HB 374 - AS INTRODUCED

2025 SESSION

25-0428
07/05

HOUSE BILL ***374***

AN ACT relative to clarifying references under local tax cap and budget laws.

SPONSORS: Rep. Pauer, Hills. 36; Rep. Bryer, Rock. 1; Rep. Edwards, Rock. 31; Rep. Kofalt, Hills. 32; Rep. Lascelles, Hills. 14; Rep. Tim Mannion, Hills. 1; Rep. Tom Mannion, Hills. 1; Rep. McFarlane, Graf. 18; Rep. D. McGuire, Merr. 14; Sen. Avard, Dist 12; Sen. McGough, Dist 11; Sen. Murphy, Dist 16; Sen. Sullivan, Dist 18

COMMITTEE: Municipal and County Government

ANALYSIS

This bill clarifies references to the procedure for adopting a local tax and budget cap and clarifies warrant language for adopting such a cap and budget.

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

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STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty Five

AN ACT relative to clarifying references under local tax cap and budget laws.

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

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 RSA 32:5-b, I and II are repealed and reenacted to read as follows:

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

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

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

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

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

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

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

3 Towns, Cities, Villages Districts, and Unincorporated Places; Municipal Budget Law; Preparation of Budgets; School District Budget Cap. Amend RSA 32:5-e, II to read as follows:

II. The annual increase for inflation (IF) shall be either ***a fixed percentage,*** an inflation index published by the U.S. Bureau of Labor Statistics as of January 1**,** or the annual Municipal Cost Index (MCI) published by American City and County as of January 1.

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

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

5 Applicability. RSA 32:5-b, I and II, RSA 32:5-c, IV, RSA 32:5-e, II, and RSA 32:5-f, IV, as amended by sections 1, 2, 3, and 4 of this act, shall apply to local tax caps and school district budget caps adopted prior to the effective date of this act and shall not require local amendment or re-adoption by a town or district.

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