

Senate Election Law and Municipal Affairs Committee

Jessica Bourque 271-2104

HB 1575, relative to the determination of the default budget by the budget committee.

Hearing Date: April 14, 2026

Time Opened: 10:24 a.m.

Time Closed: 10:48 a.m.

Members of the Committee Present: Senators Gray, Lang, Rochefort, Perkins Kwoka and Long

Members of the Committee Absent: None

Bill Analysis: This bill makes the budget committee responsible for the determination of the default budget in any local political subdivision which has adopted the official ballot referenda form of meeting pursuant to RSA 40:14 and has also adopted a municipal budget committee pursuant to RSA 32:14.

Sponsors:

Rep. Boehm

Rep. Rice

Rep. Lascelles

Who supports the bill: 5 people signed in to support the bill. For a full list of names, please contact committee aide, Jessica Bourque, at jessica.bourque@gc.nh.gov

Who opposes the bill: 126 people signed opposed to the bill. For a full list of names, please contact committee aide, Jessica Bourque, at jessica.bourque@gc.nh.gov

Who is neutral on the bill: None

Summary of testimony presented:

Representative Ralph Boehm, Prime Sponsor, Hillsborough-District 38

- A budget committee is an arm of the legislative body.
- Currently, the default budget is made up by the governing body or the executive body with no oversight.
- Rep. Boehm's town was one of the first towns to adopt SB 2. Over the years, the default budget has crept up.
- Last year, the towns of Hudson, Litchfield, and Merrimack all had their budgets fail. Afterward, no special meeting was held because it wasn't necessary; the default budget took effect. The default budget was very close to the proposed budget that had failed. In some cases, the default budget exceeds the proposed operating budget.

- Rep. Boehm compared this to a scenario in which the Governor proposes a budget and a default budget. If the budget fails, the default budget kicks in, and there is no say in it. That is what is happening in municipalities.

Jim Michaud, Hudson Chief Assessor

- Opposes this bill.
- Recently, Hudson had the question of assigning the default to the budget committee on both the town article and the school article. Both failed.
- Currently, towns can choose if they want the default budget determined by the budget committee or not.
- According to the Department of Revenue Administration (DRA), only 4 communities have put the budget committee in charge of the default budget.
- If more communities adopted this, it wouldn't be difficult to formalize it into law.
- This would override the will of Hudson's voters.

Eric Pauer, NH School District Governance Association

- In favor of this bill.
- If a town has adopted a budget committee, then they have given them authority to craft the operating budget. A school district could do this as well.
- It is strange that a budget committee can influence the operating budget but does not have the power to set the default budget. Typically, it makes sense for the budget committee to be responsible for creating the default budget.
- Mr. Pauer feels that budget committees, in general, would be more likely to follow the law by being impartial and looking out for their responsibility to the taxpayers.

Senator Lang asked about the pragmatic application of this in a traditional town meeting and in an SB 2 town. For example, what is the next step if an operating budget fails in an SB 2 town?

Mr. Pauer said that the town meeting doesn't have a default budget; that is only an SB 2 thing. Under SB 2, you have a proposed operating budget proposed by the budget committee and a default budget set by the governing body. The default budget generally cannot be adjusted because it is set by law, whereas a proposed operating budget can be increased or decreased during the deliberative session. Essentially, a vote "yes" gives you the proposed budget; a vote "no" gives you the default budget. If the operating budget fails, the body can vote to accept the default budget or call a special meeting to propose a new operating budget.

Senator Lang asked whether the proposal is that the first vote is on the operating budget, but there is a line stating that if it fails, the budget will automatically revert to the predefined default budget under this.

Mr. Pauer said yes, there are two numbers: the proposed budget and a line that says “if this fails, then you get this number.” The default budget is supposed to follow the law, but the law has gray areas and is subject to interpretation. What is happening is that default budgets are often inflated due to differing interpretations of the law. The argument is that a budget committee would take a more honest approach to crafting the default budget.

Senator Lang requested clarification on whether this matter precedes the ballot question, specifically concerning the number to be included on the ballot, and whether the bill indicates that the budget committee will be responsible for preparing that number.

Mr. Pauer said that is correct. The key question is whether the budget committee will prepare the default budget or if it will be prepared by the governing body.

Brodie Deshaies, NH Municipal Association (NHMA)

- Opposes this bill.
- There is already a local option available for this.
- The default budget is not a symptom of “who” calculates it because it is prescribed by law.
- This is best left to the voters.
- There is no indication that a budget committee would have a different number.

Senator Lang returned to the question he posed to Mr. Pauer and asked whether it was accurately portrayed that, right now, while the budget committee prepares the operating budget, the governing body proposes the default budget and what that looks like.

Mr. Deshaies said that is correct, but the default budget is constructed within the confines of RSA 40:13, with input from the finance director, town administrators, and potentially the DRA. It is important to note that the governing body is generally more attuned to current contracts and recurring costs that must be funded. The budget committee is intended to provide oversight of appropriations presented to the legislative body but not to oversee day-to-day operations.

Shawn Jasper, Hudson

- Representing himself.
- Most of the testimony today is very true, but there are nuances to everything.
- The Hudson Budget Committee petitioned the town to have the budget committee prepare the default budget. He didn’t realize that it was a 60% threshold, which they didn’t meet.
- Because it isn’t a monetary issue, the budget committee couldn’t make a recommendation, so all you have is the governing body’s statement that they do not recommend this budget, which is a disadvantage.

- When this started, everyone was on the same page, but what happened is that there is no oversight of what is included in a default budget because DRA can't do anything about it.
- Contracts for teachers must go into the budget.
- The issue is that non-contractual items such as insurance costs, heat, and electricity for schools are now being added to the budget. These items are not mandatory to include in the default budget.
- By law, you could set the default budget the day after the budget fails.
- Default budgets were intended to be painful to motivate the committees to work together.
- There needs to be someone overseeing this, whether that is DRA, clarifying which items can go into the default budget, or judicial oversight.
- In Hudson, neither the town's representatives nor the school could present the budget.