

Republican Review

A Publication of the New Hampshire House Majority Office

HOUSE FINANCE REPUBLICANS COMMENT ON HB357, DOT BUDGET

CONCORD – House Finance Committee Chairman Neal Kurk (R-Weare) and House Finance Committee Division II Chairman Karen Umberger (R- Kearsarge) gave the following joint statement relative to the Finance Committee vote on a HB357, which as amended contains a budget for the Department of Transportation. The bill, as amended, passed by a 15-11 vote and will likely be voted on by the full House next week.

House Finance Committee Chairman Neal Kurk (R-Weare)

House Finance Committee Division II Chairman Karen Umberger (R- Kearsarge)

“The DOT budget presented in the committee amendment to HB357 reflects a budget that lives within our current means, without raising the road toll or registration fees. As a result, there is a stark reduction in funds available for our transportation infrastructure. It is a baseline, bare bones proposal that some may call fiscally responsible and others may call irresponsible due to layoffs and service cutbacks that may come as a result. The majority of the committee understands both sides of the argument. This effort, although painful for both for budget writers and our valuable DOT employees, has provided us with an opportunity to see what happens when the can is kicked down the road for far too long. A decade of reliance on one-time revenue sources, creative but temporary accounting solutions, as well as a decline in federal funding have lead us to our current situation.”

“Under this proposal, the department would be facing a reduction in funding of \$88.2 million, which represents a 42% cut in highway funds. These reductions will have a significant impact on the services our citizens, visitors, and business community have come to expect from DOT.”

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<p>HB112 SENT TO SUPREME COURT FOR OPINION</p> <p>Last week, the House voted to have HB112, an act relative to domicile for voting purposes, sent to the NH Supreme Court for an opinion to its constitutionality.</p> <p>The questions from the House are: Does HB112 violate Part I, Article II of the NH State Constitution? Does HB112 violate any other provisions of the United States or New Hampshire Constitution?</p> <p>We will be sure to keep you updated with any further information.</p>	<p>The next House session will be Wednesday, March 25th at 10:00 a.m.</p> <p>There will be a Republican Caucus on Wednesday, March 25th at 9:00a.m. in Reps Hall</p> <p>The House Finance Committee will hold a budget briefing Monday, March 30th from 10 a.m. to 12 p.m. in Reps Hall.</p> <table border="1"> <thead> <tr> <th>INDEX</th> <th>PAGE</th> </tr> </thead> <tbody> <tr> <td>HOUSE FINANCE REPUBLICANS ON HB357</td> <td>1</td> </tr> <tr> <td>KURK OPED: RESPONSIBLE BUDGET</td> <td>2</td> </tr> <tr> <td>FAQ: HB357/ DOT BUDGET</td> <td>3</td> </tr> <tr> <td>FAQ: HOUSE BUDGET</td> <td>4</td> </tr> <tr> <td>FAQ: MEDICAID EXPANSION</td> <td>5</td> </tr> <tr> <td>MAJORITY LEADER ON BUDGET PROCESS</td> <td>6</td> </tr> </tbody> </table>	INDEX	PAGE	HOUSE FINANCE REPUBLICANS ON HB357	1	KURK OPED: RESPONSIBLE BUDGET	2	FAQ: HB357/ DOT BUDGET	3	FAQ: HOUSE BUDGET	4	FAQ: MEDICAID EXPANSION	5	MAJORITY LEADER ON BUDGET PROCESS	6
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“There are no longer opportunities to employ temporary fixes to correct this disparity. Finance Committee members with decades of experience have explored dozens of options. The only solution would be new or increased revenue streams into the highway fund. This would come in the form of higher registration fees and/or an increase in the road toll. However, the Finance Committee must work within the existing revenue framework unanimously approved by a bipartisan vote of the House Ways & Means committee.”

“Despite reducing the use of highway funds to support the Department of Safety to the statutory level, a provision that had been suspended in past years, reductions of more than 40% are still necessary to produce a balanced DOT budget for the next biennium within the House-passed revenue estimates.”

“The committee believes strongly in the legislative process and our ability to work collectively to find solutions to the tough problems our state faces. We must all do what we believe is in the best interests of our constituents. Through this process the House, and eventually the Senate, will be able to choose a path forward. The committee chose to present this as the baseline option. This is the first step.”

A RESPONSIBLE STATE BUDGET DOES WHAT IT CAN WITH WHAT IT HAS

By: Finance Chair Neal Kurk (R-Weare)

WE LIVE in an extraordinary state. Among the “prodigious hilltops” and pristine lakes, we enjoy the beauty and recreational opportunities of the changing seasons. We’re well educated, we work hard, we’re involved in our communities and we care about each other.

But the dynamic economy essential to sustain our lifestyle no longer exists. Our population is growing far too slowly, and it is aging: It’s the fourth oldest in the nation. Our birth rate is well below replacement level, and not enough young people are moving into our state to compensate.

Not long ago, it was very different. In the last quarter of the 20th century, our state’s economy was expanding rapidly. Good jobs abounded, and well-educated families seeking to share in our growth and looking for a good place to raise their children flocked to New Hampshire.

That’s not true today, and we can, and should, do something about it. State government can play a part in this transformation, and the state budget is a place to start.

Over the next three months, the governor and the Legislature will develop the two-year budget. The budget will determine which services the state will provide and how we will pay for them.

Our current budget is about \$10.5 billion, with slightly less than half supported by state taxes, and most of the balance supported by federal taxes and federal borrowings.

The governor has proposed a much larger budget. She would expand state services by about \$1 billion, increasing the state budget to \$11.5 billion. She proposes to pay for this in part by raising our state taxes by \$95 million.

Expanding state government is problematic. The more money that comes out of taxpayers’ wallets to support a larger government, the less money taxpayers can spend in the private sector. That puts a damper on business, on job growth and on the economy.

So, the first thing the Legislature should do is develop a budget that will not raise state taxes. The state budget should not harm the state’s economy.

This means we must pay for government from revenue generated by our existing taxes. The expected growth in state tax revenues (and yes, our state’s economy is growing, although far too slowly) should allow the state to continue to provide essential services: public safety, education, health and human services, highways and resource protection, among many others.

...KURK OP-ED CONTINUED

Under normal circumstances, these services would continue undiminished. But recent developments make this difficult. First, the federal Affordable Care Act (Obamacare) no longer limits the value of assets, like real estate and jewelry, that one may own and still qualify for Medicaid, the state/federal health care program for low-income individuals. As a result, many newly eligible people enrolled. Second, the state settled two lawsuits, one involving hospitals and one involving individuals with mental health issues.

These developments will cost the state an additional \$125 million. If state government is not to harm the state's economy, spending on existing services will have to be reduced.

That will be difficult. Many citizens testified at recent budget hearings held by the House of Representatives. Some requested additional funding for individuals with developmental disabilities, others wanted to ensure services for victims of sexual abuse and domestic violence, still others sought more and better programs for substance abuse prevention and treatment. Some spoke against the governor's proposed increase in the cigarette tax and its application to the new electronic cigarettes.

So, why not follow the path chosen by the governor? Why not raise taxes and use the new revenue to satisfy recent developments and meet the requests for expanded services?

Because it would harm our already not-too-robust economy and reduce our opportunities for more and better-paying jobs. We can't have it all.

The House's budget will be larger than the current budget, but not as large as the governor's proposal. A smaller government is the better choice.

FREQUENTLY ASKED QUESTIONS: HB357/ DOT BUDGET

Background: On Wednesday, the House Finance committee discussed an amendment to HB357 that contains a proposed budget for the Department of Transportation. The amendment was voted on by the committee on Thursday and passed 15-11.

Why is the DOT Budget in a separate bill?

The problems facing the Department of Transportation are unique and serious. Dealing with the DOT budget separately through HB357 will allow the House more opportunity to discuss and debate the issues, facts, and figures specific to DOT.

I've heard there will be cuts to personnel and/or operations in DOT. If the gas tax was raised last year, in part, to help fund certain aspects of DOT, why the disparity from one budget to the next?

Over the last 3-4 budget cycles, there have been a number of one-time fixes and/or revenue sources that helped fund DOT. For example:

- 2008 - \$65M Bonding of Operating Expenses
- 2010 - \$46M Registration Surcharge (repealed in 2011)
\$50M I-95 Transfer to Turnpikes
- 2012 - \$52M I-95 Transfer to Turnpikes
- 2014 - \$29M I-95 Transfer to Turnpikes

These one-time fixes along with the reduction of federal funding have resulted in what is estimated to be an \$88.2 million deficit, if no new revenue source is identified or enacted. \$88.2 million represents a reduction of over 40%.

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Despite the 4 cent per gallon gas tax increase enacted in 2014 (SB367), revenue from the increase will not cover the large deficit. In fact, the majority of revenue from the increase is dedicated to specific items including resurfacing, municipal grants and I-93. In addition, overall revenue is expected to trend downward as vehicles become more efficient.

Is the current legislature to blame?

No. Actions (or inaction) by prior legislatures and administrations are the real culprit. The shell games and reliance on one-time revenue that has happened over the last 10 years have lead us to this situation. The chickens have come home to roost.

The proposal included in HB357 reflects a budget that lives within our current means, without raising the gas tax or registration fees. As a result, there is a stark reduction in funds available for our transportation infrastructure.

Will there be alternative solutions to this “live within our means” budget?

As with any budget bill, alternatives may be proposed in the form of floor amendments to HB357.

Should this budget be viewed as a negative reflection on DOT employees or management?

No. The vast majority of DOT employees and management are hardworking people who provide a great service to our state. The proposal in HB357 is in no way a suggestion that the House Finance Committee or the House of Representatives has a negative opinion of any individual employee or agency.

FREQUENTLY ASKED QUESTIONS: HOUSE BUDGET

Democrats and some media accounts are representing that agency budgets are being drastically cut. Is that accurate?

No. They are proposals only. More often than not, spending comparisons are made between the Governor's budget proposal and that of the House proposal. They are not necessarily comparisons to current FY15-FY16 budget levels. They are proposals only.

As a reminder, the Governor's proposal increased total spending by \$900 million, and is based off of much higher revenue estimates as a result of new and increased taxes and fees (tobacco tax, motor vehicle registration increase, business taxes, etc.). She also has her own panel of revenue estimators, and included such items as Keno in her budget.

Since the House Republican budget will be based on current revenue streams only, contains no new taxes, and is based on the reliable and conservative House Ways & Means committee revenue estimates (adopted unanimously by the committee), the House believes we have less money to spend than the Governor believes we do.

Will the House Republican budget spend more or less than the current operating budget?

Since the House Ways & Means committee adopted estimates with a very slight increase in revenue (1-2%), the House budget will likely spend slightly more than the current FY15 - FY16 operating budget. This is not dissimilar to the situation we faced in 2013.

You may recall that when our current FY15-FY16 budget was negotiated in committee of conference in 2013, these spending levels, proposed by Senate Republicans, gained Democrat support and the budget was signed by the Governor, who eventually championed it and took credit for it.

COMING UP IN SESSION

HB357- making appropriations for the expenses of the department of transportation for fiscal years ending June 30, 2016 and June 30, 2017 and relative to notice of change of name or address on a driver's license and on the registration of a vehicle.

HB215- relative to school building aid grant payments.

HB572- relative to taking land by eminent domain for high pressure gas pipelines and requiring payment of the land use tax when land is taken by eminent domain to build energy infrastructure.

HB645- relative to the licensure and regulation of child day care agencies.

HB468- requiring a warrant to obtain electronic device location information.

IMPORTANT DATES

March 26- Last day to report on budget bills & last day to act on all HBs, except budget bills

March 31 - Rockingham Dist. 32 Special Election - Primary Election Day

April 2- Crossover

April 8 – Committee to Elect House Republicans fundraiser with Sen. Kelly Ayotte

April 28 - Rockingham Dist. 13 Special Election - General Election Day

April 30- Last day to report on Senate Bills going to a second committee

May 7- Last day to act on Senate Bills going to a second committee

May 19 - Rockingham Dist. 32 Special Election - General Election Day

FAQ ON THE PROSPECTIVE SUNSET OF THE NH HEALTH PROTECTION ACT (AKA: MEDICAID EXPANSION)

Would allowing the program to sunset amount to a repeal of the law?

No. As passed, SB413 was due to sunset at the end of 2016. At no time did the legislature commit to extending the program. Beginning in 2017, federal funding would begin to drop, causing the state to pick up the balance of the costs. The sunset date was written in to law specifically to protect taxpayers from this future expense.

Can the option to re-authorize Medicaid expansion be a standalone bill?

Absolutely. House and Senate Republicans rejected the Governor and House Democrats' budget in 2013 that included Medicaid expansion and believed it should be debated and voted as a separate measure.

The Governor called for a special session of the legislature in the fall of 2013 to deal with the matter, which failed. The Senate introduced an alternative plan in 2014. Both were stand alone bills.

The reality is that we only have until June 30th, 2015 to pass a budget. The NHHP doesn't sunset until December of 2016. There is no requirement that reauthorization must be in the budget.

But the NHHP is a technically a Medicaid program. Medicaid is meant to help low income children, parents, pregnant women, elderly and disabled, right?

NHHP is not traditional Medicaid. Traditional Medicaid covers only certain groups of people (low income children, parents, pregnant women, elderly and disabled) based on medical and financial requirements including stricter means testing.

Eligibility for the NHHP, a.k.a. expanded Medicaid, is based on income only and not on assets, so that an otherwise able-bodied, childless 40-year old with 250 acres of land and a very low income qualifies for free health insurance.

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What is the history of support amongst House Republicans for expanded Medicaid legislation?

House Republican disagreement with the policy is nothing new.

- HB217 (stating NH **will not** accept expanded Medicaid, 2013)
- 97% of Republicans supported.
- HB1 & HB2 (Dem budget passed by the House in March 2013, containing Medicaid expansion)
- 100% of House Republicans opposed.
- Special Session HB1 (November 2013 - Medicaid expansion plan)
- 98% of House Republicans opposed.
- SB 413 (New Hampshire health protection program, 2014)
- 93% of House Republicans opposed.

If the program were to end, do enrollees have other opportunities for health insurance?

Yes. A significant portion of the enrollees have access to health care through employer sponsored insurance. Others may become eligible for subsidies for coverage purchased through the federal health care exchange. They may have to pay a portion of the costs, but many have access to other options.

Would an end to the program be something entirely unexpected to recipients?

Not exactly. Written into the law was a provision requiring that at the time of enrollment, participants would receive communication acknowledging that the program is subject to end upon notice.

MAJORITY LEADER COMMENTS ON ONGOING BUDGET PROCESS

CONCORD – New Hampshire House Majority Leader Jack Flanagan (R-Brookline) today offered the following statement relative to the ongoing budget process in the House Finance Committee.

House Majority Leader Jack Flanagan (R-Brookline)

“Since the House Republican budget will be based on current revenue streams only, contain no new taxes, and will be based on realistic revenue estimates - adopted unanimously by the House Ways & Means committee - the House believes we have less money to spend than the Governor believes we do.”

“These are proposals only. When we compare spending levels, we need to remember that the Governor’s proposal increases total spending by roughly \$900 million over our current operating budget. We don’t believe that is fiscally responsible.”

“The House budget will likely propose spending slightly more than our current budget, a budget that the Governor signed and proudly took credit for during the last campaign.”

“The problems facing the Department of Transportation are unique and serious, but are not the fault of the current legislature. Actions or inaction by prior legislatures and administrations are the real culprit. Budget shell games and reliance on one-time revenue over the last 10 years have lead us to this situation that the current legislature must now address.”

GOT NEWS?

We want to highlight the great things our Republican legislators are doing in their districts and communities. If you spot a story, or have an idea for us to cover, please call or email!

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