

SB 105 - AS AMENDED BY THE HOUSE

8May2025... 1626h

2025 SESSION

25-1133

07/08

SENATE BILL ***105***

AN ACT enabling towns to adopt budget caps.

SPONSORS: Sen. Murphy, Dist 16; Sen. Gray, Dist 6; Sen. Innis, Dist 7; Rep. Pauer, Hills. 36

COMMITTEE: Election Law and Municipal Affairs

ANALYSIS

This bill enables towns to adopt budget caps.

Explanation: Matter added to current law appears in ***bold italics***.
 Matter removed from current law appears ~~in brackets and struckthrough~~.
 Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty Five

AN ACT enabling towns to adopt budget caps.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 1 New Sections; Towns, Cities, Villages Districts, and Unincorporated Places; Municipal Budget
2 Law. Amend RSA 32 by inserting after section 5-f the following new sections:

3 32:5-g Town Budget Cap. Upon adoption under RSA 32:5-h, the following shall apply:

4 I. In a town that has adopted this section, the total amount raised and appropriated for the
5 fiscal year, including the operating budget and all other warrant articles with a tax impact, as shown
6 on the budget certified by the select board or the budget committee and posted with the warrant for
7 the annual meeting pursuant to RSA 32:5, shall not exceed the current per resident expenditure, as
8 defined in subparagraph (a), times the current town population, as defined in subparagraph (b),
9 times (1+ IF), where IF is an amount for an annual increase for inflation.

10 (a) The first year after the budget cap is adopted, the current per resident expenditure
11 shall be the per resident expenditure adopted in the warrant article under RSA 32:5-h, IV. In
12 subsequent years, the current per resident expenditure shall be the previous year's current per
13 resident expenditure times (1+IFP), where IFP is the previous year's IF.

14 (b) The current town population shall be the most recent figure calculated by the
15 department of business and economic affairs, office of planning and development, pursuant to RSA
16 78-A:25, I.

17 II. The annual increase for inflation (IF) shall be either a fixed percentage, annual
18 percentage change of an inflation index published by the U.S. Bureau of Labor Statistics as of
19 October 1, preceding the date of the budget hearing held pursuant to RSA 32:5, I, or annual
20 percentage change of the Municipal Cost Index (MCI) published by American City and County as of
21 October 1, preceding the date of the budget hearing held pursuant to RSA 32:5, I.

22 III. The legislative body may override the budget cap by the usual procedures applicable to
23 annual town meetings of the legislative body, provided that when a proposed appropriation will
24 cause the total amount raised and appropriated to exceed the budget cap or the total amount already
25 raised and appropriated has exceeded the budget cap, voting on the appropriation question shall be
26 by ballot, but the question shall not be placed on the official ballot used to elect officers, except in the
27 case of a legislative body that uses an official ballot form of meeting under RSA 40:13 or under a
28 charter adopted pursuant to RSA 49-D. If a 3/5 majority, or the supermajority as determined under
29 a charter pursuant to RSA 49-D, of those voting on the question vote "yes," the appropriation is
30 approved. Only votes in the affirmative or negative shall be included in the calculation of the 3/5
31 majority or the supermajority as determined under a charter pursuant to RSA 49-D.

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1 IV. When using the official ballot form of meeting under RSA 40:13, if the warrant article for
2 the operating budget results in appropriations exceeding the budget cap and receives less than 3/5
3 majority "yes" vote, the adopted operating budget shall be reduced by appropriations already raised
4 to remain compliant with the budget cap.

5 32:5-h Adoption of Town Budget Cap.

6 I. The provisions of RSA 32:5-g may be adopted by any town in the state whose legislative
7 body raises and appropriates funds through an annual meeting. A 3/5 majority of those voting on
8 the question shall be required to adopt the provisions of RSA 32:5-g. Only votes in the affirmative or
9 negative shall be included in the calculation of the 3/5 majority.

10 II. The question shall be placed on the warrant of the annual or special meeting by the select
11 board or by petition under the procedures set out in RSA 39:3.

12 III. A public hearing shall be held by the select board on the question at least 15 days, but
13 not more than 30 days, before the question is to be voted on. Notice of the hearing shall be posted in
14 at least 2 public places in the town, and published in a local newspaper of general circulation at least
15 7 days prior to the date of the hearing.

16 IV. If, under RSA 32:5-g, II, a fixed percentage is used for the annual increase for inflation,
17 the wording of the question shall be:

18 "Shall we adopt the provisions of RSA 32:5-g, and implement a budget cap whereby the select board
19 (or budget committee) shall not submit a recommended budget that is higher than ____ dollars per
20 resident expenditure times the current town population plus a ____ percent annual increase for
21 inflation. Requires a 3/5ths majority of the town."

22 Alternatively, if an annual inflation index is used, the wording of the question shall be:

23 "Shall we adopt the provisions of RSA 32:5-g, and implement a budget cap whereby the select board
24 (or budget committee) shall not submit a recommended budget that is higher than ____ dollars per
25 resident expenditure times the current town population plus an annual increase for inflation using
26 (the index) published by (the United States Bureau of Labor Statistics or American City and County)
27 as of October 1. Requires a 3/5ths majority of the town."

28 V. The question shall not be subject to amendment by the legislative body. Voting on the
29 question shall be by ballot, but the question shall not be placed on the official ballot used to elect
30 officers, except in the case of a legislative body that uses an official ballot form of meeting under RSA
31 40:13 or under a charter adopted pursuant to RSA 49-D. Polls shall remain open and ballots shall be
32 accepted by the moderator for a period of not less than one hour following the completion of
33 discussion on the question. If a 3/5 majority of those voting on the question vote "yes," RSA 32:5-g
34 shall apply within the town beginning with the following fiscal year and for all subsequent years
35 until it is changed as provided in paragraph VI or rescinded as provided in paragraph VII.

36 VI. Any town which has adopted RSA 32:5-g may consider adoption of a new town budget
37 cap, using any method described in RSA 32:5-g, II, in the manner described in paragraphs I through

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1 V. If the adoption of a new proposed town budget cap fails, the existing town budget cap shall
2 continue to apply.

3 VII. Any town which has adopted RSA 32:5-g may consider rescinding its action in the
4 manner described in paragraphs I through V. The wording of the question shall be:

5 "Shall we rescind the provisions of RSA 32:5-g, known as the town budget cap, as adopted by the
6 (town) on (date of adoption), so that there will no longer be a town budget cap limit on the amount
7 raised and appropriated?"

8 A 3/5 majority of those voting on the question shall be required to rescind the provisions of this
9 section, except in the case of repeal by charter enactment under RSA 49-D. Only votes in the
10 affirmative or negative shall be included in the calculation of the 3/5 majority.

11 2 Effective Date. This act shall take effect 60 days after its passage.