Fiscal Policy Work Group - Commission to Study School Funding

AGENDA 8/3/20 10AM

Members: Dave Luneau (chair), John Beardmore, Mary Heath, Chris Dwyer, Dick Ames, Rick Ladd

Call to Order (roll call members, others present), Tech check

Sirell (2001) issues resolved?

Pros and Cons of Revenue Sources

Group conversation reflecting on what we have heard so far – what are the realistic options and how do we start narrowing down?

Taxes to Model

Property, Income, Sales

Decisions on combinations and requests to be made

Massachusetts’ Chapter 70

Tasks 6 & 7

6. Model fiscal policy options for a variety of funding levels, revenue sources, equitable factors and the distribution of education funding costs across class A, B, and C properties
   - Planned conversation with Sen.Guida

7. Propose alternative sources and mix of revenues to achieve for every child an equal opportunity for an adequate education, with pros and cons of each
Other considerations “on deck”

What data will be needed for tasks 6 and 7? Does the WG agree that we should examine all possibilities?

What happens as state revenues and personal income are impacted by the pandemic? Will federal funds increase?

Do we need to engage a data scientist? Revenue modeling/maintenance of a fund plan needs going forward.

Key Findings from Sirell (p.20):

The evidence shows that localities are all using different methods of assessing properties and of submitting data to the DRA, that significantly disproportional property assessments exist across the State, that large percentages of property are likely not being taxed at all under this system, and that individual taxpayers have no adequate remedies at law to correct these problems when they arise from either the undervaluation of other properties or when they arise across town lines. These problems all show that an individual taxpayer in New Hampshire is not having his property equally valued or being proportionally and reasonably taxed under the equalization system in place.

Moreover, the evidence indicates that the entire equalization process across towns is constitutionally infirmed, due to the lack of uniformity of the data on which the equalization process and ratio studies are based. As noted by several of the expert witnesses, bad data processed in a bad system leads to bad results.

The evidence presented and the language of the New Hampshire Constitution further confirm that the equalization process, as applied, does not satisfy part II, article 6 of the New Hampshire Constitution. This provision mandates a full statewide valuation of the estates every five years to maintain proportionality across taxpayers. This constitutional mandate is clear, and the evidence shows that at least 71 out of 259 towns participating in the present equalization process have not had revaluations of their property in at least six years. This lack of revaluations is a direct violation of the mandate in part II, article 6 of the New Hampshire Constitution.

The Court finds that without a full revaluation of statewide property there cannot be an equal and proportional base of property values on which to assess a tax, and no guarantees of equal valuations of property across taxpayers. Once a proportional taxing base is established, uniform procedures must be put in place to maintain current and accurate property values. Uniform standards and regulations become even more important when the significant responsibility for administering a statewide tax is shared between assessing officials in 259 different towns. Efficiency and convenience to a taxing system will never waive the constitutional requirements of fundamental fairness, equality, proportionality, and uniformity across taxpayers.