



New Hampshire's Overlooked RSA's

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Authority of Towns and Cities

Local government
receives its
authority from the
state

No home rule
authority in New
Hampshire

Authority is
usually found in
statute (RSA)

Financial Accounting and Safeguarding

RSA 41:9



Establish procedures to receive and deposit town revenue

Authorize the treasurer to make payments properly approved

Establish internal control procedures for “safeguarding” all town assets

Prepare financial reports to the state and to the town meeting and annually review

Establishing & Setting Fees

RSA 41:9- a

RSA 41:9- a, is the Primary tool for the governing body to promptly react to new costs which arise during the year.

Authorized by the annual Town Meeting

Requires public notice and a public hearing

- Examples of Fees may include:
 - Land Use application fees
 - Municipal Utilities
 - Recreation Opportunities
 - Recycling Fees
 - Ambulance and Police Special Duty
 - Licensing, Permitting and Regulatory Ordinances Under RSA 31:39



Conflict of Interest Ordinances

RSA 31:39-a

The legislative body of a town or city may adopt an ordinance defining and regulating conflicts of interest for local officers and employees, whether elected or appointed.



Public Officials Barred From Certain Private Dealings.

No person holding a public office, as such, in state or any political subdivision governmental service shall, by contract or otherwise, except by open competitive bidding, buy real estate, sell or buy goods, commodities, or other personal property of a value in excess of \$200 at any one sale to or from the state or political subdivision under which he holds his public office.

PERSONAL
INTEREST IN
BUSINESS
TRANSACTIONS
WITH PUBLIC

RSA 95:1



Purchasing and Bidding

RSA 31:59-a and RSA 447:16

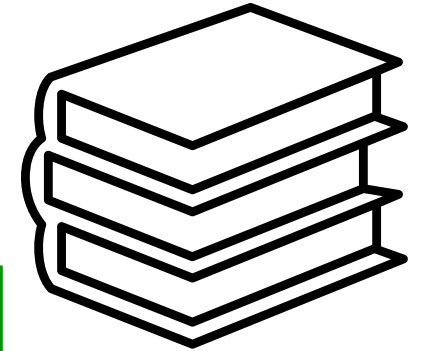
Towns may vote, by a warrant article at town meeting, to establish a centralized purchasing department for the town in accordance with RSA 31:59-a.

If the warrant article is approved, the select board must appoint a purchasing agent, who may establish rules and regulations for competitive bidding for town purchases of goods or services. RSA 31:59-a – :59-d.



Under RSA 447:16, any municipal project for the construction, repair or rebuilding of public buildings, public highways, bridges or other public works involving an expenditure of \$125,000 or more must include as a condition of the contract sufficient security by bond or otherwise covering at least 100% of the contract price conditioned upon the payment by to all contractors and subcontractors for all labor performed or material used by the principal contractor.

Annual Reports



RSA 41:13 and 41:14

- Select board prepares an annual financial report. Requirements are found within the RSA.
- Must be available seven days before town meeting.

RSA chapter 21-J

- Requires towns to send specific reports to the state Department of Revenue Administration (DRA).
Must include a summary of the auditor's findings and recommendations.

RSA 33-A:3-a, VII

- Annual reports must be retained permanently.
RSA 41:22- submit two copies of each annual report to the state library.



Municipal Budgets



Any “sub-accounts” used in budget must be made available to public at budget hearing and annual meeting.



Selectmen must provide information to budget committee in format acceptable to budget committee. Requirement may be satisfied by making knowledgeable staff person available.



Selectmen must incorporate any sub-accounts created by budget committee into budget software.

Uniform Chart of Accounts

- DRA establishes a uniform chart of accounts for accounting by cities and towns. RSA 21-J:13, IV; NH Admin Code [REv 1100 Financial Accounting for Local Educational Agencies](#) ; [Rev 1700 Financial Accounting for Cities and Towns](#) ; [2000 Financial Accounting for Village Districts](#)
- RSA 32:5, III & IV - All appropriations recommended shall be stipulated on a "gross" basis, showing anticipated revenues from all sources, including grants, gifts, bequests, and bond issues, which shall be shown as offsetting revenues to appropriations affected.
- Budget forms shall include recommended appropriations, comparative columns indicating at least the following information:
 - (a) Appropriations voted by the previous annual meeting.
 - (b) Actual expenditures made pursuant to those appropriations
 - (c) All appropriations, including appropriations contained in special warrant articles, recommended by the governing body.
 - (d) If there is a budget committee, all the appropriations, including appropriations contained in special warrant articles, recommended by the budget committee.



New Hampshire
Department of
Revenue Administration

2024
MS-737

MS 636- Towns/Schools with NO
Official Budget Committee

Appropriations

Account	Purpose	Article	Actual Expenditures for period ending 12/31/2023	Appropriations for period ending 12/31/2023	Selectmen's Appropriations for period ending 12/31/2024 (Recommended)	Selectmen's Appropriations for period ending 12/31/2024 (Not Recommended)	Budget Committee's Appropriations for period ending 12/31/2024 (Recommended)	Budget Committee's Appropriations for period ending 12/31/2024 (Not Recommended)
General Government								
4130	Executive	05	\$213,593	\$164,369	\$253,007	\$0	\$253,007	\$0
4140	Election, Registration, and Vital Statistics	05	\$150,212	\$148,322	\$154,735	\$0	\$154,735	\$0
4150	Financial Administration	05	\$635,659	\$627,590	\$610,596	\$0	\$610,596	\$0
4152	Property Assessment	05	\$29,244	\$27,330	\$27,522	\$0	\$27,522	\$0
4153	Legal Expense	05	\$33,546	\$25,721	\$20,500	\$0	\$20,500	\$0
4155	Personnel Administration	05	\$669,336	\$841,044	\$842,272	\$0	\$842,272	\$0
4191	Planning and Zoning	05	\$28,192	\$42,910	\$49,412	\$0	\$49,412	\$0
4194	General Government Buildings	05	\$265,767	\$275,766	\$289,836	\$0	\$289,836	\$0
4195	Cemeteries	05	\$13,461	\$13,887	\$15,457	\$0	\$15,457	\$0
4196	Insurance Not Otherwise Allocated	05	\$80,036	\$85,886	\$93,436	\$0	\$93,436	\$0
4197	Advertising and Regional Associations	05	\$16,777	\$16,757	\$17,065	\$0	\$17,065	\$0
4198	Contingency		\$0	\$0	\$0	\$0	\$0	\$0
4199	Other General Government		\$0	\$0	\$0	\$0	\$0	\$0
General Government Subtotal			\$2,135,823	\$2,269,582	\$2,373,838	\$0	\$2,373,838	\$0
Public Safety								
4210	Police	05	\$1,766,525	\$1,992,305	\$2,062,569	\$0	\$2,062,569	\$0
4215	Annular	05	Annual	\$74,000	\$93,650	\$0	\$93,650	\$0
4220	Fire	05	\$1,031,839	\$1,099,786	\$1,118,706	\$0	\$1,118,706	\$0

Default Budget SB 2 Political Subdivisions

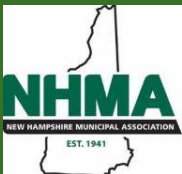
RSA 40:13,X

- 2018 Changes in the law clarified the definition and how to calculate a default budget

The “default budget” defined:

- “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 by reduced one-time expenditures contained in the operating budget and by salaries and benefits of positions that have been eliminated in the proposed budget.”

- Essentially, the default budget freezes the budget at the previous year’s level except for amounts which the town is legally obligated to pay or which were one-time expenses.
- Determination of the default budget, including one-time expenditures, capital projects, appropriations, and water/sewer default amounts, rests with the governing body and cannot be altered by the meeting.
- The default budget may be higher than the proposed operating budget:
 - The law has clarified in calculating the default budget amount there may be cases when the default budget will be higher than the proposed operating budget.



https://www.nhmunicipal.org/sites/default/files/uploads/webinars/default_budgets_12_14_22.pdf

OPTIONAL FISCAL YEAR

- By default under New Hampshire Law, the town budget operates on a calendar year of January 1 through December 31.
- The law also allows towns to switch to a fiscal year budget that operates from July 1 through June 30 of the following year.

- **RSA 31:9-a** -Optional Fiscal Year. – *“Cities and towns and counties, may adopt a single 18 month accounting period running from January 1 of the calendar year following adoption and ending June 30 of the next following year. Thereafter, accounting periods for such towns, cities, and counties shall run from July 1 to June 30 of the following year.”*



Transfer of Appropriations- RSA 32:10

Governing body may transfer money
from one line to another

Transfer authority is the same over the
default budget

Voters cannot restrict transfer authority

Special warrant articles – can transfer
into, but not out of



Lapse of Appropriations

RSA 32:7

Unspent Annual Appropriation Will Lapse Unless Those Funds are Encumbered

2 Conditions must be met:

A legally enforceable obligation is created

The obligation is created before year end.

RSA 32:7-a

Appropriations for Capital Projects



A “capital project” for this purpose is one for which a town may issue bonds under RSA 33:3 or RSA 33:3-c. These include:

- the acquisition of land;
- planning relative to public facilities;
- the construction, reconstruction, alteration and enlargement or purchase of public buildings;
- for other public works or improvements of a permanent nature including broadband infrastructure;
- for the purchase of departmental equipment of a lasting character;
- for the payment of judgments;
- for economic development (including public-private partnerships involving capital improvements, loans and guarantees); and
- preliminary expenses associated with proposed public work or improvement of a permanent nature (including public buildings, water works, sewer systems, solid waste facilities and broadband infrastructure).

- (a) identify the specific project,
- (b) state the term of years of the appropriation (up to five years),
- (c) state the total amount of the appropriation, and
- (d) state the amount to be appropriated in each year of the term.

The article must pass by a 2/3 vote (3/5 vote in official ballot referendum towns).

For each year after the first year, the amount designated for that year as provided in the original warrant article will be deemed “appropriated” without further vote by the legislative body
Classified as “special warrant articles” RSA 32:3, VI

Nonlapsing, Non-transferrable or Special

**“Separate”
Articles**

**Special” Articles,
RSA 32:3, VI:**

- Petitioned
- Bonds
- Capital reserve/town-funded trust funds
- Designated non-lapsing, non-transferable, special

**Nontransferable,
RSA 32:10, I(d)**

- Can be encumbered for one more year
- Can be designated initially as nonlapsing for up to 5 years

Capital Reserve Funds Key Considerations



35:7 Water Departments – Any water works or sewer department of a city or town, by unanimous vote of the body charged with the administration thereof may establish a capital reserve fund for said department for the purposes as provided in RSA 35:1. Reserve shall be established only from surplus from water or sewer rentals and no part thereof shall be made from appropriations by said city or town.



35:8 Limitations on Appropriations – it is prohibited to raise and appropriate in any one year an amount in excess of 1/2 of one percent of the last base valuation for debt limit computed pursuant to RSA 33:4-b for a town or district.



35:11 Payments from Surplus- a vote to transfer any accumulated surplus to the capital reserve fund, within 10 days of the adoption of such vote, treasurer shall on receipt of the order immediately transfer to the trustees of trust funds



35:12 Appropriation- pursuant to RSA 35:5, the sum must be transferred on or before December 15 following the vote, or, in the case of an optional fiscal year town, after July 1, but no later than June 15, of the fiscal year for which the sum was appropriated.

Enterprise Funds- Municipal Water, Sewer, Electricity, Broadband, Airports

RSA 38:29- Water Fund -The funds received from the collection of water rates shall be kept as a separate and distinct fund to be known as the water fund. Such fund shall be allowed to accumulate from year to year, shall not be commingled with town or city tax revenues, and shall not be deemed part of the municipality's general fund accumulated surplus. Such fund may be expended only for the purposes specified in RSA 38:28, or for the previous expansion or replacement of water lines or water systems.

RSA 149-I:10 Sewer Funds. –The funds received from the collection of sewer rentals shall be kept as a separate and distinct fund to be known as the sewer fund. Such fund shall be allowed to accumulate from year to year, shall not be commingled with town or city tax revenues, and shall not be deemed part of the municipality's general fund accumulated surplus. Such fund may be expended only for the purposes specified in RSA 149-I:8, or for the previous expansion or replacement of sewage lines or sewage treatment facilities.

RSA 38:40 Broadband Fund. – The funds received from the collection of access tariffs shall be kept as a separate fund to be known as the broadband fund. Such fund shall be allowed to accumulate from year to year, shall not be commingled with town or city tax revenues, and shall not be deemed part of the municipality's general fund accumulated surplus. Such fund may be expended only for the purposes specified in RSA 33:3 and RSA 33-B.

Non-Lapsing Funds

- **RSA 36-A:5 -Conservation Commission** - The whole or any part of money so appropriated in any year and any gifts of money received pursuant to RSA 36-A:4 may be placed in a conservation fund and allowed to accumulate from year to year.
- **RSA 674:44-d -Heritage Commission-** The whole or any part of money so appropriated in any year and any gifts of money received pursuant to RSA 674:44-b shall be placed in a heritage fund and allowed to accumulate from year to year.
- **RSA 674:44-g- Agricultural Commission-** The whole or any part of money so appropriated in any year and any gifts of money received pursuant to RSA 674:44-f shall be placed in an agricultural fund and allowed to accumulate from year to year.
- **RSA 674:44-j -Housing Commission-** The whole or any part of money so appropriated in any year and any gifts of money received under RSA 674:44-i shall be placed in a housing fund and allowed to accumulate from year to year.
- **RSA 31:113- Forest Fund** -The proceeds from said forest shall be placed in a special forest maintenance fund and shall be allowed to accumulate from year to year, unless otherwise voted by the legislative body of such city or town.
- **RSA 38-D:5–Energy Commission-**. All or any part of money so appropriated in any year and any gifts of money received under this chapter may be placed in an energy commission fund and allowed to accumulate from year to year.



Bond Issues and Borrowing

RSA 33,
RSA 40 &
RSA 32



Debt Limit –the total amount of debt that may be outstanding at any one time.

This limit is calculated as a percentage of the total market value (equalized assessed value) of all taxable property in town.

- 3 % for cities,
- 3 % for towns,
- 1 % for village districts and
- 7 % for school districts.

The total debt limit for any municipality that contains an overlapping political subdivision (such as a school district and town that cover the same geographic area) can be limited to 9.75 percent. RSA 33:4-a and 33:4-b.

Debt limit exceptions-

- Sewer Treatment Plants ordered by NHDES (RSA 33:5);
- Water Treatment Facilities ordered by NHDES (RSA 33:5-a);
- Voluntary Sewer Projects (RSA 33:5-b);
- Qualified Utilities (RSA 33:6-b)
- Solid Waste Management (RSA 33:6-e) Site Cleanups (RSA 33:6-d)
- Qualified Broadband Projects (RSA 33:6-f)

Tax anticipation notes do not count as part of the municipality's total debt limit.

Special debt limits are provided for cooperative school districts under RSA 195.

Tax increment finance bonds issued under RSA 162-K are exempt from debt limit requirements.

Village Districts



RSA 52:3- Same powers as town in relation to the objects for which the village district was established for the accomplishment of its purposes.

Contingency fund. RSA 52:4-a. Limited to a maximum of 1 % of the amount appropriated exclusive of capital expenditures and amortization of debt by such village district during the preceding year.

All interest earned on district tax revenues held by the municipality and all interest collected by the municipality on account of delinquent district taxes to be turned over to the district treasurer in the same manner as the tax revenues are distributed.

RSA 52:17.
Taxes collected on behalf of a village district must be paid by the municipal treasurer to the district treasurer as follows:



If the annual district budget is \$200,000 or more, the municipal treasurer distributes to the district treasurer the amount of taxes collected in any given month by the end of the next month, unless otherwise agreed in writing by the municipal and district treasurers.

If the annual district budget is less than \$200,000, the municipal treasurer distributes to the district treasurer the amount of taxes collected no later than December 31 of each calendar year, unless otherwise agreed in writing by the municipal and district treasurers.



How to Accept and expend unanticipated grants, gifts or other revenue without an appropriation

Towns-
RSA 31:95-b
Schools-
RSA 198:20-b

- ✓ “Unanticipated revenue,” may be accepted and expended under the provisions of **RSA 31:95-b, II-I and RSA 198:20-b, (a-c)**. A municipality/school must adopt that statute through the town meeting process.
 - ✓ This allows the governing body to apply for, accept and spend unanticipated money received from a federal, state or private source, so long as the money is spent in a way that does not require other unappropriated town funds to be spent.
 - ✓ Caution: “matching fund” grant/award terms only allow the governing body to accept the grant/award if the matching funds have been properly appropriated through the budget process.
- ✓ For unanticipated money in the amount of \$10,000 (towns)/ \$20,000 (schools) or more, RSA 31:95-b/198:20-b, requires the governing body to hold a public hearing on the action to be taken, with notice of the time, place and subject of the hearing published at least seven days before the hearing is held.
- ✓ For unanticipated money less than \$10,000 (towns) / \$20,000 (schools) , the governing body must post notice of the funds in the agenda and include notice in the minutes of the public meeting at which the money is discussed.

Grant Anticipation Note

RSA 33:7-b

Anticipation of Federal or State Aid



RSA 33:7-b, allows a city/town/school to may incur indebtedness in anticipation of the receipt of such aid by issuing its note or notes payable not more than 5 years

To be granted the authority:

- Cities follow RSA 33:9
- Towns/Schools/Village districts require 2/3 affirmative ballot vote under RSA 33:8 and 9.

RSA 198:20-d School Reimbursement Anticipation Notes

- School Districts may not issue TAN Notes.
- School district may incur debt in anticipation of reimbursement of an Adequate Education Grant or a Special Education Grant.
- The governing body, after notice and public hearing, may elect to borrow such funds and to recognize the proceeds of the borrowing as revenue for property tax rate setting purposes by providing written notification to the commissioner of the department of revenue administration stating the specific amount of borrowing to be recognized as revenue.
- Any borrowing under this section shall be exempt from the provisions of RSA 33, relative to debt limits.



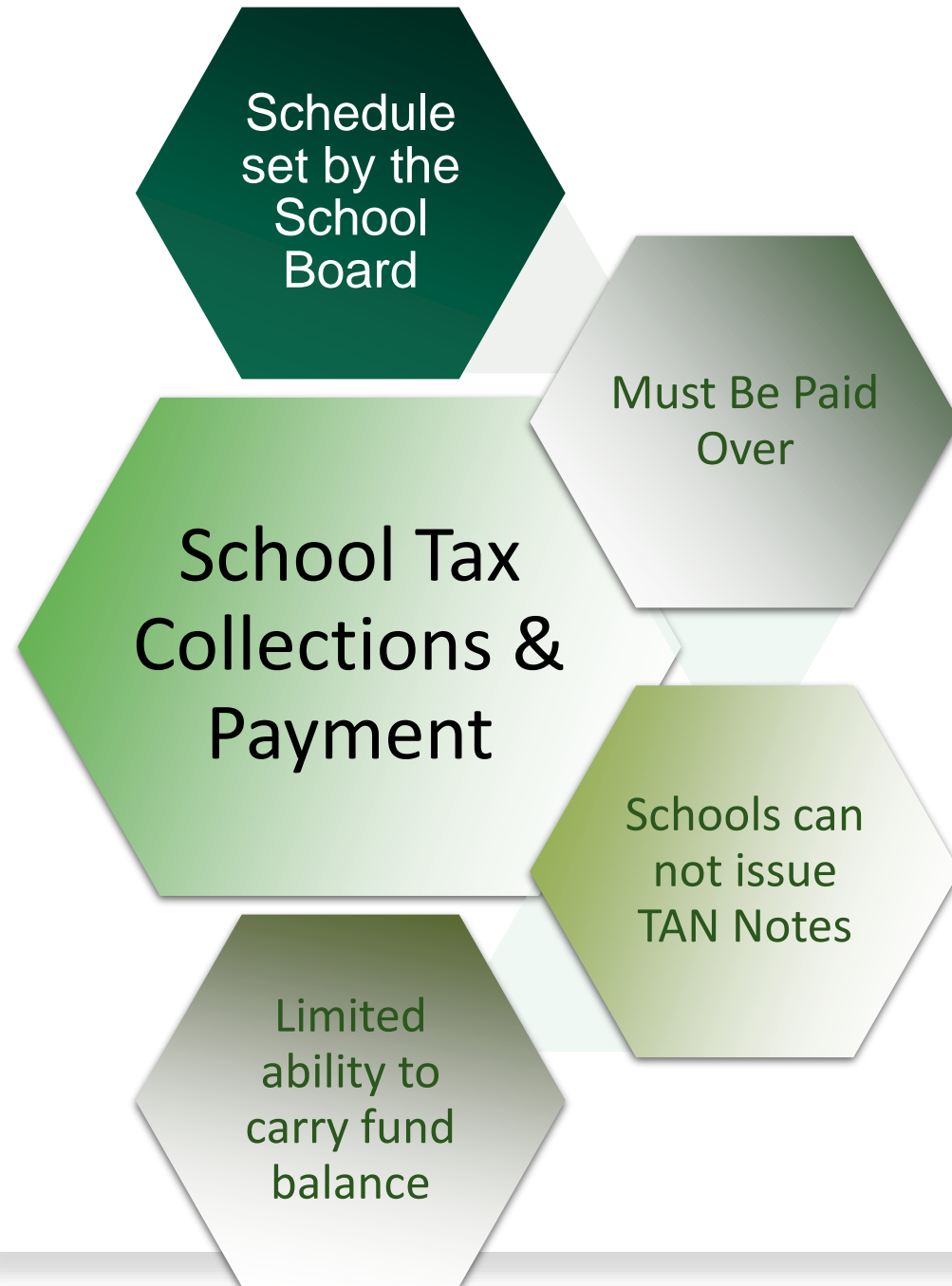
Taxes Collected on behalf of the School

RSA 194:7

RSA 197

RSA 198:4-b

RSA 198:5



Contingency Funds



Towns - Contingency Fund

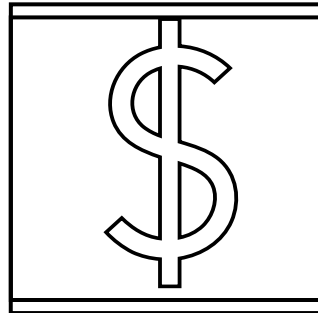
RSA 31:98-a

Requires a Separate Warrant Article

“to meet the cost of unanticipated expenses that may arise during the year”

Amount in the fund may not exceed 1% of the amount appropriated by the town for town purposes during the preceding year excluding capital expenditures and the amortization of debt.

Annual Report must include a “detailed report of all expenditures from the contingency fund”.



School Contingency Fund

RSA 198:4-b

Requires a Separate Warrant Article

Annual Meeting can vote to authorize indefinitely until rescinded, permitting the district to retain unassigned fund balance up to 5% of the current fiscal year net assessment.

Powers and Duties of Library Trustees

RSA 202-A

Donations: RSA 202-A:4-c states:

- If voted by the town, the library trustees may apply for, accept and expend, without a further action by the town meeting, unanticipated money from the state, federal or other governmental unit or a private source which may become available during the fiscal year.
- A public hearing must be held under RSA 31:95-b.
- Unanticipated money shall only be used for those purposes for which a town may legally appropriate money, and acceptance of the money shall not require the expenditure of other town funds except those funds lawfully appropriated by the town.

Library income-generating equipment: RSA 202-A:11-b states:

- Only if the town has given its permission it may only be used for “general repairs and upgrading, and the purchase of books, supplies and income generating equipment.”
- These monies must also be kept in a nonlapsing fund.
- In order to spend the money, an appropriation from the town is needed.
- If the Town has not voted to grant permission: the library trustees must turn over the monies collected to the town treasurer for deposit into the general fund.

Uncollectable Electronic Checks

RSA 80:56

Authorizes municipalities to charge a \$25 fee when an electronic remittance for taxes or fees is returned as uncollectible.

Law authorizes the fee for both paper and electronic uncollectible checks.

- Consider forward facing notices posted for resident benefit.

PROPERTY TAX CIRCUIT BREAKERS



[Exemption for the Disabled](#)
[Exemption for the Blind](#)
[Exemption for the Elderly](#)
[Veterans or Veterans Widow Tax Credit](#)
[Tax Credit for Service-Connected Total Disability](#)
[Exemption for Certain Disabled Veterans](#)
[Exemption for Improvements to Assist Persons with Disabilities](#)
[Solar Energy Systems Exemption](#)

(Examples for forward facing information from Durham, NH)

Administered at the state level using state funding through the state budget process-

- [Low and Moderated Income SWEPT Tax Relief Program](#)

Tax relief for older housing

RSA 79-E

- Municipality may designate “residential property revitalization zone” for community revitalization tax relief under RSA 79-E.
- Available for residential structures at least 40 years old and comprising not more than four units, if owner significantly improves quality, condition or use of the structure.

Local Option Transportation Fee

RSA 261:153, VI(b)



Requires the legislative body of the municipality (town meeting, city/town council, or board of mayor and aldermen) to vote to adopt the fee *up to* the statutory cap.



The funds are placed in a capital reserve fund established for this purpose.



The fee is assessed at the time of, and in addition to, the annual motor vehicle registration.



The statute outlines a broad range of eligible transportation improvements, including:

Roads, bridges, bicycle and pedestrian facilities, parking and intermodal facilities, electric vehicle charging stations, and public transportation as well as engineering, right-of-way acquisition, and construction costs of transportation facilities, including electric vehicle charging stations, and for operating and capital costs of public transportation only.



The funds may be used as matching funds for state or federal grants allocated for local or regional transportation improvements.

Tax Caps

Towns- RSA 32:5-b; RSA 32:5-c

Cities and Charter Towns- RSA 49-C:12, III; RSA 49-C:33, I(d); RSA 49-D:3, I(e)

Traditional town meeting or official ballot referendum town meeting (SB 2), and other political subdivisions adopting a budget at an annual meeting of the voters, the voters may adopt a limit on annual increases in the estimated amount of local taxes in the governing body's or budget committee's proposed budget. RSA 32:5-b; RSA 32:5-c. The cap must be either a fixed dollar amount or a fixed percentage and a new multiplication factor is now allowed as well as school Budget Caps

City or Charter town with a tax cap provision in the charter must provide for an override of the tax cap



In 2011 the legislature adopted amendments to RSA Chapter 49-C that requires that where a municipality adopts a tax cap it shall provide that a supermajority of the elected body can vote to override the tax cap. RSA 49-C:33, I (d). In 2021- RSA 49-B:13, II-a



New Local Option Tax Cap. [Chapter 353 \(SB 383\)](#) is enabling legislation that creates a third option for a local tax cap. Voters would be able to choose from a fixed dollar amount, a fixed percentage, or a multiplication factor using a formula which adjusts local property tax caps to take into consideration inflation and population growth or decline. **Statutes amended: RSA 32:5-b. E.D. October 1, 2024.**

Questions?



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