REACHING HIGHER NH

Question 2
HB 1300 on the Ballot

What is this?

On July 15, 2026, Governor Kelly Ayotte signed HB 1300 into law. As a result, every voter in the state will be asked on their November ballot whether they would like to impose two caps on their local school district: a cap on local property tax growth AND a cap on central office spending. Both caps are included in the same question.

The question reads:

"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."

What each vote means:

YES — **Adopts a districtwide cap that would limit the ability of schools to increase their budgets**

Keep in mind:

- If adopted, the cap all but eliminates the ability of the community to be flexible in the face of changing expenses or changing revenues.
- The cap limits budget increases to the previous year's inflation rate. In the past several years, prices for key school cost drivers have increased at a rate significantly higher than inflation. For example, the inflation rate for this year is 3.9% and:
  - Health insurance has increased 15-18%
  - Diesel for school buses has grown 65-68%
  - Cost to provide special education services has increased about 7%

NO — **Maintains our current process for crafting a school budget**

Keep in mind:

- The current process includes in-depth information sharing and conversation at the community level. This includes the ability to debate and be nuanced in determining how schools are funded.
- Within the current process, local communities already have the ability to cap or limit the amount they spend on schools.

Do any NH school districts have a tax cap now?

NH's first municipal tax cap was passed in the City of Franklin in 1989, with several other cities also enacting them in the years that followed. The impact of these municipal caps was felt in education because in some cities, public schools are a city department. In towns, where school districts are independent governmental entities, the ability to adopt a tax cap was granted by the state legislature in 2011. There are currently 6 cities and 1 school district with active tax caps in place. In '25/'26, at least 13 school districts tried and failed to adopt tax caps because they failed to meet the 60% threshold.

What does the research say about tax caps?

Mixed effects on housing prices	Widens disparities between communities	Hard to attract good teachers	Long-term declines in student performance

Source: https://www.reachinghighernh.org/funding-tax-caps

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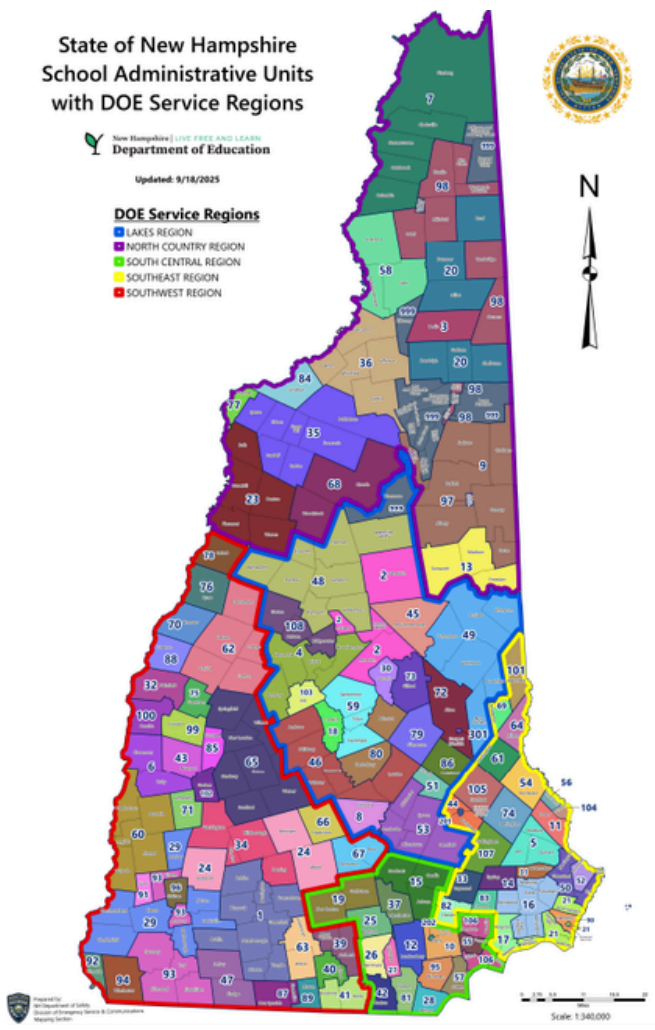
What is the difference between an SAU and a school district?

A school district is the local entity (representing one or more towns) that owns facilities, hires staff, sets local school policies, and manages day-to-day education. An School Administrative Unit (SAU) is an overarching administrative body that groups one or more school districts together to share centralized business and management functions

How will this work in different communities?

In a town that has its own K-12 school district, the tax cap is simple: if 3/5 of voters who turn out in the town are in favor, the tax cap is enacted. Likewise, if that district has its own SAU, all it takes is 3/5 of the town's present voters to enact the 6% SAU appropriations cap.

But in many places throughout the state, it is not quite so simple. Consider SAU 39. This SAU serves 2 towns (Amherst and Mont Vernon) and 3 school districts (Amherst, Mont Vernon, Souhegan). The local education tax in Mont Vernon covers funding for the Mont Vernon school district, but also for Souhegan. Amherst has roughly 5 times the number of residents as Mont Vernon does; it is possible to imagine a scenario where 3/5 of Mont Vernon voters approve a tax cap, but 3/5 of Souhegan voters do not. In that case, Mont Vernon residents might find that their taxes still rise more than the cost of inflation, because the cap only applies to one of the districts supported by their tax dollars.



Or, imagine the opposite. Maybe all Amherst residents want the cap, but Mont Vernon residents do not. Now, because of the size difference between the towns, SAU spending will be capped at 6% of appropriations across the three school districts, even though Mont Vernon voters didn't want the cap. And it's possible that a disproportionate share of the burden will fall on Mont Vernon, the one district with budget flexibility.

In other districts, tuition agreements might be a challenge. A number of small towns pay to send their high schoolers to Keene (Chesterfield, Harrisville, Keene, Marlborough, Marlow, Nelson, Spofford, Stoddard, Sullivan, Surry, West Chesterfield, Westmoreland, and Winchester). What happens if Chesterfield votes to implement a tax cap, but Keene does not? Keene could raise tuition rates at more than the cost of inflation (depending on the terms of the agreement and the timing of renewals, of course), which would mean Chesterfield has to spend a larger portion of its budget on tuition.

There are a number of potentially conflicting outcomes possible under this law: SAUs with budget caps, funded by districts that don't all have caps; taxes that rise despite a cap because not every district voted the same way; bigger districts forcing SAU caps on smaller ones because of sheer size, etc. These conflicting outcomes and complex questions would require staff time, likely at the SAU level, to figure out and track. Which could mean increased costs for administration to figure out increasingly complex requirements, but without the financial flexibility to actually pay for increased administration due to the caps.

The effect of a cap on administration

District Size Group	Students	Average Total Admin Spending	Average Admin Spending as a Percentage of Total Spending
Very Small	0-150	$152,152.09	7.13%
Small	151-500	$465,648.10	5.80%
Midsize	501-1000	$1,086,465.50	5.42%
Large	1001-5000	$2,877,885.31	5.48%
Very Large	5000+ (Nashua and Manchester)	$8,702,637.50	3.50%

Source: https://www.reachinghighernh.org/funding-tax-caps

Smaller districts will have the hardest time with any across-the-board spending restrictions. While smaller districts spend less overall on administration, they often spend a larger percentage of their budget on administrative costs, meaning that spending caps, especially those based on a percentage, would disproportionately burden very small districts. Another important consideration, is that there aren't very many clear trends. School districts spend drastically varying amounts on administration, making it difficult to impose administrative spending restrictions without understanding individual school context.