

## 6/24/18 Current law:

### I. Transparency

First Budget Public Hearing: 40:13 XI, (a). The default budget shall be **disclosed** at the first budget hearing held pursuant to RSA 32:5 or RSA 197:6. The governing body, unless the provisions of RSA 40:14-b are adopted, shall complete a **default budget form** created by the department of revenue administration to demonstrate how the default budget amount was calculated. The form and associated calculations shall, at a minimum, include the following:

- (1) Appropriations contained in the previous year's operating budget;
- (2) Reductions and increases to the previous year's operating budget; and
- (3) One-time expenditures as defined under subparagraph IX(b).

First Session = Deliberative Session: 40:13, IV. The first session of the meeting, governed by the provisions of RSA 40:4, 40:4-a, 40:4-b, 40:4-f, and 40:6-40:10, shall consist of **explanation, discussion, and debate** of each warrant article. A vote to restrict reconsideration shall be deemed to prohibit any further action on the restricted article until the second session, and RSA 40:10, II shall not apply. Warrant articles may be amended at the first session, subject to the following limitations:

- (a) Warrant articles whose wording is prescribed by law shall not be amended.
- (b) Warrant articles that are amended shall be placed on the official ballot for a final vote on the main motion, as amended.
- (c) No warrant article shall be amended to eliminate the subject matter of the article. An amendment that changes the dollar amount of an appropriation in a warrant article shall not be deemed to violate this subparagraph.

**Note:** Even though the default budget may NOT be amended by anyone other than the town/school governing body, SB 342 mandates that the default budget shall be disclosed "and presented for questions and discussion" at the first budget hearing, and HB 1307 mandates that the default budget must be "explained, discussed and debated" at deliberative session. Also see 40:13 XI (b): This amount shall not be amended by the legislative body. However, this amount may be adjusted by the governing body, unless the provisions of RSA 40:14-b are adopted, **acting on relevant new information** at any time before the ballots are printed, provided the governing body, unless the provisions of RSA 40:14-b are adopted, completes an amended default budget form." ["Relevant new information" may come out at the first budget hearing, may be submitted afterward, and may also come out at deliberative session and any time up to the printing of the ballot, and the governing body may accept or reject this information. In addition, SB 342 mandates that the presentation via the DES form must be specific enough to be understood by voters.]

### II Clarification:

Contracts: IX. (a) "Operating budget" as used in this subdivision means "budget," as defined in RSA 32:3, III, exclusive of "special warrant articles," as defined in RSA 32:3, VI, and exclusive of other appropriations voted separately.

(b) "Default budget" as used in this subdivision means the amount of the same appropriations as contained in the operating budget authorized for the previous year, **reduced and increased, as the case may be, by debt service, contracts, and other obligations previously incurred** or mandated by law, and

reduced by one-time expenditures contained in the operating budget. For the purposes of this paragraph, one-time expenditures shall be appropriations not likely to recur in the succeeding budget, as determined by the governing body, unless the provisions of RSA 40:14-b are adopted, of the local political subdivision.

**Note:** The court has determined that “previously incurred” refers to the prior year’s budget plus money warrant articles voted forward by the people in “a” previous year – this accounts for multi-year warrant articles.

Salaries and benefits removed from the Proposed Budget: These must also be removed from the default budget unless it can be shown that they are under recruitment and/or part of a redefinition of the position. It is left up to governing bodies to determine if redefinition is taking place in the proposed budget. Example: elimination of position to be replaced by contracted work v. elimination of position due to staff reduction.

### III Education

Sometime<sup>s</sup> the default budget will be legitimately higher than the proposed budget!

CHAPTER 313  
SB 342 - FINAL VERSION

STATE OF NEW HAMPSHIRE

*In the Year of Our Lord Two Thousand Eighteen*

AN ACT requiring identification of specific items in the default budget.

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

313:1 Use of Official Ballot; Default Budget. Amend RSA 40:13, IX(b) to read as follows:

(b) "Default budget" as used in this subdivision means the amount of the same appropriations as contained in the operating budget authorized for the previous year, reduced and increased, as the case may be, by debt service, contracts, and other obligations previously incurred or mandated by law, and reduced by one-time expenditures contained in the operating budget **and by salaries and benefits of positions that have been eliminated in the proposed budget**. For the purposes of this paragraph, one-time expenditures shall be appropriations not likely to recur in the succeeding budget, **and eliminated positions shall not include vacant positions under recruitment or positions redefined in the proposed operating budget**, as determined by the governing body, unless the provisions of RSA 40:14-b are adopted, of the local political subdivision. **In calculating the default budget amount, the governing body shall follow the statutory formula which may result in a higher or lower amount than the proposed operating budget.**

313:2 Default Budget. Amend RSA 40:13, XI(a) to read as follows:

XI.(a) The default budget shall be disclosed **and presented for questions and discussion** at the first budget hearing held pursuant to RSA 32:5 or RSA 197:6. The governing body, unless the provisions of RSA 40:14-b are adopted, shall complete a default budget form created by the department of revenue administration to demonstrate how the default budget amount was calculated. **The line item details for changes under subparagraph (2) shall be available for inspection by voters.** The form and associated calculations shall, at a minimum, include the following:

- (1) Appropriations contained in the previous year's operating budget;
- (2) Reductions and increases to the previous year's operating budget **including identification of specific items that constitute a change by account code, and the reasons for each change;** ~~and~~
- (3) One-time expenditures as defined under subparagraph IX(b); **and**
- (4) Reductions for eliminated positions and benefit expenditures as defined under subparagraph IX(b).**

313:3 Effective Date. This act shall take effect 60 days after its passage.

Approved: June 25, 2018

Effective Date: August 24, 2018

CHAPTER 241  
HB 1307 - FINAL VERSION

6Mar2018... 0684h  
05/02/2018 1691s

2018 SESSION

18-2260  
06/05

HOUSE BILL **1307**

AN ACT relative to the first session of annual meetings.

SPONSORS: Rep. Verville, Rock. 2

COMMITTEE: Municipal and County Government

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AMENDED ANALYSIS

This bill requires explanation and debate of warrant articles pertaining to the operating budget and default budget at the deliberative session.

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Explanation: Matter added to current law appears in *bold italics*.  
Matter removed from current law appears ~~[in brackets and struck through.]~~  
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.  
6Mar2018... 0684h  
05/02/2018 1691s 18-2260  
06/05

STATE OF NEW HAMPSHIRE

*In the Year of Our Lord Two Thousand Eighteen*

AN ACT relative to the first session of annual meetings.

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

241:1 Use of Official Ballot; Meeting. Amend the introductory paragraph of RSA 40:13, IV to read as follows:  
IV. The first session of the meeting, governed by the provisions of RSA 40:4, 40:4-a, 40:4-b, 40:4-f, and 40:6-40:10, shall consist of explanation, discussion, and debate of each warrant article, *including warrant articles pertaining to the operating budget and the default budget*. A vote to restrict reconsideration shall be deemed to prohibit any further action on the restricted article until the second session, and RSA 40:10, II shall not apply. Warrant articles may be amended at the first session, subject to the following limitations:

241:2 New Subparagraph; Official Ballot; Definition; Contracts. Amend RSA 40:13, IX by inserting after subparagraph (b) the following new subparagraph:  
(c) "Contracts" as used in this subdivision means contracts previously approved, in the amount so approved, by the legislative body in either the operating budget authorized for the previous year or in a separate warrant article for (a) previous year.

241:3 Effective Date. This act shall take effect 60 days after its passage.

Approved: 6/12/18  
Effective date: 8/11/18