New Hampshire Education Funding Reform

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OR

• Everything I learned in Reform School
Education Facts

• New Hampshire has had compulsory public education since 1647.
• A "free" public education system has existed since these early days.
• In 1850 a constitutional convention tried to add a "persons right to an education," it failed.
• By most outcome measures NH has an excellent education system

Tax Facts

• New Hampshire has no general sales tax. (Interest and Dividends Tax)
• New Hampshire has no general Income tax. (Meals and Rooms Tax)
Let the Games Begin

- December 17, 1997 Supreme Court overturns funding of education through local property tax (Needs to have a uniform rate)

The Court Did Not Mandate Increased Spending

- Some portion of the local property tax must be replaced by a state wide tax.
- Any tax that funds a constitutionally adequate education is a state tax
- Cost estimates vary from $625 to $940 million
Tried and Died

- Guaranteed tax base, ABC (Court killed)
- Income Tax (Legislative end)
- Sales Tax (Legislative end)
- Gross Receipts Tax (Legislative end)
- Constitutional Amendment (Legislative end)

What did emerge from the first round

- State property tax should fund about 50%
- The amount to be funded is $825 million
- The real decisions were philosophical based not economic
The people

- 30% like income tax
- 30% like state property tax
- 30% like sales tax
- 10% no real preference

Deadlines Loomed

- A some point soon schools would close
- Our ability to sell Bonds was being damaged
- The people wanted an end
All Plans Had a State Property Tax Component

The rates for the new taxes were too high without a property tax component

HB 117

- State wide property tax $6.60 (Phase in donor towns)
- Increased Business Tax
- Extend Meals and Rooms tax to Auto Rental
- Increased Real Estate Transfer Tax
- $100 million in one time (mostly surplus) money
- Expires in 4 years
Here comes the Judge

- Court says no to donor town phase in

HB 999

- Same as 117 no phase in
- Hardship relief for poor
- All set to 2004
Budget year 2002 - 2003

- Failure to act places next crisis in election year
- Same players Income tax, Sales Tax, Gross Receipts Tax, and combination of existing taxes

Same outcome

Except the repeal is repealed
Why

- Physics  *** inertia ***
- The Devil we know
- There was not a general unhappiness with the current system