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Rep. Girard, Sull. 6
Rep. Kofalt, Hills. 32
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2026-1812h
07/05

Amendment to SB 643-FN

1 Amend the title of the bill by replacing it with the following:

2

3 AN ACT requiring municipalities, towns, and cities to submit documentation to the
4 department of revenue administration proving they are in compliance with local
5 budget and tax caps and requiring municipalities to hold a public hearing and
6 conduct a roll call vote when seeking to override a tax or spending cap.
7

8 Amend the bill by replacing all after the enacting clause with the following:

9

10 1 Statement of Findings. With respect to section 2 of this act, the general court hereby finds
11 that:

12 I. There is a compelling state interest in promoting transparency, accountability, and citizen
13 participation when municipalities consider overriding locally adopted tax or spending caps.

14 II. Local tax caps and spending caps, whether adopted under RSA 32, RSA 49-C, or RSA 49-
15 D, reflect the will of the voters to place limits on the growth of local government.

16 III. In cities and towns governed by elected councils, budgetary and override decisions are
17 made by a governing body acting as the legislative authority, rather than directly by the voters.

18 IV. Taxpayers are entitled to clear and timely information regarding when and how elected
19 officials vote to override such caps, particularly when such decisions may directly affect property tax
20 rates.

21 V. Enhanced procedural safeguards, including advance notice, public hearings, and recorded
22 roll call votes, are appropriate when override decisions are made by elected governing bodies.

23 2 New Section; Towns, Cities, Village Districts, and Unincorporated Places; Municipal Budget
24 Law; Override Procedures. Amend RSA 32 by inserting after section 5-h the following new section:

25 32:5-i Override Procedures for Local Tax and Spending Caps.

26 I. Notwithstanding RSA 32:2, this section shall apply only to:

27 (a) Cities organized under RSA 49-C; and

28 (b) Towns in which the governing body is an elected town council pursuant to RSA 49-
29 D:3, I or I-a, authorized by charter or statute to adopt the municipal operating budget.

30 II. This section shall not apply to:

31 (a) Towns operating under a traditional town meeting form of government pursuant to
32 RSA 39:1;

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1 (b) Towns operating under the official ballot referendum form of town meeting pursuant
2 to RSA 40:13;

3 (c) Towns operating under a budgetary town meeting pursuant to RSA 49-D:3, II;

4 (d) Towns operating under an official ballot town meeting pursuant to RSA 49-D:3, II-a;

5 (e) Towns operating under a representative town meeting pursuant to RSA 49-D:3, III;

6 or

7 (f) Village districts or other special districts.

8 III. Before any vote to override a tax or spending cap by a municipality subject to this
9 section may be held, the governing body shall:

10 (a) Hold a public hearing on the proposed override and provide notice of such hearing in
11 accordance with RSA 32:5, I, and other applicable law, except that such notice shall be provided at
12 least 30 days in advance of the hearing;

13 (b) Provide at such hearing a public comment period of at least 60 minutes in duration,
14 during which any resident may address the proposed override; and

15 (c) Record the final vote of the governing body on the proposed override as a roll call
16 vote, with each member's name and vote entered into the official record.

17 IV. The results of the roll call vote, including the name of each member of the governing
18 body and how such member voted, shall be published on, or included with, the next property tax bill
19 issued by the municipality. Such disclosure shall be presented in a clear and prominent manner.

20 V. Nothing in this section shall be construed to:

21 (a) Alter the authority of voters at a town meeting or official ballot referendum to
22 approve or reject a tax or spending cap override;

23 (b) Impose procedural requirements on deliberative sessions conducted pursuant to RSA
24 40:13; or

25 (c) Modify any charter provision governing the adoption of municipal budgets or override
26 votes.

27 3 New Paragraphs; The State and Its Government; Property Tax Rates; Reports Required.
28 Amend RSA 21-J:34 by inserting after paragraph II the following new paragraphs:

29 II-a. For political subdivisions that have adopted a local tax cap under RSA 32:5-b, the
30 governing body of the political subdivision shall forward the commissioner's form for compliance
31 with the adopted local tax cap. The form shall include the computation of the local tax cap for that
32 year, proposed appropriations by the governing body and budget committee and estimated revenues
33 going into the annual meeting showing estimated amount of local taxes to be raised, appropriations
34 voted by the annual meeting of the legislative body, and the counts of any ballot votes taken to
35 override the local tax cap.

36 II-b. For political subdivisions that have adopted a school district budget cap under RSA
37 32:5-e, or a town budget cap under RSA 32:5-g, the governing body of the political subdivision shall

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1 forward the commissioner's form for compliance with the adopted budget cap. The form shall
2 include the computation of the budget cap for that year, proposed appropriations by the governing
3 body and budget committee, appropriations voted by the meeting of the legislative body, and the
4 counts of any ballot votes taken to override the budget cap.

5 4 Towns, Cities, Village Districts, and Unincorporated Places; Preparation of Budgets; Local Tax
6 Cap. Amend RSA 32:5-b, III(a) to read as follows:

7 (a) When using the official ballot form of meeting under RSA 40:13, if the warrant
8 article for the operating budget results in appropriations exceeding the tax cap under this section
9 and receives less than 3/5 majority "yes" vote, the adopted operating budget shall be reduced ~~by~~
10 ~~appropriations already raised~~ to remain compliant with the tax cap under this section, **including**
11 **reductions for any appropriations already raised. In this paragraph, "appropriations**
12 **already raised" shall include approved appropriations in warrant articles appearing on**
13 **the ballot before the warrant article in question.**

14 5 New Subparagraph; Towns, Cities, Village Districts, and Unincorporated Places; Preparation
15 of Budgets; Local Tax Cap. Amend RSA 32:5-b, III by inserting after subparagraph (b) the following
16 new subparagraph:

17 (c) For the purposes of determining when the amount of local taxes raised by the town or
18 district exceed the local tax cap under this section, the amount of appropriations of the operating
19 budget counting towards the tax cap shall be reduced by the estimated revenues reported to the
20 department of revenue administration in the posted budget pursuant to RSA 32:5. In addition, the
21 amount of appropriations in any warrant article that also includes anticipated revenue from a state
22 or federal agency shall be reduced by the anticipated revenues for purposes of determining when the
23 amount of local taxes raised by the town or district exceed the tax cap under this section.

24 6 Towns, Cities, Village Districts, and Unincorporated Places; Preparation of Budgets; School
25 District Budget Cap. Amend RSA 32:5-e, I to read as follows:

26 I. In a school district that has adopted this section, the total amount raised and
27 appropriated for the fiscal year, including the operating budget and all other warrant articles with a
28 tax impact, as shown on the budget certified by the school board or the budget committee and posted
29 with the warrant for the annual meeting pursuant to RSA 32:5, shall not exceed the current per
30 pupil cost, as defined herein, times the average daily membership in residence (ADMR), pursuant to
31 RSA 198:38, I-a, of the school district as of October 1 of the year immediately preceding the proposed
32 budget year as reported ~~to~~ **by** the department of education ~~times (1+ IF), where IF is an amount~~
33 ~~for an annual increase for inflation~~. The first year after the budget cap is adopted, the current per
34 pupil cost shall be the per pupil cost adopted in the warrant article per RSA 32:5-f, IV. In
35 subsequent years, the current per pupil cost shall be the previous year's current per pupil cost times
36 ~~[(1+IFP)]~~ **(1+IF)**, where ~~[IFP]~~ **IF** is the ~~[previous]~~ **current** year's ~~[IF]~~ **annual increase for**
37 **inflation**

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1 7 Towns, Cities, Village Districts, and Unincorporated Places; Preparation of Budgets; School
2 District Budget Cap. Amend RSA 32:5-e, IV(a) to read as follows:

3 (a) When using the official ballot form of meeting under RSA 40:13, if the warrant
4 article for the operating budget results in appropriations exceeding the budget cap and receives less
5 than 3/5 majority "yes" vote, the adopted operating budget shall be reduced by appropriations
6 already raised to remain compliant with the budget cap, **including reductions for any**
7 **appropriations already raised. In this paragraph, "appropriations already raised" shall**
8 **include approved appropriations in warrant articles appearing on the ballot before the**
9 **warrant article in question.**

10 8 Towns, Cities, Village Districts, and Unincorporated Places; Preparation of Budgets; Town
11 Budget Cap. Amend RSA 32:5-g, I to read as follows:

12 I. In a town that has adopted this section, the total amount raised and appropriated for the
13 fiscal year, including the operating budget and all other warrant articles with a tax impact, as shown
14 on the budget certified by the select board or the budget committee and posted with the warrant for
15 the annual meeting pursuant to RSA 32:5, shall not exceed the current per resident expenditure, as
16 defined in subparagraph (a), times the current town population, as defined in subparagraph (b);
17 ~~times (1+IF), where IF is an amount for an annual increase for inflation].~~

18 (a) The first year after the budget cap is adopted, the current per resident expenditure
19 shall be the per resident expenditure adopted in the warrant article under RSA 32:5-h, IV. In
20 subsequent years, the current per resident expenditure shall be the previous year's current per
21 resident expenditure times ~~[(1+IFP)]~~ **(1+IF)**, where ~~[IFP]~~ **IF** is the ~~[previous]~~ **current** year's ~~[IF]~~
22 **annual increase for inflation.**

23 (b) The current town population shall be the most recent figure calculated by the
24 department of business and economic affairs, office of planning and development, pursuant to RSA
25 78-A:25, I.

26 9 Towns, Cities, Village Districts, and Unincorporated Places; Preparation of Budgets; Town
27 Budget Caps. Amend RSA 32:5-g, IV to read as follows:

28 IV. When using the official ballot form of meeting under RSA 40:13, if the warrant article for
29 the operating budget results in appropriations exceeding the budget cap and receives less than 3/5
30 majority "yes" vote, the adopted operating budget shall be reduced by appropriations already raised
31 to remain compliant with the budget cap, **including reductions for any appropriations already**
32 **raised. In this paragraph, "appropriations already raised" shall include approved**
33 **appropriations in warrant articles appearing on the ballot before the warrant article in**
34 **question.**

35 10 New Section; Enforcement of Local Caps. Amend RSA 32 by inserting after section 5-h the
36 following new section:

37 32:5-i Enforcement of Local Caps.

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1 I. If, during the review of reports required by RSA 21-J:34, II-a or II-b, and pursuant to RSA
2 21-J:35, II, the commissioner of revenue administration determines that the budget certified by the
3 governing body or the budget committee, which includes the operating budget and all other warrant
4 articles with a tax impact and posted with the warrant for the annual meeting pursuant to RSA
5 32:5, exceeds the adopted local tax cap, the adopted school district budget cap, or the adopted town
6 budget cap, the commissioner shall reduce the appropriation of the certified budget by the amount
7 the certified budget exceeds the cap, pursuant to RSA 21-J:34, III. Appropriations in warrant
8 articles having received the required supermajority ballot vote by the legislative body to override the
9 cap using the procedures in RSA 32:5-b, III for a local tax cap, RSA 32:5-e, III for a school district
10 budget cap, or RSA 32:5-g, III for a town budget cap shall not be eliminated or reduced.

11 II. During the review of reports pursuant to RSA 21-J:34, II, if the commissioner of revenue
12 administration determines that the required supermajority ballot vote by the legislative body for an
13 appropriation in a warrant article to override the cap was not satisfied, or that there was a
14 procedural failure in overriding the cap, that appropriation shall be deleted pursuant to RSA 21-
15 J:34, III.

16 11 Municipal Budget Law; Preparation of Budgets; Local Tax Cap. Amend RSA 32:5-b, I-b(b)(1)
17 to read as follows:

18 (1) "Attendance" shall mean the average daily membership in residence (ADMR) of
19 the school district, pursuant to RSA 198:38, I-a. "This year's attendance" shall be the annual ADMR
20 reported [tø] **by** the department of education as of October 1 preceding the date of the budget hearing
21 held pursuant to RSA 32:5, I. "Last year's attendance" shall be the annual ADMR reported [tø] **by**
22 the department of education as of October 1 of the year prior to the annual ADMR reported for "This
23 year's attendance".

24 12 Municipal Budget Law; Application. Amend RSA 32:2 to read as follows:

25 32:2 Application. RSA 32:1-13, shall apply to all towns, school districts, cooperative school
26 districts, village districts, municipal economic development and revitalization districts created under
27 RSA 162-K, and any other municipal entities, including those created pursuant to RSA 53-A or 53-B,
28 which adopt their budgets at an annual meeting of their voters, except RSA 32:5-b[.] which shall
29 apply only in those towns or districts adopting that section pursuant to RSA 32:5-c, **except RSA**
30 **32:5-e which shall apply only in those school districts adopting that section pursuant to**
31 **RSA 32:5-f, and except RSA 32:5-g which shall apply only in those towns adopting that**
32 **section pursuant to RSA 32:5-h.** RSA 32:14-23, concerning budget committees, shall apply only in
33 those towns or districts adopting that subdivision pursuant to RSA 32:14, I, and shall apply
34 automatically in school districts or village districts located wholly within towns adopting that
35 subdivision.

36 13 Municipal Budget Law; Preparation of Budgets; Adoption of School District Budget Cap.
37 Amend RSA 32:5-f, IV to read as follows:

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

3 "Shall we adopt the provisions of RSA 32:5-e, and implement a budget cap whereby the school board
4 (or budget committee) shall not submit a recommended budget that is higher than ____ dollars per
5 pupil cost times the average daily membership in residence of the school district as of October 1 of
6 the year immediately preceding the proposed budget year, plus *with* a ____ percent annual increase
7 ***on the per pupil cost*** for inflation. Requires a 3/5ths majority [~~of the school district~~] ***to adopt.***"

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

9 "Shall we adopt the provisions of RSA 32:5-e, and implement a budget cap whereby the school board
10 (or budget committee) shall not submit a recommended budget that is higher than ____ dollars per
11 pupil cost times the average daily membership in residence of the school district as of October 1 of
12 the year immediately preceding the proposed budget year, [~~plus~~] *with* an annual increase ***on the***
13 ***per pupil cost*** for inflation using (the index) published by (the U.S. Bureau of Labor Statistics or
14 American City and County) as of October 1. Requires a 3/5ths majority [~~of the school district~~] ***to***
15 ***adopt.***"

16 14 Municipal Budget Law; Preparation of Budgets; Adoption of Town Budget Cap. Amend RSA
17 32:5-h, IV to read as follows:

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

20 "Shall we adopt the provisions of RSA 32:5-g, and implement a budget cap whereby the select board
21 (or budget committee) shall not submit a recommended budget that is higher than ____ dollars per
22 resident expenditure times the current town population, [~~plus~~] *with* a ____ percent annual increase
23 ***on the per resident expenditure*** for inflation. Requires a 3/5ths majority [~~of the town~~] ***to adopt.***"

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

25 "Shall we adopt the provisions of RSA 32:5-g, and implement a budget cap whereby the select board
26 (or budget committee) shall not submit a recommended budget that is higher than ____ dollars per
27 resident expenditure times the current town population, [~~plus~~] *with* an annual increase ***on the per***
28 ***resident expenditure*** for inflation using (the index) published by (the United States Bureau of
29 Labor Statistics or American City and County) as of October 1. Requires a 3/5ths majority [~~of the~~
30 ~~town~~] ***to adopt.***"

31 15 Applicability. RSA 21-J:34, RSA 32:5-b, RSA 32:5-e, RSA 32:5-g, and RSA 32:2, as amended
32 by this act, shall apply to the local tax caps, school district budget caps, and town budget caps
33 adopted prior to the effective date of this act and shall not require local amendment or re-adoption
34 by towns or districts.

35 16 Effective Date.

36 I. Section 10 of this act shall take effect on April 1, 2027.

37 II. The remainder of this act shall take effect 60 days after its passage.

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AMENDED ANALYSIS

This bill:

I. Requires municipalities, towns, and cities to submit documentation to the department of revenue administration proving they are in compliance with local budget and tax caps.

II. Requires certain municipalities to hold a public hearing and conduct a roll call vote when seeking to override a tax or spending cap and report the results of the roll call on property bills.