Senate Election Law and Municipal Affairs Committee

Jessica Bourque 271-2104

HB 1066-FN, relative to warrant articles authorizing lease agreements.

Hearing Date: March 24, 2026

Time Opened: 9:53 a.m. **Time Closed**: 10:30 a.m.

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

Members of the Committee Absent : Senator Rochefort

Bill Analysis: This bill modifies rules and procedures regarding warrant articles that authorize lease agreements.

Sponsors:

Rep. Pauer	Rep. Berry	Rep. Bryer
Rep. Crawford	Rep. Erf	Rep. Harvey-Bolia
Rep. Kofalt	Rep. R. Brown	Rep. Wherry
Rep. Weyler	Sen. Gannon	

Who supports the bill: 27 people signed in to support this bill. For a full list of names, please contact the committee aide, Jessica Bourque, at jessica.bourque@gc.nh.gov.

Who opposes the bill: 29 people sign in opposed to the bill. For a full list of names, please contact the committee aide, Jessica Bourque, at jessica.bourque@gc.nh.gov

Summary of testimony presented:

Rep. Diane Pauer, Hillsborough-District 36, Prime Sponsor

- RSA 33:7-e, which was enacted to enable municipalities to lease equipment and tangible assets efficiently without issuing bonds or creating long-term debt.
- RSA 33:7-e was not intended to authorize multi-million dollar multi-decade leases for items that become permanent fixtures. This bill addresses this misuse.
- This bill:
  - Clarifies the definition of “lease”.
  - Updates RSA 33:7-e, limiting the use of that RSA to true equipment leases.

    - Adds a new section, RSA 33:7-f, creating clear appropriate process for general leases that don't fall under RSA 33:7-e.
    - Aligns approval thresholds with financial commitment. All leases over $500,000 require at least 1 public hearing and a 3/5 supermajority ballot vote.
    - Makes clear that it allows the appropriate use of capital reserve funds to fund leases.
- High-cost long-term leases with escape clauses are often more expensive than bonding.
- This bill does not ban any type of lease agreement.
- Preserves existing authority for responsible energy performance and efficiency projects under RSA 21-I:19.

Representative Julie Miles, Hillsborough - District 12

- Opposes this bill.
- Raises concerns about how this impacts small businesses. For example, a small excavation company might lack the resources to meet strict state regulations like larger firms do, leading to fewer bidders, less competition, and higher costs for taxpayers.
- Municipalities need flexibility to address problems, sometimes quickly.

Senator McGough, Senate District 11

- This is a solution looking for a problem.
- This bill has technical issues similar to a bill currently making its way through the legislature.
- This is a clear shift away from local control.
- These things can be fixed at the ballot box.
- It is not Concord's place to tell municipalities what financial mechanisms they need to use.

Senator Lang said in SB 2 towns there is already a requirement that a public meeting be held, and this would impose an additional meeting just for leases.

Senator McGough said that he agreed with Senator Lang and added that most municipalities have administrators whose job it is to recommend what is best for the town to the voters, and those administrators should be trusted for the most part.

Jack Sapia, Timberlane School Board

- Speaking on behalf of himself and not as a representative of the board he sits on.
- Opposes this bill.
- The Timberlane School Board considered bonding, but they require borrowing upfront and paying interest on the entire amount immediately. Leasing

provided a practical solution, allowing them to improve learning environments and address safety concerns.
- Please let the local people decide what they want to do.
- Leasing allowed us to provide a safer, cleaner learning environment.

Senator Lang asked whether the lease agreements his school boards looks at include an exit clause if the town doesn't raise the funds for the lease in subsequent years.

Mr. Sapia said he believes there is an exit clause.

Katharine Cusack, Clean Energy NH

- Opposes this bill.
- Limits leasing as a flexible tool, forcing towns to rely on bonding.
- Leases already require different levels of public approval.
- This will increase costs for rate payers.

Eric Pauer, Brookline

- Supports this bill.
- The bill boils down to putting leases into two different RSA's:
  - RSA 33:7-e (Things you can return, vehicles, heavy equipment, etc.)
  - RSA 33:7-f (Energy leases, renovations, fixtures, etc.)
- Puts fixture leases in this new RSA, but those that are under $500,000 remain in the old RSA and still only require a simple vote.
- This puts bonds and leases on the same footing as far as approval level.
- The average lease versus bond is a premium cost, often 20-25% higher for the same thing. Mr. Pauer believes that because of this, it will save taxpayers money.
- Municipalities often prefer a lease because it requires a lower vote threshold and is easier to approve, but it often costs more money.

Senator Lang said that when he served on the Winnisquam School Board, they arranged a lease for a biomass plant. Essentially, the contractor provided all of the funding upfront to the district as part of the lease. How could a school district do that if this passes?

Mr. Pauer said that they could still proceed with the lease, but it would require a higher vote, and they would need to weigh the bond against the lease. There is a carveout for energy performance contracts, so those are still possible.

Mike Skelton, Business and Industry Association of NH (BIA)

- Opposed to this bill.
- This would significantly limit municipalities' ability to use lease-financing for cost-effective initiatives, particularly energy efficiency and facility upgrades.

- Leases are often used to complete otherwise unaffordable improvements, such as HVAC, lighting, and building control systems.
- The problem we are trying to solve with this bill isn't a compelling issue.
- Former Governor Sununu vetoed similar legislation.

Brodie Deshaies, NH Municipal Association

- Opposes this bill.
- This exempts cities from the new RSA, essentially not allowing cities to enter into leases that do not qualify under section 33:7-e of the bill.
- Allows lease purchases to continue to not be considered debt; however, they are then subject to additional requirements.
- Page 2, line 36 to page 3, lines 1 and 2.
  - There are times when it is more advantageous and cost-effective to lease vs. bond.
- Leases are not debt under NH law.
- There may be no process for cities to enter into lease agreements at all under Section 8.
- Section 7 establishes a prohibition, and section 8 establishes a process for approving lease agreements that don't qualify under section 7, so how would city enter into these lease agreements?

Senator Perkins Kwoka said that, in a high-interest-rate environment, depending on the financial conditions we face, towns need the flexibility to save taxpayers money. Either by lease or by bond.

Mr. Deshaies said he agrees that municipalities need flexibility, and the better option really depends on the state of the economy.

Aubrey Freedman, Bridgewater

- Supports the bill.
- The main takeaway is that this raises the bar for voter approval of long-term debt involving large amounts because that is where the voting procedures change. The approval process for smaller amounts remains unchanged.
- Ultimately, the voters should decide.

Natasha Shaw, National Association of Energy Companies

- Opposes this bill.
- Across the nation, other states are not restricting energy performance contracting; they are leaning into it.
- Many policymakers consider this a tool in the tool belt.
- NH would be at a competitive disadvantage if this is passed.
- This narrows the options for local government.

- Her organization believes that the most effective policies are those that preserve flexibility, enable local control, and allow performance-based solutions to compete on their merits.

Michael Davey, Energy Efficient Investments

- Opposes this bill.
- It is not expedient to add large projects, like HVAC, into budgets.
- Recently, the Newfound School District voted to close Danbury Elementary School. If they had a lease for an HVAC system, they could exercise their escape clause and get out of it.
- A lease has benefits because there is more flexibility than a bond.
- Many cities like Manchester have large bonding projects. Leasing helps and increases flexibility for municipalities.
- All other states and the federal government are all looking to see how they can do more of this flexible system where energy savings helps pay for it. NH would be the only state to do this.

Lori Lane, Rochester

- Opposes this bill.
- Believes this language is unnecessary because it would restrict towns and school districts from funding large projects.
- School boards face many challenges, and this would make it even harder.

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Date Hearing Report completed: March 27, 2026