

# FAQ's on the Gas Tax Increase (SB367)

Whether or not you support the concept of a gas tax increase, we thought it would be helpful to clarify some of the misconceptions about SB367. With all due respect to the bill and its supporters, before jumping into one of the largest tax increases in recent history, we need to take a hard look at the intricacies of this bill and the system by which the revenue would be used.

We hope you find these points informative.

## **Misconception #1: This bill's sole purpose is to help improve infrastructure.**

No. This bill, as written, removes tolls in Merrimack, which results in a loss of revenue to the Turnpike Fund. Many people believe toll planning should be solely the responsibility of the 10 year Highway Plan. Trying to attach such legislation to a tax bill is inappropriate. Consideration of the removal of tolls should be part of a broader review of our highway and turnpike systems, it's revenue, and how funds are allocated, to avoid any adverse or unintended consequence.

## **Misconception #2: All of this new tax revenue will be distributed to help fix secondary roads and bridges in NH.**

No. This bill, as written, allocates 42% of revenue to the I-93 widening project. The I-93 widening was already allocated \$50 million as part of the 10 Year Highway Plan, HB2014, which has already passed the House and is currently in the Senate.

## **Misconception #3: A large portion of tax revenue will be distributed to cities and towns to immediately help repair municipal roads.**

No. Municipal block grants will not commence until FY2016 and will be just 12% of the prior years' revenue. In FY2016, additional aid to towns and cities resulting from the tax increase will be just \$4 million per year statewide.

Once divided up, most NH towns will get <1% of that amount. Larger cities and towns may get 1%-6%.

Towns are not required to spend their block grant on infrastructure repair.

## **Misconception #4: The new revenue is in a “lock box” and can only be used by DOT for infrastructure improvements.**

RSA 9:9-b allows the legislature to divert up to 27% of highway fund revenue to other state agencies above and beyond what those agencies are appropriated through the state budget.

The 2012-2013 budget violated RSA 9:9-b by diverting more than the specified amount.

The 2014-2015 budget suspended RSA 9:9-b to divert even more than the previous budget.

Since RSA 9:9-b took effect in its current form, 2 out of the last 3 of state budgets have gone over the limit.

In the last 2 budgets alone, \$38 million has been diverted from the highway fund in excess of the allowable amount in RSA 9:9-b.

SB367 may state that the new revenue can only be used for specific purposes, but if the legislature can't even follow a reasonable standing law regarding highway funds, how can we say that the provision in SB367 won't be disregarded or suspended for future budget years?