

## CITY OF LACONIA

### 2005 PETITIONED CHARTER AMENDMENT

#### THE AMENDMENT WOULD ADD A NEW SUBSECTION TO SECTION 5.03 OF THE LACONIA CITY CHARTER AS FOLLOWS:

##### 5:03.5 BUDGET PROCEDURE:

- A. Limitation on budget increases. Recognizing that final tax rates for the City of Laconia are set by the New Hampshire Department of Revenue Administration pursuant to RSA 21 J:35, I, the Administration, the School Department and the City Council of the City of Laconia shall develop their annual budget proposals and the City Council shall act upon such proposals in accordance with the mandates of this section.

Override Provision. Budgetary restrictions described in any part of section 5:03.5 may be over-ridden upon a two-thirds vote of the Laconia City Council. Such an override expires following adoption of the annual budget. Subsequent budgets or supplemental appropriations require additional two-thirds override votes, or the limitations expressed below in section 5:03.5 will apply.

1. In submitting their proposed budgets to the City Council, the Administration and the School Department shall not propose total expenditures in an amount exceeding 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.

2. In establishing a combined municipal budget, the City Council shall be allowed to assume an estimated property tax rate only 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 vote of the City Council. The exception made under this section shall expire upon adoption of the budget for the next budget year, unless the council votes by a two-thirds majority 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 the combined real estate tax revenues as follows: The combined 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 combined 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 Council shall adhere to a maximum increase in the combined real estate tax revenues as follows:

1. The combined 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 for any given budget year shall not exceed the amount of funds reasonably calculated to be derived by the tax rate established pursuant to Paragraph A. 2. herein, increased by the other revenues generated by the municipality.