

CHAPTER 131
SB 105 - FINAL VERSION

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 struck through.]~~
 Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

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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:

1 131:1 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 fiscal
5 year, including the operating budget and all other warrant articles with a tax impact, as shown on the
6 budget certified by the select board or the budget committee and posted with the warrant for the annual
7 meeting pursuant to RSA 32:5, shall not exceed the current per resident expenditure, as defined in
8 subparagraph (a), times the current town population, as defined in subparagraph (b), times (1+ IF), where
9 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 shall
11 be the per resident expenditure adopted in the warrant article under RSA 32:5-h, IV. In subsequent years,
12 the current per resident expenditure shall be the previous year's current per resident expenditure times
13 (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 department
15 of business and economic affairs, office of planning and development, pursuant to RSA 78-A:25, I.

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

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

31 IV. When using the official ballot form of meeting under RSA 40:13, if the warrant article for the
32 operating budget results in appropriations exceeding the budget cap and receives less than 3/5 majority

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1 "yes" vote, the adopted operating budget shall be reduced by appropriations already raised to remain
2 compliant with the budget cap.

3 32:5-h Adoption of Town Budget Cap.

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

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

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

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

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

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

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

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

34 VI. Any town which has adopted RSA 32:5-g may consider adoption of a new town budget cap,
35 using any method described in RSA 32:5-g, II, in the manner described in paragraphs I through V. If the
36 adoption of a new proposed town budget cap fails, the existing town budget cap shall continue to apply.

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

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

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

131:2 Effective Date. This act shall take effect 60 days after its passage.

Approved: June 24, 2025

Effective Date: August 23, 2025