

HB 1427-FN - AS INTRODUCED

2026 SESSION

26-2546

12/09

HOUSE BILL            ***1427-FN***

AN ACT                limiting the authority of a municipality, county, or school district to issue bonds.

SPONSORS:            Rep. McFarlane, Graf. 18; Rep. Corcoran, Hills. 28; Rep. Berry, Hills. 44; Rep. Mary Murphy, Hills. 27; Rep. D. McGuire, Merr. 14; Rep. D. Kelley, Hills. 32; Rep. McGrath, Rock. 40; Rep. Bjelobrk, Graf. 5

COMMITTEE:          Municipal and County Government

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ANALYSIS

This bill limits the authority of municipalities, counties, and school districts to issue bonds to only circumstances of declared emergencies, where essential infrastructure is at risk, for securement of substantial matching funds, or where directed by the express will of the voters.

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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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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 limiting the authority of a municipality, county, or school district to issue bonds.

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

1       1 Short Title. This act shall be known as the "Sustainable, Honest Investment, and Elimination  
2 of Local Debt Act," or the "SHIELD Act."

3       2 Statement of Purpose. The people of New Hampshire have long valued prudence, thrift, and  
4 responsible stewardship of public resources. Given that reliance on debt places an unfair burden on  
5 future generations, who are compelled to pay for obligations which they did not choose, the general  
6 court recognizes that sound governance requires that communities plan ahead, establish capital  
7 reserve funds, and save for known needs rather than resorting to borrowing. The purpose of this act  
8 is therefore to restrict the use of bonds to only true emergencies and extraordinary circumstances,  
9 and not as a substitute for fiscal discipline.

10       3 New Section; Limitations on Bonding Authority. Amend RSA 33 by inserting after section 3-g  
11 the following new section:

12       33:3-h Limitations on Bonding Authority.

13       I. For the purposes of this section:

14       (a) "Declared emergency" shall include, but not be limited to, emergencies formally  
15 declared by the governor under RSA 4:45, by federal authorities, or by the governing body of the  
16 municipality, county, or school district, provided that a finding by a local governing body made in  
17 bad faith or with fraudulent intent shall subject the members voting in favor to personal liability  
18 under RSA 31:39-a and other applicable laws.

19       (b) "Essential infrastructure" shall mean facilities and systems directly necessary for the  
20 provision of drinking water, wastewater treatment, emergency services, and public safety, and  
21 closely related facilities whose failure would pose an imminent threat to public health or safety.

22       II. Except as otherwise provided in this section, no municipality, county, or school district  
23 shall issue bonds for any purpose after January 1, 2027.

24       III. Until January 1, 2031, a municipality, county, or school district may issue bonds which  
25 would otherwise be prohibited by this section with a maturity of not more than 10 years, provided  
26 that the total principal amount of all such bonds shall not exceed 100 percent of the entity's annual  
27 budget or 50 percent of the entity's biennial budget as adopted for the fiscal period (annum or  
28 biennium) in which the bonds are issued. Upon expiration of the 4 year period, only bonds meeting  
29 the exemptions in paragraph IV shall be permitted.

30       IV. The prohibitions of this section shall not apply to bonds issued:

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1           (a) For response to or recovery from a declared emergency, including natural disasters,  
2 man-made disasters, public health emergencies, or other events formally declared by the governor,  
3 the federal government, or the governing body of the political subdivision; or

4           (b) For repair or replacement of essential infrastructure whose failure poses an  
5 imminent threat to public health, safety, or welfare; or

6           (c) For emergency replacement of heating systems, boilers, or other building systems  
7 essential for the continued safe operation of public facilities; or

8           (d) Securing federal or state matching funds, provided that the value of such matching  
9 funds is at least equal to the principal amount of the bonds issued, and provided further that the  
10 failure to act would result in forfeiture of such funds; or

11           (e) Individually and explicitly authorized by warrant article, voted on by the registered  
12 voters of the town, district, or county at a duly warned meeting, provided that at least a majority of  
13 all registered voters participate in the vote, and approved by at least two-thirds of those present and  
14 voting.

15           V.(a) Any bond issued in violation of this section shall be voidable upon a successful action  
16 brought by a taxpayer of the issuing political subdivision.

17           (b) The superior court shall have jurisdiction over such actions and may award costs and  
18 reasonable attorney's fees to the prevailing taxpayer.

19           (c) The state treasurer shall refuse registration of any bond that on its face does not  
20 comply with this section.

21           4 Effective Date. This act shall take effect January 1, 2027.

**HB 1427-FN- FISCAL NOTE  
AS INTRODUCED**

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**FISCAL IMPACT:**

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

**METHODOLOGY:**

This bill creates the Sustainable, Honest Investment, and Eliminate Local Debt Act (SHIELD Act). The SHIELD Act limits the use of municipal, county, and school district bonds starting in 2027, allowing them only in emergencies or for critical infrastructure. It encourages saving and planning over borrowing, and sets strict conditions for issuing bonds, including voter approval and matching funds. Bonds issued outside these rules can be challenged in court and rejected by the state treasurer.

The New Hampshire Municipal Association states it is hard to predict the exact cost of this proposal because many factors are involved. Towns and cities may spend more before 2031 as they try to approve important projects before stricter rules kick in, costs could range from \$100,000 to over \$2.5 million depending on the size of the community. After the new limits take effect, spending might go down for a while. However, waiting to fix or upgrade things like water systems, bridges, or emergency buildings until they're in crisis could end up costing more than planning ahead. Additionally, since residents could challenge bond decisions in court and officials could be held personally responsible, towns may face higher legal and insurance costs.

The New Hampshire Association of Counties indicates that while the exact costs of the bill are indeterminable, they are likely to be significant. The bonding process can be both lengthy and expensive, and additional measures will likely be required to manage the costs incurred by the counties during this transitional period. Delaying necessary capital projects may lead to higher long-term maintenance and operating costs due to aging infrastructure, but the extent of these

costs will vary by county and project and cannot be reliably estimated. Therefore, the NHAC finds the overall fiscal impact on counties to be indeterminable.

**AGENCIES CONTACTED:**

New Hampshire Municipal Association and New Hampshire Association of Counties