

6.15 Limitation on Budget Increase.

A. Limitation on budget increase.

1. Recognizing that final tax rates for the City of Manchester are set by the New Hampshire Department of Revenue Administration pursuant to RSA 21 J:35, I, the board of mayor and aldermen of the City of Manchester and the Manchester School District shall develop their annual budget proposals and shall act upon such proposals in accordance with the mandates of this section.
2. Section 6.15 does not apply to the Enterprise Funds of the City of Manchester, i.e., the Aviation Department, the Environmental Protection Division, the Parking Division, the Water Works, the Recreation Enterprise Division and such other enterprise funds as duly created by the board of mayor and aldermen. Section 6.15 does not apply to the Central Business Service District. Section 6.15 does not apply to amounts payable in connection with municipal bond obligations, whether issued for school or municipal purposes.

Override Provision. Budgetary restrictions described in any part of Section 6.15 may be overridden upon a vote of two-thirds (2/3) of all aldermen elected. Such override only applies to the budget then under consideration. Supplemental appropriations require two-thirds (2/3) override votes, or the limitations expressed in this section will apply.

3. In submitting their proposed budgets to the board of aldermen, the mayor and school district shall not propose total expenditures excluding amounts payable in connection with municipal bond obligations in an amount exceeding the budget established during the prior fiscal year, excluding amounts payable in connection with municipal bond obligations for the prior fiscal year, increased by a factor equal to the average of the changes in the Consumer Price Index-Urban (CPI-U) for the three (3) calendar years immediately preceding budget adoption as published by the U.S. Bureau of Labor Statistics. If the average of the changes in the Consumer Price Index-Urban as published by the United States Department of Labor for the three (3) immediately preceding calendar years declines, then the increase in total expenditures, excluding amounts payable in connection with municipal bond obligations, shall be zero.
4. In establishing a combined municipal budget, the board of mayor and aldermen shall assume estimated property tax revenues only in an amount not to exceed the property tax revenues raised, excluding property tax revenues raised for amounts payable in connection with municipal bond obligations, during the prior fiscal year increased by a factor equal to the average of the changes in the National Consumer Price Index – Urban as published by the United States Department of Labor for the three (3) calendar years immediately preceding the year of the budget adoption. If the average of the changes in the Consumer Price Index - Urban as published by the United States Department of Labor for the three (3) immediately preceding calendar years declines, then the increase in property tax revenues, excluding property tax revenues raised for amounts payable in connection with municipal bond obligations, shall be zero.

B. Exception to budget increase limitation. Capital expenditures 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 the aldermen elected. Capital expenditures include land, land improvements, easements, buildings, building improvements, vehicles, machinery, equipment and infrastructure assets. The exception made under this section shall only apply to the budget then under consideration, unless two-thirds (2/3) of all the aldermen elected, vote to renew the exception for the next budget year.

C. Budget limitation in revaluation year. When there is a citywide revaluation, the board of mayor and aldermen shall adhere to the following limitations for a positive or negative revaluation: Property tax revenues raised in the prior fiscal year, excluding property tax revenues raised for amounts payable in connection with municipal bond obligations for the prior fiscal year, shall not be increased by a factor more than the average of the changes in National Consumer Price Index – Urban as published by the United States Department of Labor for the three (3) calendar years 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 board of mayor and aldermen shall adhere to a maximum increase in real estate tax revenues as follows:

1. The real estate taxes raised from the prior year shall not be increased by a factor of more than the average of the changes in the National Consumer Price Index – Urban as published by the United States Department of Labor for the three (3) calendar years 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 assessed dollar value resulting from building permit activity less total assessed dollar value resulting from demolition permit-activity for the period of April 1- March 31 preceding budget adoption.

E. Total Expenditures. Total expenditures, excluding amounts payable in connection with municipal bond obligations, for any given budget year shall not exceed the amount of funds reasonably calculated to be derived from property tax revenues pursuant to Paragraph A.4. herein, increased by the other revenues generated by the City.

F. Effective Date: Upon Passage