



HB1300



RSA 32:5-i



Outline

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2. Ballot Question(s)
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 - b. The “Tax Cap”
 - c. The SAU 6% cap
 - d. Bonus: HB 564
3. How would a “Tax Cap” actually work?
 - a. Defining Terms
 - b. When will we know the “tax cap”?
 - c. How will we estimate the “tax cap”?
4. How would a “Tax Cap” impact the Milford School District?

What is HB1300 – RSA 32:5-i ?



RSA 32:5-i

Required Ballot Question:

"Shall the [name of municipality] limit property tax growth for [name(s) of school district(s)] under RSA 32:5-i? If adopted for a two-year period: (1) the local property tax levy may not grow beyond the prior year's amount, adjusted for inflation and new construction; (2) SAU central office spending may not exceed 6 percent of total school district appropriations; and (3) bonded capital costs are excluded from both limits. These caps apply only to administrative operations of the SAU central office and do not affect classroom instruction, school-based services, or other municipal expenditures. These limits may be overridden as provided in RSA 32:5-i. Adoption requires a three-fifths (3/5) majority vote."

The “Tax Cap”, if passed

VIII. (a) The maximum allowable levy shall equal:

Prior fiscal year property tax levy (excluding bonded capital costs as defined in paragraph XVI) x (1 + inflation + net new taxable property growth).

Terms to know:

- A. Prior fiscal year property tax levy
- B. bonded capital costs
- C. Inflation
- D. net new taxable property growth

The 6% SAU cap, if passed

IX. [...] the fixed cap for school administrative unit central office administrative budgets shall be 6 percent of the sum of the total school district appropriation amounts, except costs of bonded capital projects pursuant to paragraph XVI, in the school districts comprising the SAU. "School administrative unit central office administrative budgets" means expenditures for the general management and administration of a school administrative unit. These expenditures include superintendent services; assistant or deputy superintendent services; business administration; human resources; finance; payroll; purchasing; district-level information technology administration; legal services; public relations; and other non-school-based administrative functions, regardless of physical location or building assignment. The term also includes district-level curriculum directors, directors of instruction, or similarly titled positions who are not employed under a collective bargaining agreement or who do not provide direct classroom instruction for more than 50 percent of their work time, as well as any personnel reported to the department of education as employed by the central office. The term does not include school-based administrative staff; classroom instruction; instructional support services; special education services; transportation; food services; or facilities operations and maintenance.

The 6% SAU cap, if passed

Part of capped SAU

superintendent services
business administration
district-level curriculum director
human resources
finance
payroll
Purchasing
information technology administration
legal services
public relations

Not part of capped SAU

school-based administrative staff
classroom instruction
instructional support services
special education services
transportation
food services
facilities operations and maintenance

Bonus HB 564

SAU Budget required on warrant as separate article...

- Beginning this budget cycle, single district SAUs are required to post a separate warrant article for their budgets
- The HB 564 budget has different parameters than the proposed HB 1300 central office budget
- We are working to make these as similar as possible

How Would A “Tax Cap” Actually Work?

Defining “Tax Cap” Terms

Prior fiscal year property tax levy (excluding bonded capital costs as defined in paragraph XVI) $\times$ (1 + inflation + net new taxable property growth)

Prior fiscal year property tax levy

- Is not defined in the RSA
- Is presumed to mean the tax levy year prior to the year being budgeted
- Tax Levy is the total amount to be raised locally by the local school district
- This does not include the State education levy (SWEPT)

So for FY28 (School Year 2027-2028) this would be FY27 (School Year 2026-2027) tax levy

This is set by the Department of Revenue Administration (DRA),
typically in November after the start of the school year.

Defining “Tax Cap” Terms

Prior fiscal year property tax levy (excluding bonded capital costs as defined in paragraph XVI) $\times$ (1 + inflation + net new taxable property growth)

Prior fiscal year property tax levy

This is not your tax rate!

This is not the amount of any tax-payer's taxes!

This is the total amount to be raised via all local taxes on all property.

Defining “Tax Cap” Terms

Prior fiscal year property tax levy (excluding **bonded capital costs** as defined in paragraph XVI) $\times$ (1 + inflation + net new taxable property growth)

Bonded Capital Costs

XVI. (a) Bonded capital costs shall include principal or interest on bonds or notes only if the bonded indebtedness is issued solely for the acquisition, construction, or major structural renovation of real property, reported pursuant to RSA 198:4-a.

(b) The department of revenue administration shall certify annually the portion of debt service that qualifies for exclusion.

(c) No exclusion shall apply unless certified by the department.

The DRA does not yet have a process to certify this BUT we are confident that all of our bonded principal and interest payments would apply.

Defining “Tax Cap” Terms

Prior fiscal year property tax levy (excluding bonded capital costs as defined in paragraph XVI) $\times$ (1 + inflation + net new taxable property growth)

Inflation

VIII (b) "Inflation" means the one year (12 month) percentage change in the Consumer Price Index for All Urban Consumers, Northeast Region, as published by the Bureau of Labor Statistics, United States Department of Labor, using the amount published for the month of March in the prior fiscal year.

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If the ‘prior fiscal year’ to FY28 is FY27 then this is the CPI-U Northeast Region for March, 2027 which will be published on or about April 14, 2027.

Defining “Tax Cap” Terms

Prior fiscal year property tax levy (excluding bonded capital costs as defined in paragraph XVI) $\times$ (1 + inflation + **net new taxable property growth**)

Net New Taxable Property Growth

VIII.(c)(1) "Net new taxable property growth" means the percentage increase in assessed valuation from the prior year attributable to:

- (A) New construction; (B) Physical expansion or improvement of structures;
- (C) Subdivision or redevelopment of land; (D) Conversion from exempt to taxable status; or
- (E) Any physical change that increases taxable market value.

(2) "Net new taxable property growth" shall not include:

- (A) Market appreciation; (B) Revaluation or reassessment; or
- (C) Changes in assessment methodology.

(d) The department of revenue administration shall certify annually the net new taxable property growth for each taxing jurisdiction.

The DRA will be working with the local assessors to develop this but does not yet have a methodology or estimate for this.

When will we know the Tax Cap?

XI. No municipal tax rate shall be set that causes a taxing authority to exceed its certified limits under this section.

The DRA sets the tax cap in the fall of each fiscal year, usually in November for most districts.

A 2027-2028 tax cap amount and associated budget may not be known until, November of 2027.

When will we know the Tax Cap?

XV. This section shall operate solely as a local tax cap limitation on the *estimated* amount of local taxes to be raised for the fiscal year attributable to the school district or a fixed cap on the school administrative unit central office administrative budget, as applicable.

Depending on how the courts reconcile XI and XV, it may be possible to provide an earlier estimate.

How Will We Estimate a “Tax Cap”?

For FY28...

- The FY27 levy is unknown and will not be known for at least another month
 - The methodology for Bonded Capital Costs has not yet been determined
 - The March 2027 CPI-U rate is unknown. We will estimate with the 2026 number but are unsure if this complies with the law
 - The methodology for taxable property growth has not yet been determined
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- We probably will not be able to calculate any possible tax cap prior to the Deliberative Session
 - We are awaiting guidance from NHED, DRA, and legal advice on this matter.

How Would A “Tax Cap” affect Milford Schools?

Milford Schools Impact

- Adequacy revenue from the state to Milford have been declining in actual dollars.
- Base adequacy per student has increased in the past few years but has fallen when adjusted for inflation.
- The net of this has been an expense transfer by our legislators from the state to the local level in Milford.

So...

If the proposed cap prevents Milford from absorbing this transfer, it will affect classroom instruction and school-based services as part of overall budget reductions.

Milford Schools Potential Impact

- If approved, HB 1300 could impact the District's ability to increase spending to meet rising operational costs and evolving student needs. While the legislation limits the growth of local property tax revenue, many of the District's expenses, including contractual obligations, special education services, health insurance, and transportation, may continue to increase at rates that exceed the allowable tax levy growth.
- As a result, the District may face difficult budget decisions, including the possibility of reducing existing programs, services, or staffing to remain within available funding.
 - Examples of where reductions could come from:
 - Transportation for High School Students and Athletic programs
 - Full day to half-day Kindergarten
 - Class size increases - decrease in teaching and support staff positions
 - Extra-curricular programs including Athletics, Band, and Music
 - Maintenance and Facilities repair