

HB 1355 - AS INTRODUCED

2026 SESSION

26-3060

09/08

HOUSE BILL **1355**

AN ACT relative to eliminating the default budget from the official ballot referenda.

SPONSORS: Rep. Noble, Hills. 2; Rep. Ammon, Hills. 42; Rep. Aures, Merr. 13; Rep. Berry, Hills. 44; Rep. Drago, Rock. 4; Rep. Labrie, Hills. 2; Rep. Layon, Rock. 13; Rep. Tom Mannion, Hills. 1; Rep. Pauer, Hills. 36

COMMITTEE: Municipal and County Government

ANALYSIS

This bill eliminates the inclusion of a default budget in an operating budget warrant article for towns that use the official ballot referenda form of meeting. This bill further changes the procedures for what occurs should the operating budget warrant article fail.

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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 eliminating the default budget from the official ballot referenda.

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

1 1 Use of Official Ballot; Default Budget. Amend RSA 40:13, IV to read as follows:

2 IV. The first session of the meeting, governed by the provisions of RSA 40:4, 40:4-a, 40:4-b,
3 40:4-f, and 40:6-40:10, shall consist of explanation, discussion, and debate of each warrant article,
4 including warrant articles pertaining to the operating budget [~~and the default budget~~]. A vote to
5 restrict reconsideration shall be deemed to prohibit any further action on the restricted article until
6 the second session, and RSA 40:10, II shall not apply. Warrant articles may be amended at the first
7 session, subject to the following limitations:

8 (a) Warrant articles whose wording is prescribed by law, ***or warrant articles required***
9 ***or authorized by law to be printed on the official ballot***, shall not be amended.

10 (b) Warrant articles that are amended shall be placed on the official ballot for a final
11 vote on the main motion, as amended.

12 (c) No warrant article shall be amended to eliminate the subject matter of the article ***or***
13 ***to change the purpose of the article***. An amendment that changes the dollar amount of an
14 appropriation in a warrant article shall not be deemed to violate this subparagraph.

15 2 Use of Official Ballot; Default Budget. Amend RSA 40:13, IX - XI-a to read as follows:

16 IX.~~(a)~~ "Operating budget" as used in this subdivision means "budget," as defined in RSA
17 32:3, III, exclusive of "special warrant articles," as defined in RSA 32:3, VI, and exclusive of other
18 appropriations voted separately.

19 ~~[(b) "Default budget" as used in this subdivision means the amount of the same~~
20 ~~appropriations as contained in the operating budget authorized for the previous year, reduced and~~
21 ~~increased, as the case may be, by debt service, contracts, and other obligations previously incurred or~~
22 ~~mandated by law, and reduced by one time expenditures contained in the operating budget and by~~
23 ~~salaries and benefits of positions that have been eliminated in the proposed budget. For the purposes~~
24 ~~of this paragraph, one time expenditures shall be appropriations not likely to recur in the succeeding~~
25 ~~budget, and eliminated positions shall not include vacant positions under recruitment or positions~~
26 ~~redefined in the proposed operating budget, as determined by the governing body, unless the~~
27 ~~provisions of RSA 40:14 b are adopted, of the local political subdivision. In calculating the default~~
28 ~~budget amount, the governing body shall follow the statutory formula which may result in a higher~~
29 ~~or lower amount than the proposed operating budget.~~

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1 ~~(e) "Contracts" as used in this subdivision means contracts previously approved, in the~~
2 ~~amount so approved, by the legislative body in either the operating budget authorized for the~~
3 ~~previous year or in a separate warrant article for a previous year.]~~

4 X. If no operating budget article is adopted, ~~[the local political subdivision either shall be~~
5 ~~deemed to have approved the default budget or]~~ the governing body ~~[may]~~ **shall** hold a special
6 meeting pursuant to paragraph XVI to take up the issue of a revised operating budget only; provided
7 that RSA 31:5 and RSA 197:3 shall not apply to such a special meeting. If no operating budget article
8 is adopted the estimated revenues shall nevertheless be deemed to have been approved.

9 ~~XI. (a) The default budget shall be disclosed and presented for questions and discussion at~~
10 ~~the first budget hearing held pursuant to RSA 32:5 or RSA 197:6. The governing body, unless the~~
11 ~~provisions of RSA 40:14 b are adopted, shall complete a default budget form created by the~~
12 ~~department of revenue administration to demonstrate how the default budget amount was~~
13 ~~calculated. The line item details for changes under subparagraph (2) shall be available for~~
14 ~~inspection by voters. The form and associated calculations shall, at a minimum, include the~~
15 ~~following:~~

16 ~~(1) Appropriations contained in the previous year's operating budget;~~

17 ~~(2) Reductions and increases to the previous year's operating budget including~~
18 ~~identification of specific items that constitute a change by account code, and the reasons for each~~
19 ~~change;~~

20 ~~(3) One-time expenditures as defined under subparagraph IX(b); and~~

21 ~~(4) Reductions for eliminated positions and benefit expenditures as defined under~~
22 ~~subparagraph IX(b).~~

23 ~~(b) This amount shall not be amended by the legislative body. However, this amount may~~
24 ~~be adjusted by the governing body, unless the provisions of RSA 40:14 b are adopted, acting on~~
25 ~~relevant new information at any time before the ballots are printed, provided the governing body,~~
26 ~~unless the provisions of RSA 40:14 b are adopted, completes an amended default budget form.~~

27 ~~(e)] The wording of the second session ballot question concerning the operating budget~~
28 ~~shall be as follows:~~

29 "Shall the (local political subdivision) raise and appropriate as an operating budget, not
30 including appropriations by special warrant articles and other appropriations voted separately, the
31 amounts set forth on the budget posted with the warrant or as amended by vote of the first session,
32 for the purposes set forth therein, totaling \$ _____? Should this article be defeated, [the
33 default budget shall be \$ _____, which is the same as last year, with certain adjustments
34 required by previous action of the (local political subdivision) or by law; or] the governing body [may]
35 **shall** hold one special meeting, in accordance with RSA 40:13, X and XVI, to take up the issue of a
36 revised operating budget only."

1 XI-a. If a political subdivision maintains a separate fund for the revenues and expenditures
 2 related to the operation, maintenance, and improvement of a water or sewer system, and if any
 3 appropriation for such fund is to be raised through user fees or charges and is included in a warrant
 4 article separate from the operating budget, the warrant article may include a default amount for
 5 such appropriation, which shall be deemed to have been approved if the proposed appropriation is
 6 not approved. The default amount shall be determined by the governing body [~~or by the budget~~
 7 ~~committee if the political subdivision has adopted the provisions of RSA 40:14 b,~~] and shall equal the
 8 amount of the same appropriation for the preceding fiscal year, reduced and increased, as the case
 9 may be, by debt service, contracts, and other obligations previously incurred or mandated by law,
 10 and reduced by one-time expenditures contained in the previous year's appropriation. The warrant
 11 article shall state the default amount for the appropriation and shall state that if the appropriation
 12 proposed in the article is not approved, the default amount shall be deemed to have been approved.

13 3 Use of Official Ballot; Default Budget. Amend RSA 40:13, XVI to read as follows:

14 XVI. The warrant for any special meeting shall prescribe the date, place and hour for both a
 15 first and second session. The second session shall be warned for a date not fewer than 28 days nor
 16 more than 60 days following the first session. The first and second sessions shall conform to the
 17 provisions of this subdivision pertaining to the first and second sessions of annual meetings. Special
 18 meetings shall be subject to RSA 31:5, 39:3, 195:13, 197:2, and 197:3, provided that no more than one
 19 special meeting may be held to raise and appropriate money for the same question or issue in any
 20 one calendar year or fiscal year, whichever applies, and further provided that any special meeting
 21 held pursuant to [~~paragraphs~~] **paragraph X** [~~and XI~~] shall not be subject to RSA 31:5 and RSA
 22 197:3 and shall not be counted toward the number of special meetings which may be held in a given
 23 calendar or fiscal year.

24 *(a) For the special meeting first session under this paragraph, neither the*
 25 *governing body nor budget committee shall propose, nor shall the legislative body make an*
 26 *amendment, such that the operating budget is higher than the operating budget which*
 27 *failed during the annual meeting second session balloting.*

28 *(b) If no operating budget article is adopted via the special meeting second*
 29 *session ballot question under this paragraph, the adopted budget shall be the previous*
 30 *year's adopted budget reduced by 10 percent.*

31 *(c) The wording of the second session ballot question of the special meeting*
 32 *under this paragraph concerning the operating budget shall be as follows:*

33 *"Shall the (local political subdivision) raise and appropriate as an operating budget,*
 34 *not including appropriations by special warrant articles and other appropriations voted*
 35 *separately, the amounts set forth on the budget posted with the warrant or as amended by*
 36 *vote of the first session of the special meeting, for the purposes set forth therein, totaling \$*

1 _____? *Should this article be defeated, the adopted budget shall be \$ _____,*
2 *which is 10 percent lower than the previous year's adopted operating budget."*

3 4 Municipal Budget Law; Appropriations. Amend RSA 32:7-a, III to read as follows:

4 III. For each year after the first year, the amount designated for that year as provided in
5 paragraph II shall be deemed appropriated without further vote by the legislative body, unless the
6 appropriation is rescinded as provided in paragraph VI. [~~In a town or district that has adopted the~~
7 ~~official ballot referendum form of meeting, the amount designated for each year shall be included in~~
8 ~~the default budget for that year.]~~

9 5 Duties and Authority of the Budget Committee. Amend RSA 32:16, I to read as follows:

10 I. To prepare the budget as provided in RSA 32:5[~~and if authorized under RSA 40:14 b, a~~
11 ~~default budget under RSA 40:13, IX(b)] for submission to each annual or special meeting of the
12 voters of the municipality, and, if the municipality is a town, the budgets of any school district or
13 village district wholly within the town, unless the warrant for such meeting does not propose any
14 appropriation.~~

15 6 Repeal. The following are repealed:

16 I. RSA 32:5, VII(b), relative to posting of the default budget.

17 II. RSA 40:14-b, relative to delegation of the determination of the default budget.

18 7 Effective Date. This act shall take effect 60 days after its passage.