

HB 138 Multi-Year Tax Impacts

A Guide for Municipalities



August, 2025

Summary of Changes Pursuant to HB 138

HB 138 amended a portion of RSA 32:5, V-b to add the following language: *Any special warrant articles voted on pursuant to this paragraph with multi-year tax impacts, or containing lease agreements with or without non-appropriation clauses, shall contain a notation stating the estimated tax impact each year for the first 5 years, or each year if the tax impact is less than 5 years.* These changes apply to any town or district that has already adopted the requirement to include a notation stating the estimated tax impact of the annual budget and special warrant articles, and does not require local amendment or re-adoption. In other words, if your municipality is already including tax impacts, this is the new requirement you must follow. No further adoption by town meeting is necessary.

Municipalities already including tax impact estimates on their warrant articles understand that there is no precise method to coming up with an estimated tax impact, and the notation is just that: an estimate. It is difficult enough to make an estimate for the current year's tax impact, never mind pushing that estimate out over a 5-year period. Consequently, the best advice remains the same: do your best with the information you have available to you.

The standard method for calculating a one year tax rate impact is as follows:

Take a single year's net appropriation (that year's gross appropriation less any direct offsetting revenue) and divide it by the Net Valuation found on Line 21 of the latest MS-1. Multiply that amount by \$1,000 to get the rate per \$1,000 of valuation.

This same method can still be followed for creating a multi-year estimate and the last known assessed value of the town can still be used for these purposes. It may also be a good idea to include a notation on warrant articles with a multi-year tax impact estimate that the impact is based on the prior year's assessed value and is subject to change.