

**Senate Election Law and Municipal Affairs Committee**  
*Tricia Melillo 271-3077*

**HB 243**, relative to the form of municipal budgets, relative to municipal estimates of expenditures and revenues, and relative to the requirement that certain governing bodies submit recommendations to the budget committee.

**Hearing Date:** April 19, 2021

**Members of the Committee Present:** Senators Gray, Birdsell, Ward, Soucy and Perkins Kwoka

**Members of the Committee Absent :** None

**Bill Analysis:** This bill requires:

- I. Municipal, district, and administrative unit budgets to use full line item detail.
  - II. Governing bodies to publish statements of estimated expenditures and revenues for the next fiscal year in full line item detail.
  - III. Governing bodies to submit to the budget committee information necessary for the preparation of the annual budget in whatever detail the budget committee requires.
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**Sponsors:**

Rep. Piemonte	Rep. Yakubovich	Rep. Weyler
Rep. Osborne	Rep. Edwards	Rep. True
Rep. Torosian	Rep. Sylvia	Rep. Verville
Sen. Gannon		

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**Who supports the bill:** Rep. Tony Piemonte, Rep. Wayne Goertel, Rep. Ken Weyler, Rep. Chris True, Rep. Lisa Post, Rep. Testerman, Rep. Keith Erf, Donna Green, Laura Colquhoun, George Mertz, Paul Martin, Jody Manson, Paula Johnson, Karen Testerman, Kathy Rago, April Villani, John Villani, Donna Pineau, David Saad, Tammy Mahoney, Tracy Walbridge, Alvin See, Robin Rousseau, Patricia Eno, Jorge Mesa-Tejada, Joe Mendola, Darlene Gildersleeve, Eric Pauer

**Who opposes the bill:** Rep. Marjorie Porter, Rep. Paul Dargie Rep. Joyce Weston, Rep. Rod Pimentel, Rep. Susan Almy, Rep. Jan Schmidt, Rep. Donald Bouchard, Rep. Timothy Horrigan, Rep. Chuck Grassie, Rep. Joan Hamblet, Rep. Cecilia Rich, Rep. Dianne Schuett, Rep. Peter Bixby, Rep. Maria Perez, Rep. Roger Dontonville, Rep. Dru Fox, Anne Hunnewell, Richard Hunnewell, Lyz Jablonski, Karen Padgett, Jeanne Beaudin, Jim Michaud, Karen Noyes, Ken Robichaud, Lisa Drabik, Brigitte Codling, Shaun Mulholland, William Herman, Bruce Smith, Valerie Scarborough, Kimberly Hallquist, Joseph Devine, Cordell Johnston, Barrett Christina, Laura Buono, Mary Eisner, Derik Goodine, Stephanie Osborne, Cindy Kudlik, Elizabeth Dionne, Jerry Frew

**Who is neutral on the bill:** Bruce Kneuer - DRA

## Summary of testimony presented in support:

### Representative Tony Piemonte

- This bill requires transparency and develops tools for a more efficient budget.
- Many budget members have had a hard time obtaining information in a spreadsheet form.
- Having an active spreadsheet will allow members to immediately see the impact of increases and decreases in line items.
- It will also allow for year to year analysis as well as save time with calculations during the budget process.
- As budgets rise, it is impossible to do this with a PDF file.
- Some accounts need to be analyzed in order to complete the budget effectively.
- This will help budget committees with their fiduciary duties.
- Senator Soucy asked if there is an amendment he is submitting.
  - Representative Piemonte replied that there is an amendment from the House and he is willing to work with Committee Members on any other changes they would like.
- Senator Gray asked if he could explain what the meaning of full line item detail is.
  - Representative Piemonte replied that full line item detail is all the budget lines used to complete the final budget. The ones that are used in a budget are sub-accounts and they show valuable information that can be analyzed year after year to determine increases.
- Senator Gray asked if he is correct in stating that they spoke about the appropriate form that the DRA uses and the uniform chart of accounts. Some towns will just have Police and Fire listed and others will have categories broken down under each of those accounts, which are the sub-accounts he spoke of.
  - Representative Piemonte replied that is correct. The MS forms they deal with total numbers on those accounts and he would like to see a further breakdown in those areas.
- Senator Soucy asked if he has ever requested this information from a town and been denied.
  - Representative Piemonte replied that there have been instances where a person would like to see these sub accounts and have been denied. This allows a person who requests that information to get it.
- Senator Soucy commented that providing that kind of detail for a city like Manchester could be debilitating in effort and cost to the finance office. She asked if he could comment on that.
  - Representative Piemonte replied that they have the ability to do that now with the touch of a key. The information can be downloaded onto a thumb drive easily without any cost. It can be helpful for instance if the Manchester Police or Fire Department are asking for an expensive purchase. The account can be broken down for taxpayers to understand why it is justified.
- Senator Gray asked if it is correct that cities or towns will not have to do anything that they are not already doing but if they do break down the categories such as police personnel, vehicles etc., that information needs to be available to the public.
  - Representative Piemonte replied that is exactly what he is looking to do with this bill.
- Senator Soucy commented that the language on line 5 states that “all municipal district and school administrative unit budgets shall use a line item detail.” She questioned, if

the line item detail does not exist now, it sounds like this bill mandates that they use a line item budget.

- Senator Gray replied that he agrees the way it is worded right now does not clearly state what Representative Piemonte explained. He added that the Committee could make a modification when they are in executive session.

### **Wayne Goertel**

- He is in support of HB 243, mandating budgets be made available in electronic spreadsheet format, requiring electronic budgets be published online, and specifying budget committee language for obtaining necessary information matches RSA 32:4 for governing bodies.
- This will help taxpayers to truly understand how their money is being spent and if it is being spent well.
- The school budget in Hooksett has over 1,000 accounting lines and is 28 printed pages.
- To efficiently analyze this budget tools are needed.
- With a spreadsheet program, like Microsoft Excel, one can quickly, identify accounting lines with significant budget changes, forecast expected spending, and identify accounting lines whose budget request differs greatly from actual past spending.
- Many towns and schools do not publish their budgets online or have spreadsheet capability for taxpayers to examine.
- During his second year on the Hooksett Budget Committee, the Committee was denied access to some school budget materials.
- They had to get legal counsel and file a Right to Know request.
- Spreadsheet programs are so common now that many are available for free.
- The dictionary defines “line item detail” as “an appropriation that is itemized on a separate line in a budget.”
- RSA 32:10 refers to “individual line items in whatever detailed budget or chart of accounts is regularly used by the municipality.
- Line item details should be made available to residents.

### **Donna Green – School District Governance Association of NH**

- Many in their membership have experienced ongoing problems obtaining timely and useful budget information from their School Administrative Units.
- It is unreasonable that elected officials have to fight to receive budgets in live spreadsheet form.
- This bill provides transparency ensuring citizens the right to see where their tax money is going.
- The current budget laws have no mechanism for punishing violations.
- She shared her story from 2012 – 2014 on the Timberlane Budget Committee and School Board.
- In order to get basic financial information, she had to file many Right to Know requests.
- She and her husband paid over \$100 to receive such things as monthly expenditure reports.
- In 2014 they filed a complaint with the Attorney General’s office for Timberlane’s failure to comply with RSA 32:10, 32:8, 198:2-B, and 32:5.

- When she asked for line item detail she was told she could come in to the town offices and view the 400 page PDF file but could not be given an electronic form of the document.
- In April of 2016, the Supreme Court ruled in her favor that everyone has a right to demand and receive any information that is in electronic form if they request it in electronic form.
- Her SAU spent \$50,000 in legal fees to prevent her or anyone else from having a useful electronic version of the \$68 million dollar budget.
- In 2017 she requested line item detail for the default budget and was told that it didn't exist.
- This is why she initiated this legislation to make budgets more transparent.
- Every public body uses a program capable of creating a spreadsheet.
- Harts Location with a population of 42 has a beautiful town website where they publish a professional town report every year.
- Timely transparency is the very least the government owes its people.

### **Summary of testimony presented in opposition:**

#### **Laura Buono**

- She believes this is a Right to Know Law problem within a few communities versus one for all municipalities which would require legislation.
- She has worked with many budgets for four different municipalities over 25 years.
- The spreadsheet she uses is being updated and changed right up to the public hearing.
- Part of this bill is to publish the line items details thirty days before the public hearing which will not work because they are getting final numbers during that time.
- In order to give line item detail, they would not be able to make the changes needed in the time frame available and if they do make the changes the public will not have the final budget at the hearing.
- This will cause a lot of confusion.
- Whenever you have an official document that you are using for a municipality it shows the detail level and it is available to the residents and budget committees.
- She does not believe the state should be micromanaging the budget process of municipalities.
- Senator Gray asked if that level of detail is provided to the public at town meeting.
  - Ms. Buono replied no, but she has the detailed spreadsheet available for anyone that would like to look at them.
- Senator Gray asked what is posted with the warrant, is it only the MS 737, and not the detailed spreadsheet.
  - Ms. Buono replied that they are required to post what the form the DRA requires along with the warrant but the detailed spreadsheet is also posted on their website for the public.

#### **Barrett Christina – NH School Boards Association**

- They are concerned about the language on lines 5 – 8 regarding full line item detail.
- He understands RSA 32 does not apply to cities but in the budgets he looked up all had over fifty pages of sub-line items.
- Most communities are already providing this information to the public.

- The language mandates that “all” shall use this type of budget which is confusing because it should not apply to cities.
- On page 1, lines 23-24, regarding providing this detail thirty days before, they do not believe that language is necessary as this information is already available many months before the public hearing.
- On lines 21 and 22 the language needs to be clarified regarding making the draft budget available within 5 days.
- There may be dozens of revised draft budgets as officials are working on the numbers and it is not clear which “draft budget” needs to be made available.
- On page 2 of the bill, they are concerned with the language that discusses the communication between the school boards and the budget committees.
- Senator Gray asked if they take out all of the added language and use “sub-account level information that was used to develop the budget must be made available to the public” would the NHSBA be agreeable to that.
  - Mr. Christina replied yes that information should be made available for inspection by the public and many already do that. He added that the question becomes what information will be posted with the warrant. He believes in the interest of fiscal transparency it should be available, but the DRA forms do not require those sub-account level details.

#### **Joe Devine – Town Administrator, Henniker**

- This bill will require towns to take numerous undefined actions in their budget process.
- The state should not be involved in how their budget is prepared.
- The state budget is not required to be presented in the way this legislation is asking the towns to do.
- He is concerned with the phrase “full line item detail” and he believes most towns provide this already.
- Some towns do not have software that will convert into a spreadsheet or other format.
- He is concerned with the word “publish” in the bill and how it should be interpreted.
- Some small towns do not have websites or personnel to deal with IT issues.
- This will require additional burdens to towns that are already working hard.

#### **Elizabeth Dionne – Town Administrator, Alton**

- She has the same concerns as the previous speakers with the specific language of the bill.
- Getting specific software to comply with this legislation will be a huge financial concern for the town of Alton.
- People want one version of the budget and that is the final budget.
- Senator Soucy asked her if they would have to purchase a new software program to comply with this bill.
  - Ms. Dionne replied that they would.
- Senator Gray asked if they scrap the language that is in the bill right now and change it to having sub-accounts level detail, that was used to develop the budget, available for public inspection would she be agreeable to that.
  - Ms. Dionne replied that they do that currently with a monthly revenue and expenditure report. She believes all municipalities use sub-accounts.
- Senator Gray commented that the issue is if that information is available to the public without a 91 A request.

- Ms. Dionne replied that it is.

**Kimberly Hallquist – Town Administrator, New London**

- Small towns like New London work hard to make information available to residents.
- They try to be as transparent as they can.
- This bill will add to the stress level of town employees who are already struggling to get more information ready in a timely manner for town meeting.

**Cordell Johnston – NH Municipal Association**

- He does not understand the intent of the bill.
- It is already the law that whatever is available to the budget committee or the school board must be made available to the public.
- It sounds like that this is a Right to Know Law issue
- He believes it would be reasonable, if they wanted to clarify, that the detailed information used to create the budget must be made available for public.
- It becomes a problem if this legislation is requiring towns to do that in a form other than what they already do.
- Different towns create their budgets in different formats.
- It should not be the case that a school board cannot get budget information from the administrators and he thinks that is a local problem that needs to be dealt with locally.
- Senator Soucy asked if the whole statute would apply to cities.
  - Mr. Johnston replied that he does not see any part of this as applying to cities. RSA 32 states that it only applies to those municipalities that adopt their budget at an annual meeting.

**Summary of neutral information presented:**

**Bruce Kneuer – NH Department of Revenue**

- Senator Gray commented that he believes this legislation has to do with the sub-account level. The DRA puts out the universal chart of accounts which is the categories that are listed on the various forms and asked if that is correct.
  - Mr. Kneuer replied that is correct. He continued that the forms he is referring to utilize accounts that are detailed in Revenue Chapter 1700 and they have been in place at the budget level since 1993.
- Senator Gray asked if he was correct in assuming that many towns have sub-accounts within certain accounts used to track expenses.
  - Mr. Kneuer replied he believes that is correct and they are utilized to track expenses all year long and building the budget.
- Senator Gray asked if any of those sub-accounts are required to be given to DRA at any time during the process.
  - Mr. Kneuer stated no, DRA only requires the four digit account level. They recognize that the sub-accounts are used for operation at the local level during the year and they do not need to see that nor do they require it. He added that those accounts are used prior to the budget being presented in the forms that DRA does require.

- Senator Gray commented that he believes in the posting of the warrant the DRA form is not mandated but it is required in the town report and asked if he was correct.
  - Mr. Kneuer answered there is a requirement for the budget and the warrant to be in the town report. It is typical when the warrant is posted along with it is the DRA form.
- Senator Gray asked if the term sub-account level is appropriate to site in statute.
  - Mr. Kneuer stated he does not think there is any confusion about the term sub-account level.
- Senator Gray asked if the definition could be put into RSA 32:3 along with the other definitions to clarify.
  - Mr. Kneuer replied that he would imagine so but for their purposes, the account codes that are used describing the appropriations are adequate. The sub-accounts are the building blocks that sum up the total on the revenue forms.

TJM

Date Hearing Report completed: April 23, 2021