

Amendment to HB 374

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

2

3 AN ACT relative to local tax cap and budget laws.

4

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

6

7 1 Preparation of Budgets; Local Tax Cap. RSA 32:5-b, I, I-b, and II are repealed and reenacted  
8 to read as follows:

9 I. In a town or district that has adopted this section, the estimated amount of local taxes to  
10 be raised for the fiscal year shall include the operating budget and all other warrant articles with a  
11 tax impact, certified by the governing body or the budget committee and posted on the warrant for  
12 the annual meeting pursuant to RSA 32:5. The estimated amount of local taxes to be raised for the  
13 fiscal year shall not exceed the local taxes raised for the prior year, as shown on the same budget  
14 and adjusted as provided in paragraph I-a and II, by more than the tax cap authorized when this  
15 section was adopted.

16 I-a. If the local taxes raised for the prior year were reduced by any fund balance brought  
17 forward from previous years, the amount of such reduction shall be added back and included in the  
18 amount to which the tax cap is applied under paragraph I.

19 I-b.(a) In a town or district that has adopted this paragraph, a tax cap limiting the base  
20 amount to be raised by property taxes to last year's base shall be adjusted to account for inflation  
21 and change in population for towns or village districts, or attendance for school districts, according to  
22 the following formula: This year's base = (Last year's base) x (1 + CPI) x (This year's population or  
23 attendance / Last year's population or attendance).

24 (b) In this paragraph:

25 (1) "Attendance" shall mean the average daily membership in residence (ADMR) of  
26 the school district, pursuant to RSA 198:38 I-a. "This year's attendance" shall be the annual ADMR  
27 reported to the department of education as of October 1 preceding the date of the budget hearing  
28 held pursuant to RSA 32:5 I. "Last year's attendance" shall be the annual ADMR reported to the  
29 department of education as of October 1 of the year prior to the annual ADMR reported for "This  
30 year's attendance".

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1 (2) "Base amount" or "base" shall mean the local taxes raised for the year. "This  
2 year's base" shall be the "base" proposed at the annual budget hearing held pursuant to RSA 32:5 I.  
3 "Last year's base" shall be the "base" of the year prior to the "base" reported for "This year's base".

4 (3) The increase for inflation, or CPI (consumer price index) in the formula above,  
5 shall be the annual percentage change of an inflation index published by the U.S. Bureau of Labor  
6 Statistics as of October 1 or the annual percentage change of the Municipal Cost Index (MCI)  
7 published by American City and County as of October 1, preceding the date of the budget hearing  
8 held pursuant to RSA 32:5 I.

9 (4) "Population" shall mean the annual population figures for the town or district  
10 calculated by the department of business and economic affairs, office of planning and development  
11 pursuant to RSA 78-A:25, I "This year's population" shall be the "Population" preceding the date of  
12 the budget hearing held pursuant to RSA 32:5 I. "Last year's population" shall be the "Population"  
13 of the year prior to the "Population" reported for "This year's population".

14 II. The tax cap shall be either a fixed dollar amount, a fixed percentage, or a multiplication  
15 factor applied to the amount of local taxes raised by the town or district for the prior fiscal year as  
16 reported to the department of revenue administration as provided in paragraph I-b, subject to  
17 adjustment as provided in paragraph I-a.

18 2 Preparation of Budgets; Adoption of Local Tax Cap; Phrasing of Question. Amend RSA 32:5-c,  
19 IV to read as follows:

20 IV. ~~[The]~~ ***For a tax cap using a fixed dollar amount or a fixed percentage, the***  
21 ***wording of the question shall be:***

22 "Shall we adopt the provisions of RSA 32:5-b, and implement a tax cap whereby the governing  
23 body (or budget committee) shall not submit a recommended budget that increases the amount to be  
24 raised by local taxes, based on the prior fiscal year's actual amount of local taxes raised, by more  
25 than \_\_\_\_\_ (insert either a fixed dollar amount or a fixed percentage)?"

26 ***For a tax cap using multiplication factor per RSA 32:5-b, I-b, the wording of the***  
27 ***question shall be:***

28 ***"Shall we adopt the provisions of RSA 32:5-b, and implement a tax cap whereby the***  
29 ***governing body (or budget committee) shall not submit a recommended budget that***  
30 ***increases the amount to be raised by local taxes (this year's base), that is higher than the***  
31 ***prior fiscal year's actual amount of local taxes raised (last year's base), adjusted for***  
32 ***inflation using the inflation index \_\_\_\_\_ (insert index) and the change in \_\_\_\_\_***  
33 ***(insert population or attendance), in accordance with RSA 32:5-b, I-b?"***

34 3 Towns, Cities, Village Districts, and Unincorporated Places; Municipal Budget Law; Adoption  
35 of Local Tax Cap. Amend RSA 32:5-c, V to read as follows:

36 V. ***The question shall not be subject to amendment by the legislative body.*** Voting on  
37 the question shall be by ballot, but the question shall not be placed on the official ballot used to elect

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1 officers, except in the case of a legislative body that uses an official ballot form of meeting under RSA  
2 40:13 or under a charter adopted pursuant to RSA 49-D. Polls shall remain open and ballots shall be  
3 accepted by the moderator for a period of not less than one hour following the completion of  
4 discussion on the question. If a 3/5 majority of those voting on the question vote "yes," RSA 32:5-b  
5 shall apply within the local political subdivision beginning with the following fiscal year and for all  
6 subsequent years until it is ***changed as provided in paragraph V-a or*** rescinded as provided in  
7 paragraph VI.

8 4 New Paragraph; Towns, Cities, Village Districts, and Unincorporated Places; Municipal  
9 Budget Law; Adoption of Local Tax Cap. Amend RSA 32:5-c by inserting after paragraph V the  
10 following new paragraph:

11 V-a. Any local political subdivision which has adopted RSA 32:5-b may consider adoption of  
12 a new tax cap, using any method described in RSA 32:5-b II, in the manner described in paragraphs  
13 I through V. If the adoption of a new proposed tax cap fails, the existing tax cap shall continue to  
14 apply.

15 5 Towns, Cities, Villages Districts, and Unincorporated Places; Municipal Budget Law;  
16 Preparation of Budgets; School District Budget Cap. RSA 32:5-e is repealed and reenacted to read as  
17 follows:

18 32:5-e School District Budget Cap. Upon adoption under RSA 32:5-f, the following shall apply:

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

30 II. The annual increase for inflation (IF) shall be either a fixed percentage, annual  
31 percentage change of an inflation index published by the U.S. Bureau of Labor Statistics as of  
32 October 1, preceding the date of the budget hearing held pursuant to RSA 32:5, I, or annual  
33 percentage change of the Municipal Cost Index (MCI) published by American City and County as of  
34 October 1, preceding the date of the budget hearing held pursuant to RSA 32:5, I.

35 III. The legislative body may override the budget cap by the usual procedures applicable to  
36 annual school meetings of the legislative body, provided that when a proposed appropriation will  
37 cause the total amount raised and appropriated to exceed the budget cap or the total amount already

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1 raised and appropriated has exceeded the budget cap, voting on the appropriation question shall be  
2 by ballot, but the question shall not be placed on the official ballot used to elect officers, except in the  
3 case of a legislative body that uses an official ballot form of meeting under RSA 40:13 or under a  
4 charter adopted pursuant to RSA 49-D. If a 3/5 majority, or the supermajority as determined under  
5 a charter pursuant to RSA 49-D, of those voting on the question vote "yes," the appropriation is  
6 approved. Only votes in the affirmative or negative shall be included in the calculation of the 3/5  
7 majority or the supermajority as determined under a charter pursuant to RSA 49-D.

8 IV.(a) When using the official ballot form of meeting under RSA 40:13, if the warrant article  
9 for the operating budget results in appropriations exceeding the budget cap and receives less than  
10 3/5 majority "yes" vote, the adopted operating budget shall be reduced by appropriations already  
11 raised to remain compliant with the budget cap.

12 (b)(1) School districts shall place the warrant article for the SAU budget at the  
13 beginning of school district warrant, immediately after any warrant articles proposing bonds or  
14 notes.

15 (2) For school districts using a traditional meeting and when the outcome of the SAU  
16 budget vote is pending on balloting from the other school districts, the higher of the school district's  
17 assigned portion of the proposed SAU budget or the school district's assigned portion of the adjusted  
18 SAU budget shall be assumed as raised and appropriated for the purpose of determining when the  
19 override provisions under paragraph III apply.

20 6 Towns, Cities, Villages Districts, and Unincorporated Places; Municipal Budget Law;  
21 Preparation of Budgets; Adoption of School District Budget Cap. Amend RSA 32:5-f, IV and V to  
22 read as follows:

23 IV. *If, under RSA 32:5-e, II, a fixed percentage is used for the annual increase for*  
24 *inflation, the* [The] wording of the question shall be: "Shall we adopt the provisions of RSA 32:5-e,  
25 and implement a budget cap whereby the school board (or budget committee) shall not submit a  
26 recommended budget that is higher than \_\_\_\_ dollars per pupil cost times the average daily  
27 membership in residence of the school district as of October 1 of the year immediately preceding the  
28 proposed budget year plus a \_\_\_\_ percent annual increase for inflation. Requires a 3/5ths majority  
29 of the school district." Alternatively, if an annual inflation index is used, the wording of the question  
30 shall be: "Shall we adopt the provisions of RSA 32:5-e, and implement a budget cap whereby the  
31 school board (or budget committee) shall not submit a recommended budget that is higher than  
32 \_\_\_\_ dollars per pupil cost times the average daily membership in residence of the school district as  
33 of October 1 of the year immediately preceding the proposed budget year plus an annual increase for  
34 inflation using (the index) published by (the U.S. Bureau of Labor Statistics or American City and  
35 County) as of [January] **October** 1. Requires a 3/5ths majority of the school district."

36 V. *The question shall not be subject to amendment by the legislative body.* Voting on  
37 the question shall be by ballot, but the question shall not be placed on the official ballot used to elect

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1 officers, except in the case of a legislative body that uses an official ballot form of meeting under RSA  
2 40:13 or under a charter adopted pursuant to RSA 49-D. Polls shall remain open and ballots shall be  
3 accepted by the moderator for a period of not less than one hour following the completion of  
4 discussion on the question. If a 3/5 majority of those voting on the question vote "yes," RSA 32:5-e  
5 shall apply within the school district beginning with the following fiscal year and for all subsequent  
6 years until it is ***changed as provided in paragraph V-a or*** rescinded as provided in paragraph  
7 VI.

8 7 New Paragraph; Towns, Cities, Villages Districts, and Unincorporated Places; Municipal  
9 Budget Law; Preparation of Budgets; Adoption of School District Budget Cap. Amend RSA 32:5-f by  
10 inserting after paragraph V the following new paragraph:

11 V-a. Any local political subdivision which has adopted RSA 32:5-e may consider adoption of  
12 a new school district budget cap, using any method described in RSA 32:5-e II, in the manner  
13 described in paragraphs I through V. If the adoption of a new proposed school district budget cap  
14 fails, the existing school district budget cap shall continue to apply.

15 8 Applicability. RSAs 32:5-b, I-II, 32:5-c, IV-V-a, 32:5-e, I, II, and IV, and 32:5-f, IV-V-a, as  
16 amended by sections 1 through 7 of this act, shall apply to local tax caps and school district budget  
17 caps adopted prior to the effective date of this act and shall not require local amendment or re-  
18 adoption by a town or district.

19 9 Effective Date. This act shall take effect 60 days after its passage.