

## **Proposed City of Rochester Charter Amendment**

### **43-a Limitation on Budget Increase**

#### **A. Limitation on budget increase.**

Recognizing that final tax rates for the City of Rochester are set by the New Hampshire Department of Revenue Administration pursuant to RSA 21 J:35, I, the City Manager shall submit a proposed budget to the City Council, and the City Council shall adopt its annual budget proposals and shall act upon such proposals, in accordance with the mandates of this section.

Override Provision. Budgetary restrictions described in any part of section 43-a may be overridden upon a vote of two-thirds (2/3) of all elected members of the City Council. Such override expires following adoption of the annual budget. Subsequent budgets or supplemental appropriations require additional two-thirds (2/3) override votes, or the limitations expressed in this section will apply.

In establishing a municipal budget, the City Manager and City Council shall be allowed to assume an estimated property tax rate in an amount not to exceed the tax rate established during the prior fiscal year increased by a factor equal to the change in the National Consumer Price Index – Urban as published by the United States Department of Labor for the calendar year immediately preceding the year of the budget adoption.

**B. Exception to budget increase limitation.** Capital expenditures, and the total or any part of the principal and interest payments of any municipal bond, whether established for school or municipal purposes, may be excepted from being included in the expenditures that are subject to the prior limitation upon a two-thirds (2/3) vote of all members of the City Council. The exception made under this section shall expire upon adoption of the budget for the next budget year, unless two-thirds (2/3) of all members of the City Council vote to renew the exception for the next budget year.

**C. Budget limitation in a revaluation year.** When the City Council accepts an increase in real estate values as the result of a City wide revaluation, the City Council shall adhere to a maximum increase in real estate tax revenues as follows: The real estate taxes raised from the prior budget year shall be increased by a factor no more than the change in the National Consumer Price Index- Urban as published by the United States Department of Labor for the calendar year immediately preceding budget adoption, then this figure shall be used in establishing the new municipal budget.

**D. Budget limitation with annual changes in assessments.** When annual changes in real estate values occur as a result of State of New Hampshire

assessing requirements, the City Manager and City Council shall adhere to a maximum increase in real estate tax revenues as follows: The real estate taxes raised from the prior year shall be increased by a factor of no more than the change in the National Consumer Price Index – Urban as published by the United States Department of Labor for the calendar year immediately preceding budget adoption, plus real estate taxes calculated by applying the prior year real estate tax rate to the net increase in new construction. “Net increase in new construction” is defined as” the total dollar value of building permits less total dollar value of demolition permits issued for the period of April 1 – March 31 preceding budget adoption.

E. Total Expenditures. Total expenditures for any given budget year shall not exceed the amount of funds reasonably calculated to be derived by the tax rate established herein, increased by the other revenues generated by the municipality.

**Explanatory Note:**

- This amendment places a cap on the level of City spending based on the National Consumer Price Index. Capital expenditures and debt expenditures are included in the cap. The cap may be overridden by a two-thirds (2/3) vote of the City Council.