

New Hampshire Department of Revenue Administration

Fiscal Note Quick Guide

19-0481

HB 676, *repealing the collection of the state education property tax.*

House Ways & Means

The proposed legislation repeals the statewide education property tax (SWEPT). In place of the SWEPT, it requires the State to deposit general funds in the amount of \$363,000,000 annually into the education trust fund. The money is distributed in the form of education grants to the municipalities by the Department of Education.

The proposed legislation also repeals the low and moderate income homeowners property tax relief program, which provides relief from the SWEPT. It is paid from funds in the education trust fund.

The proposed legislation would take effect on July 1, 2019.

The fiscal impact of the repeal of the SWEPT increases State expenditures by \$363,000,000 annually. The money is deposited into the education trust fund from the general fund annually, and distributed to the municipalities by the Department of Education. This does not take into consideration the possible offset from the repeal of the low and moderate income homeowners property tax relief program. For reference, in the last claim year (for tax year 2017), the State paid tax relief in the amount of \$1.2 million.

Lastly, the proposed legislation would take effect July 1, 2019, but it does not specify whether it applies to the tax year commencing April 1, 2019 (tax year 2019) or the succeeding year. The effective date would also occur during the application period for tax year 2018 low and moderate income homeowners property tax relief, which extends to November 1, 2019 under certain circumstances.