

HB 734-FN-LOCAL - AS INTRODUCED

2019 SESSION

19-0629

06/03

HOUSE BILL

***734-FN-LOCAL***

AN ACT                   relative to the annual percentage reduction in stabilization grants to school districts.

SPONSORS:           Rep. Abbott, Ches. 1; Rep. Berch, Ches. 1; Rep. Cloutier, Sull. 10; Rep. Harvey, Ches. 1; Rep. Horrigan, Straf. 6; Rep. Ames, Ches. 9; Sen. Kahn, Dist 10

COMMITTEE:       Finance

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ANALYSIS

This bill suspends the 4 percent annual reduction in stabilization grants for 2 years.

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Explanation:       Matter added to current law appears in ***bold italics***.  
                      Matter removed from current law appears ~~[in brackets and struckthrough.]~~  
                      Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

*In the Year of Our Lord Two Thousand Nineteen*

AN ACT                    relative to the annual percentage reduction in stabilization grants to school districts.

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

1            1 Cost of Opportunity for an Adequate Education; Determination of Education Grants. Amend  
2 RSA 198:41, IV(d) to read as follows:

3                    (d) For fiscal year 2017 and each fiscal year thereafter, the department of education  
4 shall distribute a total education grant to each municipality in an amount equal to the total  
5 education grant for the fiscal year in which the grant is calculated plus a percentage of the  
6 municipality's fiscal year 2012 stabilization grant, if any, distributed to the municipality; the  
7 percentage shall be 96 percent for fiscal year 2017, and shall be reduced by 4 percent of the amount  
8 of the 2012 education grant for each fiscal year thereafter, ***except fiscal years 2020 and 2021***  
9 ***when the fiscal year 2019 reduction rate shall apply***. No stabilization grant shall be  
10 distributed to any municipality for any fiscal year in which the municipality's education property  
11 tax revenue collected pursuant to RSA 76 exceeds the total cost of an adequate education or to any  
12 municipality for any fiscal year in which the municipality's ADMA is zero.

13            2 Effective Date. This act shall take effect July 1, 2019.

**HB 734-FN-LOCAL- FISCAL NOTE**  
**AS INTRODUCED**

AN ACT relative to the annual percentage reduction in stabilization grants to school districts.

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

STATE:	Estimated Increase / (Decrease)			
	FY 2020	FY 2021	FY 2022	FY 2023
<b>Appropriation</b>	\$0	\$0	\$0	\$0
<b>Revenue</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>	\$6,339,018	\$12,678,036	\$12,678,036	\$12,678,036
<b>Funding Source:</b>	<input type="checkbox"/> General	<input checked="" type="checkbox"/> Education	<input type="checkbox"/> Highway	<input type="checkbox"/> Other

**LOCAL:**

<b>Revenue</b>	\$6,339,018	\$12,678,036	\$12,678,036	\$12,678,036
<b>Expenditures</b>	\$0	\$0	\$0	\$0

**METHODOLOGY:**

This bill sets the amount of the stabilization grant portion of the total education grant to municipalities in FY 2020 and FY 2021 at the FY 2019 level. Under current law, each year the stabilization grant amount decreases by four percent of the original amount, or approximately \$6.3 million statewide. This bill essentially eliminates the annual reduction for the upcoming biennium and the Department of Education assumes the four percent reduction would begin again in FY 2022. The impact of this bill on state education trust fund expenditures and local revenue is as follows:

STABILIZATION GRANT					
Year	Current Law		Proposed		Increase
	Stabilization %	Stabilization \$	Stabilization %	Stabilization \$	
FY 2019	88%	\$139,458,392	88%	No Change	<b>No Change</b>
FY 2020	84%	\$133,119,374	88%	\$139,458,392	<b>\$6,339,018</b>
FY 2021	80%	\$126,780,356	88%	\$139,458,392	<b>\$12,678,036</b>
FY 2022	76%	\$120,441,338	84%	\$133,119,374	<b>\$12,678,036</b>
FY 2023	72%	\$114,102,320	80%	\$126,780,356	<b>\$12,678,036</b>

**AGENCIES CONTACTED:**

Department of Education

