



Tax Cap Impact Estimate

- At Town Meeting on March 15, 2025, warrant article 11 was amended and approved by legislative body by ballot vote of over 3/5 majority.
- Amended warrant 11 states:
Shall we adopt the provisions of RSA 32:5-b I-a, and implement a tax cap whereby the governing body (or 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 four percent (4%)?
- Per RSA 32:5-b I-a If the local taxes raised for the prior year were reduced by any fund balance brought forward from previous years, the amount of such reduction shall be added back and included in the amount to which the tax cap is applied
- This essentially means that the tax cap base is equal to
Total Appropriations - Revenues + War Service Credits + Actual Overlay Used
(as shown in the Municipal Accounting Overview of the NH DRA Tax Rate Breakdown report)
 - *War Service Credit* = Total amount of Veterans' Tax Credits
 - *Actual Overlay Used* = Dollars paid back to residents who receive tax abatements



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	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
Total Town Tax Effort	\$4,847,431	\$5,284,236	\$5,495,605	\$5,715,429	\$5,944,047	\$6,181,809	\$6,429,081
revenues (MS-434) - use 5% growth	\$2,100,646	\$2,205,678	\$2,315,962	\$2,431,760	\$2,553,348	\$2,681,016	\$2,815,067
-war service credit (MS-1) - use 5% growth	-\$134,500	-\$141,225	-\$148,286	-\$155,701	-\$163,486	-\$171,660	-\$180,243
-Actual overlay used (MS-434R) - use 1% growth	-\$129,813	-\$131,111	-\$132,422	-\$133,746	-\$135,084	-\$136,435	-\$137,799
Town Total Appropriations	\$6,683,764	\$7,217,578	\$7,530,859	\$7,857,743	\$8,198,825	\$8,554,730	\$8,926,105
Increase appropriation from prior year		\$533,814	\$313,281	\$326,884	\$341,083	\$355,904	\$371,376
% increase appropriation from prior year		8.0%	4.3%	4.3%	4.3%	4.3%	4.3%

- The following assumptions are made in the above estimates:
 - 5% yearly revenue growth (5.9% actual average growth since 2020)
 - 5% yearly increase in war service credits (5.5% actual average growth since 2020)
 - 1% yearly increase in actual overlay (average of 0.8% growth comparing 2020 to 2024)
- Increasing the Town Tax Effort by 4% yearly with the above assumptions results in a 4.3% yearly increase in total appropriations
- For FY2026, the tax cap estimated maximum appropriation increase is \$313,281



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Appropriations and Revenues		
Municipal Accounting Overview		
Description	Appropriation	Revenue
Total Appropriation		
Net Revenues (Not Including Fund Balance)		
Fund Balance Voted Surplus		
Fund Balance to Reduce Taxes		
War Service Credits		
Special Adjustment		
Actual Overlay Used		
Net Required Local Tax Effort		

- When the budget process begins, the NH DRA Tax Rate Breakdown report will not yet be available (not created until tax rate is set in October)
- Budget Committee will use year to date revenues and feedback from town administrator and clerk to establish full year revenue estimate
- Likewise, Budget Committee will estimate War Service Credits and Actual Overlay Used
- Budget Committee will use the total budget appropriated and the above estimates to determine the estimated Net Required Local Tax Effort which is the previous year's base for the tax cap
- In October, if estimates were not accurate, budget can be adjusted before year end