

**SB 105 - AS INTRODUCED**

2025 SESSION

25-1133

07/08

SENATE BILL        **105**

AN ACT            enabling towns to adopt budget caps.

SPONSORS:        Sen. Murphy, Dist 16; Sen. Gray, Dist 6; Sen. Innis, Dist 7; Rep. Pauer, Hills. 36

COMMITTEE:      Election Law and Municipal Affairs

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ANALYSIS

This bill enables towns to adopt budget caps.

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                         Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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

AN ACT enabling towns to adopt budget caps.

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

1 1 New Sections; Towns, Cities, Villages Districts, and Unincorporated Places; Municipal Budget  
2 Law. Amend RSA 32 by inserting after section 5-f the following new sections:

3 32:5-g Town Budget Cap. Upon adoption under RSA 32:5-h, the following shall apply:

4 I. In a town that has adopted this section, the total amount raised and appropriated for the  
5 fiscal year, including the operating budget and all other warrant articles with a tax impact, as shown  
6 on the budget certified by the select board or the budget committee and posted with the warrant for  
7 the annual meeting pursuant to RSA 32:5, shall not exceed the current per resident expenditure  
8 times the current town population times (1+ IF), where IF is an amount for an annual increase for  
9 inflation. The first year after the budget cap is adopted, the current per resident expenditure shall  
10 be the adopted per resident expenditure. In subsequent years, the current per resident expenditure  
11 shall be the previous year's current per resident expenditure times (1+IFP), where IFP is the  
12 previous year's IF.

13 II. The IF shall be a fixed percentage based on the inflation index published by the United  
14 States Bureau of Labor Statistics as of January 1.

15 III. The current town population shall be the most recent figure calculated by the  
16 department of business and economic affairs, office of planning and development, pursuant to RSA  
17 78-A:25, III.

18 IV. The legislative body may override the budget cap by the usual procedures applicable to  
19 annual town meetings of the legislative body, provided that when a proposed appropriation will  
20 cause the total amount raised and appropriated to exceed the budget cap or the total amount already  
21 raised and appropriated has exceeded the budget cap, voting on the appropriation question shall be  
22 by ballot, but the question shall not be placed on the official ballot used to elect officers, except in the  
23 case of a legislative body that uses an official ballot form of meeting under RSA 40:13 or under a  
24 charter adopted pursuant to RSA 49-D. If a 3/5 majority, or the supermajority as determined under  
25 a charter pursuant to RSA 49-D, of those voting on the question vote "yes," the appropriation is  
26 approved. Only votes in the affirmative or negative shall be included in the calculation of the 3/5  
27 majority or the supermajority as determined under a charter pursuant to RSA 49-D.

28 V.(a) For warrant articles proposing bonds, notes, or other multi-year expenditures, only the  
29 first-year estimated costs shall be used in counting appropriations for the budget cap.

30 (b) When using the official ballot form of meeting under RSA 40:13, if the warrant  
31 article for the operating budget results in appropriations exceeding the budget cap and receives less

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1 than 3/5 majority "yes" vote, the adopted operating budget shall be reduced by appropriations  
2 already raised to remain compliant with the budget cap.

3 32:5-h Adoption of Town Budget Cap.

4 I. The provisions of RSA 32:5-g may be adopted by any town in the state whose legislative  
5 body raises and appropriates funds through an annual meeting. A 3/5 majority of those voting on  
6 the question shall be required to adopt the provisions of RSA 32:5-g. Only votes in the affirmative or  
7 negative shall be included in the calculation of the 3/5 majority.

8 II. The question shall be placed on the warrant of the annual or special meeting by the select  
9 board by petition under the procedures set out in RSA 39:3.

10 III. A public hearing shall be held by the select board on the question at least 15 days, but  
11 not more than 30 days, before the question is to be voted on. Notice of the hearing shall be posted in  
12 at least 2 public places in the town, and published in a local newspaper of general circulation at least  
13 7 days prior to the date of the hearing.

14 IV. If a fixed percentage is used for the annual increase for inflation, the wording of the  
15 question shall be:

16 "Shall we adopt the provisions of RSA 32:5-g, and implement a budget cap whereby the select board  
17 (or budget committee) shall not submit a recommended budget that is higher than \_\_\_\_ dollars per  
18 resident expenditure times the current town population plus a \_\_\_\_ percent annual increase for  
19 inflation. Requires a 3/5ths majority of the town."

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

21 "Shall we adopt the provisions of RSA 32:5-e, and implement a budget cap whereby the select board  
22 (or budget committee) shall not submit a recommended budget that is higher than \_\_\_\_ dollars per  
23 resident expenditure times the current town population plus an annual increase for inflation using  
24 (the index) published by (the United States Bureau of Labor Statistics) as of January 1. Requires a  
25 3/5ths majority of the town."

26 V. Voting on the question shall be by ballot, but the question shall not be placed on the  
27 official ballot used to elect officers, except in the case of a legislative body that uses an official ballot  
28 form of meeting under RSA 40:13 or under a charter adopted pursuant to RSA 49-D. Polls shall  
29 remain open and ballots shall be accepted by the moderator for a period of not less than one hour  
30 following the completion of discussion on the question. If a 3/5 majority of those voting on the  
31 question vote "yes," RSA 32:5-g shall apply within the town beginning with the following fiscal year  
32 and for all subsequent years until it is rescinded as provided in paragraph VI.

33 VI. Any town which has adopted RSA 32:5-g may consider rescinding its action in the  
34 manner described in paragraphs I through V. The wording of the question shall be:

35 "Shall we rescind the provisions of RSA 32:5-g, known as the town budget cap, as adopted by the  
36 (town) on (date of adoption), so that there will no longer be a town budget cap limit on the amount  
37 raised and appropriated?"

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1 A 3/5 majority of those voting on the question shall be required to rescind the provisions of this  
2 section, except in the case of repeal by charter enactment under RSA 49-D. Only votes in the  
3 affirmative or negative shall be included in the calculation of the 3/5 majority.

4 2 Effective Date. This act shall take effect 60 days after its passage.