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Gov Makes Tax Reforms the Boogie Man

This week, the Governor issued an executive order directing a freeze in generally funded hiring, equipment, purchasing and out-of-state travel. Why? State revenues in April were about \$22 million off from projections.

The majority of the shortfall is in the Business Enterprise Tax, the Business Profits Tax and the Interest & Dividends Tax. Guess what. During the 2011-2012 term, the Republican controlled legislature passed some small, but meaningful reforms to the way we collect business and interest and dividends taxes.

In both the Governor's budget and the House Democrats' versions of HB2, they proposed suspending these reforms so they could rely on that revenue to grow government. The Senate Finance committee said, "No way," and the final version of the budget did not contain changes to those laws, allowing the tax reforms to take effect, as promised.

So when the revenue numbers were released this month, and there was some correlation between the shortfalls and where the reforms were made, the Governor immediately cited the Republican sponsored reforms as the likely culprit and warned cuts to an already "lean" budget might be necessary to offset the lost revenue.

As with any reform or law change, it may take time to fully understand the implications. In this case, the Governor used a 1 month snapshot of revenue reports to make a judgment. When before the Fiscal Committee on Thursday it was basically suggested that a special session of the legislature might be necessary to make budget cuts as a result of the shortfall. All the while, it was implied that had the reforms been suspended, we may not have this "problem".

Let's get a few things straight. For fiscal conservatives, freezing hiring, equipment purchases and out-of-state travel for a while isn't so bad. And, to the best of our knowledge, the tax reforms weren't supposed to enrich the general fund. They were meant to help our State be more business friendly.

Low and behold, if you turn to page 3 of what the Governor might refer to as the "doomsday" revenue report, you'll find that overall, our year to date revenues, across all categories, is just 0.2% off of estimates. Less than 1%!

Don't get too comfortable. With revenues so close to estimates, we need to be sure we have a cushion in the event revenues trend downward. That's why Republicans proposed SB415, to put last year's surplus into the Rainy Day Fund.

Oh, wait. Last week, the House Democrats voted to send SB415 to interim study.

Important Dates & Events

05/30/2014	Last day to sign-off on Committee of Conference reports
06/04/2014	House Session- 10am
06/04/2014	House Republican Office 'End of Session' Lunch – Upham Walker House - session lunch break
06/05/2014	Last day to act on Committee of Conference Reports
06/07/2014	Candidate Training – Exeter Senior Center 10am-2pm
06/16/2014	Committee to Elect House Republicans Golf Tournament

**Join the New Hampshire Republican State Committee
and the Committee to Elect House Republicans**

FOR AN INFORMATIVE AND ENGAGING

**CANDIDATE & GRASSROOTS TRAINING
ON THE SEACOAST**

June 7, 2014
10AM-2PM

*Exeter Senior Center
30 Court Street
Exeter, New Hampshire*

Topics to Include:
Becoming a Candidate
Campaign Technology
Door Knocking/Messaging
Fundraising

To RSVP: ElectHouseRepublicans.com/June7

SB 367: How Big Will Your Town's Slice of the Pie Be?

This week, Gov. Hassan signed into law SB 367, which increases the gas tax by 4.2 cents. As you may know, the bill earmarks just 12% of the previous year's revenue to give back to towns in the form of municipal block grants. Although the intended purpose of these grants is for towns to improve their town roads, there is no provision that they must spend it on infrastructure improvement.

The Legislative Budget Office (LBA) estimates that an additional \$4,017,357 will be distributed in grants in FY2016. Over time this number will gradually decrease as vehicles become more efficient, and gas consumption declines. By 2033, they estimate grants will total about 5% less.

\$4,017,357

in additional grants will be distributed to

234

towns and cities across the state

How big is your slice of the pie? Turn to page 4.

Note from the Republican Leader:

House Republicans,

In case you missed it in the calendar, the House Republican Office will be hosting an "End of Session" lunch social for Republican members during the lunch break on June 4th at the Upham Walker House.

Join us for a bite to eat, celebrate the end of session, and share a few moments with fellow Republicans before heading over to the Speaker's Ice Cream Social.

We look forward to seeing you there!

Please have a safe and happy Memorial Day.

Gene G. Chandler

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The Committee to Elect House Republicans Golf Tournament

Monday, June 16th
Wentworth by the Sea in Rye, NH.

Registration: 12pm
Shot gun start: 1pm

\$150/person

Includes: greens fees, cart rental, reception to follow

Contests will include: longest drive, closest to the pin, most honest score, and hole in one prize

For more information, including sponsorship opportunities, please contact Gene Chandler or Katie Horgan at

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Or visit our website at

www.electhouserepublicans.com



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