



Proposed Education Funding Legislation Could Reduce Property Taxes in Communities with Highest Levels of Need

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House Bill 529, relative to additional aid grants for schools based on free and reduced-price meals and fiscal capacity disparity aid, is proposed legislation that could help make the state's contribution to municipalities for education more equitable. The bill proposes two additional aid categories to the state's education funding formula: proportions of students eligible for free and reduced lunch and a community's relative ability to generate revenue for schools from property taxes, or Equalized Value Per Pupil (EVPP). Students experiencing poverty tend to need, on average, access to more services to ensure they succeed. Free and reduced-price lunch eligibility is a measure used by the state to measure poverty. Additionally, because the State of New Hampshire downshifts most of the costs for funding public education onto local property taxes, targeting additional aid based on EVPP could help ensure that more funding is going to the communities with the lowest property values and, as a direct result, the highest property taxes.

HB 529 would distribute both additional funds to municipalities on a sliding scale. For the free and reduced-priced lunch aid, communities with 48% or more students eligible would receive \$700 per student, communities with between 12% and 48% would receive up to \$700 on a sliding scale, and communities with less than 12% eligible would receive no additional funding.

Similarly, HB 529 lays out a sliding scale for fiscal capacity disparity aid. Communities with an EVPP of less than \$600,000 would receive an additional \$2,000 per student, communities with between \$600,000 and \$1,600,000 EVPP would receive up to \$2,000 per student on a sliding scale, and communities with over \$1,600,000 EVPP would receive no additional funding.

While proposed legislation generally looks at estimated tax rates and revenue to predict the impact 1-2 years into the future, this analysis explores the impact if HB 529 were to go into effect in 2023 by using the most recent data from the Department of Revenue Administration and Education. This way, legislators and taxpayers can see how this type of proposal would impact tax bills and school budgets that are being paid and considered currently.

Table 1

Town	ADM-R	% Eligible FRL	EVPP	2022 Equalized School Tax Rate	HB 529 Possible Tax Rate	Decrease in Tax Rate
Stratford	72.41	74.25%	\$1,401,743.14	\$10.01	\$9.58	\$0.43
Clarksville	23.43	65.63%	\$3,534,957.61	\$5.92	\$5.84	\$0.08
Franklin	915.15	65.14%	\$947,491.23	\$6.27	\$5.64	\$0.63
Lisbon	213.48	61.53%	\$865,025.37	\$12.41	\$11.34	\$1.07
Ellsworth	10.45	60.01%	\$1,933,149.97	\$8.95	\$8.79	\$0.16
Berlin	971.84	59.29%	\$780,708.21	\$10.90	\$9.82	\$1.08
Manchester	12024.42	59.23%	\$1,077,057.47	\$7.91	\$7.21	\$0.70
Ossipee	548.82	58.61%	\$1,892,716.78	\$8.31	\$7.49	\$0.82
Effingham	185.57	57.08%	\$1,404,871.94	\$10.14	\$9.83	\$0.31
Groton	49.30	56.70%	\$3,870,398.02	\$4.35	\$4.31	\$0.04
Whitefield	257.79	56.34%	\$1,127,534.57	\$9.16	\$8.63	\$0.53



Table 1 lists the eleven towns in NH with the highest percentage of students eligible for FRL as of 2022. If HB 529 were to be in effect currently and all of the increased funding from the state was passed on to property taxpayers to reduce their bills, all these towns could see a slight decrease in their property tax bills. Both Lisbon and Berlin could reduce their property taxes by over \$1 per \$1,000 of property value. Notably, about half of these 11 communities with the highest rates of FRL-eligible students would also receive additional funding based on their EVPP.

Table 2

Town	ADM-R	EVPP	% Eligible FRL	2022 Equalized School Tax Rate	HB 529 Possible Tax Rate	Decrease in Tax Rate
Claremont	1592.07	\$632,806.44	47.60%	\$16.93	\$15.17	\$1.76
Charlestown	604.48	\$632,895.74	47.92%	\$18.68	\$16.88	\$1.80
Troy	285.70	\$656,139.36	42.18%	\$10.76	\$9.41	\$1.35
Penacook	686.51	\$748,908.33	30.84%	\$15.33	\$14.23	\$1.10
Pittsfield	540.55	\$751,886.27	46.42%	\$11.70	\$10.52	\$1.18
Greenville	225.86	\$753,806.74	39.84%	\$7.98	\$7.10	\$0.88
Brookline	1137.24	\$771,116.97	4.28%	\$17.15	\$15.58	\$1.57
Berlin	971.84	\$780,708.21	59.29%	\$10.90	\$9.82	\$1.08
Northumberland	258.83	\$816,323.81	48.67%	\$9.43	\$8.50	\$0.93
Winchester	476.70	\$822,120.53	54.42%	\$17.85	\$17.24	\$0.61
Boscawen	459.72	\$823,758.87	34.26%	\$12.90	\$11.75	\$1.15
Haverhill	546.13	\$824,546.00	40.46%	\$15.28	\$14.11	\$1.17
Newport	718.63	\$857,358.29	54.69%	\$12.35	\$11.29	\$1.06
Lisbon	213.48	\$865,025.37	61.53%	\$12.41	\$11.34	\$1.07
Bennington	201.34	\$883,798.90	30.22%	\$13.03	\$12.01	\$1.02
Marlborough	212.22	\$911,405.37	42.72%	\$15.64	\$14.58	\$1.06

In Table 2, the 16 communities with the lowest EVPP are listed. While none have less than \$600,000 equalized value per ADM-R (EVPP), towns with EVPP below \$900,000 would see substantial growth in their grant from the State.

Of the 235 towns in New Hampshire (not including unincorporated areas and municipalities with no ADM-R)¹, 82 % or 193 of the towns could see a reduction in property taxes.

The proportion of students in any given district who qualify for free or reduced-price meals combined with a communities' property value is an equity-minded way to increase aid for the schools that need it most. While only increasing state aid by \$100 million, HB 529 would successfully target that aid to the towns with the highest need. Many of the towns that would see the greatest benefits have property tax rates over \$10.00 per \$1,000 of property value and could see significant savings over the span of a year.

¹ Cambridge, Dix Grant, Dixville, Hales Location, and Orford were not included in this analysis.