



Goffstown School District Deliberative Session

Petition Article – 2.5% Tax Cap

School Board Information Sheet

1. The proposed Petition Article for a 2.5% Tax Cap was received and verified by the Supervisors of the Checklist.
2. ***Shall the Town of Goffstown vote to implement a cap on local school district taxes. The warrant article aims to establish a cap on local school district taxes to provide fiscal responsibility and stability for residents and businesses within the Town of Goffstown. The cap ensures that the tax burden remains reasonable while allowing essential academic, educational, and remedial services to be maintained, if not improved.***

Shall we adopt the provisions of RSA 197-d, and implement a tax cap whereby the governing body and budget committee 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%?

(3/5 Majority Vote Required).

3. Some of the wording of the petition warrant article is incorrect, but based on consultation with our school attorney, it will comply with the intent of the statute and be enforceable if passed by the voters (example Town of Goffstown vs Goffstown School District, and RSA 197-d vs RSA 32:5-b, c). Furthermore, District legal counsel recommends an amendment to the petition warrant article to comply with the statute by eliminating the first paragraph and by inserting the correct NH RSA 32:5 (b) and (c).
4. Both the School Board and Budget Committee could **NOT** put forth an operating budget that does not comply with the stipulations in the 2.5% tax cap (see RSA)
5. Petitioners will address and speak to the proposed tax cap petition warrant article.
6. RSA 32: 5 (b) and (c) apply to this proposed tax cap petition warrant article.
7. Highlights of the statute:
 - a. 2.5% tax cap is based on the current year's local school tax effort + unassigned fund balance used to offset taxes multiplied by the tax cap percentage of 2.5%.

- b. The Legislative body (voters) can override the tax cap and amend the budget at the Deliberative Session. However, the municipal budget act RSA 32 will apply including any statutory restrictions (i.e., 10% rule)
 - c. Adoption requires 3/5's majority.
- 8. There is no impact to the Default Budget whether this petition article is approved/not approved by the voters.
- 9. Tax caps are more typical in cities and towns whereby voters do not directly or indirectly develop and approve operating budgets. In some cities and towns with tax caps, the operating budget is developed and approved by either a board of alderman or town council.
- 10. In Goffstown, the voters of the town/school district have the opportunity to be involved in the development, amendments to, and adoption of the school budget.
 - a. Voters elect school board members and budget committee members who possess the legal authority to develop and recommend the school budget. This is the "representative democracy" component of the budget process.
 - b. The budget committee and school board hold numerous meetings and required hearings on the budget, in which voters can share their opinions, insights etc.
 - c. Goffstown is a Senate Bill 2 community, and voters who attend the Deliberative session are presented with the school district budget (and warrant articles). Voters can debate and amend warrant articles that will appear on the official ballot in March.
 - d. In March, voters determine whether the school budget (and other warrant articles) either pass or fail.
- 11. What are the implications of the proposed 2.5% tax cap petition article.
 - a. The petitioner addressed some of this in the warrant article language itself.
 - b. The petitioner(s) will address the rationale for the %, and the benefits to the taxpayer, school district, etc.
 - c. Developing school budgets is a challenging endeavor with many unknowns that impact the baseline cost " the local tax effort."
 - i. State revenues are unpredictable and have not kept up with even modest annual increases (1% over the last 20+ years vs. 3% + increases in local school contributions)
 - ii. Downshifting of State costs to local school districts (example is retirement. State previously contributed 35% cost, now 0%. That

- d. Budgets and costs are not steady and predictable. In the past few years, because of COVID and federal grants, we have seen some years with no tax increase, a slight decrease and then a 6% increase.
- e. If we apply the proposed tax cap to this year's proposed FY 25 budget, the BC and SB would need to cut approximately 1.1M to comply with the tax cap.
 - i. For perspective, our health insurance alone increased by 14% or over \$1M.
 - ii. Voter approved, teacher and staff raises accounted for over \$1M.
 - iii. Mandatory special education spending increased by over \$1M.
- f. Based on the proposed FY 25 School Budget, if a tax cap were in place, below are the implications based on the % of the approved tax cap.
 - i. 2.5% Cap = Need to reduce budget by \$1,076,355
 - ii. 5.0% Cap = Need to reduce budget by \$ 323,179
 - iii. 7.5% Cap= Capacity to add to the budget by \$429,996
 - iv. 10% Cap= Capacity to add to the budget by \$1,183,172
 - v. If the School District were to have a future bond issuance, a tax cap may impact the amount that can be raised for the budget. Additional research is needed in this area.
- g. Consumer Price Index (Northeast) and Social Security increases over the last few years have far exceeded this 2.5% cap. This illustrates the challenge of addressing rising inflation. Social Security COLA has increased 21% over the last 4 years or over 5% a year. CPI has increased 14.4% over 3 years or almost 5% a year on average.

[illegible]