

Narrative for the Sapienza-Kantor Budget:

This budget starts with the mayor's budget and makes the following changes:

- Adds \$1.5 million to Health Insurance
- Adds \$425,000 to CGI
- Adds \$400,000 to Overlay
- Utilizes 2/3 of updated projected fund balance to reduce tax rate, 1/3 to Severance Reserve Account (10 votes required)
- Transfers \$545,000 from Transit Subsidy to Contingency to correct retirement omission error for police raises
- Further reduces Transit Subsidy by \$454,838 to \$1 million
- Eliminates salary and benefits for positions that will go from ARPA funding in the first half of the fiscal year to taxpayer funding in the second half (Police Community Coordinator, Homeless Initiatives Director), saving \$107,932 this year and more than double that in subsequent years. (Once city staff identifies other ARPA funded positions that have been moved over to property taxpayer funding, we may propose eliminating those as well. One time money should not have been used to increase ongoing operating expenses.)
- Uses the current tax base, not the estimated tax base from the revaluation so an accurate and honest comparison of the current and projected tax rates can be made.
- Captures an allowed increase in the tax base of \$58,199,211. Here's the language of Charter section 6.15 D (1), Budget limitation with annual changes in assessments, which allows this valuation increase:
 - 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.

- This raises the amount allowed under the cap by \$1,177,952 to a total of \$9,272,420. This proposed budget raises \$8,715,242 - \$557,178 or 6% less than what can be raised.
- Reduces taxes from the Democrat's budget by almost \$13.4 million
- Reduces spending from the Democrats' budget by over \$12.7 million
- Reduces the Mayor's tax rate increase from 3% to 2.74%
- Section 6.15 E of the Tax Cap limits expenditures to the total of the increase in property taxes plus or minus changes to non-property tax revenues. This budget increases taxes by \$8,715,242. From that, \$12,542,738 in lost city and school revenue must be subtracted, leaving a negative total of \$3,827,492. This amount must be cut from this proposal to comply with the tax cap. However, this proposal increases spending by \$853,218, or just 0.185%, requiring an override of section 6.15 E
- Note, because this budget raises new taxes by \$557,178 less than the amount allowed in subsections 3 and 4 of section 6.15 A of the Tax Cap, no override is needed to raise taxes, as with the Democrats' budget