

**Senate Election Law and Municipal Affairs Committee**  
*Jessica Bourque 271-2104*

**SB 105**, enabling towns to adopt budget caps.

**Hearing Date:** February 18, 2025

**Time Opened:** 9:17 a.m.

**Time Closed:** 9:22 a.m.

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

**Members of the Committee Absent :** None

**Bill Analysis:** This bill enables towns to adopt budget caps.

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**Sponsors:**

Sen. Murphy

Sen. Gray

Sen. Innis

Rep. Pauer

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**Who supports the bill:** Senator Keith Murphy

**Who opposes the bill:** No one.

**Summary of testimony presented in support:**

**Senator Keith Murphy, District 16, Prime Sponsor**

- Cities are already permitted to adopt spending caps. This just expands to towns.
- Population growth and inflation are considered.

Senator Lang asked if this follows the same process that cities already use and if there are any procedural changes in this bill.

- Senator Murphy said no. The adoption process is as close as he could get, given that it is a city vs. town.

Senator Perkins Kwoka said on line 7, it says "...shall not exceed the current per resident expenditure times the current town population times (1+ IF), where IF is an amount for an annual increase for inflation. The first year after the budget cap is adopted, the current per resident expenditure shall be the adopted per resident expenditure. In subsequent years, the current per resident expenditure shall be the previous year's current per resident expenditure times (1+IFP), where IFP is the previous year's IF." And asked if this language is saying that the first year is an inflation factor and in subsequent years it looks back to the previous year.

- Senator Murphy said section 2 says that “the IF shall be a fixed percentage based on the inflation index published by the United States Bureau of Labor Statistics as of January 1”. Each subsequent year is based upon the prior year plus inflation.

Senator Perkins Kwoka said adopting or rescinding this would require a 3/5 majority and asked how that compares to school boards.

- Senator Murphy said that it is the same percentage.

Senator Perkins Kwoka said we have caps now; some don't reach their caps, and some do. She then asked if there is any data on how helpful caps are to control spending or is that affected by who is elected.

- Senator Murphy believes it is primarily who you elect, but he also believes that most towns and cities try to control spending while dealing with the needs they have with constituents. This can also be overridden.

Senator Long said Manchester has both a revenue and appropriation cap and has overridden the revenue portion.

**Summary of testimony presented in opposition:** None