



Tax Cap Committee Report to School Board

October 16, 2025

Tax Cap Committee Membership

Lou Broad – TTA Union President

Bill Coye – Resident of Plaistow

Sierra Dolce – Resident of Sandown

Justin Krieger – Superintendent of Schools

Alyssa Kowalczyk – School Board Member

Liz Kosta – Budget Committee Member

Laurie Herchenroder – TSSU Appointed Representative

Shawn O'Neil – Resident of Danville

Marianne Springer – School Board Member

Chris Tardiff – Resident of Atkinson

Maria Watkins – CFO / Business Administrator

Karen White – Budget Committee Member

Report

The Tax Cap Committee reviewed the new legislation describing the calculations, warrant wording, and legal process for enacting and over-riding a tax cap in an SB2 district such as Timberlane. The initial focus was on a 2.5% tax cap, however, we also reviewed the alternative calculation methods and considered higher tax cap percentages. We focused our study in three areas: legal considerations, the experiences of comparable NH school districts with tax caps, and the fiscal and potential collective bargaining negotiation implications for Timberlane. The recent legislation requires a $\frac{2}{3}$ majority to implement or over-ride a tax cap (up from a simple majority in the previous legislation). The calculation methods are all complex and some are dependent on information that is not available until October of the budget year. The committee was in agreement that under the current legislative requirements, implementation of a 2.5% tax cap would increase risk and uncertainty during the budget development process and the district could not maintain staffing, program and service levels.



Supporting Details

Highlights of Recent Legislation

- A warrant article to establish a tax cap will now require a $\frac{2}{3}$ majority vote.
- There are two calculation methods that could be used for a tax cap. (see attached RSA prescribed wording for warrants)
 - The increase can either be a fixed dollar increase or a percentage of the prior year's tax apportionment (not the prior year's total budget).
 - The tax cap limit can be calculated solely on changes in ADMR and inflation.
- Determination of budget: 1) adjust prior year tax apportionment by any unrestricted fund balance; 2) apply tax cap calculation to determine limit; 3) estimate budget year revenues or assume that they remain stable. 4) take the prior year budget and add the tax cap limit to get the total dollar amount that cannot be exceeded in the sum total of all warrants involving appropriations.
- If a tax cap is in place, the Budget Committee and School Board may not recommend warrant articles where the sum total of all warrant articles involving appropriations exceeds this allowable amount determined by the tax cap calculations.
- If a tax cap is in place, a warrant article that is amended at the Deliberative Session to increase the value to an amount that would exceed the tax cap allowance would require a $\frac{2}{3}$ majority vote at Deliberative.
- If a warrant article that causes the total value to exceed the tax cap is successful at deliberative, it will be placed on the ballot, and a $\frac{2}{3}$ majority vote would be required.

Unclear Circumstances under the Recent Legislation

- The legislation affects the proposed operating budget and other warrant articles requiring appropriations, but it does not mention the default budget. Using the prescribed default budget formula, the Default Budget may exceed an approved tax cap. It is uncertain how to proceed or implement a default budget.
- There is uncertainty about the outcome if any warrant article that is modified at deliberative to exceed the tax cap receives a simple majority on the ballot question, but not a $\frac{2}{3}$ majority.



Experience from other Districts with Tax Caps

- Since the legislation is being newly enacted, there are no districts with tax caps that were developed under this process and formula.
- There are a little over 100 School Administrative Units (SAUs) in New Hampshire and about 20 of them are SB2 entities. Two multi-town SAU's that are SB2 entities currently have tax caps: Hollis-Brookline and Newfound
 - Brookline adopted a tax cap of 8% in 2019. Originally a 2% tax cap was brought forward and it was modified to 8% at their deliberative session.
 - Brookline: the 8% tax cap has not required an override yet, however with two new contracts for the upcoming warrant, the tax cap is expected to be a challenge this year.
 - Newfound adopted a 2% tax cap in 2012.
 - Newfound: Tax cap overrides passed at deliberative in 2014, 2023, and 2024
 - Newfound: Tax cap recessions were attempted in 2017, 2021, and 2025
 - Newfound: An increase from a 2% tax cap to a 5% tax cap failed in 2025
 - Newfound: Positions have been eliminated during the 2% tax cap duration.

Impacts – General

- The tax cap formula depends on information on appropriations information that is not available until mid to late October of a budget cycle. This would mean that the precise budget target is not available until partway through the budget process.
- Because the tax cap is based on tax apportionment not total budget, fluctuating revenue estimates and receipts add additional uncertainty and risk to the budget process.
- Timberlane has 8 Collective Bargaining Units and some unaffiliated employees. The increases negotiated for any contracts would also be part of the total expenditures allowed under the tax cap.
- A tax cap would place significant stresses on the negotiations and may essentially eliminate the possibility of negotiating multi-year contracts.
- Negotiations Uncertainty: As an example, annual increases to health insurance alone have averaged 7.9 % annually over the past 3 years. Since 2018, the annual increase rate has been as low as 1.9% and as high as 12.5%.
- Retirement contribution is a cost for which the district cannot predict or control potential changes to the state's retirement contribution formula.



Impacts – Specific

- The attached spreadsheet shows how the 2.5% tax cap and the ADMR and CPI tax cap would have compared to the actual budget changes from FY 23 to FY 26. There is also a hypothetical calculation of the FY 27 budget impact.
- Additionally, the attached spreadsheet shows that for the past four years, the annual CPI has exceeded 2.5%. A 2.5% tax cap, therefore, implies that salaries could not keep pace with inflation or would necessitate staff reductions.
- The 2.5% tax cap allowance under the current legislation does not meet the current contractual salary increases. The conclusion is that reduction to staffing, programs and/or services would be required to meet such a tax cap.

Appendices

- 1) [RSA 32:5 b Legislative Changes](#)
- 2) [TRSD Tax Cap Impact Spreadsheet](#)