at approximately \$6,375,000 in FY 2016). For the purposes of this fiscal note, the Department assumes the amount of tax credits would have been awarded in their entirety under current law. In addition, 8.5% of the amounts would have had an additional impact against BPT amounts paid. The estimated combined state general fund/education trust fund revenue impact of the repeal as compared to current law would be as follows –

	FY 2014	FY 2015	FY 2016
<b>State Revenues</b>			
BPT/BET Tax Credit (85% of Contributions)	\$3,400,000	\$5,100,000	\$6,375,000
BPT Impact (8.5% of Contributions)	<u>\$340,000</u>	<u>\$510,000</u>	<u>\$637,500</u>
Total State Revenue Impact	\$3,740,000	\$5,610,000	\$7,012,500

The Department of Education (DOE) states this bill would repeal the Education Tax Credit program under RSA 77-G. The current education tax credit allows for businesses to claim a tax credit against the BET or BPT for 85% of any contribution made to a scholarship organization established pursuant to RSA 77-G. RSA 77-G:7 requires DOE to determine the number of

students receiving a scholarship who were counted in the calculation of the average daily membership in attendance for schools, other than chartered public schools, for the student's school district of residence and for each such student, and deduct the adequate education grant calculated on behalf of that student from the total adequate education grant disbursed to that student's district. Assuming the Education Tax Credit program would have decreased state adequacy payments to local school districts, and decreased costs to local school districts as a result of students leaving public schools to attend private schools, the repeal of such program has the potential to increase adequacy payments (state expenditures and local revenue) and costs to local school districts by removing said program from statute.

Based on the Department's analysis of SB 372 as passed in 2012 (Chapter 287, Laws of 2012), the Department estimates the fiscal impact of this bill as follows -

	FY 2014	FY 2015	FY 2016
<b>State Expenditures</b>			
Increase in adequacy payments to locals	<u>\$3,989,776</u>	<u>\$5,918,739</u>	<u>\$6,841,887</u>
Total State Expenditure Impact	\$3,989,776	\$5,918,739	\$6,841,887
<b>Local Revenues</b>			
Increase in adequacy payments from State	<u>\$3,989,776</u>	<u>\$5,918,739</u>	<u>\$6,841,887</u>
Total Local Revenue Impact	\$3,989,776	\$5,918,739	\$6,841,887
<b>Local Expenditures</b>			
Increase in local costs due to more students	<u>\$301,915</u>	<u>\$446,620</u>	<u>\$511,241</u>
Total Local Expenditure Impact	\$301,915	\$446,620	\$511,241

# Speakers









# SIGN UP SHEET

To Register Opinion If Not Speaking

Bill # HB 370 Date 1-31-13

Committee Ways & Means

\*\* Please Print All Information \*\*

Name	Address	Phone	Representing	(check one)	
				Pro	Con
Laura Hainey		661-7293	AFT-UH	X	
Shannon Mandley	Hills		DIST 22	✓	
Ralph Kellomaki	NASHUA				X
Bruce Couturier	434 Tubbs Hill Deering		NH Self		X
Bill Gault	Madison		Goffstown NH SOIC		X
Sarah M Kusler	109 Coburn Deering	529-6104			X
Jeannette Baigie	1183 Deering Center Rd		Deering NH		X
Colette Baigie	1183 Deering Center Rd		Deering NH		X
Darin McManus	PO Box 592 S Sutton		NH 03273		X
Roland Baigie	1183 Deering Center Rd		Deering NH		X
Michael Faicua	124 Old Pike Rd		NORTHWOOD NH		X
Keith DeSantis	8 Edward Lane		Merrimack, NH		X
Alyda DiSilvestro				✓	
Leslie Chunn	Old County Rd		Deering NH		X
<del>Rep.</del> Rep. Maurice J. Markay				✓	
Amelia McEneaney	POB 426 Rye		NH		X
Richard J. McEneaney	POB 426 Rye		NH		X
Don Johnson	515 Mast St		Goffstown NH 603-785-4889		X
Gary Christian	515 Mast St		Goffstown		X
WILLIAM P. JOHNSON	515. MAST ST.		GOFFSTOWN NH		X
Gordon Walton	Weare		NH		X
Barbara Stevens	Concord		NH		X
Rosemary Landry	Meredith		NH		X

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Committee Ways & Means

\*\* Please Print All Information \*\*

Name	Address	Phone	Representing	(check one)	
				Pro	Con
Fran Wendelboe	238 Lower Oxford Rd		New Hampton		<input checked="" type="checkbox"/>
ARWIE ALPERT	4 Park St Concord		AFSC	<input checked="" type="checkbox"/>	
BOB DUNN	DMB Concord		Roman Catholic Bishop of Manchester		<input checked="" type="checkbox"/>
Lisa DiMartino	23 Williamsburg		Gilford	<input checked="" type="checkbox"/>	
Dawn Platte	154 Mountain Rd.		Salisbury NH		<input checked="" type="checkbox"/>
JEFF MALINUT	11 Depot St. #2			<input checked="" type="checkbox"/>	
Howe Kael Shaffert	PO Box 52		Hampton Falls NH		<input checked="" type="checkbox"/>
Paul Chauvin	103 Theophile St		Manchester, 03102		<input checked="" type="checkbox"/>
Pamela A. Temose	47 A Summer St	603 330 1636	Manchester, NH		<input checked="" type="checkbox"/>
Matt Wepiclawsky	389 Merrimack		Manchester AIFP		<input checked="" type="checkbox"/>
Lindsay Crete	Childrens alliance			<input checked="" type="checkbox"/>	
Rep WALTER KLOBZIEG	Windham				<input checked="" type="checkbox"/>
Lucius A. Vita	35A Woodland Rd		Middleton		<input checked="" type="checkbox"/>
Carol M. Vita	35A Woodland Rd		Middleton		<input checked="" type="checkbox"/>
Rep Suzanne Smith	Grafton			<input checked="" type="checkbox"/>	
JAMES GAFFNEY	Warner NH				<input checked="" type="checkbox"/>
Rep Chuck Townsend	Canaan NH			<input checked="" type="checkbox"/>	
Rep CHARLES McMAHON	Windham, NH				<input checked="" type="checkbox"/>
Fred L Potter	4 Pond Place		Concord, NH		<input checked="" type="checkbox"/>
Michele Crook	570 River Dr.		Man. NH		<input checked="" type="checkbox"/>
Melinda Simms	18 Hillcrest		Concord NH		<input checked="" type="checkbox"/>
Matt Murphy	Hampstead				<input checked="" type="checkbox"/>
Emmanuel Lewand	39 River Rd.		Claremont		<input checked="" type="checkbox"/>

opposed

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Name	Address	Phone	Representing	(check one)	
				Pro	Con
Peyton Hinkle	1 Pondview Dr	429-2299	Self		X
Beth Arsenault	11 Cottonwood, Laconia			X	
BETH STUART	677 SQUAN LAKE RD SANDWICH	253-9964	SELF	X	
Kathy Arsenault	1 Deer Run Rd Boscawen, NH	03303			X <i>oppose</i>
Rep John A. Burt	7 Bay St Goffstown, NH		Goffstown		X
Rep Pamela Tucker	Rockingham	23			X
Rep Fred Rice	Rock.	-21			X
Joseph Frazier	36 Sunset Ln.	523-9176	Self.		X
Carol Backus	1318 Goffstown Road Manchester	03102	232-0525 self	X	
Rep Clyde Carson	Merrisick	7		X	
Russ Payne	1400 Front st apt 4 Manchester	03102		X	
John DeJure	Childrens Alliance			X	
Diane Rider	175 Range Rd Pittsfield, N.H.	03263			X
Abigail Rider	175 Range Rd. Pittsfield, NH	03263			X
Noelle Taku	20 Hollyhock Ave Nashua NH	03062			X
Maria Chamberlain	564 2nd Crown Point Rd Stafford NH	03504	Classical Conversations		X
Ken Eysing	3 Locksley Rd, Windham	03087			X
Omer C. Athem, Jr.	97 Cummings Hill Rd Plymouth, NH	03267	536-2224 Private Citizen		X
Debra Clouge	153 Buick View Ln	688-3000			X
Phillip Howard	39 RIVER RD. Claremont	543-1300	Self		X
Karen Testerman	PO Box 36 FRANKLIN		SELF		X
Paul Inghelbrecht	PO Box 296 Pike NH	03780			X
Whittaker Ingber	PO Box 296 Pike NH	03780			X



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Name	Address	Phone	Representing	(check one)	
				Pro	Con
ST. REP. L. MIKE KAPLER			Rock 3		X
REP. DAVID MURATAKE	17 Portchester Dr Washua NH 03062	603-889 4568	HILLS 32		X
Brandon Giuda	Chichester	435-5005	self		X
Rep George Lambert			Hills 44		X
WILL SMITH			WHD	<del>X</del>	X
Bill Purcan				X	
Casey Abbott	55 Washington Street	520-9994	LCS <del>self</del>		X
Keran Li	29 Penny Lane, Laconia, NH	(603) 455-0841	Laconia Christian School		X
Brian Burbark	22 Eastern Ave		Amherst NH		X
PETER FLINT	3 BELAVIEW BOW, NH	03304			X
Deb Delahunty	83 Tirrell Rd.		Bellford 0310	X	
<del>DEB DELAHUNTY</del>					
Mark Joyce				X	
Ron Royce					
London Myzant					
Mickey Violette					
Lisa Crowl					X
DENNIS FAYLOR					X
SAM GIARRUSSO				X	
<del>John Babiarz</del>					
John BABIARZ	356 SLAB CITY RD		Greerton 5238315		X
Jonathan S MACTE	28 Chagnon Ln		Hudson self		X
Michelle Levell	Windham		NH Liberty Alliance		X



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Committee \_\_\_\_\_

\*\* Please Print All Information \*\*

Name	Address	Phone	Representing	(check one)	
				Pro	Con
Michael Higgins	167 Franklin St.	603 343-6290			X
Joan M. Humeau	351 Woodman Rd	603 5246572			X
Ellen Kolb	5 Sharon Ave. Merrimack NH				X
William Connolly	102 Seaveus Bridge Rd Merrimack				X
Charles Tarbell	172 Walton Rd, New Castle, NH	235-6605			X
<del>Dianna Bzik</del>	<del>20 Harvard Ln Bedford</del>	<del>03110</del>			<del>X</del>
<del>Carol Mitchell</del>					<del>X</del>
Dean Whiteaway	62 Church St Concord	03301			X
LORRAINE Whiteaway	62 Church St Concord	03301			X
ROSALIE T. BABIARZ	356 SLAB CITY RD, GRAFTON	03240			X
Christa Gagnon	28 Chagnon Lane Hudson NH	03051			X
Chloe Carlston	1 Hardy rd. #119 Bedford	NH 03110			X
Ann Marie Banfield	Cornerstone / Bedford				X
Deborah Henderson	8 Fenwick Rd West Lee, NH				X
PAM EAU	CONCORD	226-0246	self		X
Rep. Gene Chandler	R- Bartlett		House Republican Office		X
MATT Southworth	89 South St		W H CFS		X
Darlene Thorn	P.O Box 117, Ctr. Strafford, NH	03815			X
<del>Eric</del> Ashley Pratte	14 Courtside Way Manchester, NH	Cornerstone			X
Eric Knapp	80 Morning glory Ln	05001			X
Richard Sturt	677 5th Lake Rd, SANDWICH	NH 03220			X
Rep. Laura Jones	9 Jackson St Rochester	948- 2264	self		X
REP. LARRY GAGNE	126 LAKESIDE DR. MANCHESTER N.H.	03104			X

# Hearing Minutes

HOUSE COMMITTEE ON WAYS AND MEANS

PUBLIC HEARING ON HB 370-FN

**BILL TITLE:** repealing the education tax credit program.

**DATE:** January 31, 2013

**LOB ROOM:** Rm. 202 **Time Public Hearing Called to Order:** 12:47 PM

**Time Adjourned:** 5:10 PM

(please circle if present)

**Committee Members:** Reps. Almy, Lovejoy, Cooney, Davis, Butynski, J. Kelley, Shattuck, Young, Ames, Karrick, Schamberg, Major R. Ober, Ulery, Sanborn, Hess, Abrami, Griffin, Azarian and Sapareto.

**Bill Sponsors:** Rep. Gile, Merr 27; Rep. Porter, Hills 1; Rep. Frazer, Merr 13; Rep. Gorman, Hills 31; Rep. Gargasz, Hills 27; Rep. Vaillancourt, Hills 15; Rep. P. Sullivan, Hills 10; Sen. Kelly, Dist 10

TESTIMONY

\* Use asterisk if written testimony and/or amendments are submitted.

**\*Rep. Mary Stuart Gile, Prime Sponsor** – Supports the bill; filing the bill because NH has no money ... Primary concern, as an educator, is education policy ... my major responsibility is to ensure an adequate education for all NH children ... including special education need students ... business tax credit would lead to average scholarship of \$2,500 each and up to \$625 for home schooling ... In NH parents today have choices, may be able to choose teachers if are multiple students per grade ... have access to publicly-funded charter schools ... to virtual learning ... you will hear from a number of different perspectives on the bill ... \$2,500 voucher will not touch most private school tuitions ... funds available must honor our students in public schools ... NH public schools are doing a great job ... our students need stability ...

**Sen. Nancy Stiles** – Opposes this bill. I did not support the original Education Tax Credit bill, but you have no data to make changes now ...

**Sen. Andy Sanborn** - Opposes the bill ... most of you are parents ... do you not want the best for your child? ... we all support public education ... but support choices ... education tax credit was a good piece of legislation, and we should give it the opportunity to work.

**John Lighthall, DRA** – No position on bill, but can speak to fiscal impact ... \$3.4M impact in first year ... one scholarship organization approved so far ... and \$126,000 has been approved to be donated out of possible \$4M ... this credit allows 85 percent of donations to be used as credit, but it must be expended in the year donated... other tax credits can be carried forward and can be \$1 for \$1 off of tax ... bill would repeal the tax credit upon passage and is problematic ...

**Rep. Majorie Porter** – Supports the bill ... tried to amend last year's bill for ten percent of scholarships to go to special needs children ... in my school district 16 percent are special needs ... as this law takes effect, my district will be left with more and more special needs children ... parents have a right to educate their children as they see fit, but some curricula that are used to home school have problems as to questionable science and math.

**Rep. David Hess** – Opposes the bill for the House GOP/Republican leadership ... cannot exercise a right without choices ... original bill was enacted to provide choice ... the program is targeted and tailored to help give more people the choice of private schools ... this bill has a chilling effect on the monies being contributed ... 40 percent of monies must go to children eligible for free and reduced lunches based on low-economic levels ... only very small percent of state aid is the original tax credit bill ... please give the original bill a chance to work.

**Rep. Mary Gorman** – Supports the bill. Tax credits are dollars taken away from state appropriations ... cannot weigh the need for monies in other areas as mental health ... this money forces taxpayers to support two different school systems ... public education is a great equalizer for our students.

**Rep. Rick Ladd** – Opposes the bill --- was a school administrator for 30 years ... competition, choices, control ... some students in schools do not fit in a particular public or private school ... choice is helpful ... competition strengthens all of us ... this is not a voucher program by government ... 40 percent of students supported will come from free and reduced lunch eligible ... only 1/10 of one percent impact on public schools ... do not repeal until have data ...

**\*Rep. June Frazer** – Supports the bill; see handout entitled "Problems with Vouchers and Tax Credit Scholarship Programs across the Country" ... Rep. Frazer read from her handout on research on voucher programs.

**\*Rep. Steve Vaillancourt** – I am a Republican supporting this bill ... because the tax credit bill is unconstitutional. See three handouts entitled: "Court Good Place for Voucher Law," "Judges shouldn't fall for tax credit scheme," Sections from the "Constitution of New Hampshire."

**\*Rep. David Murotake** – Opposes this bill ... this tax credit supports school choice ... positive changes ... tax credit is not a voucher program ... monopolistic public school system ... state government does not provide the money nor choose schools, rather business and parents have choice ... do not repeal for three or four years.

**\*Rep. Carolyn Gargasz** – Supports the bill ... how much will \$2,500 help? ... What concerns me is Can NH afford the program? ... What impact will business tax loss have on the state revenues? ... Council Vote – 6 in favor of bill, 4 opposed, and 3 abstained.

**\*Jim Pinard, Granite State Christian School Association** – Opposes the bill ... see handout.

**\*Kate Baker, Network for Educational Opportunity** – Opposes the bill. See two handouts. I am from the first and so far only scholarship organization. In the PA program the average scholarship is about \$1,000 ... families make incredible sacrifices for their children ... I've received 270 applications ... and families earn about \$44,000 or \$45,000. Scholarships are 100 percent means tested using tax returns ... Scholarships do help needy children ... we'll work tirelessly to help low income children ... scholarship can function as a bridge with family investment and private school investment ... parent applies to us, the scholarship organization and scholarships are based on need and check is written to the school ... school does have to fill out a form and submit to DOE/DRA.

**Diane Bzik, Taxpayer, Public Schools** – Supports the bill. NH schools are good ... only 40 percent of parents need to be low income to receive scholarships ... and reduced by five percent per year ... talk that vouchers go to low income families is not true because the low income requirement expires ... schools are not required to provide evidence of education effectiveness ... only parent feeling data ... several states have discovered discrimination with vouchers ... home school parents will receive checks ... extremely opposed to this voucher program ... How do we know if harm is done to public schools that will receive less money with the voucher bill ... Derryfield school tuition is \$26,000, and \$2,500 will not help much.

**Lee Baronas** – Opposes the bill and supports the tax credit bill for scholarships ... son had a learning disability ... had to fight to get help for son who was bullied in public school ... found an independent school in Concord that helped son learn and not be bullied ... paying tuition was difficult but grandparents helped ... we are not opposed to public schools ... younger son is thriving in public schools.

**\*Ann Marie Banfield, Cornerstone Action** – Opposes the bill ... see handout ... status quo is not working for black kids, Hispanic kids ... 65 percent of high school graduates need remedial education ... this is not a voucher program; this is different ... this is business income going directly to help children, not out of public funds ... why oppose these education tax credit grants if support Pell Grants?

**\*Bill Duncan** – Supports the bill; see handout ... the tax credit is a state tax expenditure ... of 114 non-public schools in NH, 71 are religious schools ... this is a tax credit funded voucher program ... NH has a high performing public school system.

**\*Mark Joyce, NH School Administrations Association (Bill Duncan summarized an e-mail from Mr. Joyce)** – Supports the bill ... see handout ... resources will be lost to public schools.

**Packy Campbell** – (not present, but submitted card) – Opposes the bill.

**\*Benjamin Dandian, Senior at Laconia Christian School** – Opposes the bill; see handout ... if bill repeal is passed it will severely limit parent and student choice; provided list of non-religious private schools in NH ... bill passage will inhibit religion ... bill would limit choice of students and business and reduce choice ... my current tuition is \$6,500 and scholarship of \$2,500 would help.

**\*Bob Ely** – Opposes the bill ... see handout.

**Dennis Taylor (not present)** – Opposes the bill; submitted a pink card to testify but did not.

**\*Kim Nichols** – Opposes the bill; see handout.

**\*Hon. Kathleen Lauer-Rago (former legislator)** – Opposes the bill. See handout ... son was able to take a class online ... not happy with public school for daughter ... feeling of utter helplessness is not a good place for a parent to be ... youngest has special needs ... support school choice.

**Leah Wolczk, teacher** - Opposes the bill ... kids need help ... choice can help kids with special needs ... masses of our kids, even ones graduating from good schools, are not well educated ...

**\*Dean Michener, NH School Board Association** – Supports the bill; represent elected school board members who oppose tax credit programs ... focus should be free public education for all ... tax credit programs divert money to private schools that have choice of who to accept ... violation of state purpose by moving public moves to private purposes ... state funded less than 70 percent for special education to districts ... building aid program on hold for four years ... funding for dropout prevention

and state share of retirement costs was eliminated ... school boards urge legislators to meet current obligations before creating new ones ... oppose funding of private, religious schools with public monies ... He will e-mail handout to Rep. Almy.

**\*Jim Forsythe, former Senator** - Opposes the bill ... see two handouts: "NH Department of Education Calculations details for HB 372" and "State of NH Office of Legislative Budget Assistant Fiscal Note Worksheet" ... important to listen to parents ... Duncan projections not accurate because of some assumptions not considered for low income requirements in earlier tax credit bill ... with competition public schools improve ... bill has a severance clause for non-religious private schools ... involved in school choice movement for ten years.

**\*Devon Chaffee, NH Civil Liberties Union (NHCLU)** - Supports the bill. See handout ... NHCLU is challenging the tax credit program in Superior Court.

**\*Dominique Vazquez-Vanasse** - Opposes this bill; see handout.

**\*Pamela Altemose** - Opposes the bill, children have some issues ... do homeschooling ... heard Rochester was rated 121 out of 130 schools in the State ... Public schools do not have the time and resources to teach my children ... My children are not in public schools and so save the school district money ... I do not have a problem with teaching my children.

**Heidi Ferre** - Opposes the bill. I'm a product of public education ... but one size does not fit all ... I want more than an adequate education for my children ... public education would have been torture for my son ... financing public education is a struggle.

**Joe Korowski** - Opposes the bill. This is a humanitarian issue ... I've been in education for 40 years. ... essential to not repeal this bill ... suicidal students who did not fit in.

**\*Alan W. Graustein, Ed.D, Chairman of the Board, Laconia Christian School** - Opposes the bill. We are not elite. We have open enrollment. Forty-Nine percent receive financial assistance ... ten percent have special needs ... I believe our school reflects many of the private schools in NH ... we all want educational opportunity ... \$2,500 will make a difference for many families ... the system of the marketplace works ... there is a high degree of accountability ... have to be in agreement with our statement of faith.

**\*Cory R. Lewandowski, Americans for Prosperity** - Opposes the bill. see handout ... program places power in hands of NH families ... to choose best schools for their children ... should support home schooled parents and children ... give families hope.

**Eileen Lipanis, NHPCSA** - Not present, but left pink card opposing the bill.

**\*Bonnie Dunham** - Supports the bill. Public schools cannot choose their students as some private schools do ... tax credit program hijacks money on way to public coffers ... could grow to over \$10M within ten years ... tax credit subsidizes private schools ... NH has good public schools ... public schools could be improved ... public and schools cannot afford to lose millions of dollars.

**Bryan McCormack, Network for Educational Opportunity** - Opposes the bill. I was home schooled until my junior year when I went to Laconia Christian School, and I paid for it myself ... I have graduated from college ... I believe other children should have a choice and the opportunity that I did.

**Fenton Groen, former Senator** - Opposes the bill; program has been effective. I've approached business owners to contribute ... wife and I home schooled our children until 9<sup>th</sup> grade and then sent

them to a private school ... current tuition only about \$5,500 per year ... scholarship average is \$2,500 but range can be \$500 to over \$5,000 ... I'm a Board member ... we help special need students ... NHDOE: \$15,758 equals average education cost, and families who send students to private school save NH taxpayers \$360M per year ... basic state adequacy is \$3,450 ... this program saves NH about \$1,500 per student ... gives families choice.

**Dean Whiteway, Concord Christian Academy** – Opposes the bill; from Canada and becoming Americanized. I favor the tax credit bill. This bill's fiscal note, uses language that is bothersome to support a bill as "may" ... concerned with repealing bill that so recently passed ... why don't we give the tax credit bill a chance ... parents are making decisions based on tax credit bill ... this bill causes uncertainty ... urge tax credit bill be allowed to function ... accredited school, private or otherwise, has to meet certain standards ... 60 percent of our students get financial aid ... with more financial aid we could serve more students ... tax credit will open opportunities for families ... virtually all of our graduates go to colleges or universities.

**Sam Giarrusso** – Supports the bill. Not present when recognized, but submitted a card in support of the bill.

**\*Shelly Uscinski** – Opposes this bill. See handout ... my children cannot flourish at local public school ... cruel to pull rug out for NH families and students who would benefit from scholarships to private schools ... Chair Grace Christian School in Bedford, NH ... 50 percent or 60 percent of our students need scholarship money ... bill would slam the door.

**\*Tom Southworth** – Supports HB 370. See handout ... if NH had a surplus, I'd feel differently, but the state is in a hole financially ... do not feel tax credit will help public schools ... cannot compare public schools who take all students with private schools that are selective ... immediate repeal will save money with lawsuits.

**Charles Arlinghaus** – Opposes the bill; submitted a card but did not speak.

**\*Caitlin Rollo, Granite State Progress** – submitted a card and testimony but did not speak.

**Greg Hill (former legislator)** – Opposes the bill; bill is revenue neutral ... if repeal this program, it only effects poor children ... it does not effect wealthy parents ... "barbed wire" around public schools to keep children in.

**Rep. Peter Schmidt** – Supports the bill. Believe the tax credit bill is unconstitutional ... I find disparagement of public schools shocking ... these schools are operated by the communities in which they reside.

**Chairwoman Susan Almy** – stated that she had intended to read e-mails from Becca Brownell-Smith, Tanya Paiva, Arlene Quaratiello, and Jeff Philbrick, but since people left, she did not read the e-mails. Also see handout from advocates.

Respectfully submitted,



Rep. William Butynski, Clerk

HOUSE COMMITTEE ON WAYS AND MEANS

PUBLIC HEARING ON HB 370-FN

BILL TITLE: repealing the education tax credit program.

DATE: 1/31/13

LOB ROOM: Rm. 202 LOBTime Public Hearing Called to Order: 12:47 PM

Time Adjourned: 5:10 PM

(please circle if present)

Committee Members: Reps. Almy, Lovejoy, Cooney, Davis, Butynski, J. Kelley, Shattuck, Young, Ames, Karrick, Schamberg Major: R. Ober, Ulery, Sanborn, Hess, Abrami, Griffin, Azarian and Sapareto.

(IN AUDIENCE)

Bill Sponsors:

*Chair Almy opened the Public Hearing.*

TESTIMONY

\* Use asterisk if written testimony and/or amendments are submitted.

*\* Rep. Mary Stewart is the Prime Sponsor — Support the bill. I bring the bill because NH has no money. Primary concern is <sup>and</sup> ~~to~~ <sup>to</sup> ~~ensure~~ <sup>ensure</sup> ~~an~~ <sup>adequate</sup> ~~education~~ <sup>education</sup> for all NH children. My major responsibility is to ensure an adequate education for all NH children. including special education need students. Business tax credits would lead to coverage, scholarship of \$500 each and up to \$625 for home schooling. In NH parents today have choices, may be able to choose teacher if are multiple students per grade. have access to publicly funded charter schools. to virtual learning. you will hear from a number of different perspectives on the bill. \$500 voucher will not touch most private school tuition. funds available must honor our students in public schools. NH public schools are doing a great job... our students need stability.*

Respectfully submitted,

Rep. William Butynski, Clerk



Sen. Nancy Steles - Oppose the bill. I did not support the original Education Tax Credit bill, but you have no data to make changes now...

Sen. Andy Carlson - Oppose the bill... most of you are parents... do you not want the best for your child? ... we all support public education... but support choice... Education Tax Credit was a good piece of legislation and we should give it the opportunity to work.

John Lightly <sup>DKA</sup> - No position on bill, but can speak to fiscal impact... ~~3.4M~~ 3.4M in just one school organization approved so far... and ~~26,000~~ 26,000 have been ~~estimated~~ appeared to be donated out of possible \$4M... this credit allows 75% of donations to be used as credit but it must be expended in the year donated... other credits can be carried forward and can be ~~100%~~ 100% off of tax... bill would repeal the tax credit upon passage and is problematic...

Rep. Myron Porter - Support the bill... Tried to ~~amend~~ <sup>amend</sup> bill for 10% of scholarships to go to special needs children... in my school district 16% are special needs... w/ this law taken effect, my district will be left with more and more special needs children... parents have a right to educate their children as they see fit but some curricula <sup>that are</sup> need to home school have problems as to questionable science and math.

Rep. David Hess - Oppose the bill for <sup>the</sup> House GOP/Republican Leadership " cannot experience a night without choice " " original bill was enacted to provide choice " " the ~~program~~ program is targeted and tailored to help give more people the choice of ~~the~~ private schools " " this bill has a chilling effect on the money being collected " " 40% of <sup>only 40%</sup> ~~children~~ must go to children eligible for free and reduced lunches based on low economic levels " " only very small percent of state aid is the original tax credit bill " " please give the original bill a chance to work " "

Rep. Mary Gorman - Support the bill. Tax credits are dollars taken away from State appropriations " " cannot weight the need for money in other areas in mental health " " this money forces taxpayers to support two different school systems " " Public education is a great equalizer for our students " "

Rep. Rick Ladd - Oppose the bill " " was a school administrator for 30 years " " competition, choice, control " " some students in schools do not fit in a particular public or private school " " choice is helpful " " competition strengthens all of us " " this is not a monetary program by government " " 40% of students supported will come from free and reduced lunches eligible " " 1/10 of 1% impact on public schools " " do not ~~and~~ repeal <sup>only</sup> ~~with~~ ~~legislation~~ " "

\* Rep. June Frasier - Support the bill, See Handout entitled "Problems with Vouchers and Top Credit Scholarship Programs across the Country", ... Rep. Frasier read from her Handout on ~~the~~ research on voucher programs.

\* Rep. ~~Conrad George~~ Steve Vaillancourt - I am a Republican supporting this bill ... because the top credit bill is unconstitutional. ~~The Handout~~ See 3 Handouts entitled "Court Good plan for voucher law", "Judge shouldn't pull for top credit scheme", "Sections from the 'Constitution of New Hampshire'!"

Rep. David Muratake - Oppose the bill ... the top credit supports school choice ... positive changes, ... top credit is not a voucher program ... monopolistic public school system ... ~~the~~ state government does not provide the money nor chose schools, neither business nor parents have choice ... do not repeal for 3 or 4 years.

Rep. ~~Conrad George~~ <sup>(2)</sup> Conyer - Support the bill ... How much will \$2,500 help? ... What concerns me is ~~the~~ NH ~~can~~ afford the program? ... What impact will <sup>can</sup> business that ~~are~~ less here in the state ~~be~~ remained? ... Council vote 6 in favor of bill, 4 opposed, and 3 abstained

~~Conrad George~~

\* Jim Vinard, Granite State Christian School Association -  
Oppose the bill. see ~~Handout~~ Handouts

\* Kate Baker, ~~of~~ Network for Educational Opportunities -  
Oppose the bill. ~~See Handouts~~ <sup>See Handouts</sup> ~~Plan~~ from the first & so far  
only scholarship organization. In the PT program  
the average scholarship is about \$1,000. ~~For~~ families make incredible sacrifices for their children  
1. I've received 270 applications ~~See Handouts~~  
2. and families earn only about \$44,000 ~~or~~ \$45,000 -  
Scholarships are 100% means tested using tax  
returns 1. Scholarships do help needy children  
1. will work tirelessly to help low income  
children 1. scholarship can function as a bridge  
into family investment and private school investment  
1. parent applies to me, the scholarship organization  
and scholarships are based on need and check  
is written to the school, 1. school does have to  
fill out a form and submit to DOE/PRA.

Diane Bzile, Tappan Public Schools - Support the  
bill. NH schools are good 1. only 40% of parents  
need to be low income to receive scholarships  
1. and reduced by 5% per year 1. talks that  
~~that~~ vouchers go to low income  
families is not true because the low income  
requirements are 1. schools ~~are~~ are not required  
to provide evidence of education effectiveness 1. only parent feeling state



in NH know they perform public school system.

~~Bill Duncan, <sup>summarized</sup> ~~present~~ from Mr. Joyce~~

\* Mark Joyce, NH School Administrators Association - Support the bill... see Handout... resources will be lost to public schools

Packer Campbell (not present) - Oppose the bill  
(<sup>but submitted card</sup>)

\* Benjamin Panchang - Oppose the bill; if bill passed it will severely limit parent and student choice, provided list of non-religious private schools in NH... bill punishes with indirect religious... bill would limit choice of students and business and reduce choice... my current tuition is \$6,500 and scholarship of \$2,500 would help.

\* Bob Ely - Oppose the bill... see Handout  
(not present)

Donna Taylor - Oppose the bill  
Submitted card to

\* Kim Nichols - Oppose the bill; see Handout.

\* Hon Kathleen Lomas Rago (former legislator) - Oppose the bill. See Handout, "I was unable to take a class online... not happy with public school for daughters... feeling of utter helplessness is not a good place for a parent to be... youngest has special needs... without school choice."

Leah Walczyk, Teacher - Oppose the bill. Kids need help. Kids with special needs. Many of our kids, even ones graduating from good schools, are not well educated.

\* Dear Michener, N.H. School Boards Association - Support the bill. represent elected school board members who oppose tax credit programs. focus should be free public education for all. tax credit program diverts money to private schools that have choice of when to accept. violation of state purpose by raising public money to private purposes. state ~~deducted~~ funded less than 50% for special education to districts. building aid program on hold for 4 years. funding for special education state share of retirement costs was eliminated. school boards urge legislators to meet current obligations before creating new ones. oppose funding of private, religious schools with public money. He will email Hendant to

\* Jim Foreythe, former Senator - Oppose the bill. See 2 Hendants; "NH Department of Education Calculators details for HB 372" and "State of NH Office of Legislative Budget Assistant Fund Note Worksheet" important to list to parents. Dimeon projections not accurate because of some assumptions not ~~considering~~ considering low income requirements on earlier tax credit bill. with cutbacks public schools ~~will~~ improve. Will know some change for ~~from~~ <sup>public</sup> ~~school~~ <sup>school</sup>

... involved in school choice movement for 10 years

\* Devon Chaffee, NH Civil Liberties <sup>(NHCLU)</sup> ~~Association~~ - Support the bill. See Handout ... NH CLU is challenging the tax credit program in Superior Court.

\* Dominique <sup>(20)</sup> ~~Vazquez~~ ~~Vannoy~~ Oppose the bill. See Handout

\* Pamela ~~Altemore~~ <sup>Altemore</sup> Oppose the bill, Children have some issues ... Do homeschooling ... Heard Rochester was rated 121 out of 130 schools in the state ... Public schools do not have the time and resources to teach my children ... My children are not in public schools and so save the School District money, ... I do not have a problem with testing my children

Heidi Ferré - Oppose the bill. I'm a product of public education ... but one size does not fit all ... I want more than an adequate education for my children ... public education would have been tested for my son ... financing public education is a struggle.

Joe ~~Koranski~~ <sup>Koranski</sup> - Oppose the bill. This is a humanitarian issue ... I've been in education for 40 years ... expected to not repeat this but ... students who didn't fit in.



Alonzo Weinstein, <sup>Laconia Christian School -</sup> Oppose the bill. We are not done.

We have open enrollment. 49% receive financial assistance. 16% have special needs. I believe our school reflects many of <sup>the</sup> private schools in NH. We all want educational opportunity. \$2500 will make a difference for many families. The system of the marketplace works. There is a high degree of accountability. Have to be in agreement with our statement of faith.

\* Corey R. Lewandowski, Americans for Prosperity - Oppose the bill. See Hardout. Program places power in hands of NH families to choose best schools for their children. Should support home schooled parents and children in give families hope.

Eileen Lipman, <sup>NH PCSA</sup> Not present, but left card and oppose the bill.

Bonnie Dunham - Support the bill. Public schools cannot choose their students as some private schools do. Tax credit programs ~~the~~ <sup>is</sup> like money as way to public coffers. Could open \$10 million within 10 years. Tax credit subsidies ~~for~~ private schools. NH has good public schools. Public schools could be improved. Public and schools cannot afford to lose million dollars.

Bryan McCormack, Network for Educational Opportunity -  
Oppose the bill. I was home schooled until  
my junior year when I went to Lacquer Christian  
School and I paid for it myself. I have  
graduated from college. I believe other  
children should have choice and the opportunity  
that I did.

*former Senator*

Fenton Groenig - Oppose the bill, Program has  
been effective. I've approached business owners  
& contributors. My wife & I home schooled  
our children until 9th grade and then sent  
them to a private school. Current tuition only  
about \$5,500/year. School average is  
\$2,500 but many can be \$500 to over \$5,000.  
I'm a Board member & we help special  
need students. NH cost \$15,588 = average  
education cost, & families who send students  
to private school use NH tax pay \$360M/year  
~~and \$26M/year~~ " " have state adequate  
at \$3450 " this program uses NH about \$1,500 per  
student " gives families choice.

Dean Whitman, Concord Christian Academy - Oppose the bill,  
From Canada and increasingly Americanized. I favor the  
tax credit bill. This bill, Fred Witz, uses language  
that is bothersome to support a bill as "may"  
" " concern with repealer bill that so recently passed.

why don't we give the Tax Credit Bill a chance...  
parents are making decisions based on tax credit  
bill... this bill causes uncertainty... we've  
tax credit bill be allowed to function...  
accredited school, private or otherwise, has to  
meet certain standards... 60% of our students get  
financial aid... with more financial aid we  
could serve more students... tax credit will  
open opportunities for families... virtually all  
of our graduates go to college or universities

Gov. Brewer - Support the bill, Not present when  
necessary, sent submitted a card in support ~~of~~ of this  
bill.

\* Shelly Uscinski - Oppose the bill. <sup>See Handout</sup>  
cannot flourish at local public school... cruel to  
small budget for NH families and students who  
would benefit from scholarships to private  
schools... Cham Grace Christian School in Bedford,  
NH... 50% or 60% of our students need scholarship  
money... bill would slam the doors

\* Tom Southworth - Support HB 370. See  
Handout... if NH had a surplus, I'd feel differently,  
but the state is in a hole financially... do not  
feel tax credit will help public schools... cannot compare public  
schools to all students with private schools that are selected...

immediate repeal will save money with lawsuits.

Charles Arlinghaus - Oppose the bill, submitted a card  
but did not speak.

Caution Kelly, Grand State Program - Support the bill,  
submitted a card but did not speak.

Greg Hill - Oppose the bill. bill is revenue  
neutral... if repeal their program, it only  
affects ~~the~~ children... it does not affect  
wealthy parents... "bush wire" around public schools  
to keep children in.

Rep. Peter Schmidt - Support the bill. Believe  
the Tax Credit bill is unconstitutional... I  
find disparagement of public schools shocking  
... these schools are operated by the communities  
in which they reside.

Chav Army states that she had intended  
to send emails from Becca Brownell Smith,  
Tanya Pava, Arlene Quaratiello, and Jeff Phillips,  
but since people left, she did not have  
the email. Also see Handout from  
Advocate p 17

# Testimony

*File*

**LISTING OF SPEAKERS FOR HB 370 ON 1/31/13 IN REPRESENTATIVES HALL**

Rep. Mary Stuart Gile	Merr 27	---
Sen. Nancy Stiles	Dist 24	601-6591
Sen. Andy Sanborn	Dist 09	
John Lighthall (DRA)		
Rep. Marjorie Porter	Hills 01	
Rep. David Hell	Merr 24 & House GOP Leadership	
Rep. Mary Gorman	Hills 31	886-1652
Rep. Rick Ladd	Graf 4	
Rep. June M. Frazer	Merr 13	228-0048
Rep. Steve Vaillancourt	Hills 15	
Rep. David Murotake	Hills 32	321-6536
Rep. Carolyn Gargas	Hills 27	
Jim Pinard	Granite State Christian School Assoc	603-498-9497
Kate Baker	NEO (Netwk. For Educ. Opportunity	603-785-0174
Dianne Bzik	Taxpayers/Public School	
Lee Baronas	self	603-746-3582
Ann Marie Banfield	Cornerstone Action	603-488-5099
Bill Duncan	self	603-436-6306
Mark Joyce	NH School Admin's. Assn.	
????? Campbell (former rep)	: self	603-765-9101
Benjamin Dadian	Laconia Christian	603-998-7402
Bob Ely	self and daughter	603-744-5351
Dennis Taylor		603-461-1113
Kim Nichols	self	603-505-6919
Hon. Kathleen Lauer-Rago	self & NEO	60-934-8223
Leah Wolczko	teacher representing students	603-623-1980
Dean Michener	NH School Boards Assn.	603-228-2061
Jim Forsythe	self	603-822-2588
Devon Chaffee	NH Civil Liberties Union	603-225-3080
Dominique Vazquez-Vana--e	self	603-455-8311
Pamela Altemose	self	603-330-7636
Heidi Ferre		693-527-9080
Joe Korowski	Hampton	603-601-6199
Alan Graeeston	Laconia Christian School	603-524-6572
Corey R. Lewandowski	Americans for Prosperity	
Eileen Lipanis	NHPCSA	603-498-2386
Bonnie Dunham		603-860-5445
Bryan McCormack	NEO	603-731-(has 5 numbers)
Fenton Groen	self	603-817-9352
Dean Whiteway	Concord Christian Academy	(315) 559-2585
Sam Giarrusso		674-4679
Shelly Uscinski		424-9637
Tom Southworth		742-0556
Charlie Arlinghaus	Josiah Bartlett Center	603-224-4450
Caitlin Rollo	Granite State Progress	
Greg Hill	self	
Rep. Peter Schmidt	Straf 19	

## TESTIMONY ON HB 370-FN

Presented to  
**THE HOUSE WAYS AND MEANS COMMITTEE**  
January 31, 2013

Good afternoon, For the record, I am Mary Stuart Gile and I represent Merrimack District 27, which includes Concord's Ward 1, 2, 3, 4, 6 & 7. I am the prime sponsor of HB 370-FN, an Act repealing the education tax credit program.

HB 370's essentials include repealing those sections of RSA's 77-A:5; 77 E:3-d; 77-G affecting the Business Profits (BPT) and Business Enterprise Taxes (BET) and the text of the law itself. The major reason for filing this bill is simple. NH has no money!!!! However I do feel I need to tell you why I filed this bill, with a personal perspective:

I have served in this House for 16 years. In December, 2012, I was appointed chair of the House Education Committee, which tells you that my primary concern is Education Policy in NH. I have been an educator for over 45 years, including 17 years in the classroom, preK-college, (all income groups); 16 years as a consultant with the NH Dept of Education in ECE and Title 1, ESEA; ( state-wide responsibilities and parent involvement); 6 years as VP for Education and Development for the AAS (gifted and talented) and chair and professor of Early Childhood Education at NHTI, Concord's Community College. I have three degrees including a doctorate in Educational Leadership from Vanderbilt University. I am also a Mother of 4 adult children and 2 adult grandchildren, (all graduates of Concord's public schools, with some private school and home schooling as well).

I am a parent, an educator and an advocate for public education. As a legislator deliberating education policy, I believe that my major responsibility is to ensure that NH's children, our children have access to an excellent system of public education and that any resources we have should be dedicated to strengthening and improving our public schools. I believe further that our collective responsibilities and our first priority as legislators are to ensure that every NH child receives an adequate education as defined in statute and that children with varying special needs (F&R, Special Ed, EOL and GR. 3 Proficiency) receive the additional help, again as defined in statute. NH is a local control state. Our schools depend on an assortment of sources for funds, from the federal government, the state and from local property taxes. Included in the state allocations is revenue from the Business Profits and Business Enterprise Taxes..

RSA 77-G enables the state to issue a tax credit of up to 85% of the BPT and/or BET owed by businesses choosing to donate money to a non-profit scholarship organization for administrative purposes and the distribution of scholarships averaging \$2500/child to parents seeking an alternative to their neighborhood public school. Such alternatives can include a public school in another district, or a private, or religious school. A parent can also choose to home school and receive up to \$625.00/child of this public money.

RSA 77-G was proposed in NH following a study conducted in 2011. A major player in that study was a national organization called Network for Educational Opportunity (NEO). NEO was incorporated in California in 2000 with a purpose "to provide and support a variety of educational programs and promulgate publications designed to increase public understanding and acceptance of school systems independent of government funding and control." NEO registered in NH in August, 2012. NEO's board of directors all live outside NH. NEO is the only non-profit organization that has applied and been approved to administer the scholarship program.

NEO believes that NH parents need choices in decisions regarding their child's education. In NH today, parents have choices: for the preferred teacher in a school with multiple classes at each grade level, for the preferred school in a multi-school district, NH has an "Open Enrollment" statute, publicly funded charter schools, the Virtual Learning Academy(VLACS) and a combination of public school and VLACS, (blended learning). There are many choices and pathways to success for students within our public school system. Parents can also choose to home school and/or home school in combination with public school activities and/or the VLACS. NH's public schools are inclusive to all children and represent the one constant that gives all children the opportunity with many choices, to be educated.

Other reasons for repealing RSA 77-G include

1. Constitutionality: NH Constitution (Part 1-Art.6 and Part II-Article 83) specifically prohibits public funds from going to religious schools. In this case, money intended for the general fund as BPT or BET revenue is diverted through intermediaries referred to as non-profit scholarship organizations and could be used for tuition to religious schools. The constitutionality of this education tax credit question is currently before the Supreme Court and will be acted upon in April.....

2. Fiscal Impact: If allowed to become fully operational RSA 77-G could result in a significant loss of state revenue. Estimates are that over a decade public education could lose over 100 million dollars. The budget shortfall would have to be offset by raising local property taxes. Regardless of how many children choose to leave our public school systems, the fixed costs remain, buildings must be maintained with heat and light, teachers must be paid and instructional materials purchased. Reductions in state adequacy funds would mean that these costs would have to be paid by local school districts and that would result in increases in the property taxes which are already burdensome in many districts. EG. Concord

3. Reality Check: The average scholarship is \$2500/student and the majority would be available to families making 300% of the federal poverty guidelines or approximately \$67,000/year. I have attached a listing of private and religious school tuition and you will see that \$2500.00 is minimal. The other factor to consider is that all private and religious schools have admission criteria. They can be very selective and could be exclusive to children with varying needs.



4. Research on Effectiveness of Tax credit Scholarships: Education tax credits are experiments in the delivery of educational services. There are similar programs in other states, most with a very different tax structure than NH's. So far there is no conclusive and well-documented anecdotal and empirical data or evidence to show that students attending private schools on vouchers/scholarships do any better than students remaining in public school. Some studies have found limited test score gains but findings were inconsistent among the studies and gains were not sustained over time. Most importantly, states implementing the scholarships have a very different tax structure than NH. In Louisiana, where public funds were used, the plan was found unconstitutional.

5. Accountability and Evaluation: This will be a nightmare.

I oppose RSA 77-G because there is no money and any funds available must honor our obligations to the children in our public schools.

The NH system of public education is one of the best in the country. Our students scored very well on national tests (eg. PISA). While there is always room for improvement, when you research the facts, our students and teachers are doing a great job. We must support their efforts because our future and our economic growth depend on it.

In closing, there are some who say, we should try this program for a year to see how it works. Our students, teachers, administrators and parents deserve better. They need stability and to know that the state and their local community are committed to ensuring that their children will have the best education possible. Learning is a very personal, developmental and dynamic process and a successful learning experience usually depends on what happens between a teacher, a parent and student. This relationship which is at the heart of the educational process should be protected and not subject to forces that are here today and gone tomorrow. NH and NH's economic future needs every child to succeed. Thank you.

Rep. Mary Stuart Gile,  
Merrimack District 27

**NEASC Schools in NH with Day Students  
2010 Figures for Tuition and Enrollment**

**Religious Elementary & Middle Schools  
Highest Day Tuition**

\$4,465.00
\$4,490.00
\$4,608.00
\$4,784.00
\$4,900.00
\$5,040.00
\$5,260.00
\$6,060.00
\$6,225.00
\$6,443.00

**Day Enrollment**

130
344
189
173
176
142
317
214
241
119

**Secular Elementary & Middle Schools  
Highest Day Tuition**

\$11,100.00
\$14,095.00
\$14,175.00
\$14,600.00
\$14,900.00
\$25,600.00

**Day Enrollment**

236
194
304
137
186
22 day of 195 total

**Religious Secondary Schools  
Highest Day Tuition**

\$3,770.00
\$4,095.00
\$4,699.30
\$5,595.00
\$7,200.00
\$8,405.00
\$8,750.00
\$9,350.00
\$9,500.00
\$11,004.00
\$11,940.00

**Day Enrollment**

219
304
261
230
130
427
352
619
174
658
878

**Secular Secondary Schools**

**Highest Day Tuition**

\$13,500.00
\$16,000.00
\$22,100.00
\$25,200.00
\$25,235.00
\$25,750.00
\$26,400.00
\$26,500.00
\$26,685.00
\$27,000.00
\$27,200.00
\$28,850.00
\$30,820.00

**Day Enrollment**

24
172
15 day of 101 total
380
64 day of 256 total
35 day of 130 total
51 day of 100 total
55 day of 298 total
72 day of 366 total
54 day of 277 total
98 day of 358 total
105 day of 318 total
202 day of 1062 total

**List of Schools Included**

Bishop Brady High School
Bishop Guertin High School
Brewster Academy
Cardigan Mountain School
Community School
Concord Christian Academy
Crossroads Academy
Derryfield School
Dublin School
Hampstead Academy
High Mowing School
Holderness School
Kimball Union Academy
Monadnock Waldorf School
Mount St. Mary Academy
Mount Zion Christian Schools
Nashua Catholic Regional Jr. High School
Nashua Christian Academy
New Hampton School
Phillips Exeter Academy
Portsmouth Christian Academy

Proctor Academy
Sacred Heart School
Sant Bani School
Shaker Road School
South Merrimack Christian Academy
St. Catherine of Siena School
St. Elizabeth Seton School
St. Joseph Regional Junior High School
St. Mary Academy Regional School
St. Patrick School
St. Patrick School
St. Thomas Aquinas High School
Tilton School
Tri-City Christian Academy
Trinity Christian School
Trinity High School
Villa Augustina School
White Mountain School
World Academy

Research related to HB 370  
from Rep. James Frasier  
1/31/13

## Problems with Vouchers and Tax Credit Scholarship Programs across the Country

### General Assessments

"Average test scores for reading and mathematics, when adjusted for student and school characteristics, tend to be very similar among public schools and private schools" (U.S. Department of Education Report, 2006, as quoted in "School Vouchers," *Wikipedia*).

"When compared to similar public school students, voucher recipients have generally performed at the same level on reading and math assessments, according to the Center on Education Policy's review of school voucher research, though some gains have been found among low income and minority students who receive vouchers" ("What the Research Says," *School Vouchers*, National Conference of State Legislatures, n.d.).

"Policies that use the tax code to subsidize private elementary and secondary education undermine public education. . . . [S]uch programs offer no educational benefits, do not save taxpayers money, are inequitable, and misallocate funding that could otherwise be directed toward proven school improvement strategies" (National Education Association, "Subsidizing Private Education—at Taxpayer Expense," 2011).

"While the scholarship programs have helped many children whose parents would have to scrimp or work several jobs to send them to private schools, the money has also been used to attract star football players, expand the payrolls of the nonprofit scholarship groups, and spread the theory of Creationism, interviews and documents show. . . . The programs are insulated from provisions requiring church-state separation because the donations are collected and distributed by the non-profit scholarships groups. A cottage industry of these groups has sprung up, in some cases collecting hundreds of thousands of dollars in administrative fees, according to tax filings" ("Public Money Finds Back Door to Private Schools," *New York Times*, May 21, 2012).

"Official evaluations of voucher programs in Milwaukee, Cleveland, and Washington D.C. have all found no statistically significant differences in the academic achievement of voucher students compared to public school students. . . . Indeed, public school students have actually been found to *outperform* private school students when test scores are weighted to reflect socioeconomic level, race, and disability" ("Vouchers? No, there are better alternatives," National Education Association Report, n.d.)

### Some Specific Problems in Specific Places

Milwaukee. Established in 1990, the Milwaukee Parental Choice Program is the oldest voucher program in the country, and probably the most studied, since it carried a mandate for the state auditors to analyze its progress periodically. The last report of the state auditors, issued August 17, 2011, "found little difference in achievement scores between students in the city's private school voucher program and a matched sample of students in Milwaukee Public Schools" (*Milwaukee Journal-Sentinel*, August 8, 2011). The program did not take money away from funding for Milwaukee public schools, but it cost taxpayers more per pupil than the students educated in the public schools did.

Florida. According to the *Orlando Sentinel* (November 24, 2012), "More than four out of every five low-income students receiving a Florida tax credit scholarship are attending religious schools." But in the November 2012 election, "voters turned down a proposed amendment to the Florida constitution that critics said could have paved the way for tax-funded vouchers for private schools." Hence, Florida

taxpayers are paying millions of dollars to private schools against their expressed will and against their constitution.

Georgia. Georgia's tax credit program has experienced more than one serious problem. Greg Allen reported on National Public Radio (August 13, 2012), that the program is being widely criticized for its lack of transparency, because state law makes it illegal "to publicly disclose anything about the program, including who benefits from it." Georgia taxpayers are paying \$170 million for the program but cannot find out anything about it. Additionally, the *New York Times* reports that The Georgia program allows scholarship recipients to attend schools that discriminate against gays ("Backed by State Money, Georgia Scholarships Go to Schools Barring Gays," January 21, 2013). The *Times* draws extensively from a report by the Southern Education Foundation claiming that "as many as a third of the schools in the scholarship have strict antigay policies or adhere to a religious philosophy that holds homosexuality as immoral or a sin." One Georgia legislator remarks that allowing this discrimination "circumvents our own public policy with public money. . . . In our public schools we do not disallow a child from attending on the basis of their sexual orientation."

Pennsylvania. Established in June of 2012, The Pennsylvania Opportunity Scholarship Program is new but already running into difficulties. The *Patriot-News* reported in August that parents trying to sign up for the program had to be turned away because it wasn't ready yet. The program is strongly opposed by the Education Voters Institute of Pennsylvania, who claim that under the plan "100% of students already enrolled in private schools will receive vouchers while only 9% of low-performing public schools will receive a voucher" (Debunking the Myths about Vouchers," January 25, 2013). The *NYT* article (cited previously) uses Pennsylvania as an example of how "some of the programs have become enmeshed in politics . . . . [T]wo of the state's largest scholarship organizations are controlled by lobbyists, and they frequently ask lawmakers to help decide which schools get the money, according to interviews."

Louisiana. Louisiana's voucher program, with 5,000 students already enrolled, was in November 2013 ruled unconstitutional because it was funded by money specifically designated for public schools ("Judge rules Louisiana school voucher program unconstitutional," Reuters, November 30, 2012). Reuters observes that the students already receiving the vouchers include "some small, church-based schools that infuse all their classes with Biblical references and do not teach subjects such as evolution."

Utah. Utah's voucher program, passed by the legislature in 2007, included all students in the state, including students in private schools, but Utah voters later in that year passed a referendum repealing the program. Those supporting the plan are now considering whether a tax credit program would be more appealing to the voters ("Voting down Vouchers," *Education Next* (Spring 2008).

I have not had sufficient time to look at all the many voucher/tax credit programs—eleven by one count, fifteen by another, still more by others. For some, like Virginia, it is difficult to find information because they are so new. But the groups discussed above give ample evidence of the kinds of problems these programs are running into—and creating.

Note: I have lumped voucher programs and tax credit programs together in this discussion because, though the funding mechanism may be different, the issues discussed here are the same. Both kinds of programs use taxpayer money to give scholarships that may be used at private schools, which often are religious. I have observed, moreover, that this practice has recently become common in discussions about the two kinds of scholarship programs.

June M. Frazer, Merrimack 13 (Concord)  
January 30, 2013

1/21/13 Rick Vaillancourt on HB 370

## GUEST EDITORIAL

# Court good place for voucher law

*The Telegraph*  
1-26-13

**O**n June 27, 2012, the New Hampshire House and Senate overrode a veto by former Gov. John Lynch and passed a law that diverts public tax dollars for use in private secular and parochial schools.

During hearings, both the House and Senate were warned that the law was unconstitutional and were urged to seek an opinion from the New Hampshire Supreme Court.

The House and Senate rashly ignored this advice. Now the state is being sued over the ill-considered law, and it will get an opinion from the courts, whether it wants it or not.

The law, RSA Ch. 77-G, enabled businesses to donate money to a scholarship program that would provide vouchers of up to \$2,500 to families that want to send their children to a private secular or parochial school. Vouchers could also be given for homeschooling.

In return for donating money to the voucher fund, businesses could receive tax credits from the state for up to 85 percent of the value of their donation. And that's the first place the voucher law goes off the rails.

The citizens who brought suit in opposition to the

voucher law, including New Castle businessman Bill Duncan and Portsmouth state Rep. Rebecca Emerson, a former city School Board member, argue that the state is diverting public tax dollars for use in parochial schools, and we agree.

Here's the heart of the voucher foes' argument: "The tax credit program specifically violates two provisions of the New Hampshire Constitution: Part I, Article 6, which states that 'no person shall ever be compelled to pay towards the support of the schools of any sect or denomination,' and Part II, Article 83, which provides that 'no money raised by taxation shall ever be granted or applied for the use of the schools or institutions of any religious sect or denomination.'"

The state and other private groups defending the tax-credit program make a tortured argument that somehow the tax credits are not tax dollars. This is absurd on its face, because the state would not be in a position to give credits unless it was owed taxes. No taxes, no credits. No credits, no voucher program.

The other major flaw in the voucher program, and one of the main reasons we opposed it when it was before the Legislature, is that it not only diverts tax dollars from the state to private secular and parochial schools, it also reduces state aid going

to public schools when a student leaves.

So, in addition to diverting public funds to support religious schools, the law also reduces public funds to public schools, where the vast majority of our children are educated.

In an ironic twist, legal scholars note that the

1877 Blaine Amendment to the New Hampshire Constitution, at the heart of this case, was intended to undermine Catholic schools rather than to strengthen the walls between church and state.

"It was pretty clearly motivated at the time by bigotry against Catholics," said University of New Hampshire law professor Marcus Hurn. "The motives were pretty vile, but the amendment itself just says the state can't support religious schools."

We feel confident the courts will find this law unconstitutional. The state can then, if it wishes, ask the U.S. Supreme Court to review the case, or citizens who like the law can try to get the Blaine Amendment removed from the Constitution by a three-fifths majority vote in both the House and Senate and a two-thirds majority vote of the general electorate.

We expect the courts will play their role and protect the public from this legislative overreach. The state should then put this legislative mistake behind it and focus its energies instead on making our public schools the best in the nation.

### KEY POINTS

**BACKGROUND:** A new law approved last year, which gives businesses tax credits in return for private school donations, is being challenged in court.

**CONCLUSION:** We feel confident this misguided law will be found to be unconstitutional.

11/31/13

Reb Vallonment on HB 370

11/21/13

11/21/13

# Judges shouldn't fall for tax credit scheme

**T**he Strafford County Superior Court should heed the request of the eight plaintiffs represented by the New Hampshire Civil Liberties Union and Americans United for Separation of Church and State and temporarily prevent the tax credit scheme passed by the last Legislature from being implemented until its constitutionality can be determined.

The tax credit would effectively allow a government subsidy for schools that teach religion and discriminate based on religion in their hiring practices.

It is the pea under shells manipulated by legal sleight of hand. The trick was good enough to fool the five members of the U.S. Supreme Court, but it shouldn't fool New Hampshire's judiciary.

New Hampshire's Constitution explicitly bars taxpayer "support of the schools of any sect or denomination." Proponents believe they found a way around that ban with a bill passed over former governor John Lynch's veto. The bill gives businesses an 85 percent credit against their obligation to pay the state's business profits or business enterprise

tax if they donate money to a nonprofit scholarship fund that funnels money to students who attend private secular schools, religious schools or are schooled at home.

Citing the U.S. Supreme Court's decision, defenders of the scheme contend that their plan moved the pea under a protective shell. Since

*Lawmakers should take the earliest opportunity to repeal the misguided law, making the challenge moot.*

the money businesses would have paid under the tax never made it into the state's hands, they argue, it is not public money. They overlook the fact that others have to pay more to offset the loss

created by the credit. That loss is compounded when a public school student's parents use the voucher to send their child to a private school because the school loses state education aid. That means one of two things: school district budget cuts, or higher property taxes.

We believe that the state's judicial system will ultimately declare the voucher system unconstitutional, but to eliminate the uncertainty facing parents and school districts alike, the Legislature should take the earliest opportunity to repeal the misguided scholarship tax credit law.



~~1/3/11/13~~ *Refer Vailment on HB 370*

[Art.] 79. [Judges and Justices Not to Act as Counsel.] No judge of any court, or justice of the peace, shall act as attorney, or be of counsel, to any party, or originate any civil suit, in matters which shall come or be brought before him as judge, or justice of the peace.

September 5, 1792

[Art.] 80. [Jurisdiction and Term of Probate Courts.] All matters relating to the probate of wills, and granting letters of administration, shall be exercised by the judges of probate, in such manner as the legislature have directed, or may hereafter direct: And the judges of probate shall hold their courts at such place or places, on such fixed days, as the conveniency of the people may require; and the legislature from time to time appoint.

June 2, 1784

Amended 1792 rewording section generally.

[Art.] 81. [Judges and Registers of Probate Not to Act as Counsel.] No judge, or register of probate, shall be of counsel, act as advocate, or receive any fees as advocate or counsel, in any probate business which is pending, or may be brought into any court of probate in the county of which he is judge or register.

September 5, 1792

### CLERKS OF COURTS

[Art.] 82. [Clerks of Courts, by Whom Appointed.] The judges of the courts (those of probate excepted) shall appoint their respective clerks to hold their office during pleasure: And no such clerk shall act as an attorney or be of counsel in any cause in the court of which he is clerk, nor shall he draw any writ originating a civil action.

June 2, 1784

Amended 1792 rewording section generally.

### ENCOURAGEMENT OF LITERATURE, TRADES, ETC.

[Art.] 83. [Encouragement of Literature, etc.; Control of Corporations, Monopolies, etc.] Knowledge and learning, generally diffused through a community, being essential to the preservation of a free government; and spreading the opportunities and advantages of education through the various parts of the country, being highly conducive to promote this end; it shall be the duty of the legislators and magistrates, in all future periods of this government, to cherish the interest of literature and the sciences, and all seminaries and public schools, to encourage private and public institutions, rewards, and immunities for the promotion of agriculture, arts, sciences, commerce, trades, manufactures, and natural history of the country; to countenance and inculcate the principles of humanity and general benevolence, public and private charity, industry and economy, honesty and punctuality, sincerity, sobriety, and all social affections, and generous sentiments, among the people: Provided, nevertheless, that no money raised by taxation shall ever be granted or applied for the use of the schools of institutions of any religious sect or denomination. Free and fair competition in the trades and industries is an inherent and essential right of the people and should be protected against all monopolies and conspiracies which tend to hinder or destroy it. The size and functions of all corporations should be so limited and regulated as to prohibit fictitious capitalization and provision should be made for the supervision and government thereof. Therefore, all just power possessed by the state is hereby granted to the general court to enact laws to prevent the operations within the state of all persons and associations, and all trusts and corporations, foreign or domestic, and the officers thereof, who endeavor to raise the price of any article of commerce or to destroy free and fair competition in the trades and industries through combination, conspiracy, monopoly, or any other unfair means; to control and regulate the acts of all such persons, associations, corporations, trusts, and officials doing business

## CONSTITUTION OF NEW HAMPSHIRE

### PART FIRST—BILL OF RIGHTS

Article 1. [Equality of Men; Origin and Object of Government.] All men are born equally free and independent; therefore, all government of right originates from the people, is founded in consent, and instituted for the general good.

June 2, 1784\*

[Art.] 2. [Natural Rights.] All men have certain natural, essential, and inherent rights—among which are, the enjoying and defending life and liberty; acquiring, possessing, and protecting, property; and, in a word, of seeking and obtaining happiness. Equality of rights under the law shall not be denied or abridged by this state on account of race, creed, color, sex or national origin.

June 2, 1784\*

Amended 1974 adding sentence to prohibit discrimination.

[Art.] 2-a. [The Bearing of Arms.] All persons have the right to keep and bear arms in defense of themselves, their families, their property and the state.

December 1, 1982

[Art.] 3. [Society, its Organization and Purposes.] When men enter into a state of society, they surrender up some of their natural rights to that society, in order to ensure the protection of others; and, without such an equivalent, the surrender is void.

June 2, 1784

[Art.] 4. [Rights of Conscience Unalienable.] Among the natural rights, some are, in their very nature unalienable, because no equivalent can be given or received for them. Of this kind are the Rights of Conscience.

June 2, 1784

[Art.] 5. [Religious Freedom Recognized.] Every individual has a natural and unalienable right to worship God according to the dictates of his own conscience, and reason; and no subject shall be hurt, molested, or restrained, in his person, liberty, or estate, for worshipping God in the manner and season most agreeable to the dictates of his own conscience; or for his religious profession, sentiments, or persuasion; provided he doth not disturb the public peace or disturb others in their religious worship.

June 2, 1784\*

[Art.] 6. [Morality and Piety.] As morality and piety, rightly grounded on high principles, will give the best and greatest security to government, and will lay, in the hearts of men, the strongest obligations to due subjection; and as the knowledge of these is most likely to be propagated through a society, therefore, the several parishes, bodies corporate, or religious societies shall at all times have the right of electing their own teachers, and of contracting with them for their support or maintenance, or both. But no person shall ever be compelled to pay towards the support of the schools of any sect or denomination. And every person, denomination or sect shall be equally under the protection of the law; and no subordination of any one sect, denomination or persuasion to another shall ever be established.

June 2, 1784

Amended 1968 to remove obsolete sectarian references.

[Art.] 7. [State Sovereignty.] The people of this state have the sole and exclusive right of governing themselves as a free, sovereign, and independent state; and do, and forever here-

\*The date on which each article was proclaimed as having been adopted is given after each article. This is followed by the year in which amendments were adopted and the subject matter of all the amendments.

*File Copy of  
e-mail of 2/2/13 from  
Rep. D. Murotake to Rep.  
Susan Almy*

Madame Chairman and Honorable members of the Ways and Means Committee:

I am Representative David Murotake, representing Hillsborough 32. I live at 17 Portchester Drive, Nashua NH. I am speaking today in opposition to HB370. I am a husband, father, Army Veteran, small business owner and former home schoolteacher. I chair the Curriculum and Evaluation Committee of the Nashua Board of Education, and am one of two School Board members on the District's Charter School Committee. As a School Board Member of SAU 42, New Hampshire's second largest public school district, and a small business owner, this gives me a unique perspective on why HB370 should be voted Inexpedient to Legislate.

Under the recently enacted law, an education credit offers a business owner a credit against the business profits tax (BPT) or the business enterprise tax (BET) for those of us that contribute to scholarship organizations which awards scholarships. These scholarships can only be awarded to families with limited incomes, and can be used by students to defray education expenses of attending an independent school. The current legislation is thus a limited program, designed to encourage school choice for those parents who might not otherwise be able to afford to send their child to an independent school. It also encourages business to become more philanthropic.

School choice, in SAU 42, has undeniably served to stimulate greater innovation and higher quality innovation. Faced with the loss of some of our best students, over a three-year period, to the Academy of Science and Design, Charter schools have been partially responsible for positive changes to the way teachers teach at our schools. In addition to promoting novel, and successful, techniques like Response to Intervention, the District also established an in-house Charter School Committee. Commissioner of Education, Dr. Virginia Barry, has on several occasions praised SAU 42 for its innovation and improvements.

Just as charter schools are one form of school choice, so is the education tax credit law. It is not a universal "money follows the child" voucher program. It is highly limited, focused to help out lower-income families, and requires voluntary donations by businesses to donate money to philanthropies. But, like other forms of school choice, giving the parents an ability to choose their child's school – whether public or private – drives the normally "monopolistic" public school system, to innovate and compete to attract students. This competitive drive only improves the breed – while simultaneously providing greater Liberty for parents.

Mr. Stephen Cobb of Nashua recently published an article in Nashua Patch which seems pertinent to HB370. Mr. Cobb is unable to attend This hearing, and I would like this excerpt and citation entered into the record: "As a devout atheist I would be first to cry foul if New Hampshire's new education tax-credit program promoted a particular church or diverted taxpayer money to religious institutions. Fortunately it does neither: when tax credits are used, the state government neither provides the funding nor decides who gets it. Those decisions are made by the parents who choose the schools, and the businesses donating the money. Claims that tax credits "divert" taxpayer funds depend on a backwards interpretation of taxpayer funding. We justify taxation for providing "public goods" (such as an educated populace) because we expect that people otherwise will not contribute voluntarily. When people do contribute, they demonstrate that public financing is not necessary, and taxes are reduced by some corresponding but lesser amount--85% in the case of NH education credits, much less in the case of donations to 501(c)(3) non-profits. The loaded term "diversion" is thus incorrect--we simply have a reduction of the state's need and justification for funds."

Source: ([http://nashua.patch.com/blog\\_posts/two-reasons-why-education-tax-credits-are-not-state-support-of-religious-schools](http://nashua.patch.com/blog_posts/two-reasons-why-education-tax-credits-are-not-state-support-of-religious-schools))

The Education Tax Credit program is still in its early days. It's too early to gauge the benefits of greater parental choice and its impact on the education of the child who benefits. It's also too early to determine the competitive stimulus on the public school. However, based on my experience with observing the benefits of competition with charter schools at Nashua – I suspect the new program will have a similar effect. This Committee should give the Education Tax Credit law a chance to prove itself, deferring any attempt to repeal the Bill for at least two more years. I ask this Committee to vote HB370 "Inexpedient to Legislate". Thank you.

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\$ 126,000 donations so far

\$3.4M mat

Hillsborough District 27  
Rep. Carolyn Gargasz  
January 31, 2013  
HB 370-FN

on 1/31/13

I am in favor of this repeal. I had concerns about this bill and did not support it when it passed.

One of my questions was how much assistance would a \$2,500 scholarship be to a low-income student. There are potentially greater expenses than tuition, including the possibility of commuting to a school out of the district.

Even though it is a laudable idea, I am more concerned about being able to afford this program. NH relies on business taxes for its general fund and education trust fund. As I understand it, there are these programs in other states. However, other states don't rely as much on the business taxes as we do in NH because they have other taxes - income and sales. Therefore I am concerned about this loss of revenue, especially at this time when there is uncertainty about the economy. There is also uncertainty about what effect the business tax relief laws passed last session will have on reductions in revenue.

Former Representative Greg Hill and Representative Mary Gile attended the Legislative Youth Advisory Council meeting last Sunday. I am the representative appointed to that council. There was a lively discussion with both sides on this issue being represented. I was impressed with the thoughtful questioning and it was an example to them of what we go through on the pros and cons of legislation. One member commented on how the loss of <sup>adequacy</sup> adequate funding in a school when a scholarship student leaves does not reduce the cost of the operation of the school. Another comment was about smaller schools being able to have access to schools in a larger district. One example is students from Hollis-Brookline take advantage of the culinary arts program in Nashua. One member wished there was more publicity/information available on current alternate programs and possibilities. He was raised by a single mother and found out there might have been a program where he could have attended St. Paul's. <sup>He is currently a student at UNH</sup> One member commented that this was a new program and it should have a chance to see how it works and was not in favor of the repeal. Another member said he was hearing the two sides of this discussion but he wondered what the teachers thought. I am not bringing a recommendation from the council. It was a split vote. They voted 6 in favor of the repeal, 4 opposed and 3 abstaining. I wish to thank Representatives Gile and Hill for giving up their Sunday afternoon to meet with the council and thought you would find this interesting.

Thank you for listening. Please support this repeal.

1/31/13 on HB370 James James Pinard  
Granite State Christian  
School Association

Testimony submitted to the House Ways and Means Committee in  
opposition to HB370 on 01/31/13

I wish to address two issues that go to the heart of my opposition to HB370: the first is the significance of worldviews for education and the second is the forgotten victims of this proposed legislation.

First, interpretive grids or worldviews:

A worldview is the fundamental framework by which people interpret and try to make sense of life in the particular culture and time in which they live. Because worldviews deal with fundamental questions of life in the world and the individual's place and purpose in it, they are essentially religious in nature, whether they are Materialist, Christian, Humanist, Communist, Muslim, etc., etc. Many try to make the claim that public education is essentially neutral, which of course is not true. The worldview/religion that is dominant in the public schools is a form of Secular Humanism, combined with a strong dose of earth worship. Because Secular Humanism is not the worldview of many parents, conflict inevitably occurs. You have in essence a clash of worldviews!

Second, options available for the family with a different worldview:

Option A is a private school more in line with the family's worldview. This is definitely available for those with sufficient financial resources to afford it. This is not an option for lower income families who are unable for a variety of reasons to afford it.

Option B is the current law which HB370 is seeking to eliminate. It uses private donations to create scholarships so that parents of lesser means (who with their rents and/or property taxes will continue to support public education) may have the opportunity to choose a more appropriate education for their children. This bill, HB370, would take away from them that wonderful opportunity that now exists, just when it was becoming a reality.

Prior to the French Revolution, it is alleged that when Marie Antoinette was told of the plight of the poor, she said, "Let them eat cake." That attitude of arrogance and superiority appears to me to be very similar to that found in this bill. I urge you to vote against HB370.

Thank you for giving me the opportunity to speak!

James Pinard, representing the Granite State Christian School Association

1/31/13

HB 370

Kate Baker

Madame Chairman, and Honorable Members of the Ways and Means Committee, thank you for this opportunity to speak. My name is Kate Baker and I am the Executive Director of the Network for Educational Opportunity, the state's first and so far only scholarship organization approved by the Department of Revenue to implement the scholarship program that HB370 would repeal.

I rise today to share with you that the Education Opportunity Scholarship Tax Credit program meets the very real needs of low-income families in our communities.

Studies have demonstrated that Scholarship Tax Credit programs across the country disproportionately serve the needs of low-income families. For example, scholarships in Pennsylvania's Opportunity Tax Credit program average only \$1,165 and yet there are more than 38,000 children participating in the program, a majority of whom come from families earning less than \$29,000 per year.

In my work thus far, on the scholarship program here in NH, I have heard from so many families willing to make incredible sacrifices for their children's education. Single parent families, families that get by with one-vehicle, a parent with 3 jobs, families of children with special needs and several with children that have terminal illnesses.

Thus far I have had the opportunity to accept applications from more than 270 children from all over the state. The greatest proof that New Hampshire's Scholarship Tax Credit program addresses the needs of low-income families is not data from the other scholarship tax credit programs but data from our own applicants, right here in NH. The average family income of these children is less than \$45,000 per year with an average family size of 5 and 58% of the children qualify for free and reduced lunch. For comparison, the median household income in NH is nearly around \$65,000 per year and that is for a household size of 2.8.

The scholarships are 100% means-tested and income is verified using tax returns by a grant and aid assessment provider called FACTS. Scholarships will be awarded to children based on highest need. Attached you will find the applicant data in a format that protects their confidentiality and I welcome your questions.

The data illustrates that these Education Tax Credit Scholarships do in fact level the playing field for needy families in our communities and provide them with the opportunity to choose an education that they otherwise would not be able to afford.

I urge you, let us keep our promise to the more than 270 low-income children who have already applied for the scholarships. Let us give this program our best effort and we will work tirelessly to help low-income families in NH overcome the barriers to an education that is a great fit for their child.

1/31/13 HB 370

Kate Baker  
from Network for Educational Opportunity



**Applicant Data by Family**

**Average Household Size** 5  
**Average Family Income** \$44,831  
**Percent Free & Reduced Lunch** 58%

Applicant ID	Household Size	Family Income	Applicant City/Town	Free & Reduced Lunch
829071	5	\$ 41,986	BOSCAWEN	Y
805289	3	16,714	SEABROOK	Y
458676	6	45,181	ROCHESTER	Y
745610	6	84,517	BRADFORD	N
682899	4	43,382	SUNAPEE	N
830827	5	19,013	WALPOLE	Y
827884	6	19,851	CONCORD	Y
722085	3	24,272	NEWMARKET	Y
599932	4	37,248	SWANZEY	Y
732045	4	62,571	MIDDLETON	N
833957	4	28,808	ASHLAND	Y
752621	5	54,054	DOVER	N
837456	4	43,002	EPSOM	N
830602	6	60,011	EPSOM	N
614552	3	46,598	LYNDEBOROUGH	N
596365	3	32,353	WESTMORELAND	Y
828267	2	32,000	FARMINGTON	Y
346664	5	27,838	BARRINGTON	Y
826174	5	56,099	FRANKLIN	Y
827998	3	20,987	PETERBOROUGH	Y
334432	5	47,442	EXETER	Y
760730	2	36,463	NEWPORT	N
510863	4	70,552	NEWMARKET	N
831957	3	28,777	FRANKLIN	Y
834387	4	23,815	PEMBROKE	Y
825168	5	67,116	MANCHESTER	N
840355	4	39,681	ALLENSTOWN	Y
830547	7	33,748	SALISBURY	Y
683354	4	22,073	NEW LONDON	Y
825742	3	37,271	BOW	N
838053	4	30,950	OSSIPEE	Y
468864	5	29,996	PETERBOROUGH	Y
836825	4	36,635	LACONIA	Y

682184	8	21,085	NEWBURY	Y
837941	5	38,341	BARRINGTON	Y
830178	7	44,925	NASHUA	Y
824788	7	59,550	SANBORNVILLE	Y
834487	3	33,185	NEW HAMPTON	Y
828332	4	35,512	MANCHESTER	Y
828175	4	54,425	HAMPTON	N
787875	4	28,122	SOMERSWORTH	Y
827066	4	23,113	NORTHWOOD	Y
544702	9	22,999	WILMOT	Y
824972	3	52,799	MILFORD	N
807458	2	15,995	ROCHESTER	Y
827292	7	56,355	BARRINGTON	Y
839925	3	25,418	AUBURN	Y
772998	3	37,288	MANCHESTER	N
840857	5	32,717	EPSOM	Y
599382	2	16,282	KEENE	Y
768705	3	52,971	KEENE	N
837358	12	42,508	CANAAN	Y
713359	6	65,213	KEENE	N
827287	4	51,488	DOVER	N
837925	4	38,854	AUBURN	Y
448284	2	22,110	ROCHESTER	Y
827037	5	47,227	LITCHFIELD	Y
828424	5	59,656	BERLIN	N
825067	5	54,363	HOOKSETT	N
827463	4	57,288	STRATHAM	N
348434	3	24,351	DOVER	Y
832188	3	40,633	SUNAPEE	N
346232	3	17,437	DOVER	Y
802910	6	10,109	BARRINGTON	Y
826203	4	66,734	CONCORD	N
840645	5	68,629	CONCORD	N
502227	8	98,284	CANDIA	N
835726	5	58,846	BRADFOED	N
725030	2	25,751	KEENE	Y
458981	6	87,530	STRATHAM	N
375255	4	59,896	ROCHESTER	N
830593	4	67,466	CAMPTON	N
827265	4	69,670	PORTSMOUTH	N
837300	5	37,654	FRANKLIN	Y
830007	9	23,915	FARMINGTON	Y
830050	4	17,085	MANCHESTER	Y
825452	6	38,606	MERRIMACK	Y
399317	2	23,000	DOVER	Y



698479	5	42,681	SOMERSWORTH	Y
376383	7	92,261	NEWBURY	N
832373	5	75,374	RINDGE	N
810435	4	48,740	PETERBOROUGH	N
810013	5	71,110	NEW BOSTON	N
732125	3	20,100	NORTH HAMPTON	Y
640007	3	13,079	ROCHESTER	Y
832297	6	66,223	GILFORD	N
828679	5	38,002	GONIC	Y
834804	7	54,239	HUDSON	Y
829133	9	90,166	MANCHESTER	N
836433	5	68,427	MILFORD	N
811120	7	23,486	MANCHESTER	Y
827907	5	48,730	HILLSBORO	N
832039	3	50,071	DOVER	N
595927	2	14,427	KEENE	Y
653866	5	72,808	WILTON	N
825324	6	45,326	PITTSFIELD	Y
830484	6	41,278	MARLBOROUGH	Y
827110	2	38,561	ROCHESTER	N
831865	8	52,215	NASHUA	Y
838054	4	46,278	CHARLESTOWN	N
830889	11	63,400	NEW LONDON	Y
535790	7	76,952	ROCHESTER	N
516034	2	30,463	NEWBURY	N
839454	6	32,459	WOLFEBORO	Y
587885	8	110,285	KEENE	N
711917	5	50,398	SOMERSWORTH	N
804479	7	56,624	DOVER	Y
157641	7	33,468	NEWBURY	Y
830513	5	37,888	SOUTH ACWORTH	Y
830286	6	67,780	MANCHESTER	N
830894	3	52,862	HILLSBOROUGH	N
153633	13	85,856	GOSHEN	Y
828372	4	57,000	ROCHESTER	N
837823	4	54,960	OSSIPEE	N
598947	2	28,613	PETERBOROUGH	N
815182	4	21,439	TEMPLE	Y
<b>Average</b>	<b>5</b>	<b>\$ 44,831</b>		<b>58%</b>

My name is Ann Marie Banfield, I'm the Education Liaison for Cornerstone Action. Cornerstone Action represents roughly 6,000 New Hampshire residents. Cornerstone opposes HB 370, which would repeal the tax credit program.

"Let me tell you, what's not working for black kids and Hispanic kids and Native American kids across this country is the status quo. That's what's not working. What's not working is what we've been doing for decades now."

That is a quote from President Barack Obama when he gave a speech about education reform policy at the Urban League's 100<sup>th</sup> Anniversary Convention. Public education is failing and we are neglecting our duties as Americans when we refuse to reach out to help our most vulnerable citizens; our children.

Current Education Secretary, Arne Duncan said in an article from the Chicago Tribune: "In too many places....we are lying to children now. [When] we tell a child they are meeting the state standards, the logical implication is that child's on track to be successful. In too many places.... if you are meeting state standards you are barely qualified to graduate from high school and you are totally unqualified to go to a university and graduate."

Why is Harvard a prestigious institution? Because, they compete with the rest of the Ivy League Schools! Why should our public schools be any different? Why should our most talented students, some of them coming from underprivileged areas, be limited in their choice of education?

As the Education Liaison for Cornerstone Action the last few years, I've been able to connect with legislators, parents, teachers and school board members from all around New Hampshire. This has given me the opportunity to hear from those most concerned about public education.

I get to hear the stories of how well the public schools are working for their children, and on those rare occasions, how the public school is not the best fit for their kids. I think everyone can understand that every child will simply not fit in certain public schools.

School choice has always been available to families who could afford the tuition. This legislation doesn't impact families who can afford school choice. However this program has opened the door for families who have not had that same opportunity.

The current tuition tax credit program operates similar to the Pell Grants that are distributed to college students. Pell Grants provide grant money to low-income students so they can attend the college of their choice.

Everyone has come to appreciate opening up opportunity for higher education to students that can least afford it. Why is there opposition to the same opportunity for students' k-12? \*\* According to a 2012 study, disadvantaged African American students who received private school vouchers in New York City were 24 percent more likely to attend college.

Instead of trying to force a square peg into a round hole, these families can find the right fit for their kids.

For these reasons, we urge you to vote "TTL" on HB 370.

1/31/13 HB 370

ADVANCING NEW HAMPSHIRE PUBLIC EDUCATION  
ADVOCATING FOR NEW HAMPSHIRE PUBLIC EDUCATION



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603-682-4748

Testimony in opposition to SB 370

*(Just support HB 370)*

to

House Ways and Means Committee

by

Bill Duncan, Advancing New Hampshire Public Education

January 31, 2013

### **Now is a good time to end the voucher program**

The tax credit funded voucher program was passed last year because conservatives in favor of privatizing our public schools temporarily had a supermajority capable of overriding the Governor's veto.

Now the public has replaced that Legislature with a more balanced alternative charged with setting a new path. Although the voucher program is a symbol of the excesses of the last Legislature, many will still say, "Give the program a chance....there are poor children who already depend on it."

Legislators have even received calls saying, "My child is in private school now and I'm depending on this program to enable me to keep him there."

We need to be clear. No children depend on this program now or will depend on it until next September. The best time to shut this program down is now, while no tax credits have been issued, very little business money has been committed, and before the program has started the process of privatizing New Hampshire's public schools.

### **The program is expensive**

The voucher program is small now but the legislation allows it to grow dramatically. If it grows as the bill provides for, in the 10<sup>th</sup> year, the program will be spending \$30 million dollars every year moving our children from our public schools into private schools. That's 13,000 children it would be paying for in year 10 - almost 10% of the students in New Hampshire.

In this current biennium, the voucher program would spend over \$8 million. Here is how it works:

The program grants businesses an 85% tax credit for contributing to a scholarship organization but the way state taxes are calculated, that really amounts to a 93.5% credit. So a business can



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give \$100,000 to a scholarship organization instead of \$93,500 in state taxes. The business is deciding to give our tax money to the scholarship organization instead of to the State. This is the same as if the State had just given that scholarship organization \$93,500 of our business tax money.

The Legislature downshifted this cost to the communities because the school district immediately loses its state adequacy grant for each voucher student.

The program does cap the cost to any one district at .25% of the previous year's budget, but that's still real money. Think of it in terms of the state budget. One quarter percent for the current biennium would be over \$11 million dollars out of our general fund. This is 2 or 3 times what would be needed to restore the CHINS program. In Concord, that's almost \$200,000 out of Concord's \$78 million budget. That's a lot of money to find out in September that you will lose in that school year.

In addition, the program shifts money from poorer to wealthier towns:

Say a private school student gets \$2,500 voucher or a home school student gets a \$600 voucher. Either way, the school loses over \$4,000 of its state adequacy grant. Where does that profit go? Among other things, it pays for the voucher students in towns like Portsmouth. The State can't take money from Portsmouth's adequacy grant because Portsmouth gets no state grant. So the profits from Concord are paying for the voucher students from Portsmouth.

This is a complex and poorly conceived program that takes money from our public schools and gives it to private schools.

### **There is no accountability to taxpayers**

Most states make their voucher schools accountable. They require at least standardized tests and often much more. But in New Hampshire, there is no accountability to the taxpayer for this large and perpetually growing stream of scarce public money.

### **The program will fund religious education**

Our Constitution forbids using state money to fund religious instruction. The voucher program is being challenged in court but, regardless of the court decision, it is bad state policy to spend our money teaching children that dinosaurs and people roamed the earth together a few thousand years ago.



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Most participating schools will probably be Christian schools. Of the 114 nonpublic schools in New Hampshire, 71 are religious schools. There are twice as many students in New Hampshire's religious schools as in secular private schools (11,000 vs. 5,500).

Grade school tuitions average \$12,000 in secular private grade schools and \$5,500 in religious grade schools. High schools cost even more. And out of district public school tuitions are \$10-\$15,000/year.

For many parents, a voucher will be sufficient to enable many parents to send their children to religious schools, but will not be enough to enable them to attend nonreligious schools.

As a result, our experience would probably be like that of other states - most of the participating schools will be small Christian schools with low tuitions.

And religion does play a central role in many of the 71 religious schools in New Hampshire:

At Cornerstone Christian Academy, a K-8 school in Epsom, the "purpose" of the school is "to be an extension of the Christian home and church . . . and thus to provide a continuity of training for Christian young people."

At Community Bible Academy in Berlin, "[a]ll subject matter is presented in light of the Scripture with a Biblical view of God and guiding principles to equip the student for life."

The "purpose" of Calvary Christian School in Plymouth is "to provide Christian education by integrating Biblical principles throughout the curriculum."

Dublin Christian Academy promulgates a "Statement of Faith" that professes that "the Genesis account of creation is to be accepted literally and not allegorically or figuratively"; that "all animal and plant life were made directly by God in six literal, twenty-four hour periods"; and that "any form of homosexuality, lesbianism, bisexuality, bestiality, incest, fornication, adultery, and pornography are sinful perversions of God's gift of sex." Ex. 37 at 179-80. This Statement of Faith also condemns all forms of abortion, including for pregnancies caused by rape or incest.

Many of New Hampshire's private religious schools describe themselves as "ministries" of a parish or church.

Laconia Christian School "has been a significant ministry of Laconia Christian Fellowship Church for more than 30 years."

The Lighthouse Christian Academy in Rochester is "a ministry of the Harvest of Praise Church of God."



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At Tabernacle Christian School in Litchfield, the “principal, teachers and other staff are employed in a ministry” of Tabernacle Baptist Church.

Most of New Hampshire’s religious schools require students to participate in religious activities such as Bible classes, worship services, and classroom prayer.

At Salem Christian School, “[a]ll grades incorporate Biblical principles in all subjects and also have regular Bible study classes” every day of the week except for Wednesday, which is when the weekly “chapel service” is held.

The Infant Jesus School, a Catholic elementary school in Nashua, requires all students, “regardless of the[ir] religious affiliation,” to “participate in all liturgies, classroom prayer, and other aspects of the spiritual life of the school. The teaching of Religion is a content subject in which all students must participate.”

The Bethlehem Christian School and others use the Accelerated Christian Education curriculum. ACE is a thoroughly creationist curriculum. Among many other Christian tenets, it teaches that:

- Humans and Dinosaurs Co-Existed
- Evolution Has Been Disproved
- A Japanese Whaling Boat Found a Dinosaur
- Science proves homosexuality is a learned behavior

These schools are entitled to their beliefs, but New Hampshire state law should not require tax payers to pay for them.

**Testimony to: House Ways and Means Committee**  
**Re: Testimony in support of HB 370**

**Date: January 30, 2013**

**From: Dr. Mark V. Joyce**

Good Afternoon, my name is Dr. Mark V. Joyce and I am the Executive Director of the New Hampshire School Administrators Association. I am here today to testify to our Association's and the NH Association of Special Education Administrator's, support for HB 370 - the repeal of the education tax credit program. Our Associations represent NH's school system leaders, including school superintendents, assistants, business administrators, special education and curriculum directors. Our opposition is based on the belief that this recently passed law is: poor public policy, was based on misleading and inaccurate financial information that will cause the loss of resources to school districts, children and taxpayers, and is in violation of the NH Constitution.

Let me briefly explain our position.

**Poor public policy**

For more than a century in the United States, public education has been a recognized public good that has been funded by public resources and controlled by elected representatives of the public. The bedrock basis of this unique and envied characteristic of America, is that an educated citizenry is an essential element in building our successful republic and a public good that benefits all citizens - even if they have no children of their own. It is so important a public benefit that it is funded by public money; like other areas that provide a public good (E.g. fire protection, police protection, etc.) Historically citizens have also had the personal right to choose to educate their own children in a different way as long as they assume the responsibility for that education. They have had the ability to home educate, seek religious based education, etc.

This bill seeks to establish a state government sponsored program that will redirect public resources to clearly privately controlled entities that do not serve the public good and are not publically controlled. This violates more than a century of common practice and is clearly at odds with New Hampshire's tradition of never allowing public funds to pass to private sectarian control. This

will create a duplicate system of meeting a governmental responsibility and waste public resources.

Some suggest tax credits are common in NH, we would suggest that tax credits have been used as pilot investments and as strategies to stimulate a new industry. To our knowledge tax credits have not been used to replace the governmental funding of a constitutionally recognized public good and service. What will be next allowing a tax credit for private police protection? Fire protection? Ambulance services?

**We believe that this law was based on misleading and inaccurate financial information that will cause the loss of resources to school districts, children and taxpayers.**

Supporters of the law, suggest that this bill is "revenue neutral". We strongly disagree for a variety of reasons:

- 1.) It is important to remember that education is not a "unit cost" business or industry as some would suggest. The costs do not increase or decrease depending on a student moving in or out of a school or district. In fact, in a typical school district 2-5 students could move out of every grade K-12 or 65 students (13 time 5) and a district would not save any resources of significance. That's over 6,000 students statewide with no savings of local obligation yet this bill would move significant dollars away from the school and taxpayers.
- 2.) There is also an assumption that the state would save its adequacy payments over time. Yes under the current system if a resident student attended a school left, the payment would eventually readjust over time. However, this legislation alters that adjustment so that an immediate payment is moved. While this may help the argument for the cost of the bill it establishes a clear legal issue when a school does not get its extra payment when a student who is not counted for adequacy aid but taxpayers must educate them moves into the district.
- 3.) There is no question that under this law, students who have always attended private or independent learning environments will apply for the scholarships even if they need to enroll in their resident public school first in order to qualify. To do less would be a clear discrimination issue. As you know, any resident may attend the local public school with out restriction. As a result, the cost impacts are clearly erroneous.
- 4.) Currently NH school districts, children and taxpayers are not receiving state assistance that is currently required by law. Specifically catastrophic special education, vocational tuition and transportation aids are prorated and underfunded and a moratorium exists for building aid. How is



financially prudent to voluntarily decrease revenue collection when, due to lack of revenues at the state level, you have already asked local tax payers to pay more?

**This legislation will cause a variety of legal and operational questions and challenges.**

As with any sweeping and radical change in public policy, there will, without a doubt, be many legal issues and legal questions that will emerge. The following are a few that have been raised by citizens I have met with in discussing legislative initiatives.

- 1.) We believe this law clearly violates the NH Constitutions prohibition against public money going to support private and sectarian institutions.
- 2.) Who approves these schools and by what criteria are they approved? Who assures that public redirected resources are not used for religious indoctrination or possible illegal activities?
- 3.) By receiving this money and trust are they subject to the right to know law? Are their operations open to public scrutiny?
- 4.) We assume they cannot discriminate and are subject to the full compliance of the federal and state laws and rules. E.g. 504 obligations. Do these schools understand the sweeping costs of these compliance measures?
- 5.) Who pays the special education costs for students? If it is the local resident district then this could be a significant cost increase if those services need to be provided in another location.
- 6.) Who monitors the operations of these "Non profit" scholarship organizations? Are they profit-making businesses using redirected public money to make more profit?

In summary, our opposition to this law and support for its repeal is based on the belief that this proposed legislation is poor public policy, is based on misleading and inaccurate financial information that will cause the loss of resources to school districts, children and taxpayers, and will cause a variety of legal and operational issues/questions. We encourage your support of this legislation that will repeal the law.

Respectfully Submitted,  
Dr. Mark V. Joyce  
Executive Director

1/31/13

HB 370

Bob Ely

My wife and I have a daughter attending a private school here in New Hampshire. We are currently struggling to pay the tuition, and we fear that if HB 370 is passed our daughter will be forced to attend government school since without the tax credit scholarship program in place we will no longer be able to afford the tuition. She is getting a much higher quality education than she would in government school. The cost to the state and taxpayers would be much smaller by leaving the tax credit scholarships in place. I understand that the state currently pays school districts a large sum (sorry I don't have the exact amount but believe it's in the \$11,000-\$15,000 range) per child attending these government run schools. The tuition at my child's school for next year will cost us \$6795. If the tax credit is allowed to take place the state will reimburse us only a portion of that tuition payment, but if our child is forced into the government school because of our inability to afford tuition at her current school the state will spend much more to educate her in a setting that provides inferior results. Leaving this tax credit law in place is good for the taxpayers, good for the students, and good for New Hampshire. Please Vote No on HB 370. Thank you, Bob and Julie Ely, New Hampton, New Hampshire

1/31/13 - HB 370 - Ben. Dadian

## Address to the House of Representatives of New Hampshire

Thank you Speaker Norelli and New Hampshire Representatives for allowing me to address you today.

My name is Benjamin Dadian. I am a senior at Laconia Christian School and a concerned New Hampshire citizen. This is my 4<sup>th</sup> year attending LCS and I am in the process of choosing which college to attend. During my second grade year, my mother noticed I had a few learning disabilities. After extensive testing, this learning disability was confirmed.

Why Laconia Christian School? There were many factors which influenced my parent's decision to choose LCS, however, the opportunity to improve my processing speed and the small class sizes with individualized attention were among the top. The public school in my city did not offer the same level of specialized assistance. Before attending LCS, I tested poorly in reading and writing classes. However, by the end of my sophomore year, I was testing at the top of the local public school class. If this bill is passed, it will severely limit the opportunity for future students to choose between a private or public school and receive the education they feel suits them best.

The argument has been made that the current law is contrary to the establishment clause by allowing the state to fund religious affiliated private schools. Following is a list of 32 non-religious New Hampshire private schools. *For the sake of time, I will not read them all for you.*

Andover - Proctor Academy

Antrim - Maharishi Academy Of Total Knowledge (Grades 9-12)

Bedford - Bedford Academy

Bethlehem - White Mountain School

Canaan - Cardigan Mountain School

Derry - Pinkerton Academy

Epsom - Pathfinder Academy - A Montessori school serving preschool-8th

Exeter - Phillips Exeter Academy

Dublin - Dublin School

Greenfield - Crotched Mountain Preparatory School

Hampstead - Hampstead Academy

Hollis - Hollis Academy

Hooksett - Mont Blanc Academy

Lyme - Crossroads Academy

Manchester - Derryfield School

Meriden - Kimball Union Academy

Nashua - 2nd Nature Academy

Nashua - World Elementary and Small World Country Day School

New Hampton - New Hampton School

Northwood - Coe-Brown Northwood Academy  
Peterborough - The Well  
Plymouth - Holderness School  
Raymond - Center of Optimum Learning  
Rindge - Hampshire Country School  
Rindge - The Meeting School  
Rumney - Hunter School  
Rumney - Bodhi Tree Montessori School  
Sanbornton - Sant Bani School  
South Tamworth - The Community School  
Tilton - Tilton School  
Wilton - High Mowing School  
Wilton - Pine Hill Waldorf School  
Wolfeboro - Brewster Academy

In 1971, during the Supreme Court case of *Lemon v. Kurtzman*, the Court decided on a three part test to see if a law violated the establishment clause.

1. *The government's action must have a secular legislative purpose;*
2. *The government's action must not have the primary effect of either advancing or inhibiting religion;*
3. *The government's action must not result in an "excessive government entanglement" with religion.*

The current law, as it stands, does not violate this test. However, to say a law must be passed repealing this law because the financial resources might go to a religious school would violate this test by "inhibiting religion."

Finally, in trying to pass HB-370 the authors express the possibility (not guaranteed) to increase state revenue, but at who's expense? Passing this bill would limit the choices of New Hampshire students - our potential future New Hampshire business owners. As Americans we believe in the cardinal right to liberty and the pursuit of happiness. The purpose of the government is to promote and further these rights. The current law promotes the pursuit of a fitting education (liberty) and the ability for students to receive the best suited education (pursuit of happiness). To pass this bill and repeal the current law would be to go against the very purpose of government. Thank you for allowing me to express my thoughts and thank you for representing me here at the state level.

"Madame Chairman, and Honorable Members of the Ways and Means Committee, Thank you for this opportunity to speak. I am Kimberly Nichols. I live at 5 Parker Circle Litchfield NH. I am a single mom to a very smart 14 year old young man, I am a home owner and a tax payer and for me there is no choice. I oppose House Bill 370.

My son was not being served in the NH Public School system and I simply cannot pay 25% of my gross salary for tuition to educate my son on top of the taxes that I already pay.

My son is not an A student however, he does have the intelligence to be one. He scores in the 90 plus percentile on "standardized testing".

Beginning in the 6th grade I have been unhappy with the school system that we were assigned to because of where we live. I am a very active parent and until the 6th grade my son was an honor roll student.

Several weeks into the first semester of 8th grade in our local public school, we had our first parent teacher conference. I sat down to talk to the teachers that had known my child for 7 weeks and the way they talked about him was as if he had no chance to succeed. I was told "Your son is lazy. I really don't see how we can make this any better." When I asked if he would possibly do better in a smaller learning environment, I was told. "Not all kids are private school material". They had dismissed my son after knowing him for 7 weeks. They never questioned why his grades did not match his potential. I left the conference defeated and really worried about my sons' future.

All year it was like pulling teeth to get any help when he struggled. I ended up paying a tutor to work on whatever my son could not get help with during the normal school day.

The worst part of all is, I had no idea that my son knew that his public school teachers did not think much of him or his potential until I finally decided to withdraw my son and he had an interview at the new school that he did transfer to.

The Vice Principal for academics asked my son, "If I were to ask your current teachers what they think of you, what would they say?" His reply was, "I am not very special. I don't think they would think anything of me". It was like a fist was rammed into my stomach. I had no choice I want my son to excel. I want my son to KNOW that he can do better.

So here we are in the first year at the private school that my son attends, the very same school where it was implied that my son was not a high enough achiever to attend. My son loves his school. He stays after every day and when I try to pick him up before 4 pm he asks to stay longer. He sees teachers after class for extra help and they are always there. He is not on the honor roll yet but he is getting all the help he needs to be on the honor roll when he finally catches up.

I pay taxes that should be educating my child and yet the public school system failed us. Some children will be successful in that environment. My son would not. We deserve a choice.

Repealing the Education Scholarship tax credit will impact me. It will impact my son. It will make it more difficult for us to survive. We need a scholarship.

Children are successful when they are in an environment suited to their needs. Not just wealthy children but all children. My child deserves no less. I urge the Committee to find HB 370 Inexpedient to Legislate. Thank you.

1/31/13 - HB 370 - Hon Kathleen Lauer-Rago

Thank you Madam Chair and committee members. My name is Kathy Rago and I will take four minutes to tell you why it is so important that you ITL this bill.

A bit of history – I am a former legislator and served on the House Education Committee and as its clerk last session. I chose not to run for re-election because I wanted to put my time and energy in to making sure this scholarship program flourishes and that other families never have to endure what my family went through in trying to find a better education fit for my kids.

A few years ago my oldest son was a high school senior (he had been homeschooled for ten years prior). He was a percussionist e.g. music major. Our district high school music program had been going downhill for years so we started searching for a better opportunity for him. He auditioned with an out-of-district public school and got in to their band program. We had a “gentlemen’s agreement” with the out-of-district school so no extra costs to us. Well, we also realized he needed to take an Honors Geometry course which was not offered at our district school in the timeframe needed, but was available at the out-of-district school. We were told that for him to take ONE more class we would now need to pay \$10K for out-of-district tuition! We could not afford that so we started looking around and found the Virtual Learning charter school which is where he took that class.

Now along comes my daughter starting 9<sup>th</sup> grade a few years ago. I was not happy with the environment at our district high school so we started looking at other options for her 10<sup>th</sup> grade. We looked at two different private high schools and both were possibilities. We were hopeful for a positive change UNTIL we found out the costs! We could not afford to send her to a private school and Virtual learning charter school was not a good fit for her.

Have you ever had that feeling of utter helplessness? Of not being able to give your child the BEST education because of the money? Well let me tell you it is not a happy place for anyone! She was STUCK with no options and we managed to muddle through.

If this scholarship program were available 3-4 years ago we would have had options! If this legislative body is truly all about helping middle-class families THEN leveling the playing field so that EVERYONE has the same educational options (NOT just the wealthy). I ask you to look at ALL the benefits of this scholarship program with an open mind and if you do that then I believe that you will see the value to our NH families and vote ITL on HB370!

Thank you.

Hon Kathleen Lauer-Rago

Testimony on HB370 – Recommend ITL

1/31/13

HB 370: Repeal of the Education Tax Credit Law  
**NHSBA Support for HB 370**

NHSBA is a voluntary membership organization, with approximately 90-95% of all school boards annually belonging as members of the association. NHSBA represents locally elected school board members statewide, who have consistently adopted resolutions opposing programs such as the Tax Credit law adopted by this legislature last year. HB 370 repeals that legislation which in effect established vouchers to provide support for attendance at private schools.

Last year's legislation was the wrong public policy statement, and sent the wrong message. Our system of public education is for ALL children: a tax supported system that exists for a common good, the availability of a free public education for all. And THAT system is what should remain the focus of public policy makers; not a program to divert public tax dollars for the benefit of private and religious schools.

The simple fact is that the Education Tax Credit program diverts money FROM the state (general fund and education trust fund) to individuals - purportedly to support their personal choices. But who really has that choice? NOT the parent or child - it is the private school that has the choice of who to accept. Vouchers actually 'leave behind' many disadvantaged students because private schools may not accept them or do not offer the special services they need. The value of an "average" voucher, at \$2,500, does not cover a typical private, or religious, school's cost of tuition. This is not school choice.

The current Tax Credit Program simply siphons away state revenue meant for public purposes to fund private purposes. This is undeniable: without a tax owed to the state, there would be no "credit" to offer. It is a violation of our state's tradition of not allowing public funds to be utilized for private purposes.

And why would the state consider diverting money away from state revenues when you are not meeting the commitments currently owed? Last session and again this session, we have all heard comments on "difficult choices" and how to "spread the pain" of budget cuts. The state chose to not meet its current commitments for special education. That lack of reimbursement for costs already incurred leaves districts with less than 70% of what the state promised in revenue to support these required services. Building aid for new projects has been "on hold" for four years. Vocational Tuition & Transportation aid was significantly reduced, putting regional tech programs at risk, and ultimately funded at less than 70% of entitlements. Funding for dropout prevention and Local Education Improvement Programs was eliminated. The state's historical long-standing participation in retirement costs has been eliminated. And the response to these cuts was to reduce incoming revenue by allowing tax credits that fund private schools - this doesn't help our public schools at all. This program diverts attention, commitment and dollars from public schools to pay private school tuition for a few. Public money should be invested in meeting current commitments and strengthening the schools that educate the vast majority of our students - our public schools.

But the downshift in cost is even more extensive since LOCAL DISTRICTS are subject to cuts in their Adequacy Aid. Losses in revenue at the local level will not be known until September and AFTER budget adoption, impacting current year operations. Despite claims of some level of operational savings for anticipated small reductions in enrollments, any real savings are a doubtful prospect at best given fixed operational costs.

School board members across the state have considered and discussed this issue for many years, and at our annual Delegate Assembly meeting, where we



consider resolutions of the Association, the following resolutions have been adopted:

II:A• NHSBA proposes that the state fully fund all state education aid formulas before the funding of any other state obligation. (1994)

I:A• NHSBA supports the utilization of public education funds solely for public school purposes as determined by the local school boards. (1991)

I:B• NHSBA urges the NH Legislature and Congress to oppose any efforts to subsidize elementary or secondary private, religious or home schools with public tax dollars. Specifically, NHSBA opposes the creation of vouchers, tax credits and tax subsidies that in any form are targeted to the tuition or expenses for non-public K-12 schools. Rather than diverting scarce tax dollars away from our public school classrooms, NHSBA urges the NH Legislature and Congress to support improvements in our public schools and meet current funding obligations and promises, benefiting the vast majority of America's children who are educated daily in our public schools. (2005)

We urge your support and passage of HB 370.

Thank you for your time and consideration.

Dean Michener, NHSBA  
228-2061  
deanm@nhsba.org

Jim Forsythe  
Sponsor of SB 372  
Former Senator District 4  
603-822-2588  
[jim@jimforsythe.com](mailto:jim@jimforsythe.com)

You will shortly hear from some families, and they should be the sole focus of the debate around education tax credits. The goal of the program was to create options in education for low income families, and these parents will uniquely show the need for that. However, the reality is that fiscal impact must to be part of the debate.

In the last few days the fiscal note for HB 370 has been revised to include an estimate of increased expenditures. These numbers very closely mirror the reverse of the fiscal note from SB 372. The slight difference, in my understanding, is due to DOE not needing the full \$100,000 that was allocated for personnel in SB 372. The following numbers, coming from the fiscal note, reflect what would happen if HB 370 passed and the education tax credit program were repealed. While state revenues would increase by \$3,740,000 in FY 2014, and \$5,610,000 in FY 2015, state expenditures would increase by \$3,989,776 in FY 2014, and \$5,918,739 in FY 2015, resulting in a loss to the state of around \$250,000 in FY 2014 and \$308,000 in FY 2015. So to be clear, the current tax credit program is expected save the state money, while a repeal would cost the state money.

On the local level, school districts are expected to lose revenue of around 0.1% of their budget on average, and are guaranteed not to lose more than one quarter of 1%. The savings, due to having fewer students, is more difficult to estimate. While school administrators will commonly say that they will save no money with reduced students, several studies, including one done by the Josiah Bartlett Center, place the variable cost of education at between 70 to 85% of the per-pupil costs. Since state-aid averages less than a third of the per-pupil costs, this means school districts could see substantial savings on average. This is especially true for towns in cooperative school districts where they pay based on a formula and enrollment data.

The fiscal impact of education tax credits could be motivation enough to keep them in place and not repeal the program. That means the program benefits beyond the fiscal impact can be judged on their own merit. The scholarship program provides increased educational opportunities for low income families, and in other states has been shown to increase the quality of traditional public education due to competition. Because of this, the NH program is likely to gather more and more bipartisan support over the years, as it has another states. For example, nearly half the Democrats in the Florida Legislature now support the Tax Credit Scholarship for low-income students, along with two-thirds of the Black Caucus and all but two members of the Hispanic Caucus. When the Florida Legislature approved the program nearly 10-years ago, only one Democrat backed the plan. Additionally, Arizona, Rhode Island, and Iowa passed tax-credit initiatives recently, and Pennsylvania expanded its existing business tax credit program. The Arizona, Iowa, and Pennsylvania bills became law under Democratic governors, and the

Rhode Island business-tax credit was born in a legislature controlled by Democrats. In New Jersey, a strong center-left coalition, including many prominent African-American Democrats- most notably, Newark Mayor Cory Booker- support their tax credit program. Finally, in deep dark-blue New York, Democratic Gov. Eliot Spitzer proposed an education tax credit program. I'm hopeful that the small number of NH Democrats who voted for this program will soon be joined by a growing number of their colleagues. The families you will hear from shortly are counting on it.

References:

<http://www.cato.org/publications/commentary/school-choices-ace-hole>

<http://www.redefinedonline.org/2011/01/democratic-support-for-vouchers-florida-serves-as-a-case-study-for-boehner-lieberman/>

<http://www.rockthecapital.com/01/14/governor-rendell-weighs-school-choice/>

<http://www.edreform.com/2012/12/education-next-pepg-results-2012/>

1/31/13 - HB 370 - Jim Forsythe

STATE OF NEW HAMPSHIRE  
OFFICE OF LEGISLATIVE BUDGET ASSISTANT  
FISCAL NOTE WORKSHEET

Date Sent to Agency: 5/18/2012 LSR #: 12-2995  
 Agency: Department of Revenue Administration Bill #: SB 372  
 Due to LBAO: ASAP Amendment #(s): 2012-2190h  
 Correction to prior response? (Y/N): N

State Fund(s) Affected:

General: XXX Federal: Other: XXX - Education Trust

	FIRST BIENNIUM		SECOND BIENNIUM		FY 2016
	FY 2012	FY 2013	FY 2014	FY 2015	
State Revenue	Not Applicable	Cannot Be Determined	Cannot Be Determined	Cannot Be Determined	Cannot Be Determined
State Expenditure	Not Applicable	Cannot Be Determined	Cannot Be Determined	Cannot Be Determined	Cannot Be Determined
Net State Impact	Not Applicable	Cannot Be Determined	Cannot Be Determined	Cannot Be Determined	Cannot Be Determined

County Revenue	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
County Expenditure					
Net County Impact	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

Local Revenue	Not Applicable	Cannot Be Determined	Cannot Be Determined	Cannot Be Determined	Cannot Be Determined
Local Expenditure	Not Applicable	Cannot Be Determined	Cannot Be Determined	Cannot Be Determined	Cannot Be Determined
Net Local Impact	Not Applicable	Cannot Be Determined	Cannot Be Determined	Cannot Be Determined	Cannot Be Determined

- NOTE: (1) List only the amount of change in the appropriate column.  
 (2) Place all negative numbers in parenthesis.  
 (3) You may replicate this worksheet.  
 (4) Refer to Guidelines for Fiscal Note Worksheets for further information.

A) **ASSUMPTIONS:** Explain how estimate was derived. Describe costs that can be absorbed without additional funding. If no estimate can be prepared, explain why in detail. If no fiscal impact, explain why in detail.

1. This bill, as amended by #2012-2190h, establishes an Education Tax Credit for use against the Business Profits Tax (BPT) or the Business Enterprise Tax (BET).
2. The aggregate amount of credits issued in the first year shall not exceed \$3,400,000 (for total contributions of \$4,000,000).
3. The aggregate amount of credits issued in the second year shall not exceed \$5,100,000 (for total contributions of \$6,000,000).
4. The aggregate amount of credits issued in the third year (and beyond) is contingent upon whether or not the total amount of donations used for scholarships exceeds 80 percent of the tax credits allowed in the prior year and if the Community Development Finance Authority (CDFA) provides confirmation to the Department of Revenue Administration (DRA) that they have received sufficient contributions. If the 80 percent threshold is exceeded and the CDFA has received sufficient contributions then the credits aggregate amount of credits available would increase by 25 percent. For the third year this could result in an increase of credits available to \$6,375,000 (for total contributions of \$7,500,000).
5. In addition to the tax credits issued, the program could also reduce the starting point for the calculation of BPT due as a result of federal deductions for charitable contributions. The maximum amount of this revenue loss would be 8.5% of the total contributions in each program year.
6. The timing of the revenue loss cannot be determined. The loss is likely to be spread across multiple fiscal years due to the timing of business organizations' tax years, whether the credit is anticipated when making estimate payments and whether a business files their final return on time or on extension.
7. The bill, as amended, does not provide for the carryover of unused credits to subsequent taxable periods.
8. The DRA believes it will be able to administer this bill, as amended, with the DRA's current staffing, but with incurring minimal additional administrative and IT costs to get the program up and running.
9. The DRA is unable to estimate the fiscal impact with respect to state adequacy funding or local expenditures as a result of this legislation. The Department of Education has been working to evaluate this impact and would be in the best position to provide additional fiscal impacts.
10. The bill, as amended, would become effective upon passage with the first program year beginning January 1, 2013. The DRA finds it important to note, that if statutory language is passed and the DRA's forms are required to go through the Joint Legislative Committee on Administrative Rules (JLCAR) (HB 564 or similar language amended onto SB 399), the DRA will not be able to create, draft, submit to JLCAR, hold a public hearing, attend the JLCAR public hearing and obtain JLCAR approval on all the forms required by this bill in order to implement this program by January 1, 2013. This bill must be amended to start this program on January 1, 2014.

B) **METHOD:** Show calculations used to determine fiscal impact. **Calculations must agree with and explain totals on first page.**

The bill as amended would have no fiscal impact in FY 2012 and an indeterminable fiscal impact for FY 2013 forward.

The fiscal impact for the first program year would be a maximum loss in revenue of \$3.4 million available as a credit against BPT or BET, plus 8.5% of the corresponding total contributions of \$4.0 million, or \$340,000, as a result of federal deductions for charitable contributions. Again, this is a maximum loss as not all of the credit may be issued or taken, and not all contributions may be taken as a deduction federally.

The timing of the revenue loss for the first program year is likely to be spread across multiple fiscal years due to the timing of business organizations' tax years, whether the credit is anticipated when making estimate payments and whether a business files their final return on time or on extension. If the first program year begins January 1, 2013 then the potential loss in revenue could occur during FY 2013, FY 2014 or FY 2015.

The fiscal impact for the second program year would be a maximum loss in revenue of \$5.1 million available as a credit against BPT or BET, plus 8.5% of the corresponding total contributions of \$6.0 million, or \$510,000, as a result of federal deductions for charitable contributions. Again, this is a maximum loss as not all of the credit may be issued or taken, and not all contributions may be taken as a deduction federally.

The fiscal impact of the third program year would be a maximum loss in revenue of \$6.375 million available as a credit against BPT or BET, plus 8.5% of the corresponding total contributions of \$7.5 million, or \$637,500, as a result of federal deductions for charitable contributions. Again, this is a maximum loss as the credits for the third year may not necessarily increase, not all of the credit may be issued or taken and not all contributions may be taken as a deduction federally.

**C) ESTIMATED FISCAL IMPACT (from A and B): Estimated Fiscal Impact must agree with the totals on first page.**

The bill as amended would have no fiscal impact in FY 2012 and an indeterminable fiscal impact for FY 2013 forward.


**D) ADDITIONAL OR LONG-RANGE EFFECTS:**

**E) TECHNICAL OR MECHANICAL DEFECTS:** Note any conflicts with existing law. Do not comment on the merits of the legislation.

F) **OTHER COMMENTS:** Include tax variables, federal mandates, etc.

The DRA finds it important to note, that if statutory language is passed and the DRA's forms are required to go through the Joint Legislative Committee on Administrative Rules (JLCAR) (HB 564 or similar language amended onto SB 399), the DRA will not be able to create, draft, submit to JLCAR, hold a public hearing, attend the JLCAR public hearing and obtain JLCAR approval on all the forms required by this bill in order to implement this program by January 1, 2013. This bill must be amended to start this program on January 1, 2014.

AGENCY REPRESENTATIVE PREPARING WORKSHEET: Lindsey Stepp NHDRA 230-5012

  
\_\_\_\_\_  
Name/Signature

Asst. Commissioner NHDRA 230-5006  
\_\_\_\_\_  
Title, Agency and Phone Number

5/22/12  
\_\_\_\_\_  
Date



**New Hampshire Department of Education**

**Calculation details for SB372/HB1607 Proposed Amendment 2028s from 4/4/12**

**As of May 6, 2012 v1**

1. Critical Assumptions:

- a. It is assumed that the number of public school students who apply for private school will double the first year due to the scholarship. Without clear metrics for this expansion, the Department is using a doubling estimate referenced by Senator Forsythe as typical in other states. If this number turns out to be much lower, the financial cost to local schools will be higher and the savings to the state will be lower (cost higher). Similarly, although the fiscal note is estimated based upon maximum scholarships, it is not clear if the program will be implemented quick enough to achieve this magnitude. Given that scholarship recipients will typically only receive a grant for one year, it's not clear if the scholarship will incent parents to stay in the private school for multiple years.
- b. It is not clear how many recipients will return to public school after trying private/home school. For the purpose of this estimate, it was assumed 28% of the students will return. This is based upon analysis of 2009 students who left public school to go to private/home and then returned over the following two years. If the number of students who return to public school increases, it will have a higher cost to the state.
- c. Estimates are based upon existing data, using historical data to predict future expenditures. However, it is expected that actual data will vary from these existing numbers. For example, if a large number of students come from a small number of districts then the % of aid reduction that exceeds the .25% of the district budget may expand. As such, the state expenditures can increase significantly. For example if the scholarships were concentrated in Manchester and Nashua, then the % of funds that exceeded the .25% could be very large -- therefore increasing the state expenditure. It is not possible to predict where the scholarship students will come from. Additionally, other factors that could change the impact include the % of FOR students -- a higher than 40% would reduce the state expenditures, but also increase the local loss of revenue. A worst case scenario could be run that would assume most students come from a small number of high F&R districts.

2. Follow-up Items:

- a. If CACR12 is adopted and passed by the electorate it can be anticipated that there will no longer be the same adequacy grant structure for all towns and therefore local adequacy funding would no longer offset the tax credit as calculated in 198:40.
- b. Department of Revenue should be looked to in order to understand the impact on local towns if their estimated adequacy payments are reduced after voters have voted on budgets and potentially after school has begun.

2. Follow-up Items (cont.)

- c. This estimate is based upon the impact of adequacy aid and local expenditures and revenues. It also include one additional FTE at the NH DOE. It does not include expenses by the NH DRA to administer the program. Depending upon the level of oversight requested this effort could be significant. We are not in the position to estimate any expenditures for NH DRA.
- d. It appears that the legislation would allow a company to help establish a nonprofit who's express mission was to provide scholarships for the employees of the said company. It would allow a company to offer this benefit to it's employees by contributing only 10% of the cost. If this is not the intent, the legislation should be modified to prevent this situation. Perhaps change, 77-G:1 Education Tax Credit V (b) to "Not restrict or reserve scholarships for use at a single nonpublic school and not restrict or reserve a scholarship for a specific student, person or group of students associated with specific businesses."
- e. The estimates for scholarships by district do not take into account that students from one town could belong to different districts (e.g. a high school student in Exeter would belong to Exeter Cooperative, where as an elementary student would belong to Exeter school district. Additional work could be done to improve these estimates. However, the current estimates should be more conservative given the fact that a larger number of districts are liable to exceed the .25% limitation.

3. The estimated impact on the expenses of local schools is a controversial consideration. For the purpose of this fiscal analysis, the department used a figure of a \$500 reduction for each student. This figure was identified after contacting business administrators in local school districts. There are two primary reasons driving this. First, for a large percentage of the reduced student aid the students would have left the district anyway, but given the mythology for adequacy funding the school would not have lost aid. Additionally, with a small number of additional students leaving an average school (approximately 1 student per grade) the expenses reduction is minimal. Small changes will generally not have staffing or large expense impact. We contacted three district business administrators to get a sense for the anticipated reduction in expenses. All three believed the reduction is minimal with \$500 being a high estimate. Having said this, Senator Forsythe has provided three reports from other states that indicate a significantly higher benefit to the schools. One of these reports also concurs that small changes have minimal impact. The Josiah Bartlett Center report identifies that small changes in student enrollment by grade does not impact local expenditures, "The ratio of fixed to variable costs will be highest if only a few students leave from each grade level. The loss of only a few students at any grade level will not have much of an impact on the cost structure of a district but over a period of more than one year, districts can consolidate classrooms in response to the loss of students and have substantial ability to adjust costs.(The Fiscal Impacts of School Choice in New Hampshire, Feb, 2004)." However, the Department is currently reviewing the other reports and their applicability to NH. We will adjust this estimate if appropriate after further review.

New Hampshire Department of Education  
**Calculation details for SB372/HB1607 Proposed Amendment 2028s from 4/4/12**  
 As of May 6, 2012 v1  
 Year 1 Estimate

a. Aid Provided in Grants based upon RSA 198:40 (for 2013)	\$	578,236,605	
b. Cost of Adequate Education as defined in 198:40a I-III (for 2013)	\$	778,334,935	
c. Total Pupils	\$	189,276	
d. (b/c) Average Aid (198:40a I-III) per Pupil (based on current formula)	\$	4,170	Adj for CPI
d1. Assumed percentage of switchers qualified for F&R		40%	
d2. Average Aid based on 40 % F&R assuming zero Special Ed	\$	4,208	Adj for CPI
e. (Counts Worksheet) Total excluding Grades K-3 (grades K-3 not eligible)		1,805	
f. (=e) Rough Estimate of Potential New Additional Students in Year 1 (assumed withdrawals double)		1,805	
g. (=e+f) Estimate of Total Public School Students Applying for Scholarship Year 1		2,454	
o. (law) Total Tax Credits	\$	3,400,000	
o1. (law) Percent Tax Credit		85%	
p. (o/o1) Available Funds (accounts for 85% tax credit)	\$	4,000,000	
p1. (law) Admin Allowable Percentage		10%	
q. (p*(1-p1)) Scholarship Funds year 1	\$	3,600,000	
r. (p*p1) Admin Costs year 1	\$	400,000	
s. DOE Costs (estimated at approximately 1 FTE)	\$	100,000	
s1. (p*.085) BPT Cost for Tax Deduction (8.5% of total tax deduction)	\$	340,000	
s2. Scholarship Stabilization Cap		0.25%	
s4. Stabilization Grants based on Voted Appropriations (see ByDistrictY1)	\$	1,092,181	

**Current Adequacy Law**

<b>State Impact</b>			
t. ((k-n)*e)-s3 State Aid Reduced	\$	3,989,776	
u. (o+s+s1) Grant, BPT and DOE Cost	\$	3,840,000	
v. (t-u) Net Impact (savings)	\$	149,776	
<b>Local Impact</b>			
w. (=t) Aid Reduced to Local Town (same as state aid reduction)	\$	3,989,776	
x. (.5*k*500) (Reduction to Local Expenditures (after discussion with three districts, \$500 considered high end of benefit for small number student reduction)	\$	301,915	
y. (x-w) Net Impact (loss of revenue beyond reduction in expenses)	\$	(3,687,861)	

**Calculating Switchers, NonSwitchers and Scholarship Size**

X	Number of Switchers	
Y	Number of NonSwitchers	
P	Probability of Being a Home Schooler	
Sp	Average Private School Scholarship	
Sh	Average Home School Scholarship (Sb/4)	
A	Total Available Scholarship Amount	
A = Sh * P * X + Sp * (1-P) * X + Sh * P * Y + Sp * (1-P) * Y		
X / (X+Y) = PctSwitchers = .7		
P =	18,690 private students 11-12; 5,285 home school 11-12 (5,285 / total)	22%
Sp	defined in legislation	\$ 2,500
Sh	Sb / 4	\$ 625
A	defined in legislation	\$ 3,600,000

solving for above two equations

X / (X+Y) = .7 therefore Y = 3/7 \* X  
 A = Sh\*P\*X + Sp\*(1-P)\*X + Sh\*P\*Y + Sp\*(1-P)\*Y  
 A = Sh\*P\*X + Sp\*(1-P)\*X + Sh\*P\*(3/7\*X) + Sp\*(1-P)\*(3/7\*X)  
 A=X\*(Sh\*P + Sp\*(1-P) + Sh\*P\*3/7 + Sp\*(1-P)\*3/7)  
 X = A / (Sh\*P + Sp\*(1-P) + Sh\*P\*3/7 + Sp\*(1-P)\*3/7)      1208  
 Y = 3/7 \* X      518

Xh	Number Home School Switchers (X*P)	266	\$	166,383.91
Xp	Number Private School Switchers (1-X)*P	941	\$	2,353,616.09
Yh	Number Home School Non-Switchers (Y*P)	114	\$	71,307.39
Yp	Number Private School Non-Switchers (1-Y)*P	403	\$	1,008,692.61
			\$	3,600,000
checks	22% Percent total of homeschoolers			
	70% Percent of switchers			

New Hampshire Department of Education  
 Calculation details for SB372/HB1607 Proposed Amendment 2028s from 4/4/12  
 As of May 6, 2012 v1

a. Aid Provided in Grants based upon RSA 198:40 (for 2013)	\$	578,236,605	
b. Cost of Adequate Education as defined in 198:40a I-III (for 2013)	\$	778,334,935	
c. Total Pupils	\$	189,276	
d. (b/c) Average Aid (198:40a I-III) per Pupil (based on current formula)	\$	4,170	Adj for CPI
d1. Assumed percentage of switchers qualified for F&R		40%	
d2. Average Aid based on percentage of switchers, assuming zero Special Ed	\$	4,208	Adj for CPI
e. (Counts Worksheet) Total excluding Grades K-3 (grades K-3 not eligible)		1,805	
f. (=e) Rough Estimate of Potential New Additional Students in Year 1 (assumed withdrawals double)		1,805	
g. (=f) Estimate of Total Public School Students Applying for Scholarship Year 1		2,616	
o. (law) Total Tax Credits	\$	5,100,000	
o1. (law) Percent Tax Credit		85%	
p. (o/o1) Available Funds (accounts for 85% tax credit)	\$	6,000,000	
p1. (law) Admin Allowable Percentage		10%	
q. (p*(1-p1)) Scholarship Funds year 1	\$	5,400,000	
r. (p*p1) Admin Costs year 1	\$	600,000	
s. DOE Costs (estimated at approximately 1 FTE)	\$	100,000	
s1. (p*.085) BPT Cost for Tax Deduction (8.5% of total tax deduction)	\$	510,000	
s2. Scholarship Stabilization Cap		0.25%	
s3. Stabilization Grants based on Voted Appropriations	\$	506,768	
s4. Prior Year Stabilization Grant	\$	1,092,181	

**Current Adequacy Law**

<b>State Impact</b>			
t. ((k-n)*e)-s3 State Aid Reduced	\$	5,918,739	
u. (o+s+s1) Grant, BPT and DOE Cost	\$	5,710,000	
v. (t-u) Net Impact (savings)	\$	208,739	
<b>Local Impact</b>			
w. (=t) Aid Reduced to Local Town (same as state aid reduction)	\$	5,918,739	
x. (.5*k*500) (Reduction to Local Expenditures (after discussion with three districts, \$500 considered high end of benefit for small number student reduction)	\$	446,620	
y. (x-w) Net Impact (loss of revenue beyond reduction in expenses)	\$	(5,472,119)	

**Calculating Switchers, NonSwitchers and Scholarship Size**

X	Number of Switchers
Y	Number of NonSwitchers
P	Probability of Being a Home Schoolers
Sp	Average Private School Scholarship
Sh	Average Home School Scholarship (Sb/4)
A	Total Available Scholarship Amount

$$A = Sh * P * X + Sp * (1-P) * X + Sh * P * Y + Sp * (1-P) * Y$$

$$X / (X+Y) = PctSwitchers = .7$$

P =	18,690 private students 11-12; 5,285 home school 11-12 (5,285 / total)	22%
Sp	defined in legislation	\$ 2,535
Sh	Sb / 4	\$ 633.75
A	defined in legislation	\$ 5,400,000

solving for above two equations

$$X / (X+Y) = .7 \text{ therefore } Y = 3/7 * X$$

$$A = Sh * P * X + Sp * (1-P) * X + Sh * P * Y + Sp * (1-P) * Y$$

$$A = Sh * P * X + Sp * (1-P) * X + Sh * P * (3/7 * X) + Sp * (1-P) * (3/7 * X)$$

$$A = X * (Sh * P + Sp * (1-P) + Sh * P * 3/7 + Sp * (1-P) * 3/7)$$

$$X = A / (Sh * P + Sp * (1-P) + Sh * P * 3/7 + Sp * (1-P) * 3/7)$$

$$Y = 3/7 * X$$

Xh	Number Home School Switchers (X*P)	394	\$	249,575.86
Xp	Number Private School Switchers (1-X)*P	1393	\$	3,530,424.14
Yh	Number Home School Non-Switchers (Y*P)	169	\$	106,961.08
Yp	Number Private School Non-Switchers (1-Y)*P	597	\$	1,513,038.92
			\$	5,400,000

checks  
 22% Percent total of homeschoolers  
 70% Percent of switchers

**Calculations for stabilization cap**

Assumed Attrition of switchers	28%
Number of prior year switchers still in program	870
Required new switchers	916

1/31/13 - HB 370 - Devon Chaffee



# NEW HAMPSHIRE CIVIL LIBERTIES UNION

18 Low Avenue  
Concord, New Hampshire 03301  
603-225-3080  
www.NHCLU.org

DEVON CHAFFEE  
EXECUTIVE DIRECTOR

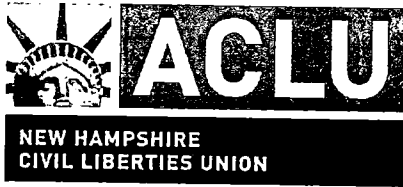
To: Ways and Means Committee, New Hampshire House of Representatives  
From: Devon Chaffee, Executive Director, New Hampshire Civil Liberties Union  
Date: January 31, 2013  
Re: In Support of House Bill 370

Dear Chairman Almay and other members of the Committee:

I submit this testimony on behalf of the New Hampshire Civil Liberties Union (NHCLU)—a non-partisan, nonprofit organization working to protect civil liberties throughout New Hampshire—in strong support of HB 370. HB 370 would eliminate an Education Tax Credit Program adopted in 2012 as RSA 77-G that forces New Hampshire taxpayers to subsidize religious instruction. The NHCLU is currently challenging the ill-conceived Tax Credit Program in Strafford Superior Court as a violation of the New Hampshire Constitution’s robust protections of separation of church and state.

Litigation is a time consuming and cumbersome way to shape public policy. The General Court should exercise its authority in the near term to protect taxpayers’ constitutional rights by adopting HB 370 and ensuring that the Tax Credit Program is never fully implemented. For these reasons, as explained in greater detail below, the NHCLU respectfully urges the members of this Committee to recommend that the House pass HB 370.

- **The New Hampshire Constitution rightly mandates strict separation of church and state, and includes explicit prohibitions on using taxpayer dollars to support religious education.** Part I, Article 6 of the New Hampshire Constitution states, “[N]o person shall ever be compelled to pay towards the support of the schools of any sect or denomination.” Part II, Article 83 states in part, “Provided, nevertheless, that no money raised by taxation shall ever be granted or applied for the use of the schools of institutions of any religious sect or denomination.” The New Hampshire Supreme Court has interpreted these provisions as strictly prohibiting any diversion of tax funds that could be used to support religious activities of religious educational institutions, previously striking down a tax credit program similar to that under RSA 77-G.<sup>1</sup>
- **The Tax Credit Program effectively constitutes public funding for religious education.** By entitling businesses that make donations to scholarship organizations to a tax credit against the business profits and business enterprise taxes equal to 85 percent of their donation, the Education Tax Credit Program requires that the government forgo revenue that it would otherwise receive and allows that money to be diverted to private and religious schools.
- **The Tax Credit Program will primarily benefit religious schools that will be free to use Program funds for religious indoctrination and proselytization.** The Tax Credit Program will primarily benefit religious schools because approximately two-thirds of New Hampshire’s private-school students attend religious schools, and because program scholarships will cover a much greater percentage of tuition at religious schools than at non-religious schools — which typically have much higher tuition rates. Nothing in the Tax



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Credit Program statute restricts schools from using Program scholarship funds for religious instruction or worship and most of New Hampshire's religious schools require students to take part in religious activities.

- **Implementation of the Tax Credit Program will reduce state funding to public schools.** As public school students receive scholarships and enroll in private schools, New Hampshire public school districts – which have already faced substantial budget cuts – will suffer, losing state aid awarded on a per-pupil basis. These schools will continue to be saddled with fixed costs, such as maintenance, utilities, and transportation, even as their funding decreases. “Stabilization grants” established under RSA 77-G to offset the loss of state aid are time limited and fail to cover the full amount of funding lost to individual school districts.
- **Schools and scholarship programs that discriminate based on religion are eligible to receive Program Funds.** Most of New Hampshire's religious schools discriminate on the basis of religion, either in hiring employees or in admitting prospective students. The Tax Credit Program statute does not prohibit schools that enroll students receiving Program scholarships from discriminating based on religion in admissions or employment. The statute also does not prohibit scholarship organizations from directly discriminating based on religion among students in awarding scholarships.
- **The amount of funds authorized to be diverted through the Tax Credit Program is significant.** As noted in the Department of Revenue Administration's fiscal note to HB 370, in Fiscal Year 2014 the Department is authorized to award up to \$3.4 million in tax credits, in Fiscal Year 2015 it is authorized to award up to \$5.1 million and in subsequent years, the amount of taxes due to the state that can be diverted to private schools could increase by up to 25 percent annually.
- **The Tax Credit Program will not improve student education.** According to multiple studies of programs in the District of Columbia, Milwaukee, and Cleveland that diverted public funding for reimbursement of private and religious schools, those programs failed to improve academic achievement.<sup>ii</sup> Studies have also shown that such programs are not an effective market-based mechanism to improve public schools.<sup>iii</sup>

The New Hampshire General Court should stop this constitutionally flawed Tax Credit Program now, before any additional State resources are spent on its implementation. The NHCLU respectfully urges the members of this Committee to recommend that the New Hampshire House of Representatives ought to pass HB 370. Please do not hesitate to contact me if I can provide any additional information.

<sup>i</sup> *Opinion of the Justices*, 109 N.H. 578 (1969).

<sup>ii</sup> See, e.g., 2010 DC Final Report; U.S. Dep't of Ed., *Evaluation of the D.C. Scholarship Program: Impact After 3 Years* (Apr. 2009); *Cleveland 1998-2004*, Plucker, et al., *Evaluation of the Cleveland Scholarship and Tutoring Program, Executive Report 1998-2002* (Feb. 2006).

<sup>iii</sup> See Dodenhoff, *Fixing the Milwaukee Public Schools: The Limits of Parent Driven Reforms* (Oct. 2007).

1/31/13 - HB 370 - Dominique Vazquez-Vanasse

My boys, Rafael and Enrique, ages 8 and 5, attend a private school in the Lakes Region of New Hampshire. They would not be able to continue to attend this school they love and NEED if the scholarship program is repealed and they no longer have school choice.

We have managed, with great difficulty and a lot of sacrifice (for example, dropping our auto insurance), to pay for our children's schooling to this point. Next year, tuition costs will be rising and we will not be able to afford to send them anymore without a Network for Educational Opportunity Scholarship. We have already applied for the scholarship for the coming school year, and we need a reduction in the burden of school costs.

Our 5-year-old has sensory issues. He has not only thrived and grown at his school, but has made friends as well, a great leap for him. This is all due to the small classroom setting and patient, individual care of his teachers. He would not get this in a public school setting.

Our 8-year-old consistently scores at the top of his class on NEWA testing, and his school in general scores well above public schools nationwide. He also has made lasting, deep friendships in the four years that he has attended his school.

Repealing the tax credit would directly affect our children's education and well-being. This is personal. ***For the sake of my children and so many other children who would benefit from an Education Tax Credit Scholarship, PLEASE don't repeal it, and vote NO on HB370***

**Dominique Vazquez-Vanasse**

(603) 455-8311

My boys, Rafael and Enrique, ages 8 and 5, attend a private school in the Lakes Region of New Hampshire. They would not be able to continue to attend this school they love and NEED if the scholarship program is repealed and they no longer have school choice.

We have managed, with great difficulty and a lot of sacrifice (for example, dropping our auto insurance), to pay for our children's schooling to this point. Next year, tuition costs will be rising and we will not be able to afford to send them anymore without a Network for Educational Opportunity Scholarship. We have already applied for the scholarship for the coming school year, and we need a reduction in the burden of school costs.

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Repealing the tax credit would directly affect our children's education and well-being. This is personal. ***For the sake of my children and so many other children who would benefit from an Education Tax Credit Scholarship, PLEASE don't repeal it, and vote NO on HB370***

**Dominique Vazquez-Vanasse**

(603) 455-8311



Pamela Altemose

47 A Summer Street

Rochester, NH 03867

We have been a homeschooling family for nine years. During that time we have homeschooled our now twenty year old daughter and are currently home educating our 12 year old son, 8 year old son, 7 year old daughter and 5 year old son.

There are many reasons that we home school. We choose to teach our children about God, and the impact that He has on each person's life. We also have been blessed with two sons with pretty severe learning disabilities and felt that we did not want them to fall through any cracks, and so I have sat for many hundreds of thousands of hours teaching them. It is not an easy job, and the tasks, in the beginning, went slowly, but I have had the joy of seeing them learn.

My family, for many years, have done without many things. We drive old cars, and I stay home with them, a choice, I know, but one we made for our family. Our family, as does others, takes money and spends it on books for our kids. I look online for used ones, and buy new ones, with every expense coming from our own pockets.

Last week I went to a meeting heard about this program and was optimistically hopeful that we might be able to benefit from it. It was reported then, however, that people were looking to fight and repeal this bill. I live in Rochester, and have found different figures on what Rochester pays to educate per student. Even if I took the lowest of the figures that I found, which was from 2011, at \$12,900, my family is saving around \$38, 700 for three, or \$51,600 per year for four. It would probably be higher, given that special education costs are higher. So you are receiving my tax money, but never having to spend money on my children.

This scholarship fund would enable us to seek a capped scholarship of \$625.00 per child. Even one of these scholarships would be helpful for our family in helping to purchase books and supplies. Please, do not choose to repeal this law. We are actually helping to keep the costs down for school districts.

Thank you for listening to my testimony and considering not voting to repeal this law.

Pamela Altemose

**Wright, Linda**

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**From:** Susan Almy [susan.almy@comcast.net]  
**Sent:** Monday, February 04, 2013 5:54 PM  
**To:** Wright, Linda  
**Subject:** Fw: Summary of Testimony in Opposition to HB370  
**Attachments:** Testimony.docx

For record

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**From:** "Graustein, Alan" <Alan\_Graustein@acsi.org>  
**Date:** Mon, 4 Feb 2013 22:36:00 +0000  
**To:** susan.almy@comcast.net<susan.almy@comcast.net>  
**Cc:** jordanulery@myfairpoint.net<jordanulery@myfairpoint.net>;  
patty.lovejoy@leg.stste.nh.us<patty.lovejoy@leg.stste.nh.us>  
**Subject:** Summary of Testimony in Opposition to HB370

Rep. Almy-

Attached please find a summary of my testimony before the Ways and Means Committee on last Thursday.

I appreciated the opportunity to speak in opposition to HB 370.

Alan Graustein

Summary of my testimony before the House Ways and Means Committee on  
January 31, 2013, in Opposition to HB370

Alan W. Graustein, Ed.D  
351 Woodman Road  
Sanbornton, NH

Chairman of the Board, Laconia Christian School

Our school is not elitist; we serve the public throughout the Lakes Region.

We have an open enrollment admissions policy. Parents are informed of our statement of faith and, although they must agree to have their children taught from a faith-based perspective, they are not required to agree with or personally adhere to our statement of faith.

Fifty-eight percent of our students receive some form of financial aid. The average financial aid award is just under \$2100 per student.

Just under ten percent of our students have special needs. These students are serviced by learning specialists certified by the National Institute of Learning Differences (NILD). The parents of our special needs students enroll their children at LCS even though doing so means they forfeit their right to publically paid for services for that child with the singular exception of testing and evaluation.

Our school, like most other Christian schools, implements a comprehensive array of standardized tests in order to evaluate student progress and instructional effectiveness. Like many area public school districts, we currently use the MAP Assessment published by the Northwest Evaluation Association (NWEA). Unlike area public school districts, all students in grades 9-11 take College Board PSAT, and all juniors and seniors take the Scholastic Aptitude Test (SAT).

Our school is held to a higher degree of accountability than most public schools as a direct result of the marketplace principle. If parents are not convinced that their children are receiving a high quality education, they simply withdraw their children and invest their tuition dollars elsewhere.

Many more moderate to low income families would choose to attend schools like ours if they could get a little help. The Tax Credit Program provides such help. For example: scholarships through the Tax Credit Program in combination with in-house tuition grants, could bring tuition to as low as \$125 per month.

It seems to me that the operative words are found in the Tax Credit Scholarship Program title itself: **Education Opportunity**. Perhaps, for the first time in New Hampshire, this "opportunity" can be extended to families of limited means who would otherwise have no choice.

I urge you to reject HB370 and thereby provide greater access to quality education. Put this Scholarship Program to the test and afford true opportunity to all of New Hampshire's children.

Thank you for the opportunity to testify.

**TESTIMONY OF COREY R. LEWANDOWSKI**  
**STATE DIRECTOR OF AMERICANS FOR PROSPERITY**  
**BEFORE THE HOUSE WAYS AND MEANS COMMITTEE**  
**JANUARY 31, 2013**

Madam Chairwoman, members of the Committee, my name is Corey Lewandowski and I am the State Director of Americans for Prosperity in New Hampshire. I am here today to express my opposition to HB 370, an act which would repeal the education tax credit program established by the legislature last session.

AFP-NH is an ardent supporter of the education tax credit program which would empower parents to make the best possible choice regarding their children's education by enabling businesses to receive a tax credit for a donation to fund scholarships for families in need. So far, the Network for Educational Opportunity has received applications for 250 children under the program. But before the program can even get off the ground, this bill attempts to repeal this worthwhile effort in its entirety.

Let's not kid ourselves – this program is about offering more than just scholarships to NH families. It is about offering them hope. Hope to families who could never dream of sending their children to a better school by any other means. To take that hope away is simply reprehensible. This program places the power squarely in the hands of NH families and lets them decide how to best educate their children. I understand that there are concerns regarding this program due to lost revenue to the state but the state does not need more revenue – it needs a better business climate and a better prepared and better educated workforce. This program will work toward providing all of those outcomes.

I ask that you consider what is in the long-term best interest of this state rather than just searching for a short-term revenue source and oppose HB 370. Don't take away the hope that has been offered to so many NH families.

**Wright, Linda**

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**From:** Susan.Almy [susan.almy@comcast.net]  
**Sent:** Monday, February 04, 2013 7:26 PM  
**To:** Wright, Linda  
**Subject:** Fwd: Written testimony on HB 370  
**Attachments:** BD testimony on HB 370.doc  
for file

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**From:** "Bonnie Dunham" <bdunham@picnh.org>  
**To:** HouseWaysandMeansCommittee@leg.state.nh.us  
**Sent:** Monday, February 4, 2013 6:33:03 PM  
**Subject:** Written testimony on HB 370

Dear Representative Almy and Members of the House Ways and Means Committee,

Thank you in advance for considering my testimony on HB 370. I have attached my testimony, which includes my contact information, for the committee.

Respectfully,  
Bonnie Dunham

January 31, 2013

HB 370

Representative Susan Almy, Chair  
House Ways and Means Committee  
Legislative Office Building, Room 202  
33 North State Street  
Concord, NH 03301

Dear Representative Almy and Members of the House Ways and Means Committee,

I am writing to ask you to please vote in favor of HB 370-FN, "an act repealing the education tax credit program". I testified against the education tax bill when it was put forward because I believed that reallocating revenue obtained through the business profits tax would benefit few and harm many children and families.

I believed, and still believe, that the education tax credit program will have a serious and negative impact on our public school system, which is the only educational system that makes an adequate education available to every NH child, regardless of the family's income or geographic location, and without consideration to whether a child needs special education or other supportive services.

Both historically and today, our public schools have served many purposes, including preparing children to be productive and contributing members of society, and to be good citizens. I believe that the richness and diversity of students in the public education system creates a learning environment that is a microcosm of our larger society, offering an essential benefit to students that cannot be found anywhere else.

I believe the education tax credit program is like a shell game where by taking the money that businesses would have paid to the state and moving it instead into "scholarships" for private school students, the public is left with the illusion that there have been no public funds paid to private, often religious, schools. But, that is all that it is – an illusion. The reality is that when the funds that would have been generated by the NH Business Profits tax are instead redirected through the education tax credit, NH is left with a reduced amount of revenue to meet its obligations to its citizens.

The education tax credit removes necessary financial resources while minimally reducing the number of children each public school must serve. One of the stated purposes of the education tax credit program is to "improve the quality of education in this state both by expanding educational opportunities for children and by creating incentives for schools to achieve excellence". I have never seen a reputable study that supports that taking away funding from public schools and giving it to private schools improves the quality of the public schools – and NH's education tax credit program proposes taking away increasing amounts of funding from public schools every year. By increasing the Business Profits Tax credit "25% in each fiscal year that the amount of total donations used for scholarships exceed 80% of the current year's tax program allowed", the amount that is diverted to private schools could increase from the \$3,400,000 allowed in FY 2014 to **\$12,451,172** in FY 2019 (*more than 3 ½ times the original amount!*)

I also believe that the "scholarships" provided through the education tax credit would not really save money for the most financially needy families who choose to send their children to private schools. In their testimony before the Senate Education committee last session, many private school representatives stated that they already provide scholarships (most referenced an average amount of \$2,500 - \$5,000) to needy families. It is doubtful that if these families received a \$2,500 "scholarship" through the education tax credit program, the private schools would give them an additional amount of financial aid. Instead of helping needy families, the education tax credit program instead frees private schools from having to fundraise because they would no longer have to provide scholarships for financially needy students.

New Hampshire has one of the highest high school graduation rates in the country, we have high percentages of our students going on to college and graduate school, and NH citizens tend to volunteer in their communities at a higher rate than most states. It seems that our public schools are producing fine young adults. Could we do better? Of course; but diverting financial resources will not only stymie communities' ability to improve their public schools, it will make it difficult for them to even maintain the status quo. I believe NH has an obligation to every child in NH, and repealing the education tax credit program will enable us to honor that obligation. Please support HB 370.

Sincerely,

Bonnie A. Dunham  
16 Wren Court  
Merrimack, NH 03054  
Telephone: 603-860-5445



My name is \_\_\_ and I am asking you to please support HB 370, repealing the education tax credit program. I believe that the education tax credit program negatively impacts our public school system – the only educational system that makes an adequate education available to every NH child, regardless of how much money the family makes, where they live, or whether their child needs special education or other services.

Both historically and today, our public schools have served many purposes, including preparing children to be productive and contributing members of society, & to be good citizens. I believe that the richness and diversity of students in the public education system offers an essential benefit to students that cannot be found anywhere else.

I believe the education tax credit program is like a shell game where by taking the money that businesses would have paid to the state and moving it instead into “scholarships” for private school students, the public is left with the illusion that there have been no public funds paid to private, often religious, schools. But, that is all that it is – an illusion. The reality is that NH is left with a reduced amount of revenue to meet its obligations to its citizens, while minimally reducing the number of children each public school must serve.

If the goal is to improve the quality of education, this seems like the wrong approach. I have never seen a reputable study that supports that taking away funding from public schools and giving it to private schools improves the quality of the public schools – and NH’s education tax credit program proposes taking away increasing amounts of funding from public schools every year. With the increases built into the program, the amount that is diverted each year to private schools could increase in 5 years to **\$12,451,172 – more than 3 ½ times the original amount!**

I also believe that the “scholarships” that the education tax credit program would provide for families wishing to send their children to private schools would benefit private schools far more than they would benefit needy families. Many private school representatives testified during the last session that they already provide scholarships (most referenced an average amount of \$2500 - \$5000) to needy families. It is doubtful that if these families received a “scholarship” through the education tax credit program, the private schools would give them an additional amount of financial aid.

New Hampshire has one of the highest high school graduation rates in the country, we have high percentages of our students going on to college and graduate school, and NH citizens tend to volunteer in their communities at a higher rate than most states. It seems that our public schools are producing fine young adults.

Could we do better? Of course, but we need to do so by improving the only education system that is open to every NH child – the **public school system**.

Please support HB 370.

1/31/13 - HB 370 - Shelly Uscinski

January 31, 2013

Shelly Uscinski  
3 Forest Drive  
Merrimack, NH 03054

Parent; Taxpayer;  
Chairman – Grace Christian School Bedford;  
Former school Board Member – Merrimack School District, NH

Dear Members of this Committee:

It is with great hope that I come to you today. A hope that you will not overturn what a super majority of your fellow representatives had set in place just last year. A hope that would keep in place that which gives opportunity and choice to the families of this wonderful state we call our home.

Please allow me to remind you that every family who seeks a scholarship for their children still pays, by means of their property taxes, into the public school system in their town. This is a point that is somewhat overlooked in regards to this program. A family could not pay one nickel for tuition to a non-public school without first paying many thousands of dollars into the public school system.

For low income families, this is the crux of them not being able to have the choice of deciding the best education for their children. For many, after paying their property taxes, the means are just not there to even consider any other option. Their children are at a huge disadvantage if they are not able to flourish at the local public school. In many cases it leads to illiteracy, drop-outs, adult poverty, and very little opportunity to succeed in life.

In light of this, why would any of you want to take away the hope that these families have been given by the last legislature, without even giving this new program a chance? I don't get it? Why would you not, at least, allow these families to choose a school that gives their children a better shot at life? It seems very cruel to pull the rug out on NH families just as they stepped on it with a light of hope for their children.

I ask you to not overrule that super-majority in the last legislature, who saw the extraordinary benefits that would come from this law. I ask you to serve the families of NH. I ask you to give this law a chance. Vote NO on HB 370.

**Vote YES to repeal SB 372 – Establishing an Education Tax Credit**

My name is Tom Southworth from Dover, NH. I am here today as an educator and NH taxpayer in support of the repeal of SB 372. This bill does not fit New Hampshire. It diverts state funds to private and parochial schools at a time when there are deep holes in the state's budget. Funds have been cut from critical areas such as special education, school building aid, the CHINS program, and state universities. It will be challenging to restore these funds and that challenge will be greater if an increasing amount of money is given to non-public schools.

I have studied SB 372 thoroughly and have outlined some of its flaws.

**Need for Scholarship Program**

- Many private and parochial schools already offer need-based financial aid to their students. Churches also sponsor students from their parishes. How will the state's Scholarship figure into the financial aid calculations? Would the state scholarship simply reduce the student's aid from the non-public schools?
- Many public schools do not accept tuition students. If so, the per student cost can range from \$7,000 to \$15,000 or higher. Can public schools accept scholarship money that is designated for an individual student?
- The idea of establishing scholarships for students with financial needs is appealing, but it does not need legislation. Funds could be raised from businesses and individuals who could take charitable deductions. The scholarship organization could distribute the funds equitably to students based on verifiable family finance information. There would be no need for state involvement and no need for a business tax credit.
- If parochial schools are found to be ineligible for this program, the higher costs of private and public schools may be too great for students needing significant financial assistance.

**Timelines**

- The timelines of the bill are impractical. Most non-public schools complete the admission process in the winter and select students by spring. Registration fees and first term tuition payments are then due. In this bill the scholarship awards would not be determined until the summer after families have made a commitment.
- Public schools pass their budgets in March and offer staff contracts in April. Schools would not find out about reduced adequacy aid until September. If a school system lost 20 students, that year's revenue could be reduced by over \$80,000. That reduction could have a negative impact on the school's ability to fund its programs.
- Some of the NH school systems that have the greatest financial need might be the ones that lose students and get reduced adequacy grants

## Accountability

- Students attending non-public schools are not required to take standard assessments such as the NECAP. It will be difficult to objectively monitor student progress and the success of the scholarship program. The survey (as described in the bill) does not provide a high level of accountability.

## Expansion of the Program

After the first two years, the program can expand up to 25% per year. This table shows the potential loss of millions of dollars in state revenue.

Year	1	2	3	4	5	6	7	8	9	10
\$ in millions	3.4	5.1	6.4	8.0	10.0	12.5	15.6	19.5	24.3	30.4
Cumulative Total	3.4	8.5	14.9	22.9	32.9	45.4	61.0	80.5	104.8	135.2

## Incentive

- One troubling aspect of this bill is that it initially targets 70% of the scholarship funds to students who leave the public schools. Why? It seems that the state is sending the wrong message. Is one of the bill's goals to reduce the number of children in public schools and therefore save money on adequacy grants? It would seem to be more important to pass legislation that strengthens the public schools.

I encourage state representatives to vote YES to repeal SB 372. The bill moves New Hampshire in the wrong direction. The proposed loss of state revenue in this bill will further downshift the cost of education to local taxpayers. Once the bill is repealed, scholarship organizations can move forward without state involvement. Immediate repeal would also save the cost of future lawsuits.

Thank you for your attention.

Tom Southworth  
Dover, NH  
tsouthworth@yahoo.com

## **Vote YES to repeal SB 372 – Establishing an Education Tax Credit**

My name is Tom Southworth from Dover, NH. I am here today as an educator and NH taxpayer in support of the repeal of SB 372. This bill does not fit New Hampshire. It diverts state funds to private and parochial schools at a time when there are deep holes in the state's budget. Funds have been cut from critical areas such as special education, school building aid, the CHINS program, and state universities. It will be challenging to restore these funds and that challenge will be greater if an increasing amount of money is given to non-public schools.

I have studied SB 372 thoroughly and have outlined some of its flaws.

### **Need for Scholarship Program**

- Many private and parochial schools already offer need-based financial aid to their students. Churches also sponsor students from their parishes. How will the state's Scholarship figure into the financial aid calculations? Would the state scholarship simply reduce the student's aid from the non-public schools?
- Many public schools do not accept tuition students. If so, the per student cost can range from \$7,000 to \$15,000 or higher. Can public schools accept scholarship money that is designated for an individual student?
- The idea of establishing scholarships for students with financial needs is appealing, but it does not need legislation. Funds could be raised from businesses and individuals who could take charitable deductions. The scholarship organization could distribute the funds equitably to students based on verifiable family finance information. There would be no need for state involvement and no need for a business tax credit.
- If parochial schools are found to be ineligible for this program, the higher costs of private and public schools may be too great for students needing significant financial assistance.

### **Timelines**

- The timelines of the bill are impractical. Most non-public schools complete the admission process in the winter and select students by spring. Registration fees and first term tuition payments are then due. In this bill the scholarship awards would not be determined until the summer after families have made a commitment.
- Public schools pass their budgets in March and offer staff contracts in April. Schools would not find out about reduced adequacy aid until September. If a school system lost 20 students, that year's revenue could be reduced by over \$80,000. That reduction could have a negative impact on the school's ability to fund its programs.
- Some of the NH school systems that have the greatest financial need might be the ones that lose students and get reduced adequacy grants

## Accountability

- Students attending non-public schools are not required to take standard assessments such as the NECAP. It will be difficult to objectively monitor student progress and the success of the scholarship program. The survey (as described in the bill) does not provide a high level of accountability.

## Expansion of the Program

After the first two years, the program can expand up to 25% per year. This table shows the potential loss of millions of dollars in state revenue.

Year	1	2	3	4	5	6	7	8	9	10
\$ in millions	3.4	5.1	6.4	8.0	10.0	12.5	15.6	19.5	24.3	30.4
Cumulative Total	3.4	8.5	14.9	22.9	32.9	45.4	61.0	80.5	104.8	135.2

## Incentive

- One troubling aspect of this bill is that it initially targets 70% of the scholarship funds to students who leave the public schools. Why? It seems that the state is sending the wrong message. Is one of the bill's goals to reduce the number of children in public schools and therefore save money on adequacy grants? It would seem to be more important to pass legislation that strengthens the public schools.

I encourage state representatives to vote YES to repeal SB 372. The bill moves New Hampshire in the wrong direction. The proposed loss of state revenue in this bill will further downshift the cost of education to local taxpayers. Once the bill is repealed, scholarship organizations can move forward without state involvement. Immediate repeal would also save the cost of future lawsuits.

Thank you for your attention.

Tom Southworth  
Dover, NH  
tsouthworth@yahoo.com



**Testimony in support of HB 370: Ending taxpayer subsidies for private  
and religious schools,  
HOUSE WAYS AND MEANS COMMITTEE  
January 31<sup>st</sup>, 2013**

My name is Caitlin Rollo and I'm the political director of Granite State Progress, a multi-issue advocacy organization working on issues of immediate state and local concern.

I am here today to urge the House to support HB 370, which would repeal corporate-funded model legislation that diverts taxpayer dollars to private and religious schools.

This bill seeks to repeal a tax credit for businesses that is specifically designed to divert funding for public education to private schools, instead. This program does not save the state or school districts money; rather it is new way to introduce a voucher system that encourages private education over a strong, functioning public education for all New Hampshire children. The bill this seeks to repeal began as model anti-public school legislation from the American Legislative Exchange Council.

The American Legislative Exchange Council (ALEC) allows corporations to draft legislation that is then submitted in State House across the country. Last session's bill to divert taxpayer dollars to private and religious schools was drafted by online, for-profit school companies. I have for the committee a copy of that model legislation.

Proponents of the law claim it comes at no cost to taxpayers, a point rebutted by the facts. As the *Portsmouth Herald* pointed out in a recent editorial, this is "a tortured argument that somehow the tax credits are not tax dollars. This is absurd on its face, because the state would not be in a position to give credits unless it was owed taxes. No taxes, no credits. No credits, no voucher program." (*Portsmouth Herald*, 1/24/13)

Thank you for allowing me to testify today and I again urge you to pass HB 370, and return public taxpayer dollars to where they belong - in our public school classrooms.

###

HB  
370**Wright, Linda**

**From:** Susan Almy [susan.almy@comcast.net]  
**Sent:** Tuesday, January 29, 2013 9:12 AM  
**To:** Wright, Linda  
**Subject:** Fw: HB370-FN Repeal vote slated for 1/31/2013

None of the 20 or so emails received by committee members against the bill asked to be entered in testimony, this one does at least mention they would have liked to be there. I want this comment and her message to be in the record.

---

**From:** "Becca Brownell-Smith" <rebeccabrownell-smith@metrocast.net>  
**Date:** Tue, 29 Jan 2013 08:59:06 -0500  
**To:** <susan.almy@comcast.net>; <patty.lovejoy@leg.state.nh.us>;  
 <williambutynski@aol.com>; <fpdavis@comcast.net>; <mary.cooney@leg.state.nh.us>;  
 <thomas.schamberg@leg.state.nh.us>; <jordanulery@myfairpoint.net>;  
 <gazarian@comcast.net>; <gilman.shattuck@leg.state.nh.us>; <amesinjaffrey@gmail.com>;  
 <harry.young@leg.state.nh.us>; <dave.hess@leg.state.nh.us>; <repsanborn@gmail.com>;  
 <jkelley-nashua@comcast.net>; <david.karrick@leg.state.nh.us>; <nlbem@comcast.net>;  
 <sapareto@comcast.net>; <patrick.abrami@leg.state.nh.us>; <mary.griffin@leg.state.nh.us>;  
 <russell.ober@leg.state.nh.us>  
**Cc:** <pedgar@tcca-nh.com>; 'Mrs Marshall' <rmarshall@tcca-nh.com>; <khearn@tcca-nh.com>;  
 <ekniphfer@tcca-nh.com>; <rdesroches@tcca-nh.com>; <clewis@tcca-nh.com>;  
 <sbrokus@tcca-nh.com>  
**Subject:** HB370-FN Repeal vote slated for 1/31/2013

Dear Committee Members,

I am a taxpaying citizen of Strafford County, in the Town of Middleton. I am writing to you this day as I have been informed that there is a vote before you to repeal the Education Opportunity Tax Credit Scholarships. If there were a chance for me to attend the hearing on Thursday I would whole-heartedly be there. Unfortunately, I need to be at my job so I can stay gainfully employed to support my family in these difficult economic times. My 2 young children ages 8 and 4 both attend Tri-City Christian academy in Somersworth, NH. It is a modest private school with an excellent curriculum and reasonable tuition rates. Unfortunately, in December, my family received a shock when it got its property tax bill. The school portion of our bill increased 31%!! The overall bill was an increase of 26% over a very short 6-month period of time. Pressed with a monthly tuition, paying school taxes at such a high rate for a school district (Farmington) whose test scores are sorely lacking, children that are passed on a curriculum that is highly inadequate in math, science, and reading, and teachers who are put under pressure to pass children and barely get through the day because that is what they are tasked to do; I realized we had to do something so I applied for a scholarship. Now I've been informed that the program is at risk of folding before it ever was even given a chance to be implemented based on numbers from the DRA. **WE NEED TO GIVE THIS BILL AN OPPORTUNITY TO WORK!** Families like mine, need to be given a chance to have some alternative to public school systems that can't keep up with the rest of the world! Sending my children to public school at this juncture is not a viable option, and we need some financial relief! Let the statute stand and be implemented! Please do not repeal the Education Opportunity Tax Credit Scholarships! I thank you for this opportunity for my voice as a constituent, tax-paying citizen of the State of NH, and **above all; loving and concerned mom of my two children** to be heard. Please feel free to ponder my situation and put weight to my words when you vote on Thursday, as I am the voice of hundreds if not thousands of families around the state who need this program to work for us! Please also feel free to circulate this email in support of the Education Opportunity Tax Credit Program.

Very Truly Yours,

1/31/2013



**Rebecca Brownell-Smith**  
**(603)767-0718**

**Rebecca Brownell-Smith**

**American Postal Workers-Accident Benefit Association**  
**PO Box 120**  
**Rochester, NH 03866**  
**Ph.(603)330-0282 Fax(603)330-0285**  
**rebeccabrownell-smith@metrocast.net**

**APW-ABA Disclaimer**

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HB  
370**Wright, Linda**

**From:** Susan [susan.almy@comcast.net]  
**Sent:** Tuesday, January 29, 2013 10:24 PM  
**To:** Wright, Linda  
**Cc:** Butynski, William  
**Subject:** Fwd: HB370

Besides the Becca Brownell-Smith email and a mostly identical one by Karen Henricks of the same area, this one, though not specifically indicating a wish to testify, stands out as providing detail about another situation. Most of the roughly 40 emails opposing the bill have been very short form letters or short letters with small modifications, a cluster of them from the Mt Royal Academy near Newport. I intend to read this one as well into the record. Please leave me a paper copy.

Begin forwarded message:

**Resent-From:** <[HouseWays&MeansCommittee@leg.state.nh.us](mailto:HouseWays&MeansCommittee@leg.state.nh.us)>  
**From:** Tanya Paiva <[tanya@thepaivas.com](mailto:tanya@thepaivas.com)>  
**Date:** January 29, 2013, 1:17:47 PM EST  
**To:** <[HouseWaysandMeansCommittee@leg.state.nh.us](mailto:HouseWaysandMeansCommittee@leg.state.nh.us)>  
**Subject:** HB370

Dear Committee Members,

As you hear testimony today on this bill I hope that you have open ears to hear the pleas of families like mine that are crying out for educational choice to meet the needs of all of our student. I am the mother of six children ages five to 18.

Currently I have one child in college, one in a public high school, one in a charter high school and three that I am homeschooling. Our oldest three went through public school up to grade six then we moved them to a private school for grades 7-9, at which point the sacrifice for our family became so great that we had no choice but to return them to public schools.

We are a single income family, living on my husband's teacher's salary of \$65,000 a year, which for a family of eight is at the poverty level. When our children were in private school we paid 25% of our take home income after financial aid for the privilege of having them there. With the economy the way that it is this was not sustainable. This scholarship money is not for the rich, who want their children in private schools. It is for families like mine who have for years sacrificed to the point of breaking and can not continue with out help. Families like mine who drive old cars, don't take vacations, don't eat out or go to the movies. Families who buy their clothes at second hand stores, shop at the grocery store with coupons and sales ads in hand just to save those few extra dollars to give our kids the thing that matters most, a good education.

If our public schools could meet the needs of our children we would gladly put them all there, but they do not. Some of our children need more advanced curriculum while others need more hands on experiential learning. We have watched our 10th grade son, who has spent most of his years in public school, fall further and further

1/31/2013

behind because the traditional school model does not meet his needs. We've seen the public schools pilot fuzzy math programs that left our older children confused and behind.

We want and need choice for our children. Choice for families who's children don't fit the mold in different ways and can not on their own afford better schools.

Thank you for your time and consideration.

Sincerely,

Tanya Paiva

Manchester NH

HB 370

Wright, Linda

*to be read into the  
record*

**From:** Susan [susan.almy@comcast.net]  
**Sent:** Wednesday, January 30, 2013 9:30 PM  
**To:** Wright, Linda  
**Cc:** Butynski, William  
**Subject:** Fwd: VOTE NO TO HB 370

The total emails opposing are now about fifty-five, most with little detail. I want this printed out to include in the record as a different take than the others.

Begin forwarded message:

**Resent-From:** <[HouseWays&MeansCommittee@leg.state.nh.us](mailto:HouseWays&MeansCommittee@leg.state.nh.us)>  
**From:** <[jrhsjp@comcast.net](mailto:jrhsjp@comcast.net)>  
**Date:** January 30, 2013, 5:22:54 PM EST  
**To:** <[HouseWaysAndMeansCommittee@leg.state.nh.us](mailto:HouseWaysAndMeansCommittee@leg.state.nh.us)>  
**Subject:** VOTE NO TO HB 370

Dear HWaMC of NH - I am a private school administrator in our state. The Business Profits Tax Scholarship legislation passed last year was a BIG step FORWARD for educational choice in our state. Choice is the right win for us all. It will sharpen and improve all schools.

If this scholarship is repealed, you will be ensuring the status quo of education in our state, and limiting private and alternative options for our families. This is senseless.

Many families make huge sacrifices to pay the tuition at our school. This scholarship program will allow them to use money that is allocated for their child's education, in a school of their choice. I meet families every day that want to come to JRHS, but cannot, because of the cost. Alas, we had a way, but now there is a new way for NH families - I urge you to support our families.

Please vote no to HB 370. Vote NO to repeal. Families need options and the education tax credit scholarships level the playing field for needy families in our communities

Jeff Philbrick

Headmaster

Jesse Remington High School  
PO Box 473 15 Stevens Lane  
Candia NH 03034  
603-483-5664

HB 370

*to be read  
into the record***Wright, Linda**

**From:** Susan [susan.almy@comcast.net]  
**Sent:** Thursday, January 31, 2013 12:06 AM  
**To:** Wright, Linda  
**Cc:** Butynski, William  
**Subject:** Fwd: HB370

One explicitly mentioning wish to come testify. If you print this out too..

Begin forwarded message:

**From:** [aquaratie@comcast.net](mailto:aquaratie@comcast.net)  
**Date:** January 30, 2013, 10:45:47 PM EST  
**To:** [susan.almy@comcast.net](mailto:susan.almy@comcast.net)  
**Subject:** HB370

Dear Ms. Almy,

I am unable to attend the HB370 hearing because I have to work, but I feel very strongly about school choice and Education Tax Credit Scholarships. If I was able to attend, I would read the following testimony:

Please vote "ITL" on HB370, a bill that would repeal the "School Choice Scholarship Act." There are two major objections to this law providing for Education Tax Credit Scholarships. One argument against it is financial; the other regards its constitutionality. These arguments were debated last year and the legislature still voted overwhelmingly to override the governor's veto. Now the same arguments are brought up again to repeal this law that has not even had a chance to prove itself.

My family is not eligible for an Education Tax Credit Scholarship but I still feel very strongly that lower-income families should have more choice in where they send their kids to school. My three children are saving the Timberlane School District thousands and thousands of dollars each year because they go to our local Catholic school. While I know that there are certain fixed costs that are not based on enrollment, the largest expenditure in any school is salaries and the number of teachers and staff is based on the number of students. The notion that a law allowing for more kids to afford private school will somehow have a negative financial impact on public schools is illogical.

Regarding this law's alleged unconstitutionality as argued by the ACLU, it does not violate the separation of church and state because the funds donated by private businesses are pre-tax dollars, the same as other donations to charities. These funds are allowing parents to make a choice as to what type of school they want their children to go to whether it be a public school in another school district, a secular private school, a school that reinforces their religious beliefs, or even home-schooling. The government is not forcing them to choose a particular religious school, so this law actually supports the first amendment right to freedom of religion. The Supreme Court case of *Zelman v. Simmons-Harris* (2002) has already

upheld this same argument.

Part of President Obama's stimulus package in 2009 was the American Opportunity Tax Credit which has provided \$2500 tax credits to many families for college expenses. A significant aspect of this program is that students at religiously affiliated colleges are eligible. If the American Opportunity Tax Credit has not been deemed unconstitutional on first amendment grounds, why are we having this debate about Education Tax Credit Scholarships?

I urge you to give "The School Choice Scholarship Act" a chance. Many experts, including Nobel-prize-winning economist Milton Friedman, believe that school choice benefits both public and private schools by encouraging competition and excellence. To argue that a law that was approved last session by a two-thirds majority of the legislature should be repealed, and that this proposed solution to our educational problems not even be tried, suggests that opponents feel threatened by this legislation. Perhaps they fear that it might actually work. HB370 seems to support the best interests of the teachers' unions rather than that of our children and our future. Please vote against it.

Sincerely,

Arlene Quaratiello  
27 Mill Stream Drive  
Atkinson NH 03811  
603-362-5184  
[aquaratie@comcast.net](mailto:aquaratie@comcast.net)

*File Copy*

**Wright, Linda**

---

**From:** Susan [susan.almy@comcast.net]  
**Sent:** Monday, February 04, 2013 12:06 PM  
**To:** Ulery, Jordan  
**Cc:** ~House Ways & Means Committee; <kate@networkforeducation.org>; Wright, Linda  
**Subject:** Re: data and reports HB 370

Jordan, please do not provide comment in all-committee emails when you are forwarding information you want us to have. That belongs in public session. This goes into the record.

On Feb 3, 2013, at 6:25 PM, Jordan Ulery <jordanulery@myfairpoint.net> wrote:

> I had asked for some additional information on HB 370 from this lobbyist.  
> Frankly, it seems to me that DOE could create a better questionnaire,  
> I know I could. While the law mandates only some subjective  
> questions, DOE should have done a better job getting real information  
> rather than speculative opinionation! (not a real word, but maybe it  
> should be, eh?). DOE does track the academic achievement of the student, contrary to  
what some "testified"  
> at the public hearing.  
> If NFE gets the other data before we exec, all well and good. If not,  
> we will discuss the issue of students attending elite and other  
> colleges at that time.  
>  
> NB-opinion: If any committee member asks for and receives information  
> on any issue it is wise to share it before the Exec meeting as we then  
> have more opportunity to "digest" the information and ask more prudent  
> (right word?) questions. This includes personal research as well as lobbyist  
information.  
> Do not be afraid to use a lobbyist as a research assistant, just  
> remember that the lobbyist often is paid for one point of view only.  
> Even then, the Orange Tags can give valuable insight into an issue.  
> There are two types of lobbyist in NH. One is a firm lobbyist who  
> represents many clients and is paid to advance a particular bill or  
> point of view on legislation as it arises. The other is an entity  
> lobbyist who is paid by an entity to represent and advocate their  
> point of view on particular legislation. Some people refer to  
> lobbyists as advocates for Special Interest Groups. Folks, everyone  
> who comes before us is a "special interest group" EVERY ONE be it the  
> Tobacco companies or the American Heart Association, they are equally "special  
interest" in their presentation.  
> Granted one may, or may not, be altruistic in intent and presentation.  
> That then is where prudence, judgment, training, experience, education  
> and discernment enter into the fray. As was told Indiana Jones in The  
> Last Crusade "choose wisely!"  
> <http://www.imdb.com/title/tt0097576/quotes> (neat quotes from the  
> movie)  
>  
> Jordan  
>  
> -----Original Message-----  
> From: Kate Baker [mailto:kate@networkforeducation.org]  
> Sent: Sunday, February 03, 2013 12:28 PM  
> To: jordanulery@myfairpoint.net  
> Subject: data and reports  
>  
> Representative Ulery,  
>  
> I have attached the Scholarship Organization reporting requirements as  
> requested. Which includes:  
>  
> 1. the survey, designed by the department of revenue administration,



> and administered by the scholarship organization (attached)  
>  
> 2. "Scholarship organization report" ( attached)  
>  
>  
> We, the scholarship organization, must also coordinate/report to the  
> DOE  
>  
> 1. we must complete a "Scholarship impact survey" - developed by the  
> department of education and given to the parents of students who have  
> exited a public school which does rate academic improvement and shall  
> solicit the reasons for seeking the scholarship, and any suggested  
> improvements desired in the public school they are leaving.  
>  
> 2. we must on or before July 15, a scholarship organization shall  
> furnish the unique pupil identifier and date of birth for each student  
> eligible pursuant to RSA 77-G:1, VIII(a)(1) and (2) who is receiving a  
> scholarship, and the subparagraph under which he or she was eligible,  
> to the department of education.  
>  
> 3. We must also provide the Scholarship impact survey results to  
> school districts that are awarded stabilization grants  
>  
> The Department of Ed has not published the survey yet (so I cannot  
> include  
> it) but here are the details:  
>  
> The survey, designed by the department of education, and administered  
> by the scholarship organization, which shall solicit and receive  
> information from the parents or legal guardians of participating  
> students who graduated or stopped attending 2 years prior. A parent's  
> or legal guardian's response to the survey shall be optional. Results  
> shall be aggregated by the scholarship organization and published by  
> the department of education. The survey shall solicit the following  
> information:  
>  
> (1) Whether the student is attending a private, public, community, or  
> vocational college, or otherwise employed or unemployed.  
>  
> (2) Whether the student graduated or not.  
>  
> (m) The number of participating students who graduated from high  
> school in the previous year, and the number that dropped out of school.  
>  
>  
>  
> So as you can see the data we are required to report tracks both  
> current academic achievement and long term success of the students.  
>  
> I hope this is helpful to you in making the case. I will be in Concord  
> tomorrow presenting at the education training at 10am in LOB Room 210  
> if you have further questions, look for me there, or please feel free  
> to contact me.  
>  
> I am still trying to find reliable data on college acceptance from  
> particular schools in NH. When I am able to ascertain that information  
> I will send it along.  
>  
> It was very nice meeting you on Thursday.  
>  
> Kate  
>  
>  
>  
>  
> --  
> Kate Baker

>.Executive Director  
> Network for Educational Opportunity (NEO)  
> 8 North Main St., Suite 8  
> Concord, NH 03301  
> kate@networkforeducation.org  
> 603-785-0174  
> <NH\_edu\_tax\_credit\_survey.pdf>  
> <ED\_05\_SO\_Report.pdf>

**Wright, Linda**

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**From:** Susan Almy [susan.almy@comcast.net]  
**Sent:** Monday, February 11, 2013 8:21 PM  
**To:** Wright, Linda  
**Subject:** Re: SAVE OUR NH PUBLIC SCHOOLS and support HB 370

Now 214. A few anti-repeal emails have come in at the same time, and many came before. I'm not counting after this.

-----Original Message-----

To: Linda Wright  
Subject: Re: SAVE OUR NH PUBLIC SCHOOLS and support HB 370  
Sent: Feb 10, 2013 4:11 PM

Meant to keep counting. 187 in all so far.

-----Original Message-----

To: Linda Wright  
Subject: Fw: SAVE OUR NH PUBLIC SCHOOLS and support HB 370  
Sent: Feb 9, 2013 2:47 PM

61 of these, one for file. There are opposition emails still coming in, both copied brief notes and personal, but so far none that add to the hearing.

-----Original Message-----

From: virginia gavriin  
To: Susan Almy  
ReplyTo: igavrin@ne.rr.com  
Subject: SAVE OUR NH PUBLIC SCHOOLS and support HB 370  
Sent: Feb 9, 2013 1:16 PM

As a NH voter who cares deeply about public education, I am asking that you vote to pass HB370.

The legislation passed last year shifted limited state funds away from public school districts, downshifted the cost of reduced adequacy payments to local communities and property tax payers, and allowed private organizations to determine the use of public education funds with no accountability.

We know that a strong public education serves us in many ways including being the foundation for a strong economy.

Please stand with NH's children and vote to pass HB370 which repeals the education tax credit.

Thank you very much for your support.

virginia gavriin  
55 Bixby Street  
Marlborough, NH 03455

**2013**  
**NEW HAMPSHIRE EDUCATION TAX CREDIT SURVEY**

Administered by the scholarship organization, this survey shall solicit and receive information from the parents or legal guardians of participating students.

In each case, you are asked to gauge your level of agreement with the statement as follows: "strongly agree," "agree," "no change," "disagree," "strongly disagree." Please circle one answer per question and fill in the dollar amount for the last question. Thank you.

1. I am satisfied with the school my child is attending as compared to the school my child attended prior to the availability of the education tax credit program.

Strongly Agree	Agree	No Change	Disagree	Strongly Disagree
1	2	3	4	5

2. My child has seen a measurable improvement in academic achievement.

Strongly Agree	Agree	No Change	Disagree	Strongly Disagree
1	2	3	4	5

3. My child would have been unable to attend the school of his or her choice without the education tax credit program.

Strongly Agree	Agree	No Change	Disagree	Strongly Disagree
1	2	3	4	5

4. How many years has your child been in the Education Tax Credit Program?

Answer .....

5. Excluding the education tax credit scholarship, how much did you pay out of pocket for your child to attend school this year? Do not include fees or expenses related to participation in athletic programs, transportation expenses, extracurricular activities or clothing.

Answer ..... \$



SCHOLARSHIP ORGANIZATION REPORT

PRINT OR TYPE

STEP 1

1. SCHOLARSHIP ORGANIZATION:
2. STREET ADDRESS:
ADDRESS (CONTINUED):
3. CITY/STATE/ZIP:

This Scholarship Organization Report has been developed by the Department of Revenue Administration for submission by a scholarship organization to the Department of Revenue Administration that shall be a public record, pursuant to RSA 77-G:1, XIX.

On or prior to December 1, 2013, the scholarship organization shall submit a Scholarship Organization Report to the Department of Revenue Administration. The scholarship organization shall also include a Scholarship Organization Application if the scholarship organization intends to issue scholarships under RSA 77-G in the next program year.

Under RSA 77-G the following data must be provided by each scholarship organization:

STEP 2

The number of scholarships granted to eligible students who are New Hampshire residents and who are at least 5 years of age and no more than 20 years of age, have not graduated from high school, and who are currently attending a New Hampshire public school, including a chartered public school, and for whom the adequacy grant in the next school year would be reduced if the student(s) were removed from the average daily membership calculation.

1(a) Number of students [input box]

The percentage of these students who were eligible for the federal free and reduced-price meal program in the final year they were in public school.

1(b) Percentage of students eligible [input box]

The number of scholarships granted to eligible students who are New Hampshire residents and who are at least 5 years of age and no more than 20 years of age, have not graduated from high school, and who received a scholarship under the above paragraph or this subparagraph in the prior program year.

2(a) Number of students [input box]

The percentage of these students who were eligible for the federal free and reduced-price meal program in the final year they were in public school.

2(b) Percentage of students eligible [input box]

The number of scholarships granted to eligible students who are New Hampshire residents and who are at least 5 years of age and no more than 20 years of age, have not graduated from high school, and who do not qualify under the above paragraphs (1) or (2); and whose annual household income is less than or equal to 300 percent of the federal poverty guidelines as updated annually in the Federal Register by the United States Department of Health and Human Services under the authority of 42 U.S.C. section 9902(2).

3(a) Number of students [input box]

The percentage of these students who were eligible for the federal free and reduced-price meal program in the prior year.

3(b) Percentage of students eligible [input box]



**SCHOLARSHIP ORGANIZATION REPORT (continued)**

- 4(a) The total dollar amount of donations received ..... \$
- 4(b) The total dollar amount of donations used for scholarships ..... \$
- 4(c) The total dollar amount of donations spent on administrative expenses pursuant to RSA 77-G:5, I(f) ..... \$
- 4(d) The total dollar amount of donation not used for scholarships ..... \$
5. The total dollar amount of all scholarships granted ..... \$
6. The number of scholarships granted .....
7. The number of scholarships distributed by the organization, per school, and the dollar range of those scholarships. (All home educated students shall be totaled together as a single school.) If more than one school, attach additional pages.
- (a) Number of Scholarships.....
- (b) Dollar range of Scholarships .....  to
8. List number of students receiving a scholarship under RSA 77-G by zip code:

Number of Students	Zip Code

Number of Students	Zip Code

9. (1) The **aggregated** results from the NH Education Tax Credit Survey designed by the Department of Revenue Administration under RSA 77-G:1, XIX (k).
- (a) Number of parents/legal guardians of participating students .....
- (b) Number of parents/legal guardians of participating students who responded ....
- (c) Percentage of parents/legal guardians of participating students who responded

(A) I am satisfied with the school my child is attending as compared to the school my child attended prior to the availability of the education tax credit program.

Strongly Agree	Agree	No Change	Disagree	Strongly Disagree
1	2	3	4	5
<input style="width: 30px; height: 20px;" type="text"/>	<input style="width: 30px; height: 20px;" type="text"/>	<input style="width: 30px; height: 20px;" type="text"/>	<input style="width: 30px; height: 20px;" type="text"/>	<input style="width: 30px; height: 20px;" type="text"/>

(B) My child has seen a measurable improvement in academic achievement.

Strongly Agree	Agree	No Change	Disagree	Strongly Disagree
1	2	3	4	5
<input style="width: 30px; height: 20px;" type="text"/>	<input style="width: 30px; height: 20px;" type="text"/>	<input style="width: 30px; height: 20px;" type="text"/>	<input style="width: 30px; height: 20px;" type="text"/>	<input style="width: 30px; height: 20px;" type="text"/>

(C) My child would have been unable to attend the school of his or her choice without the education tax credit program.

Strongly Agree	Agree	No Change	Disagree	Strongly Disagree
1	2	3	4	5
<input style="width: 30px; height: 20px;" type="text"/>	<input style="width: 30px; height: 20px;" type="text"/>	<input style="width: 30px; height: 20px;" type="text"/>	<input style="width: 30px; height: 20px;" type="text"/>	<input style="width: 30px; height: 20px;" type="text"/>



**SCHOLARSHIP ORGANIZATION REPORT (continued)**

(2) Excluding the Education Tax Credit scholarship, how much was paid out of pocket for children in the program to attend school this year? (Do not include fees or expenses related to participation in athletic programs, transportation expenses, extracurricular activities or clothing.)

(a) Total for all respondents.....\$

10. The **aggregated results** from the survey designed by the Department of Education under RSA 77-G:1, XIX (I).

(a) Number of surveys sent by the Scholarship Organization .

(b) Number of respondents .....

(1) Is the student attending a private, public, community, or vocational college, or otherwise employed or unemployed?

(a) Number attending a private college .....

(b) Number attending a public college .....

(c) Number attending a community college .....

(d) Number attending a vocational college .....

(e) Number employed .....

(f) Number unemployed .....

(2) How many students graduated or not?

(a) Graduated .....

(b) Did Not Graduate .....

11. The number of participating students who graduated from high school in the previous year, and the number that dropped out of school.

(a) Graduated .....

(b) Dropped out .....

12. Provide an explanation of information omitted from the report because it would reveal private data about an individual student.

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13(a) Provide the name of any other scholarship organizations who have agreed to combine their data with your scholarship organization data for the purposes set forth in RSA 77-G:2, II. The agreement shall only be considered valid if each scholarship organization lists the other scholarship organizations in the agreement.

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**SCHOLARSHIP ORGANIZATION REPORT (continued)**

13(b) If you have an agreement to combine data with another scholarship organization, does this report reflect the combined data or just the data for the scholarship organization that prepared this report?

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Under penalties of perjury, I declare that I have examined this document and to the best of my belief the information herein is true, correct and complete. I do hereby attest that the scholarship organization is in full compliance with the provisions of RSA 77-G, the Education Tax Credit statute.

---

AUTHORIZED SIGNATURE (IN INK)

---

DATE

---

PRINT SIGNATORY NAME & TITLE



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  - Reynolds American Inc.
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**DID YOU KNOW?** Corporations VOTED to adopt this. Through ALEC, global companies work as "equals" in "unison" with politicians to write laws to govern your life. Big Business has "a VOICE and a VOTE," according to newly exposed documents. **DO YOU?**

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**Resolution Supporting Private Scholarship Tax Credits**

Did you know that an online for-profit school company was the corporate co-chair in 2011?

**Summary**

This resolution declares the state legislative body's support for the creation of a tax credit for individuals and businesses that make a contribution to a nonprofit scholarship or educational assistance organization.

**Resolution**

**WHEREAS**, the individual development of young people is critical to their future success and that of this country, and encouraging parental involvement is an important component of a child's success; and

**WHEREAS**, each child is unique and learns differently, and many children are likely to benefit from expanded educational opportunities, including tutorial assistance, transportation to another public school, after school programs, or attendance at a nonpublic school; and

**WHEREAS**, the private sector has historically demonstrated an ability and willingness to address many of the challenges facing society, including education; and

**WHEREAS**, privately-funded scholarships are an excellent and popular means by which parents and guardians can exercise expanded educational opportunities for their children, especially children from low income families and the minority community; and

**WHEREAS**, a credit against taxes for contributions to nonprofit scholarship or educational assistance organizations will make more privately-funded scholarships available, and thereby expand the educational opportunities available to children of families that have limited financial resources and increase the academic achievements of children across the country;  Was your state inserted? ▾

**THEREFORE, BE IT RESOLVED** that the {insert name of state legislative body} supports the creation of a tax credit for donations to nonprofit organizations that make more privately funded scholarships and educational assistance available to children.

*Adopted by ALEC's Education Task Force at the Annual Meeting August 2, 2001.  
Approved by full ALEC Board of Directors September, 2001.*

From CMD: This resolution attempts to garner state legislative support for more tax cuts for businesses and like-minded individuals to help subsidize corporations in the business of private schools. It makes an appeal to low income and minority group families as part of its effort to reduce the taxes of for-profit corporations and others if they donate to scholarships (that could be used for students of any socio-economic background, including the most privileged) that could be used to pay tuition to for-profit education companies or religious or secular primary and secondary schools. It is another way taxes available to support public education and other public institutions can be reduced in order to subsidize for-profit and other schools.

**About Us and ALEC EXPOSED.** The Center for Media and Democracy reports on corporate spin and government propaganda. We are located in Madison, Wisconsin, and publish [www.PRWatch.org](http://www.PRWatch.org), [www.SourceWatch.org](http://www.SourceWatch.org), and now [www.ALECExposed.org](http://www.ALECExposed.org). For more information contact: [editor@prwatch.org](mailto:editor@prwatch.org) or 608-260-9713.



Michael P. Donnelly, Esq.  
Director of International Relations  
Staff Counsel

Home School Legal Defense Association  
One Patrick Henry Circle  
Purcellville, VA 20132  
540-338-5600 (p)  
540-338-1952 (f)  
michael.donnelly.esq (Skype)  
MikeD@hslida.org  
www.hslida.org

# HSLDA

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THOMAS J. SCHMIDT, ESQ.  
ATTORNEY (CA)

MICHAEL P. DONNELLY, ESQ.  
ATTORNEY (MA, NH, WV, DC)

Memorandum for: NH General Court, House Ways and Means Committee

RE: Testimony in Opposition to HB 370

Date: Tuesday, January 29, 2013

From: Michael Donnelly, Esq., HSLDA Staff Attorney for New Hampshire Member Affairs,  
Director of International Affairs and PHC Adjunct Professor of Government

My name is Michael Donnelly. I am an adjunct professor of government at Patrick Henry College in Purcellville Virginia where I teach constitutional law. I am a staff attorney and Director for International Relations for the Homeschool Legal Defense Association where I serve nearly 10,000 of our member families in 11 states including New Hampshire (where we have about 1,000 members) and the rest of the World. Our association advocates for the rights of parents to direct the education and upbringing of their children. We have over 80,000 member families worldwide with over 500 in New Hampshire. I am a member of the New Hampshire, WV, Massachusetts and District of Columbia Bar.

This testimony is in opposition to HB 370 which would repeal NH RSA 77-G an education tax credit law passed last year over Governor Lynch's veto. NH RSA 77-G creates an education tax credit scholarship program that allows private and homeschool students to receive scholarships from Scholarship Tuition Organizations ("STO") created under the statute. These STOs receive

funding from businesses who receive a tax credit for their donations. The program was established to help families have more choices in education.

Although, opponents of the law say it is "unconstitutional" because it "violates the separation of church and state", the United States Supreme Court has upheld a similar legislation challenged in 2010. RSA 77-G was patterned after a similar law in Arizona which was challenged in 2010. In 2011 the United States Supreme Court upheld the law as constitutional.

NH RSA 77-G makes New Hampshire the first state of the country to allow scholarship tuition organizations to provide for scholarships for homeschooled students to help defray expenses incurred by homeschooling parents.

HSLDA supports tax credit legislation in large part because Supreme Court jurisprudence has determined that tax credits are not considered "government money" and thus carry little risk of increased regulation on those who benefit from the tax credit. NH RSA 77-G will assist families who wish to exercise choice in the education of their children instead of enrolling in public school programs only. Furthermore the law explicitly states that schools that receive scholarships are not "agents of the state" subject to further regulation by virtue of participating in this program. HSLDA supported passage of NH RSA 77-G and we are working with others to defend it.

### **HSLDA's position on Tax Credits Generally**

As parents become increasingly dissatisfied with the performance of public schools, their interest in alternatives in the form of private, religious, charter, and homeschools is growing. However, the method of education funding remains a big obstacle between students and the quality education parents seek for their children. Most parents already pay for their child's public education through taxes. When parents choose to educate their child privately, they are effectively paying twice for education—once for a public education they do not use and once for a private or homeschool education they do use.

In response to this problem, lawmakers at both the state and federal level have proposed varying forms of education tax credits and education tax deductions. They are designed to rectify the discrepancy by allowing parents to be reimbursed, at least partially, for tuition and other expenses for non-public education. A tax credit can be claimed (subtracted) against the amount of tax owed whereas a tax deduction is subtracted from a taxpayer's gross income, lowering the total amount of earnings on which the final tax is paid. Typically, a credit or deduction will be equal to the amount of actual education expenses.

For example, someone owing \$3,000, eligible for a \$500 credit, would ultimately owe the government \$2,500. The credit eases the financial burden for parents who choose to educate their children through private or homeschool. In this way, parents not using public education do not have to pay the full amount for a service they do not use.

While many opponents of the education tax credit say that it will detrimentally affect the public school system by taking away funding from necessary programs, supporters realize that giving parents more freedom will encourage healthy rivalry between schools and that this competition will promote improved performance.

Although a credit or deduction could be helpful for homeschoolers, HSLDA opposes any tax break legislation that could come with governmental regulations. Homeschoolers have fought far too long and much too hard to throw off the chains of government regulation that hinder effective education and interfere with liberty. It would be inconsistent and foolhardy to accept tax incentives in exchange for government regulation. However, HSLDA supports tax credits that promote educational choice without threatening any regulation of homeschoolers.

There are many different education tax credit models currently being proposed and discussed. Some include an actual tax credit for personally incurred educational expenses for one's own child; others set up a middleman (usually called a scholarship tuition organization, STO) that collects donations from individuals and corporations which receive a credit for the gifts to the STO. Usually, the STO is required to distribute at least 90% of all funds received to schools or students for educational expenses. Regardless of the education tax credit model, HSLDA

continues to support and fight for education tax credits at the local, state and federal levels in order to eliminate the "double" taxation of private and homeschool parents.

Below are a list of education tax credit laws already on the books and information about key education tax credit legislation being offered by state and federal lawmakers.

### **Current Education Tax Credit Laws**

Since 1987, Iowa, Minnesota, Arizona, and Illinois have each enacted education tax credit laws geared toward helping low income families, combating poor quality of public education, and helping students with learning disabilities. These credits are available for *individuals*, while Florida, Indiana, Pennsylvania and New Hampshire have laws that allow the creation of "scholarship tuition organizations", also known as STOs. These STO's receive donations from businesses that in turn are given a tax credit based on their contribution. A summary of each tax credit laws is below. Actual statutes should be consulted for full details and restrictions.

#### *Iowa's Tuition Credit*

Iowa was the first state to pass legislation providing for a tuition credit. In 1987, the Iowa General Assembly added to Iowa Code § 422.12 a credit "equal to twenty-five percent of the first one thousand dollars which the taxpayer has paid to others for each dependent in grades kindergarten through twelve, for tuition and textbooks of each dependent in attending an elementary or secondary school situated in Iowa, which school is accredited or approved under section 256.11." However, because competent private instruction (CPI) does not constitute a school that "is accredited or approved under section 256.11," most homeschool families will not be able to claim this credit.

#### *Arizona's Scholarship Tuition Organization*

Ten years later, Arizona followed in Iowa's steps with a credit applicable when cash contributions are made to a 501(c)(3) scholarship tuition organization (STO). The STO, in turn, grants scholarships to individual students for their private or public education. An individual can receive up to a \$500 deduction for contributions to a qualified STO. Corporations and joint filers

can receive up to a \$1,000 deduction as outlined in section 43-1089 of the Arizona Revised Statutes.

### *Minnesota's Education Tax Credit and Tax Deduction*

Minnesota's tax credit is similar to the Iowa statute, but it allows for 75 percent of education-related expenses instead of 25 percent, and up to \$1000 per qualified child. The maximum credit is reduced for families with a household income over \$33,500. "Education-related expenses for a qualifying child in kindergarten through grade 12" are covered in the credit. Minnesota Statutes § 290.0674 was added in 1998 and specifies qualifying expenses as tuition, textbooks, up to \$200 for personal computer hardware, and transportation, but with more detailed specifications for each category.

Minnesota also allows parents to claim a tax deduction for qualified expenses. Minnesota Statutes § 290.01. The maximum deduction amount is \$1,625 per student in grades K-6, and \$2,500 per student in grades 7-12. The deductions may be used for expenses which would otherwise fall within the tax credit program, but the same expenses may not be used to claim both a credit and a deduction.

### *Illinois Education Tax Credit*

In 1999, the Illinois legislature passed legislation that allows parents to receive a tax credit equal to 25% of any amount they expend in excess of \$250 for tuition, book fees, and lab fees, but not to exceed \$500 annually. This credit is available to any public or private school student. (Under Illinois law, homeschooled students have the same legal status as private school students.) This provision is covered in 35 Illinois Compiled Statutes 5/201.

### *Louisiana Tuition Deduction*

In 2008, the Louisiana legislature passed a tuition deduction that allows taxpayers to deduct 50% of any educational expenses paid for the homeschooling of their dependent children, up to \$5,000 per child or the total taxable income of the individual, whichever is less. For the purposes of this section, "educational expenses" is defined to include "amounts expended for

the purchase of textbooks and curricula necessary for [the] home-schooling of each child.” Louisiana Revised Statutes § 47:297.11. A similar provision applies to educational expenses incurred in connection with sending a child to public or private school.

The tax credits listed above are for individuals. Florida, Pennsylvania, and Rhode Island offer tax credits for businesses that make contributions to scholarship tuition organizations (STO).

#### *New Hampshire STO*

NH RSA 77-G was passed in 2012 over then Governor Lynch’s veto. The law permits businesses in the state to apply a tax credit against the business profits tax or the business enterprise tax of up to 85% for each donation to a qualified STO. No donor is permitted to receive more than 10% of the available aggregate tax credits.

#### *Florida’s STO*

In Florida, businesses can contribute up to 75 percent of the amount of tax they owe to scholarship-granted organizations and receive dollar-for-dollar credit. Under section 220.187 of Florida Statutes, in effect since 2002, organizations can receive this credit, but the state has limited the number of credits it grants to \$118 million annually.

#### *Pennsylvania’s STO*

In 2001, Pennsylvania’s Act 4 amended the Public School Code to allow up to a \$300,000 tax credit for businesses that contribute to scholarship organizations. (See 24 Pennsylvania Consolidated Statutes §§ 20-2001-B – 20-2008-B.) The credit received is 75 percent of the total amount they donate, up to the \$300,000 cap. In 2004, the maximum amount of credits—\$40 million—was exhausted by September. Currently, the maximum amount is \$67 million. (See 24 PA. Cons. Stat. § 20-2006-B.)

#### *Rhode Island’s STO*



In 2006, the Rhode Island Business Entity Scholarship Tax Credit Program was signed into law. This program allows business entities to claim a credit for 75% of the contributions they make to a Scholarship Granting Organization, or 90% of the same if the second-year donation is worth at least 80% of the first year's donation, with a maximum credit of \$100,000, and a state-wide cap of \$1 million. In order for students to be eligible for these corporate scholarships, they must be from a family whose income is at or below 250% of the federal poverty level. Rhode Island Gen. Laws § 44-62.

Individuals				
	Year Enacted	Max Amount	Expenses Allowed	Statute reference
Iowa	1987	\$250	tuition, textbooks	§ 422.12
Arizona	1997	\$1,000 individual \$2,000 joint	STO Donations	§ 43-1089
Minnesota	1998	\$1,000	tuition, textbooks, transportation, computer equipment	§ 290.0674
Illinois	1999	\$500	tuition, materials	35 ILCS 5/201
Louisiana	2008	\$5,000	textbooks, curriculum	§ 47:297.11
For Businesses				
Florida	2000	75% of tax liability	STO donations	§ 220.187
Pennsylvania	2001	\$300,000	STO donations	§ 20-2001-B et seq.
Rhode Island	2006	\$100,000	STO donations	§ 44-62
New Hampshire	2012	85% of contribution to STO	STO Donations	§ 77-G

## **Federal Tax Credit Bills**

As education choice is becoming more popular and vouchers—a direct governmental grant to private and charter schools—are gaining prevalence, education tax credit legislation is also increasing in volume on both a federal and a state level.

For example, Senator David Vitter (LA) introduced The Home School Opportunities Make Education Sound Act (HOMES Act – S. 3076) in June 2008. The goal of the HOMES Act was to amend the Internal Revenue Code of 1986 to provide an optional tax deduction for parents who choose to homeschool their children. The legislation provides for a tax deduction of \$500 per child (with an annual limit of \$2,000) for education related expenses, including books, supplies, academic tutoring, special needs services, and computer equipment. Families who do not itemize their tax returns would still be eligible for a similar standard deduction. Furthermore, this legislation would have applied to all homeschool programs, including those in states that only have a private school statute.

For the most up-to-date information on federal legislation, visit [HSLDA's Federal Relations legislation page](#).

## **State Tax Credit Bills**

States periodically introduce education tax credit legislation, which HSLDA wholeheartedly supports. Unfortunately, of the many bills that have been introduced in recent years, very few have been passed into law. However, HSLDA continues to monitor and lobby for such measures.

## **Constitutionality Issues**

While these tax credits enable parents to keep their money and use it for education, some opponents raise questions concerning their constitutionality. In three states with existing education tax credit laws—Arizona<sup>1</sup>, Illinois<sup>2</sup>, and Minnesota<sup>3</sup>—suits have been brought against the tax credit laws. The suits were based on the Establishment Clause because these credits

also apply to religious school tuition. Furthermore, opponents cite the Blaine Amendment, which prohibits appropriating funds to religious or sectarian schools.

All three court cases, however, have upheld the constitutionality of tax credits because government money is not being directly given to these schools. The courts ruled that state recognition of tax credits does not involve giving any government funds to institutions.

The ACLU has brought a similar suit against the New Hampshire tax credit law. HSLDA is working with those preparing to defend the law. This lawsuit does not allege any federal constitutional defects and seeks to avoid the standing issues which were problems for the Arizona lawsuit by virtue of RSA 491:22 that appear to give taxpayers standing to challenge unauthorized or unlawful acts by the taxing authority.

#### **Endnotes**

1. *Kotterman v. Killian*, 972 P.2d 606 Ariz. (1999).
2. *Griffith v. Bower*, 319 Ill. App. 3d 993 5 Dist. (2001).
3. *Mueller v. Allen*, 463 U.S. 388 (1983).

# Voting Sheets

HOUSE COMMITTEE ON WAYS AND MEANS

EXECUTIVE SESSION on HB 370-FN

**BILL TITLE:** repealing the education tax credit program.

**DATE:** February 12, 2013

**LOB ROOM:** Room 202; LOB

**Amendments:**

Sponsor: Rep. OLS Document #:

Sponsor: Rep. OLS Document #:

Sponsor: Rep. OLS Document #:

**Motions:** OTP, OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep. Almy

Seconded by Rep. Kelley

Vote: 10-7 (Please attach record of roll call vote.)

**Motions:** OTP, OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep.

Seconded by Rep.

Vote: (Please attach record of roll call vote.)

**CONSENT CALENDAR VOTE:** {Type VOTE}

\*(Vote to place on Consent Calendar must be unanimous.)

**Statement of Intent:** Refer to Committee Report

Respectfully submitted,



Rep. William Butynski, Clerk

HOUSE COMMITTEE ON WAYS AND MEANS

EXECUTIVE SESSION on HB 370-FN

BILL TITLE: repealing the education tax credit program.

DATE: 2/12/13

LOB ROOM: Room 202, LOB

Amendments:

Sponsor: Rep. OLS Document #:

Sponsor: Rep. OLS Document #:

Sponsor: Rep. OLS Document #:

Motions:  OTP,  OTP/A,  ITL, Interim Study (Please circle one.)

Moved by Rep. *Almy*

Seconded by Rep. *Kelley*

Vote: 10 to 7 (Please attach record of roll call vote.)

Motions:  OTP,  OTP/A,  ITL, Interim Study (Please circle one.)

Moved by Rep.

Seconded by Rep.

Vote: (Please attach record of roll call vote.)

CONSENT CALENDAR VOTE: {Type VOTE}

(Vote to place on Consent Calendar must be unanimous.)

Statement of Intent: Refer to Committee Report

Respectfully submitted,

Rep. William Butynski, Clerk



2013 SESSION  
EXECUTIVE SESSION ON HB 370

WAYS AND MEANS

Bill #: HB 370 Title: repealing the education tax credit program  
PH Date: 1/31/13 Exec Session Date: 2/12/13  
Motion: OTP by Reps. Almy & Kelley Amendment #: \_\_\_\_\_

MEMBER	YEAS	NAYS
Almy, Susan W, Chairman	✓	
Lovejoy, Patricia T, V Chairman	✓	
Butynski, William, Clerk	✓	
Davis, Frank W	✓	
Shattuck, Gilman C	✓	
Kelley, John D	✓	
<del>Cooney, Mary R</del> ABSENT		
Ames, Richard	✓	
Karrick, David B	✓	
Schamberg, Thomas C	✓	
Young, Harry L	✓	
<del>Major, Norman L</del> ABSENT		
<del>Griffin, Mary E</del> ABSENT		
Hess, David W		✓
Sapareto, Frank V		✓
Ulery, Jordan G		✓
Ober, Russell T,		✓
Abrami, Patrick F		✓
<del>Azarian, Gary S</del> Rensullo, A.		✓
Sanborn, Laurie J		✓
TOTAL VOTE:	10	7

*Almy - Minority Block  
Sanborn - Minority Block*

# Committee Report



**REGULAR CALENDAR**

**February 14, 2013**

**HOUSE OF REPRESENTATIVES**

**REPORT OF COMMITTEE**

**The Majority of the Committee on WAYS AND MEANS  
to which was referred HB370-FN,**

**AN ACT repealing the education tax credit program.**

**Having considered the same, report the same with the  
recommendation that the bill OUGHT TO PASS.**

**Rep. Susan W Almy**

**FOR THE MAJORITY OF THE COMMITTEE**

# MAJORITY COMMITTEE REPORT

Committee: **WAYS AND MEANS**

Bill Number: **HB370-FN**

Title: **repealing the education tax credit program.**

Date: **February 14, 2013**

Consent Calendar: **NO**

Recommendation: **OUGHT TO PASS**

## STATEMENT OF INTENT

The program enacted last year to provide a small public subsidy to parents sending their children to private schools or home-schooling them would be repealed by this bill. The subsidy is provided through a special business tax credit that administratively burdens businesses and two understaffed state agencies. Ironically, it requires vigilance as to whether the children supported are distinct from the donor business and whether they actually moved and stayed moved out of the public system, but purposefully allows no way for the state to determine whether the public money foregone has improved those children's educations, except for the parents' own approval and their voluntary reporting of post-school outcomes. Our public school students and parents are allowed no such leeway. The program forces a choice on the legislature as to whether the cost will come from extremely scarce general fund dollars, or by down-shifting to the public schools and local property tax. There is very little expense that a school can cut when it loses a few children per grade. This first term, the legislature chose to put most of that burden on the general fund, a potential loss of \$8-9M over the biennium if the program was successful in attracting business donors and parents, with rapid automatic increases thereafter if successful. In a later term, given our constrained revenues, the choice might be to down-shift the whole burden. The program is also likely to be declared contrary to the state constitution after a lawsuit the state will have to finance. The majority believes that the time to repeal this program is now, given the lack of accountability, complicated administration, unconstitutionality, and fragile state of both state and local revenues.

Vote 10-7

Original: House Clerk  
Cc: Committee Bill File

Rep. Susan W Almy  
FOR THE MAJORITY

Original: House Clerk  
Cc: Committee Bill File

## REGULAR CALENDAR

### WAYS AND MEANS

**HB370-FN**, repealing the education tax credit program. **OUGHT TO PASS.**

Rep. Susan W Almy for the **Majority** of WAYS AND MEANS. The program enacted last year to provide a small public subsidy to parents sending their children to private schools or home-schooling them would be repealed by this bill. The subsidy is provided through a special business tax credit that administratively burdens businesses and two understaffed state agencies. Ironically, it requires vigilance as to whether the children supported are distinct from the donor business and whether they actually moved and stayed moved out of the public system, but purposefully allows no way for the state to determine whether the public money foregone has improved those children's educations, except for the parents' own approval and their voluntary reporting of post-school outcomes. Our public school students and parents are allowed no such leeway. The program forces a choice on the legislature as to whether the cost will come from extremely scarce general fund dollars, or by down-shifting to the public schools and local property tax. There is very little expense that a school can cut when it loses a few children per grade. This first term, the legislature chose to put most of that burden on the general fund, a potential loss of \$8-9M over the biennium if the program was successful in attracting business donors and parents, with rapid automatic increases thereafter if successful. In a later term, given our constrained revenues, the choice might be to down-shift the whole burden. The program is also likely to be declared contrary to the state constitution after a lawsuit the state will have to finance. The majority believes that the time to repeal this program is now, given the lack of accountability, complicated administration, unconstitutionality, and fragile state of both state and local revenues. **Vote 10-7.**

Original: House Clerk

Cc: Committee Bill File

COMMITTEE REPORT

COMMITTEE: W&M

BILL NUMBER: HB 370-FN

TITLE: repealing the education tax credit program

DATE: 2/12/13 CONSENT CALENDAR: YES  NO

- OUGHT TO PASS
- OUGHT TO PASS W/ AMENDMENT
- INEXPEDIENT TO LEGISLATE
- INTERIM STUDY (Available only 2<sup>nd</sup> year of biennium)

Amendment No. \_\_\_\_\_

STATEMENT OF INTENT:

see attached

COMMITTEE VOTE: 10-7

RESPECTFULLY SUBMITTED,

- Copy to Committee Bill File
- Use Another Report for Minority Report

Rep. [Signature]  
For the Committee [Signature]

## MAJORITY REPORT

HB 370-FN

10-7 Reg OTP

The program enacted last year to provide a small public subsidy to parents sending their children to private schools or home-schooling them would be repealed by this bill. The subsidy is provided through a special business tax credit that administratively burdens businesses and two understaffed state agencies. Ironically, it requires vigilance as to whether the children supported are distinct from the donor business and whether they actually moved and stayed moved out of the public system, but purposefully allows no way for the state to determine whether the public money foregone has improved those children's educations, except for the parents' own approval and their voluntary reporting of post-school outcomes. Our public school students and parents are allowed no such leeway. The program forces a choice on the legislature as to whether the cost will come from extremely scarce general fund dollars, or by down-shifting to the public schools and local property tax. There is very little expense that a school can cut when it loses a few children per grade. This first term, the legislature chose to put most of that burden on the general fund, a potential loss of \$8-9M over the biennium if the program was successful in attracting business donors and parents, with rapid automatic increases thereafter if successful. In a later term, given our constrained revenues, the choice might be to down-shift the whole burden. The program is also likely to be declared contrary to the state constitution after a lawsuit the state will have to finance. The majority believes that the time to repeal this program is now; given the lack of accountability, complicated administration, unconstitutionality, and fragile state of both state and local revenues.

Respectfully submitted,

Rep. Susan W. Almy



~~Blarbs~~

May: Rpt  
HB 370

HB370 The program enacted last year to provide a small public subsidy to parents sending their children to private schools or home-schooling them would be repealed by this bill. The subsidy is provided through a special business tax credit that administratively burdens businesses and two understaffed state agencies. Ironically, it requires vigilance as to whether the children supported are distinct from the donor business and whether they actually moved and stayed moved out of the public system, but purposefully allows no way for the state to determine whether the public money foregone has improved those children's educations, except for the parents' own approval and their voluntary reporting of post-school outcomes. Our public school students and parents are allowed no such leeway. The program forces a choice on the legislature as to whether the cost will come from extremely scarce general fund dollars, or by down-shifting to the public schools and local property tax. There is very little expense that a school can cut when it loses a few children per grade. This first term, the legislature chose to put most of that burden on the general fund, a potential loss of \$8-9 million over the biennium if the program was successful in attracting business donors and parents, with rapid automatic increases thereafter if successful. In a later term, given our constrained revenues, the choice might be to down-shift the whole burden. The program is also likely to be declared contrary to the state constitution after a lawsuit the state will have to finance. The majority believes that the time to repeal this program is now, given the lack of accountability, complicated administration, unconstitutionality, and fragile state of both state and local revenues.

Rep. Susan Almy  
for the committee  
JWA

**REGULAR CALENDAR**

**February 14, 2013**

**HOUSE OF REPRESENTATIVES**

**REPORT OF COMMITTEE**

**The Minority of the Committee on WAYS AND MEANS  
to which was referred HB370-FN,**

**AN ACT repealing the education tax credit program.**

**Having considered the same, and being unable to agree  
with the Majority, report with the following Resolution:**

**RESOLVED, That it is INEXPEDIENT TO LEGISLATE.**

**Rep. Laurie J Sanborn**

**FOR THE MINORITY OF THE COMMITTEE**

Original: House Clerk

Cc: Committee Bill File



**MINORITY  
COMMITTEE REPORT**

Committee: **WAYS AND MEANS**

Bill Number: **HB370-FN**

Title: **repealing the education tax credit program.**

Date: **February 14, 2013**

Consent Calendar: **NO**

Recommendation: **INEXPEDIENT TO LEGISLATE**

**STATEMENT OF INTENT**

This bill repeals a recently passed scholarship program for lower income families which enables them choice when their child would perform better in a learning environment different from the one they are obligated to attend due to their zip code. The education tax credit bill was well vetted in extensive subcommittee meetings to ensure its constitutionality and effectiveness in helping those that need it, while maintaining our commitment to excellence in the public school system. Caps were placed on the total financial impact on public schools to 1/3 of one percent of the total education budget. The law was also carefully constructed to hold a school district harmless financially if more students leave than would be typical with regular relocation and attrition. The credit has only been in effect for one month. Just the mere mention of a potential repeal has caused potential business participants to be reluctant to contribute to the scholarship program. The minority believes it is imperative that we give this scholarship program – and the children it is aimed at helping – a chance to succeed and keep our promise to the hundreds of families who have already applied for this assistance.

Rep. Laurie J Sanborn  
FOR THE MINORITY

Original: House Clerk  
Cc: Committee Bill File

REGULAR CALENDAR

WAYS AND MEANS

**HB370-FN**, repealing the education tax credit program. **INEXPEDIENT TO LEGISLATE.**

Rep. Laurie J Sanborn for the **Minority** of WAYS AND MEANS. This bill repeals a recently passed scholarship program for lower income families which enables them choice when their child would perform better in a learning environment different from the one they are obligated to attend due to their zip code. The education tax credit bill was well vetted in extensive subcommittee meetings to ensure its constitutionality and effectiveness in helping those that need it, while maintaining our commitment to excellence in the public school system. Caps were placed on the total financial impact on public schools to 1/3 of one percent of the total education budget. The law was also carefully constructed to hold a school district harmless financially if more students leave than would be typical with regular relocation and attrition. The credit has only been in effect for one month. Just the mere mention of a potential repeal has caused potential business participants to be reluctant to contribute to the scholarship program. The minority believes it is imperative that we give this scholarship program – and the children it is aimed at helping – a chance to succeed and keep our promise to the hundreds of families who have already applied for this assistance.

Original: House Clerk

Cc: Committee Bill File

MINORITY REPORT

COMMITTEE: Ways

BILL NUMBER: HB 370-511

TITLE: Repealing the education tax credit

DATE: 2/12/13 CONSENT CALENDAR: YES  NO

- OUGHT TO PASS
- OUGHT TO PASS W/ AMENDMENT
- INEXPEDIENT TO LEGISLATE
- INTERIM STUDY (Available only 2<sup>nd</sup> year of biennium)

Amendment No. \_\_\_\_\_

Minority Statement Opposed to ORP

STATEMENT OF INTENT:

This bill repeals a recently passed Scholarship program for lower income families which enables them choice when their child would perform better in a learning environment different from the one they are obligated to attend due to their zipcode. The Education Tax Credit bill was well vetted in extensive subcommittee meetings to ensure its constitutionality and effectiveness in helping those that need it, while maintaining our commitment to excellence in the public school system. Caps were placed on the total financial impact on public schools to 1/3 of 1% of the total education budget. The law was also carefully constructed to hold a school district harmless financially if more students leave than would be typical with regular relocation and attrition.

Continued →

COMMITTEE VOTE: \_\_\_\_\_

RESPECTFULLY SUBMITTED,

• Copy to Committee Bill File

Rep. [Signature]  
For the Minority Sanborn

[Signature]

## MINORITY REPORT

HB 370-FN      10-7 Reg    ITL

This bill repeals a recently passed scholarship program for lower income families which enables them choice when their child would perform better in a learning environment different from the one they are obligated to attend due to their zip code. The education tax credit bill was well vetted in extensive subcommittee meetings to ensure its constitutionality and effectiveness in helping those that need it, while maintaining our commitment to excellence in the public school system. Caps were placed on the total financial impact on public schools to 1/3 of one percent of the total education budget. The law was also carefully constructed to hold a school district harmless financially if more students leave than would be typical with regular relocation and attrition. The credit has only been in effect for one month. Just the mere mention of a potential repeal has caused potential business participants to be reluctant to contribute to the scholarship program. The minority believes it is imperative that we give this scholarship program – and the children it is aimed at helping – a chance to succeed and keep our promise to the hundreds of families who have already applied for this assistance.

Respectfully submitted,

Rep. Laurie Sanborn

