



Tax Caps and Budget Caps

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School District Governance Association of NH

Eric Pauer

- President, SDGA-NH
- 48 year NH resident, 30 years in Brookline
- Former Hollis/Brookline COOP School Board Member
- Secretary, Brookline/Mason/Greenville GOP Committee
- Delegate to Republican State Convention (2nd term)
- Brookline Planning Board (2021-Present)
- Engineer and Manager for 30+ years, B.S. & M.S.
- 30-year Air Force veteran, retired Colonel (2018)
- Advocate for fiscal restraint and educational excellence in local government and in legislation
- Author of several dozen petition warrant articles

SDGA Vision

To be the leading resource for empowering parents, grandparents, voters, and taxpayers to govern their school districts through their elected officials



Important Terms to Understand

- Budget
- Appropriations
- Revenues
- Tax Effort
- Property Tax Rate
- Tax Cap
- Budget Cap
- Tax Relief

Important Terms to Understand

- **Budget** – Total dollar amount of all warrant articles that raise and appropriate funds from taxpayers
 - Operating Budget
 - Other separate warrant articles that appropriate (raise) funds to spend (or save, like trust fund/capital reserve fund)
- **Appropriations** – funds raised by a warrant article for a purpose
- **Revenues** – funds received from the federal or state level (federal or state aid), interest on bank accounts, fees paid to town or school district, etc.

Important Terms to Understand

- **Tax Effort** = Spending/Appropriations
– Estimated Revenues
- Tax Effort is the “amount raised by taxes”
- Example:
 - \$20M in proposed spending via appropriations
 - \$6M in estimated revenue
 - \$14M tax effort for town or school district
- Example with higher revenues:
 - \$22M in proposed spending via appropriations
 - \$8M in estimated revenue
 - \$14M tax effort for town or school district
- If estimated revenues are higher, spending can be higher for the same tax effort
- If estimated revenues are lower, spending must be lower for the same tax effort

Important Terms to Understand

- **Property Tax Rate** =
Tax Effort ÷ Equalized Property Valuation
- Example:
 - \$14M tax effort for town or school district
 - \$1B (\$1000M) in equalized property valuation
 - $\$14\text{M} \div \$1\text{B} = 0.014$
 - $0.014 \times \$1000 = \$14.00/1\text{K}$ tax rate
- For a fixed equalized property valuation, tax rate is directly driven by tax effort

Important Terms to Understand

- **Tax Cap** – a limit on the tax effort, not on spending
- “Tax Cap” is really a “Tax Effort Cap”
- If estimated revenues are higher, spending can be higher for the same tax effort
- If estimated revenues are lower, spending must be lower for the same tax effort
- Example:
 - \$22M in proposed spending via appropriations
 - \$8M in estimated revenue
 - \$14M tax effort for town or school district

Important Terms to Understand

- **Budget Cap** – a limit on the spending
- “Budget Cap” is really a “Spending Cap”
- If estimated revenues are higher, spending cannot increase with a budget cap
- Example with Budget Cap of \$20M
 - \$20M in proposed spending via appropriations
 - \$6M in estimated revenue
 - \$14M tax effort for town or school district
- Let’s assume that state provides \$2M in additional aid
 - \$20M in proposed spending via appropriations
 - \$8M in estimated revenue (\$6M base + \$2M)
 - \$12M tax effort for town or school district

Budget Cap

- Under a budget cap, additional revenues cannot go towards spending, but must go towards lowering the tax effort and in turn lowering property tax rate → **Tax relief (lower tax rate)!**
- Example with Budget Cap of \$20M and \$1B equalized property valuation
- Baseline
 - \$20M in proposed spending via appropriations
 - \$6M in estimated revenue
 - \$14M tax effort for town or school district → **tax rate \$14.00/1K**
- State provides \$2M in additional aid
 - \$20M in proposed spending via appropriations
 - \$8M in estimated revenue (\$6M base + \$2M)
 - \$12M tax effort for town or school district → **tax rate \$12.00/1K**

Tax and Budget Caps – History

- In 2011, members of the NH Legislature said:
“taxpayers all across the state want relief from local spending increases that have out stripped their ability to fund local government”
- Local tax cap legislation is all about local control of property taxes
- Many testified that town and school budgets were increasing at double or triple the rate of inflation

Tax and Budget Caps – History

- 2011 SB2 Law Change established tax caps:
 - Prime Sponsor: Sen. David Boutin
 - RSA 49-C:33 I(d) – Tax Caps under City Charters, outlined requirements
 - RSA 49-D:3 I(e) – Tax Caps under Town Charters, outlined requirements
 - RSA 32:5-b – Local Tax Cap under Town/School District Meeting (Traditional or SB2)
 - Choice of fixed percentage or fixed dollar amount increase
 - Simple majority to override at school district or town meeting

Tax and Budget Caps – History (con't)

- 2013 SB2 Law Change
 - Prime Sponsor: Sen. David Boutin
 - RSA 32:5-b updated with new paragraph I-a. to account for use of retained fund balance to reduce local tax effort
- 2021 SB52 Law Change (SDGA)
 - Prime Sponsor: Sen. Kevin Avar
 - RSA 49-C:33 and RSA 49-D:3 updated so that tax caps in city and town charters (respectively) require a supermajority vote to override

Tax and Budget Caps – History (con't)

- 2022 HB1194 Proposed Change (SDGA)
 - Prime Sponsor: Rep. Diane Pauer
 - Proposed update to RSA 32:5-b so that a local tax cap in a school district or town meeting would require supermajority vote (3/5) to override
 - Passed House 183-146 but Failed (ITL) on voice vote in Senate
- 2022 HB1393 Proposed Change (SDGA)
 - Prime Sponsor: Rep. Diane Pauer
 - Proposed new School District Budget Cap based on a gross cost per pupil, adjusted annually for inflation and actual school attendance
 - Passed House but Failed (ITL) on voice vote in Senate

Tax and Budget Caps – History (con't)

- 2024 HB1105 Law Change (SDGA)
 - Prime Sponsor: Rep. Diane Pauer
 - July 2024 bill signing ceremony with Governor
 - Effective Sep. 1, 2024
 - Updated RSA 32:5-b to clarify that all spending warrant articles must comply with tax cap, not just the operating budget
 - Some school districts and towns were skirting tax cap insisting that tax cap only applied to the operating budget and not other spending warrant articles

Tax and Budget Caps – History (con't)

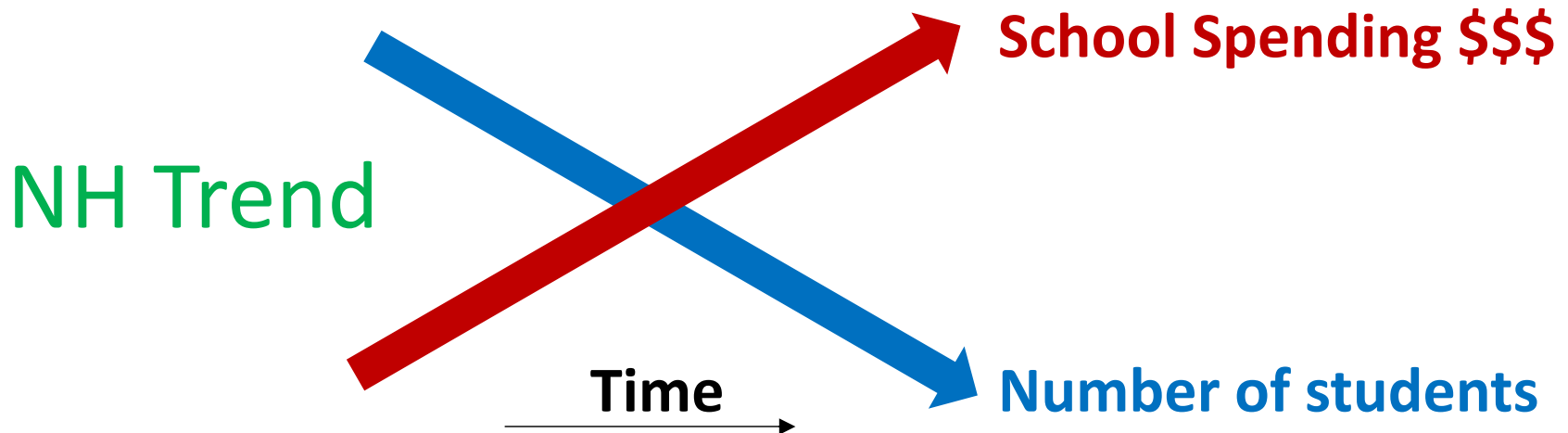
- 2024 SB383 Law Change (SDGA)
 - Prime Sponsor: Sen. Keith Murphy
 - Effective Oct. 1, 2024
 - Added new tax cap method to RSA 32:5-b, which adjusts annually using the change in school attendance/town population and any U.S. Bureau of Labor Statistics inflation index or Municipal Cost Index (MCI)
 - Added new School District Budget Cap, RSA 32:5-e and RSA 32:5-f, budget cap based on an adopted cost per pupil and actual school attendance (ADM-R); cost per pupil adjusted annually for inflation (same inflation index options as above); same legislation from 2022 HB1393

Why Tax and Budget Caps?

- Tax Caps and Budget Caps require that school boards, selectboards, and budget committees develop budgets that comply with the tax cap or budget cap
- Taxpayers are facing school district budgets and town budgets that are rapidly increasing, much greater than the rate of inflation
- Presentation focuses on Tax Caps and Budget Caps for non-charter Towns (not tax caps for city and town charters)

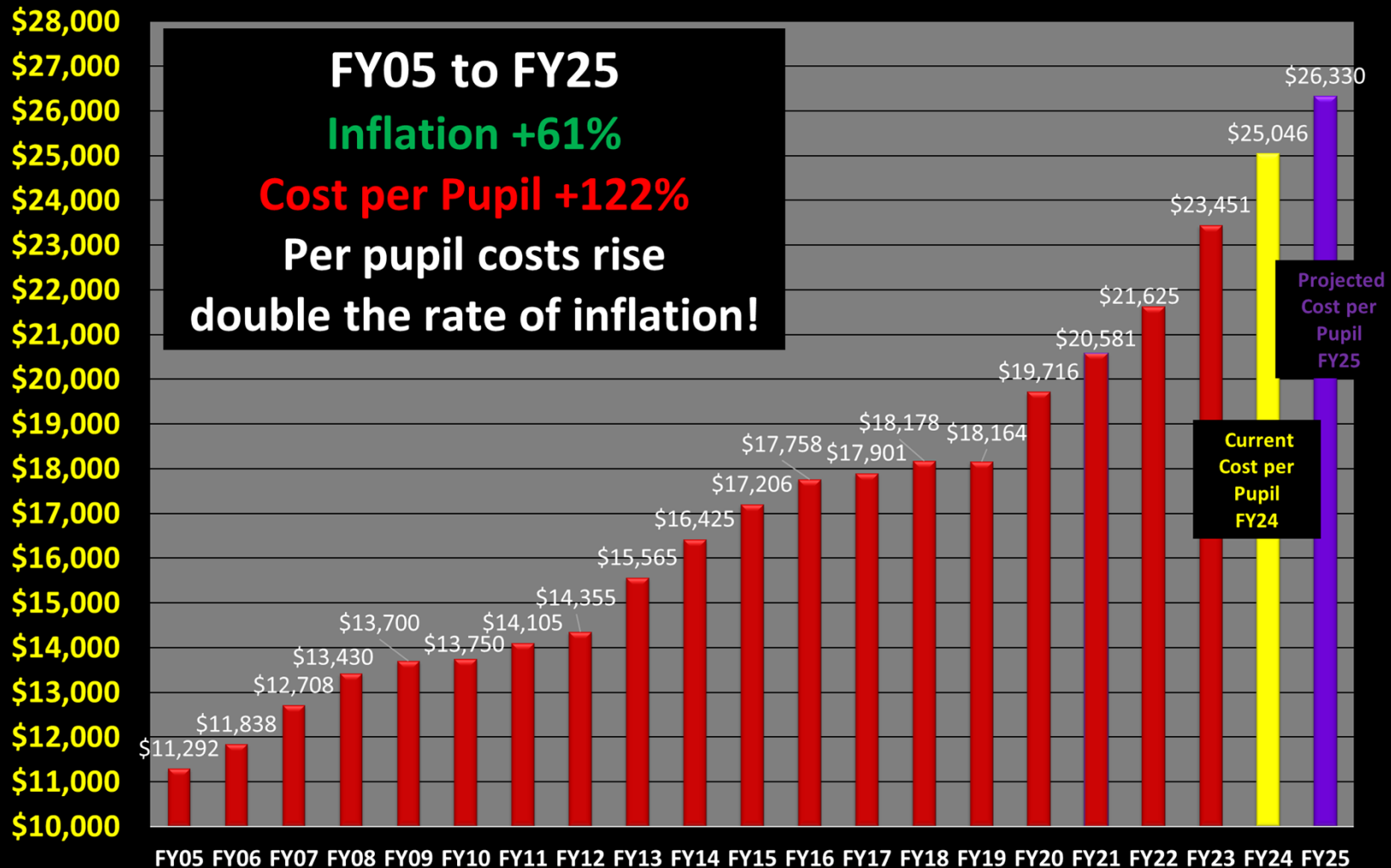
School District Budgets and Enrollment

- Over the past decade or so, NH school districts have experienced significant declines in student enrollment
- School budgets and overall spending have continued to increase at unsustainable rates



School District Cost Per Student Example

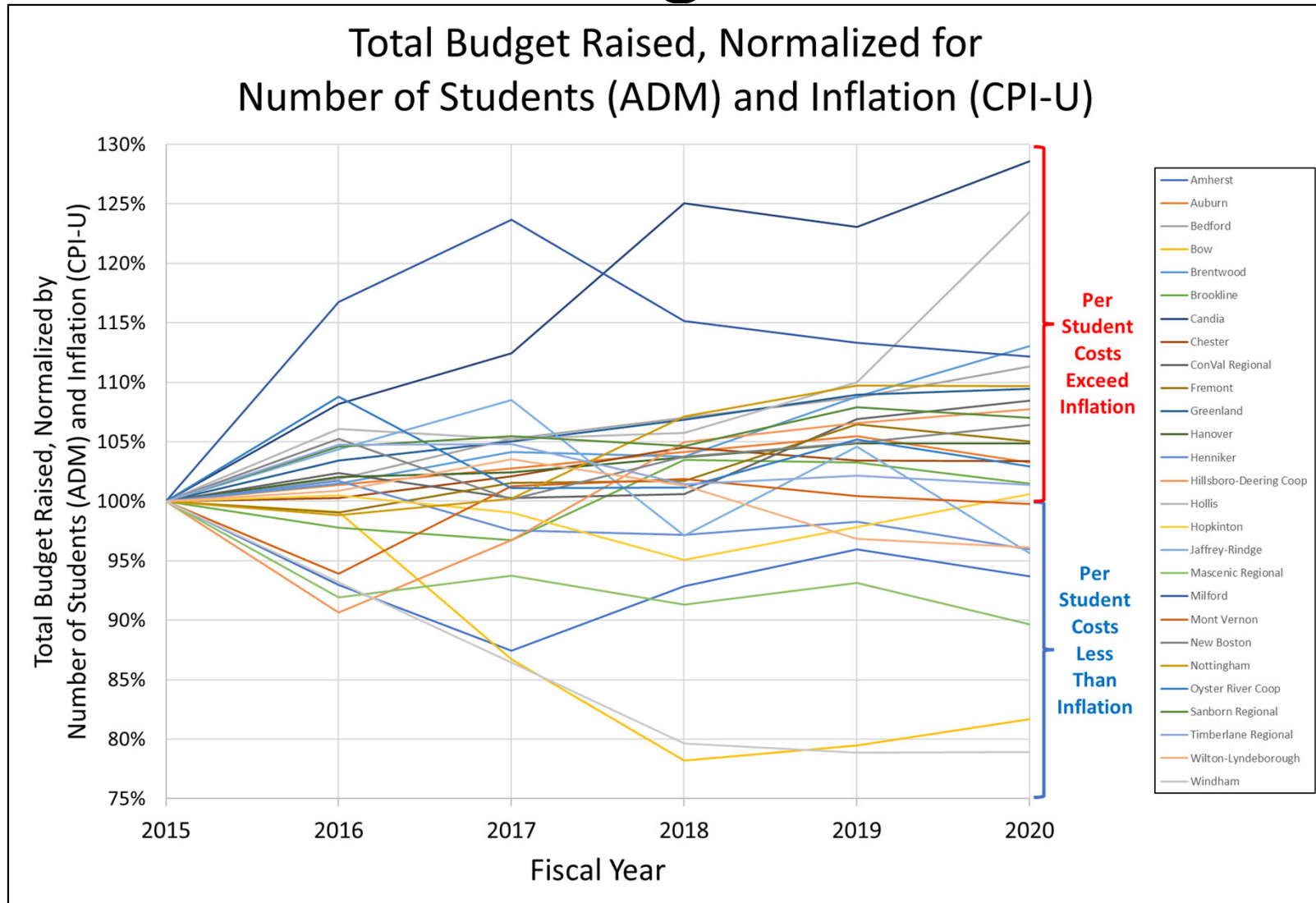
Hollis Brookline COOP School District – Cost Per Student



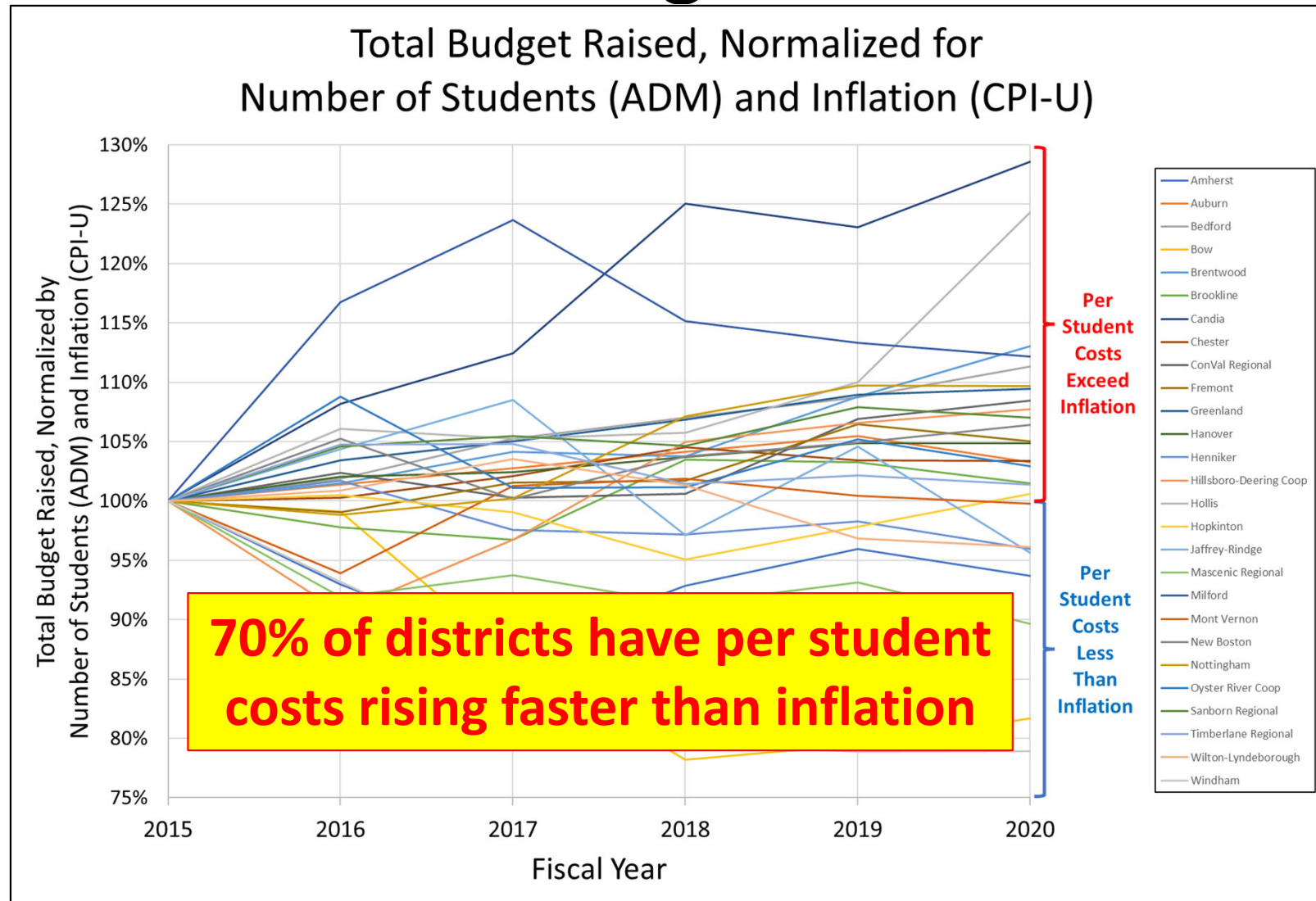
Results from 2020 Municipal Study Committee (2020)

- Brookline Budcom Study Committee (chartered by 2019 town meeting) analyzed total budget trend of 27 school districts from 2015 to 2020; used 2015 as baseline
 - Reference: <https://www.brooklinenh.gov/budcom-study-committee>
- Annual total budget raised was normalized for number of students (ADM) and inflation (CPI-U)
- Total budgets that rise exactly with inflation and scale with ADM will be at 100% (1.0)
- School districts higher than 100% have per student costs rising faster than inflation
- 19 of 27 school districts (70%) have per student costs rising faster than inflation

School District Budget Trend



School District Budget Trend



Why Tax and Budget Caps? (con't)

- When adopted, Tax and Budget Caps must be taken into account during the long budgeting process
 - Initial Budget Development (August to November)
 - Budget Refinement (December/January)
 - Multi-District SAU Budget Hearing and Vote (December)
 - Budget Hearings (January/February)
 - Deliberative Session under Caps(February)
 - Annual Meeting (March)
 - Balloting Session under SB2
 - Traditional Meeting
- These caps help to compel prioritization of needs and wants in school district and town budgets

Local Tax Cap, School District Budget Cap

- Local Tax Cap
 - Local Tax Cap covered in RSA 32:5-b
 - Adoption covered in RSA 32:5-c
- School District Budget Cap
 - School District Budget Cap covered in RSA 32:5-e
 - Adoption covered in RSA 32:5-f
- Penalty
 - Officials who violate RSA 32 shall be subject to speedy removal from office on proper petition brought before the superior court (RSA 32:12)

Local Tax Cap (RSA 32:5-b)

- Limits the proposed increase in tax effort from the previous year using one of three methods
 1. Fixed percentage increase (2%, 4%, 8%, etc.)
 2. Fixed dollar amount increase (\$100,000; \$400,000; etc.)
 3. Increase based on annual change in selected inflation index and annual change in attendance/population
 - School district attendance uses Oct. 1 avg daily membership in residence (ADM-R)
 - Town population is from NH Dept. Business and Economic Affairs, Office of Planning and development (RSA 78-A:25, III)
- Example: School district with \$14M tax effort in 2024
 1. Tax Cap adopted with 4% tax cap increase: \$14,560,000 tax cap in 2025
 2. Tax Cap adopted with \$400K tax cap increase: \$14,400,000 tax cap in 2025
 3. Tax Cap Adopted with CPI-U inflation index. Assuming CPI-U (Jan 1 @ 2.5%) and ADM-R (Oct 1 @ -1.5%): \$14,134,750 tax cap in 2025

Local Tax Cap (RSA 32:5-b)

- Adopted by warrant article placed on warrant by school board, selectboard, or by citizen petition using language below
- Requires 3/5 supermajority by ballot to adopt (one hour vote if traditional meeting)
- Example for tax cap based on fixed percentage:
 - Shall we adopt the provisions of RSA 32:5-b, and implement a tax cap whereby the school board 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 2.5%?

Local Tax Cap (RSA 32:5-b)

- Example for tax cap based on inflation index and attendance:
 - 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 **CPI-U for the Boston-Cambridge-Newton MA-NH area published by the U.S. Bureau of Labor Statistics** and the change in attendance, in accordance with RSA 32:5-b 1-b?
- Note: As enabling legislation, Local Tax Cap may be rescinded by 3/5 supermajority ballot vote

Local Tax Cap (RSA 32:5-b)

- Towns with Local Tax Cap:
 - Alstead
 - Atkinson
 - Lee
 - Litchfield
 - Middleton
 - Milton
 - Nottingham
- School Districts with Local Tax Cap:
 - Brookline School District
 - Claremont School District
 - Newfound Regional School District

All of these Local Tax Caps employ the fixed percentage or fixed dollar amount methods – only methods available until Oct. 1, 2024

Local Tax Cap Example – Fixed Percentage

- School district adopted 4% local tax cap
- 2024 tax effort: \$13.2M
- 2023 retained fund balance used in 2024: \$800K
 - Per RSA 32:5-b I-a., must add to the 2024 tax effort
- 2024 adjusted tax effort: $\$13.2\text{M} + \$800\text{K} = \$14.0\text{M}$
- 2025 tax cap is 4% higher than \$14.0M
 - $(1 + 0.04) \times \$14.0\text{M} = \textbf{\$14,560,000 tax cap in 2025}$
- All recommended warrant articles at deliberative session or traditional meeting must total no more than \$14,560,000 in appropriations minus estimated revenues (this was clarified by 2024 HB1105)

Local Tax Cap Example – Inflation/ADM-R Change

- School district adopted local tax cap with inflation index of CPI-U for the Boston-Cambridge-Newton MA-NH area
- 2024 tax effort: \$13.2M
- 2023 retained fund balance used in 2024: \$800K
 - Per RSA 32:5-b I-a., must add to the 2024 tax effort
- 2024 adjusted tax effort: $\$13.2\text{M} + \$800\text{K} = \$14.0\text{M}$
- CPI-U as of Jan 1 up 2.5%
- Attendance: 2023 ADM-R was 1000, 2024 ADM-R was 985
 - ADM-R adjustment: $985 \div 1000 = 0.985$ (down -1.5%)
- 2025 tax cap is
 - $(1 + 0.025) \times (0.985) \times \$14.0\text{M} = \textbf{\$14,134,750 tax cap in 2025}$
- All recommended warrant articles at deliberative session or traditional meeting must total no more than \$14,134,750 appropriations minus estimated revenues

Procedure under Local Tax Cap

- At the Deliberative Session (SB2) or Traditional Meeting, the school board, selectboard, budget committee must propose total spending that complies with the local tax cap
 - Recommended total spending includes all warrant articles that appropriate funds
- At these meetings, the voters (legislative body) may choose to override the local tax cap
- Local Tax Cap (RSA 32:5-b) can be overridden with simple majority vote
- Interesting Point – Local Tax Cap is adopted by 3/5 of voters, but can be overridden by a simple majority – motivation for 2022 HB1194

School District Budget Cap (RSA 32:5-e)

- Limits the proposed increase in **total budget** (not tax effort)
- Starts with adopted per pupil cost specified in warrant article to adopt School District Budget Cap
- First year, current per pupil cost is the adopted per pupil cost
- After the first year, current per pupil cost is updated based on
 - Method 1: Fixed percentage
 - Previous year's current per pupil cost, adjusted upward based on fixed percentage
 - Method 2: Inflation
 - Previous year's current per pupil cost, adjusted based on change in selected inflation index as of January 1
- Each budget year, the School District Budget Cap (SDBC) is current per pupil cost times ADM-R‡ (student attendance) as of October 1

‡ADM-R = average daily membership in residence

Adopting School District Budget Cap

- Adopted by warrant article placed on warrant by school board, selectboard, or by citizen petition using language below
- Requires 3/5 supermajority by ballot to adopt (one hour vote if traditional meeting)
- Example for School District Budget Cap based on inflation index and attendance:
 - 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 **27,000** 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 **CPI-U for the Boston-Cambridge-Newton MA-NH area published by the U.S. Bureau of Labor Statistics as of January 1**. Requires a 3/5ths majority of the school district.

Adopting School District Budget Cap

- Example for School District Budget Cap based on fixed percentage for inflation and attendance:
 - 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 **27,000** 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 **3** percent annual increase for inflation. Requires a 3/5ths majority of the school district.
- Note: As enabling legislation, School District Budget Cap may be rescinded by 3/5 supermajority ballot vote

School District Budget Cap Example

- Assume at 2025 meeting, SDBC adopted with CPI-U and \$27,000 per pupil cost

Budget FY	CPI-U Change	Current Per Pupil Cost	ADM-R (Attendance)	School District Budget Cap
2026	N/A	\$27,000.00	1000 (Oct. 1, 2025)	\$27,000,000
2027	3.0%	\$27,810.00	970 (Oct. 1, 2026)	\$26,975,700
2028	2.5%	\$28,505.25	950 (Oct. 1, 2027)	\$27,079,988
2029	4.0%	\$29,645.46	932 (Oct. 1, 2028)	\$27,629,569

- Note that SDBC may go up or down depending on the amount of inflation and the percentage change in student enrollment (ADM-R)
- Effect – cost per pupil costs tracks with inflation

School District Budget Cap Example

- Assume at 2025 meeting, SDBC adopted with 3% fixed annual increase for inflation and \$27,000 per pupil cost

Budget FY	Fixed Percent	Current Per Pupil Cost	ADM-R (Attendance)	School District Budget Cap
2026	N/A	\$27,000.00	1000 (Oct. 1, 2025)	\$27,000,000
2027	3.0%	\$27,810.00	970 (Oct. 1, 2026)	\$26,975,700
2028	3.0%	\$28,644.30	950 (Oct. 1, 2027)	\$27,212,085
2029	3.0%	\$29,503.63	932 (Oct. 1, 2028)	\$27,497,382

Procedure under School District Budget Cap

- At the Deliberative Session (SB2) or Traditional Meeting, the school board, selectboard, budget committee must propose total spending that complies with the School District Budget Cap
 - Recommended total spending includes all warrant articles that appropriate funds
- At these meetings, the voters (legislative body) may choose to override the School District Budget Cap (SDBC)
- School District Budget Cap can be overridden with 3/5 supermajority vote on a warrant article
- Interesting Point – School District Budget Cap is adopted by 3/5 of voters, and is overridden by a 3/5 of voters too

Procedure under School District Budget Cap

- Warrant Ordering Under School District Budget Cap
 - Articles with bonds/notes first (if any)
 - SAU Budget (if RSA 194-C:9-b adopted)
 - All other articles, including operating budget article
 - Operating budget article contains proposed operating budget and default operating budget
 - Best practice: place operating budget article first among all other articles
 - Up to discretion of school board and voters at deliberative session
 - With SDBC in place, ordering of articles on warrant/ballot is important voters want to override SDBC

Procedure using SDBC under SB2 balloting

- Examine ballot results of articles one by one, starting with first article, checking if/when total spending exceeds SDBC to determine if/when 3/5 majority is required for article approval
- Under SB2, what happens if operating budget article causes total spending to exceed SDBC?

Operating Budget Using SDBC under SB2

- Proposed Operating Budget (POB), e.g. \$24M
- Default Operating Budget (DOB), e.g. \$23.5M
- School District Budget Cap (SDBC), e.g. \$27.0M
- Approved articles with spending appearing before operating budget article on warrant/ballot, totaling \$Y in approved spending

% Yes Vote on Operating Budget Article	Operating Budget Adopted
At least 60% Yes	Proposed Operating Budget (POB) Approved
More than 50% and less than 60% Yes	If $POB + Y \leq SDBC$, Proposed Operating Budget (POB) Approved
	If $POB + Y > SDBC$, Operating Budget of $POB - Y$ Approved (no override, truncated operating budget)
50% or less	If $DOB + Y \leq SDBC$, Default Operating Budget (DOB) Approved
	If $DOB + Y > SDBC$, Operating Budget of $DOB - Y$ Approved (no override, truncated operating budget)

Example using SDBC under SB2 balloting

- SB2 balloting results with SDBC = \$27.0M

Article	Item	\$	% Vote Yes	Cumulative Spending	Note
1	\$4M renovation bond	\$37,000 (1 st year)	63%	\$37,000	Approved (bond needs 3/5)
2	SAU Budget	\$3.5M; \$3.35M (adjusted)	54%	\$3,537,000	Approved proposed budget of \$3.5M
3	Operating Budget	\$24M; \$23.5M (default)	56%	\$27,000,000	Article causes spending to exceeds \$27M SDBC; Did not receive 3/5 to override SDBC; Op Budget Approved but truncated to \$23,463,000
4	Multi-Year CBA (contract)	\$600K (1 st year)	57%	\$27,000,000	Not Approved; Did not receive 3/5 to override SDBC
5	Maintenance Trust	\$200K	67%	\$27,200,000	Approved; Did receive 3/5 to override SDBC
6	Sidewalk	\$25K	61%	\$27,225,000	Approved; Did receive 3/5 to override SDBC

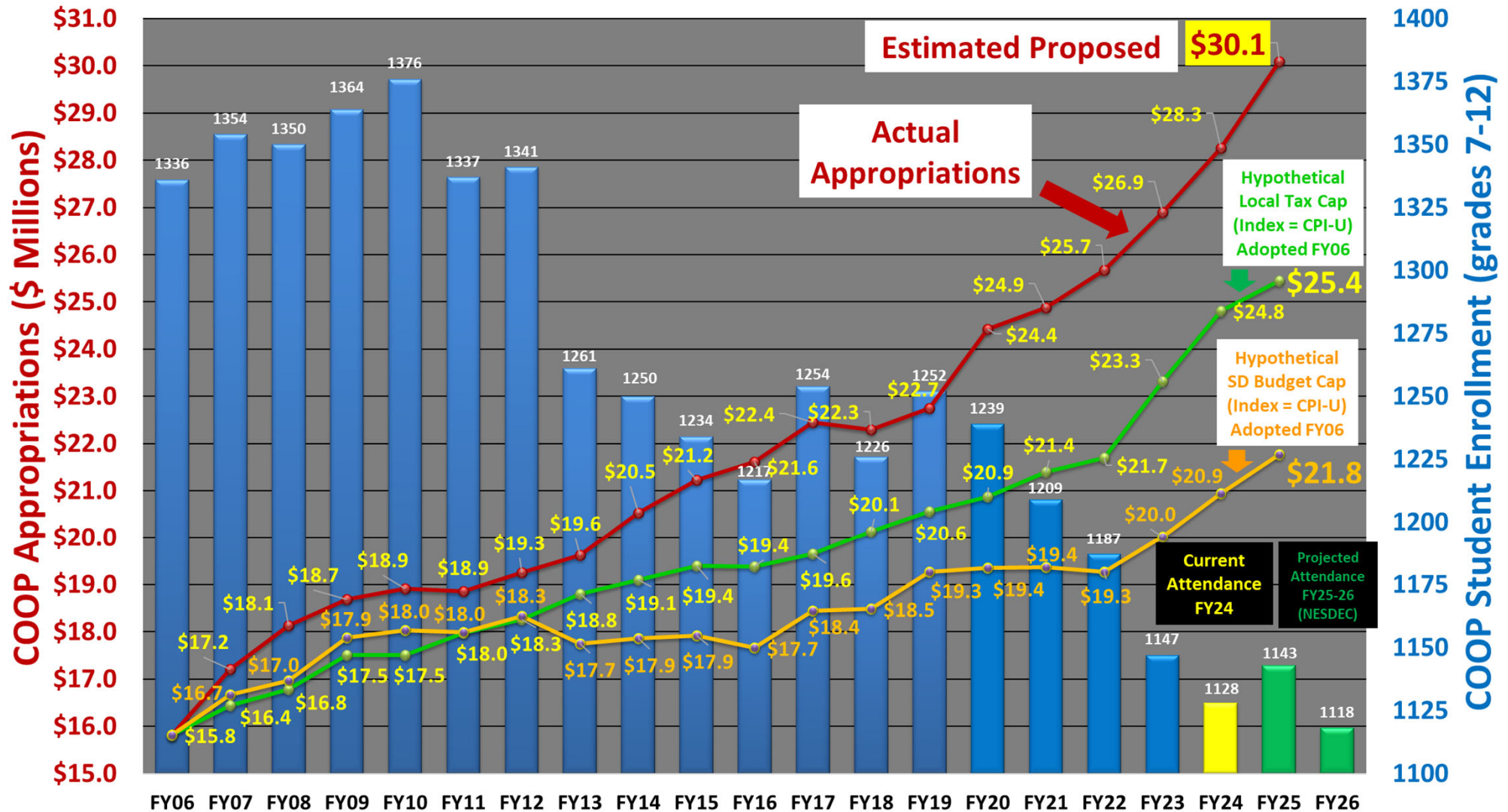
Procedure using SDBC with Traditional Meeting

- As warrant articles are taken up, moderator must tally approved spending to determine if/when total spending exceeds budget cap to determine if/when 3/5 supermajority approval via secret ballot required
- When spending in a warrant exceeds or will exceed SDBC, secret ballots must be used
- What happens if operating budget causes total spending to exceed SDBC? Votes and amendments at meeting are taken until:
 - Proposed operating budget vote receives at least 3/5 supermajority approval OR
 - Proposed operating budget is amended to comply with SDBC and receives at least majority approval

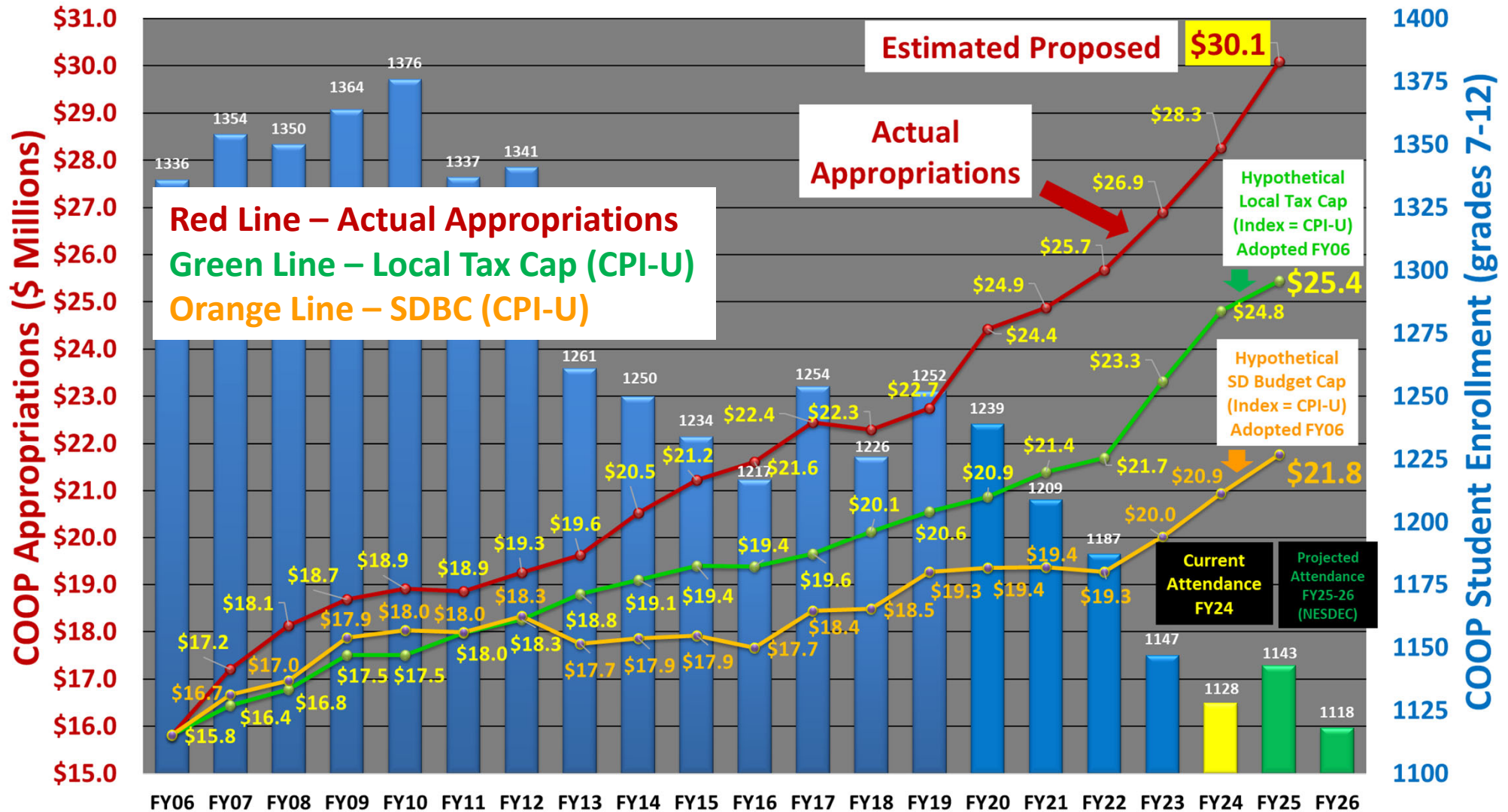
Local Tax Cap and School District Budget Cap Example

- Hypothetical example of long term effects of Local Tax Cap and School District Budget Cap using historical data from Hollis Brookline Cooperative School District
- Bars – Student Enrollment/Attendance (ADM-R)
- Red Line – Actual Appropriations
- Green Line – Local Tax Cap, assumes adoption with CPI-U adopted in 2006, cap not overridden any year
- Orange Line – School District Budget Cap, assumes adoption with CPI-U and adopted cost per student of \$15,800 in 2006, cap not overridden any year
- Both Local Tax Cap and School District Budget Cap make small changes over time to keep spending trend more sustainable

Local Tax Cap and School District Budget Cap Example

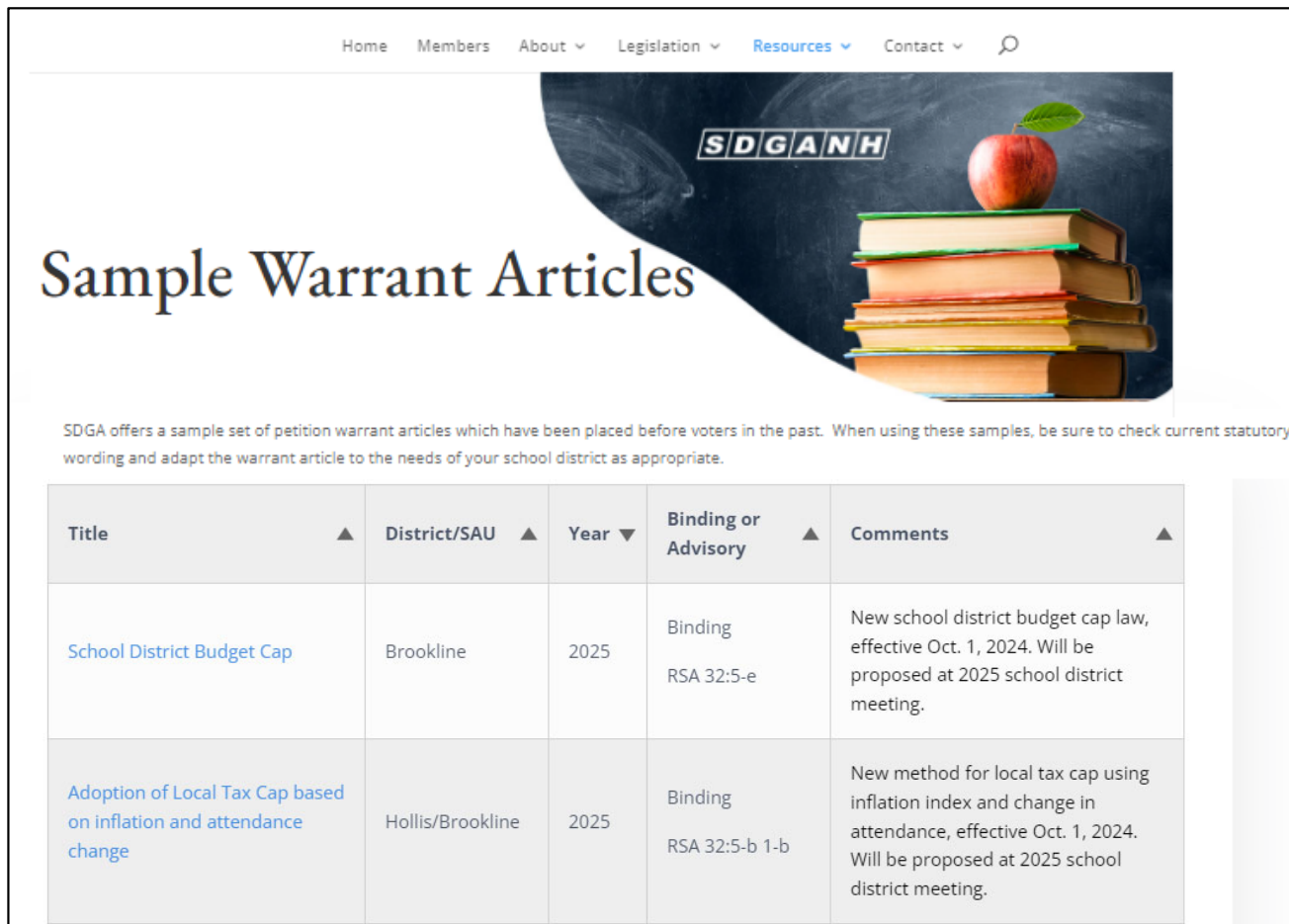


Local Tax Cap and School District Budget Cap Example



Local Tax Cap and SDBC Petition Warrant Examples

- <https://sdganh.org/sample-warrant-articles/>



The screenshot shows the SDGANH website's 'Sample Warrant Articles' page. The header includes navigation links: Home, Members, About, Legislation, Resources, and Contact. A search icon is also present. The main heading is 'Sample Warrant Articles', accompanied by an image of a stack of books with an apple on top. Below the heading, a paragraph states: 'SDGA offers a sample set of petition warrant articles which have been placed before voters in the past. When using these samples, be sure to check current statutory wording and adapt the warrant article to the needs of your school district as appropriate.'

Title ▲	District/SAU ▲	Year ▼	Binding or Advisory ▲	Comments ▲
School District Budget Cap	Brookline	2025	Binding RSA 32:5-e	New school district budget cap law, effective Oct. 1, 2024. Will be proposed at 2025 school district meeting.
Adoption of Local Tax Cap based on inflation and attendance change	Hollis/Brookline	2025	Binding RSA 32:5-b 1-b	New method for local tax cap using inflation index and change in attendance, effective Oct. 1, 2024. Will be proposed at 2025 school district meeting.

Summary – Local Tax Cap (RSA 32:5-b)

- 3 methods of Local Tax Cap annual adjustment
 - Fixed percentage increase
 - Fixed dollar amount increase
 - Increase based on annual change in selected inflation index and annual change in attendance/population
- Adopt with 3/5 supermajority ballot vote
- Override with simple majority vote
- As a “tax effort cap”, higher revenues raise the local tax cap and allow additional spending (versus property tax relief)
- Each year’s tax effort is used as the basis for next year’s local tax cap (tax effort)

Summary – School District Budget Cap (RSA 32:5-e)

- 2 methods of School District Budget Cap annual adjustment of cost per student
 - Fixed percentage increase
 - Increase based on annual change in selected inflation index
- School District Budget Cap is cost per student times ADM-R
- Adopt with 3/5 supermajority ballot vote
- Override with 3/5 supermajority ballot vote
- As a “budget cap”, higher revenues do not raise the budget cap and therefore go towards property tax relief
- Each year’s spending is not used as the basis for next year’s budget cap

SDGA-NH



- Our website: <https://www.sdganh.org>
- Attend our free webinars
 - TBD: All about Special Education
 - Apr. 2025 (date TBD): Training for New School Board Members
- Join SDGA-NH: <https://sdganh.org/join/>
 - Application, \$20 annual dues after acceptance (good through end of 2025)
 - State-wide members email list
 - Members only resources, recorded webinars
 - SDGA-NH Annual General Meeting (May)
 - Help drive the future of excellence in NH education, budgeting, and governance!

Veto Override on HB1187 – Oct. 10

- RSA 33:7-e – Leasing of Equipment
- HB1187 updates use of the procedure in RSA 33:7-e for Lease Agreements with Escape Clause for equipment, so the section cannot be used for equipment which become fixtures (i.e. permanent installed items), new construction, renovations, and additions
- Lease Agreements are still supported under RSA 32, and require a public hearing if over \$100K
- HB1187 Passed House on consent, Passed Senate unanimously on VV
- Vetoed – Governor’s office unfortunately did not understand the bill
- With higher interest rates, leasing costs more than bonds, for the “flexibility” of an escape clause – a clause which cannot be economically exercised when fixtures are involved – how do you escape a renovation?
- RSA 33:7-e has been misused by many school districts (at least 17 times)
- In 2023, Timberlane Regional School District passed \$25.2M lease/purchase for 20 years for building renovations – costing taxpayers an estimated \$6.5M more than if bonded

School District Legislation Ideas for 2025

- Reduced Default Budget Option (under SB2)
- Partisan School District Elections
- Partisan Municipal Elections – Adopt via Official Ballot
- Supermajority to Override Local Tax Cap
- Require all SAUs to have an Annual Budget (75% of SAUs do not have a budget)
- Special Education Transparency for School Boards
- Require Warrant Article Tax Impact Notation to include annual impacts of multi-year expenditures

School District Legislation Ideas for 2025

- Require proficient level on the statewide test to advance to next grade (for grades 3-8 and 11)
- Default Budget Clarification (under SB2)
- Fair Equity in Cooperative School District Withdrawals
- Require Governing Body Approval (and maybe court approval) for No Trespassing Orders on Public Property
- Public Collective Bargaining (best as 2nd year bill – 2026)
- Please reach out if you would like assistance or review of any school district related legislation

Related Legislation

- LSR idea: Reduced Default Budget Option (under SB2)
 - Enabling legislation, adopt/rescind this provision by 3/5 vote
 - Gives school district (or town) an annual option to vote on a reduced default budget
 - If proposed budget fails, then a contingent warrant article gives voters a choice between adopting the default budget or adopting a reduced default budget, which is X% smaller than default budget, where $X = 1\%$ to 10%
 - Article 1: proposed budget of \$12M, default budget of \$10.8M
 - Article 2 (contingent, only if Article 1 fails): default budget of \$10.8M or reduced default budget of \$10.26M (assume provision adopted with $X = 5\%$)
 - Needs prime sponsor and co-sponsors

Thank you.
Eric Pauer – President@sdganh.org

