

**New Hampshire Department of Revenue Administration
109 Pleasant Street, Concord, NH 03301**

**TECHNICAL INFORMATION RELEASE
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A Technical Information Release is designed to provide immediate information regarding tax laws administered by the Department or the policy positions of the Department as a service to taxpayers and practitioners. A Technical Information Release represents the position of the Department on the limited issues discussed herein based on current law and Department interpretation. For the current status of any tax law, practitioners and taxpayers should consult the source documents (i.e., Revised Statutes Annotated, Rules, Case Law, Session Laws, etc.). Questions should be directed to Central Tax Services at (603) 230-5920.

2013 Municipal Tax Rates

In 2012, the New Hampshire Legislature passed (enacted in accordance with Article 44, Part II, of N.H. Constitution, without signature of the Governor) Senate Bill 401 (Chp. 198, Laws of 2012) relative to reporting the average daily membership of pupils in the public schools and adjustments to adequate education grants. Effective in July of 2012, the new law applies to the 2013-2014 school year. More specifically, Senate Bill 401 revised the calculation of state adequacy aid pursuant to RSA 198:38 and requires the Department of Education (DOE) to utilize the average daily membership in attendance data (ADMA) from the school year immediately preceding the year for which aid is determined (e.g., ADMA from the 2012-2013 school year will be used to determine aid for the 2013-2014 school year). Prior to Senate Bill 401, adequacy aid was determined with the second year preceding the year for which aid is determined.

As a result of the change in the law, the DOE will not be able to finalize 2012-2013 ADMA calculations and state adequacy aid until November 7, 2013. Historically, DOE's completion of calculations would not interfere with the Department of Revenue Administration's (DRA) ability to set accurate municipal tax rates in a timely manner. Typically, the DOE finalized state adequacy aid by early August and the DRA began to set municipal tax rates in the middle of October. Last year, the first few rates were set on October 19th, and that will not be the case this year.

On July 23, 2013, the DOE made preliminary estimates of state adequacy aid based on two-year old ADMA data. According to the DOE, actual adequacy aid for certain school districts may change materially, as ADMA has been changing. There will be a two-year impact of those changes with the new calculation.

RSA 198:40-a, VI provides some limited certainty to schools about the calculation of adequacy aid whereby adequacy aid may not be less than 95% of the prior year's adequacy aid. While the DRA could rely upon the 95% figure to begin setting municipal tax rates, the result would be many communities raising too much money in local school taxes with needless increases to local education tax rates simply due to the lateness of the data.

It is the DRA's determination the most reasonable way to proceed is to postpone the finalization of municipal tax rates until the adequacy aid calculations are completed by DOE on November 7, 2013. This modest delay in rate setting will: ensure the most accurate tax rates are calculated; ensure the proper local school tax effort is raised; and, prevent potential volatility in tax rates due to reliance on estimated adequacy aid. The DRA is preparing all other tax rate data in advance of

November 7, 2013 in order to facilitate the production of finalized tax rates as soon as the final ADMA calculations are made.

Individuals who need auxiliary aids for effective communication in programs and services of the Department of Revenue Administration are invited to make their needs and preferences known to the N.H. Department of Revenue Administration, 109 Pleasant Street, Concord, NH 03301 or by contacting them at (603) 230-5000.