

HB 1066-FN - AS INTRODUCED

2026 SESSION

26-2314
07/05

HOUSE BILL ***1066-FN***

AN ACT relative to warrant articles authorizing lease agreements.

SPONSORS: Rep. Pauer, Hills. 36; Rep. Berry, Hills. 44; Rep. Bryer, Rock. 1; Rep. Crawford, Carr. 3; Rep. Erf, Hills. 28; Rep. Harvey-Bolia, Belk. 3; Rep. Kofalt, Hills. 32; Rep. R. Brown, Carr. 8; Rep. Wherry, Hills. 13; Rep. Weyler, Rock. 14; Sen. Gannon, Dist 23

COMMITTEE: Municipal and County Government

ANALYSIS

This bill modifies rules and procedures regarding warrant articles that authorize lease agreements.

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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-Six

AN ACT relative to warrant articles authorizing lease agreements.

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

1 1 New Paragraph; Municipal Budget Law; Definition of Lease. Amend RSA 32:3 by inserting
2 after paragraph IV the following new paragraph:

3 IV-a. "Lease" includes a lease agreement, lease-purchase agreement, sale and lease back
4 agreement, installment sale, or other similar agreement to acquire use or ownership of real property,
5 fixtures, equipment, or any combination of these as is from time to time required by the municipality
6 under RSA 33:7-e or RSA 33:7-f, as applicable.

7 2 Towns, Cities, Village Districts, and Unincorporated Places; Municipal Budget Law;
8 Definitions. Amend RSA 32:3, VI(b) to read as follows:

9 (b) Calls for an appropriation of an amount to be raised ***for a lease under RSA 33:7-e***
10 ***or RSA 33:7-f, or*** by the issuance of bonds or notes pursuant to RSA 33; or

11 3 Towns, Cities, Village Districts, and Unincorporated Places; Municipal Budget Law; Budget
12 Preparation. Amend RSA 32:5, I to read as follows:

13 I. The governing body, or the budget committee if there is one, shall hold at least one public
14 hearing on each budget, not later than 25 days before each annual or special meeting, public notice
15 of which shall be given at least 7 days in advance, and after the conclusion of public testimony shall
16 finalize the budget to be submitted to the legislative body. If a town or district uses sub-accounts to
17 budget or track financial data it shall make that data available for public inspection at the public
18 hearing. One or more supplemental public hearings may be held at any time before the annual or
19 special meeting, subject to the 7-day notice requirement. If the first hearing or any supplemental
20 hearing is recessed to a later date or time, additional notice shall not be required for a supplemental
21 session if the date, time, and place of the supplemental session are made known at the original
22 hearing. Public hearings on bonds and notes in excess of \$100,000 shall be held in accordance with
23 RSA 33:8-a, I, ***and public hearings on leases in excess of \$100,000 shall be held in***
24 ***accordance to the procedure in RSA 33:7-f, II.*** Days shall be counted in accordance with RSA
25 21:35.

26 4 New Paragraph; Towns, Cities, Village Districts, and Unincorporated Places; Municipal
27 Budget Law; Lapse of Appropriations. Amend RSA 32:7 by inserting after paragraph III the
28 following new paragraph:

29 III-a. The amount to be raised, in whole or in part, through a lease pursuant to RSA 33:7-f,
30 shall not lapse until the fulfillment of the purpose or completion of the project being financed by the
31 lease; or

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1 5 New Paragraph; Towns, Cities, Village Districts, and Unincorporated Places; Municipal
2 Finance Act; Definitions. Amend RSA 33:1 by inserting after paragraph IV the following new
3 paragraph:

4 V. "Lease" shall have the same meaning as set forth in RSA 32:3, IV-a.

5 6 Towns, Cities, Village Districts, and Unincorporated Places; Municipal Finance Act;
6 Repayment of Loans. Amend RSA 33:2 to read as follows:

7 33:2 Repayment of Loans. Municipalities and counties shall not issue any bonds or notes, **nor**
8 **enter into any leases, that are** payable on demand. They shall provide for the payment of all
9 loans issued under authority of this chapter except notes issued under authority of RSA 33:7, in
10 annual payments which shall be so arranged that the amount of the annual payment of principal
11 and interest in any year on account of any loan shall not be less than the amount of principal and
12 interest payable in any subsequent year by more than 2 percent of the principal of the entire loan.
13 The total amount of such payments shall be sufficient to extinguish the entire loan on account of
14 which they are made at maturity. The first payment of principal on any loan shall be made not later
15 than 2 years and the last payment not later than 30 years after the date thereof, provided, however,
16 that no loan issued to pay for public work or improvement shall exceed the expected useful life of
17 said public work or improvement as determined by the governing board or the city councils in the
18 case of cities, or the county commissioners in the case of counties. Each authorized issue of notes or
19 bonds, **and each lease**, shall be a separate loan. The amount of each payment of principal and
20 interest on all loans shall, without vote of the municipality or county, be annually assessed and
21 collected. Sinking funds and debt retirement funds for the payment of debt shall not hereafter be
22 established.

23 7 Towns, Cities, Village Districts, and Unincorporated Places; Municipal Finance Act; Lease
24 Agreements of Equipment. Amend RSA 33:7-e to read as follows:

25 33:7-e Lease Agreements of Equipment. The governing body may enter into leases of equipment
26 as required by the municipality. Appropriations to fund lease agreements with nonappropriation
27 clauses may be approved by a simple majority vote of the legislative body. Lease agreements with
28 nonappropriation clauses shall not be treated as debt under RSA 33:4-a. ~~[For the purposes of this
29 section, "lease" shall include lease purchase, sale and lease back, installment sale, or other similar
30 agreement to acquire use or ownership of such equipment as is from time to time required by the
31 municipality. For purposes of this section and RSA 382-A, building or facility improvements related
32 to the installation, purpose, or operation of such equipment shall be deemed to constitute equipment
33 and the costs of such improvements may be financed through lease agreements under this section.]~~
34 **For purposes of this section and RSA 382-A, equipment as well as any building or facility**
35 **improvements that become fixtures, shall not be financed through lease agreements under**
36 **this section. Any lease agreement under this section exceeding \$100,000 shall require a**
37 **public hearing pursuant to RSA 33:7-f, II.**

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1 8 New Section; General Lease Agreements. Amend RSA 33 by inserting after section 7-e the
2 following new section:

3 33:7-f General Lease Agreements. The governing body may enter into leases of real property,
4 fixtures, equipment, or any combination of such, as required by the municipality under this section,
5 if the lease does not qualify under RSA 33:7-e. Lease agreements under this section shall be
6 considered loans, which shall comply with RSA 33:2 and treated as debt under RSA 33:4-a.
7 Appropriations to finance lease agreements under this section shall be approved via the following
8 procedure:

9 I. Leases up to \$100,000 may be approved by a simple majority vote of the legislative body.

10 II. Leases in excess of \$100,000 shall require at least one public hearing concerning the
11 proposed lease before the governing body of the municipality. Said hearing shall be held at least 15
12 days, but not more than 60 days, prior to the meeting, or adjourned session thereof, at which the
13 lease shall be voted upon. Notice of the time, place, and subject of such hearing shall be published in
14 a newspaper of general circulation in the municipality at least 7 days before it is held. Whenever
15 possible, the governing body shall determine the form of the warrant article after the public hearing.
16 All articles appearing in the warrant which propose a lease in excess of \$100,000 shall appear in
17 consecutive numerical order and shall be acted upon prior to other business, except warrant articles
18 proposing bonds or notes, the election of officers, action on the adoption, revision, or amendment of a
19 municipal charter, zoning matters, or other matters as determined by the voters at the meeting.
20 Polls shall remain open and ballots accepted by the moderator on each such article for a period not
21 less than one hour following the completion of discussion on each respective article. The lease shall
22 only be authorized if at least a 3/5 majority of those voting on the warrant article vote "yes." For a
23 municipality that has adopted an optional form of legislative body under RSA 49-D:3, I-a or RSA 49-
24 D:3, II-a, the lease shall be authorized by a "yes" vote of at least 2/3 or 3/5 as adopted and provided
25 for in the charter. If such charter does not specify which majority vote is required, then the required
26 majority vote shall be 3/5. Only votes in the affirmative or negative shall be included in the
27 calculation of any majority. A separate ballot box shall be provided for each lease article to be voted
28 upon pursuant to this section.

29 III. This section shall not apply to cities.

30 IV. Upon favorable approval on the motion to reconsider the vote on a lease under
31 paragraph II, actual reconsideration of the lease shall not take place until the expiration of at least 7
32 days from the date on which the original vote on the motion was taken. Notice of time and place
33 where such reconsideration shall take place shall be published in a newspaper of general circulation
34 in the municipality at least 2 days before the reconsideration vote.

35 9 Effective Date. This act shall take effect 60 days after its passage.

**HB 1066-FN- FISCAL NOTE
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AN ACT relative to warrant articles authorizing lease agreements.

FISCAL IMPACT:

Estimated Political Subdivision Impact				
	FY 2026	FY 2027	FY 2028	FY 2029
County Revenue	\$0	\$0	\$0	\$0
County Expenditures	\$0	\$0	\$0	\$0
Local Revenue	\$0	Indeterminable		
Local Expenditures	\$0	Indeterminable		

METHODOLOGY:

This bill changes how municipalities approve lease agreements for things like buildings, equipment, or land. It sets stricter rules for leases over \$100,000, requiring a public hearing and a supermajority vote to pass. Some leases will now count as debt, which means they'll be included in the town's borrowing limits.

The New Hampshire Municipal Association states the supermajority vote for lease agreements exceeding \$100,000 could raise the approval threshold and classify certain leases as debt. As a result, municipalities could experience uncertain potential savings or costs over time depending on the individual municipality.

AGENCIES CONTACTED:

New Hampshire Municipal Association