

Republican Review

A Publication of the New Hampshire House Majority Office

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SPEAKER JASPER RESPONDS TO GOV. HASSAN

The following letter was delivered to Governor Hassan on Friday afternoon in response to a letter the Governor had provided to Speaker Jasper and Senate President Chuck Morse outlining details of her “compromise” budget proposal. The House Majority Office has additional talking points on this exchange on page 3 of this newsletter.

Dear Governor Hassan:

Thank you for providing us with details of your latest budget proposal. While we appreciate the time you and your staff have put into this process, I do not find it productive to have negotiations play out through the media. In the future, it would be to the benefit of both parties to be able to review materials and proposals in a reasonable manner, rather than have them dropped on our desks as you are meeting the press.

This method of communication only serves to strain the relationship between our offices. Moreover, it fosters the idea that this budget process is more about political gamesmanship and less about having a thoughtful and serious conversation about funding New Hampshire’s priorities. The eyes of our constituents are upon us and we need to govern in a manner they expect and deserve, and not mirror the dysfunction seen on a daily basis in Washington.

We agree that it is important to come together to find a solution to the budget problem as soon as possible and we welcome continuing discussions on our shared priorities as well as our respectful differences of opinion.

However, I am concerned that many of the items in your latest proposal have already been reviewed and rejected by the House and Senate in the course of the budget process. The budget that the legislature produced, and you vetoed, is a thoughtful and sensible plan that meets the needs of our citizens. The \$11.3 billion budget increased spending by 5% and funded advancements in a number of important areas.

STATS OF THE WEEK:

\$82 MILLION

in tax and fee increases included in the Governor’s “compromise” budget proposal.

\$75 MILLION

proposed new spending in the Governor’s “compromise” budget proposal

ZERO

number of Republican legislative leaders invited to review the “compromise” proposal prior to its public release.

FOR MORE DETAILS ON TAXES AND SPENDING SEE PAGE 7

We believe that the best outcome for the state of New Hampshire is that your vetoes of HB1 and HB2 be overridden by the legislature in September. However, I did want to respond to the points you laid out in your letter delivered to our office during your press conference Thursday morning.

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HOUSE LEADERSHIP RESPONSE TO GOV'S PROPOSAL

"It is unfortunate that Governor Hassan, rather than sitting down with legislative leaders to have a substantive discussion about her proposal, has chosen instead to hold a press event, inviting only members of her own party. That clearly demonstrates a lack of bipartisanship and the people of New Hampshire deserve better than someone governing via press conference," said House Majority Whip Richard Hinch (R-Merrimack)."

"We only received a copy of the proposal after the governor's press conference had started. At first glance these seem to be nothing more than warmed over proposals that have already been floated and rejected. Perhaps the governor's time would be more wisely spent discussing these matters with legislators in person rather than trying to negotiate these important issues through a press conference," Rep. Hinch added.

House Speaker Shawn Jasper said that Republicans continue to stand by the responsible budget that was sent to the governor. "It funds our state's priorities in education, social services and transportation without raising taxes or fees, while making New Hampshire more competitive in retaining and recruiting companies that would create jobs and boost our economy. Our budget also addressed the most pressing public safety money that would deal with the heroin epidemic currently gripping our state," said Speaker Jasper.

MAJORITY WHIP RESPONDS TO HB550 VETO

CONCORD – House Majority Whip Dick Hinch (R-Merrimack) offered the following statement relative to Governor Hassan's veto of [HB550](#), a bill that would limit the inclusion in the business profits tax of the net increase due to certain sales or exchanges of an interest or beneficial interest in a business organization.

"In today's 21st century economy, we should be mindful that you can go from a start-up in a garage to a billion dollar company in short order. We should not be inhibiting these innovators from looking at New Hampshire as an option. We need to attract and retain them."

"HB550 is pro-active, pro-business, and pro-jobs. It makes us more competitive. It says New Hampshire is listening to the concerns of our business community and will not penalize growth and innovation. These are all issues I told my constituents I'd support. I'm disappointed by the Governor's veto and we will certainly be working to override it."

Sen. Stiles: State Agencies Won't See Increased Funding They Expected

Please be assured I plan to continue working hard to get a budget passed that takes into account the people's needs, the taxpayer's wallet and opportunities for job growth.

I am very proud of the legislature's many accomplishments this session, including passing a capital budget that provides resources for many statewide projects. The capital budget addresses major infrastructure improvements. One of those items included in this capital budget has appropriated funding to purchase the land to site new Hampton Circuit Court. While the current facility has provided temporary housing for the district's needs it has been a long journey to identify the site for a new courthouse and I have worked diligently to ensure that that funding would be available.

The legislature passed the state's biennial operating budget. The budget is a responsible, balanced budget that addresses the needs of New Hampshire's most vulnerable citizens while protecting taxpayers.

I am disappointed that the governor vetoed the legislature's budget because a veto means that the budget passed by the legislature will not be enacted and state agencies and departments will not see the increased funding they were expecting. The budget would have fully funded vital social service programs including Meals on Wheels, ServiceLink, and Developmental Disability Services, including the Waitlist. It increased funding for state drug and alcohol prevention and treatment programs by 75 percent. It provided resources to open the 10-bed crisis unit at N.H. Hospital, and funded the Mental Health Settlement.

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Governor Budget Proposal: Increases in Taxes, Fees, and Spending

Thursday morning, Gov. Hassan held a press conference to outline what she defined as a “compromise proposal” in the ongoing budget stalemate she create due to her veto of the responsible Republican budget in June. We wanted to provide concise bullet points for House members and activists on this very important development.

On process:

- The Governor did not provide a copy of the proposal to Republican leaders in the House and Senate until after the press conference had commenced. The Governor did not invite Republican leaders to any discussion of the proposal prior to the press conference, nor were any Republicans invited to the press conference.
- We do not find it productive to have negotiations play out through the media. This method of communication only serves to strain the relationship between the Governor and the Republicans in legislature. Moreover, it fosters the idea that this budget process is more about political gamesmanship and less about having a thoughtful and serious conversation about funding New Hampshire’s priorities. We are focused on solving the state’s problems. The Governor’s veto has caused disruption.

On the Governor’s budget proposal:

- The Governor’s proposal would spend an additional \$75 million. The increase in spending is paid for by a number of tax and fee increases and revenue adjustments.
- The Governor’s proposal includes a 21 cent increase in the tobacco tax and a \$5 increase in vehicle registration fees. Together these tax and fee increases would be an additional \$62 million burden on drivers and consumers.
- In addition, the Governor has proposed reintroduction of “fair documentation” language relative to business taxes, which would result in an additional \$20 million in taxes on small businesses.
- These tax and fee proposals have already been reviewed and rejected by the House and Senate.
- Lastly, the Governor has chosen to revise estimates and include an additional \$26.8 million in revenue.

On business taxes:

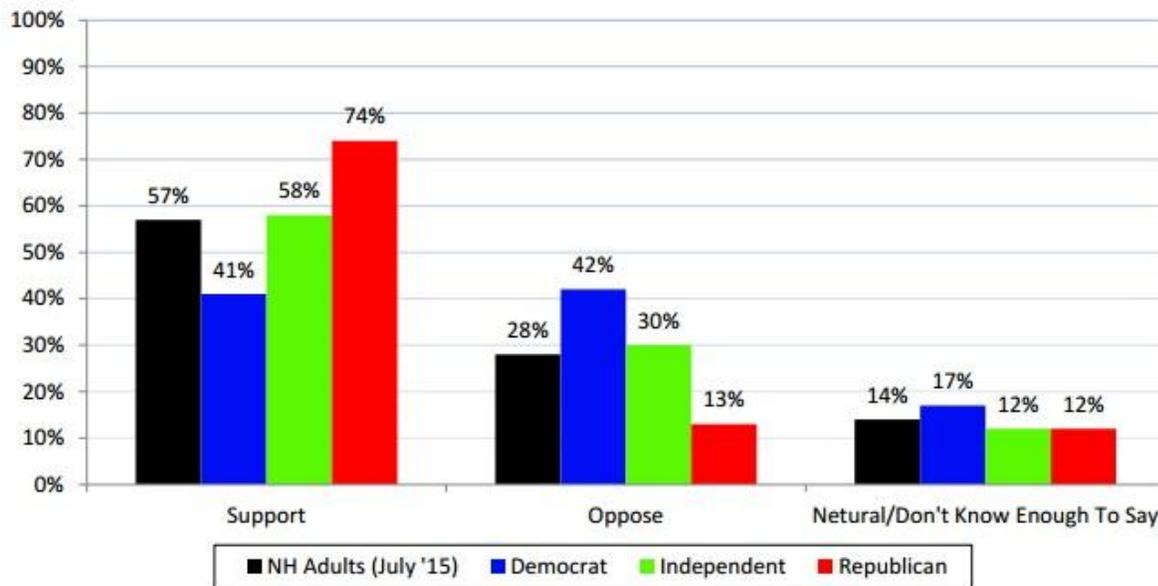
- The Governor has proposed a decrease in the Business Profits Tax to 7.9%, which matches the rate proposed in the Republican budget. She proposes to start the reduction in 6 months sooner. In addition, the Governor proposes to raise the threshold for to pay the BET.
- While we are encouraged that the Governor sees the benefit to lowering our uncompetitive tax rates, we don’t believe increasing other taxes and fees by \$82 million sends the right signal.
- We are concerned that any tax savings realized through earlier implementation of the BPT reduction or the raise in threshold for the BET will be offset by increases in other taxes.
- In fact, in the Governor’s proposal, there is only \$1 of tax relief for every \$3 in new taxes or fees.
- The Republican business tax reduction plan does not require any other tax or fee to be increased, which is the way only real way to offer real tax relief.

Overall:

- The responsible Republican budget passed by the House and Senate funds our state's priorities including local and higher education, substance abuse treatment, transportation and social services without raising any tax or fee.
- In addition to not increasing the tax burden, we take the important step of lowering business taxes to make our state more competitive, to attract and retain jobs and boost our economy.
- We do not believe the state can tax itself into prosperity, and Republicans will stand by our spending plan that achieves important goals voters elected us to accomplish.
- We believe our \$11.3 billion spending plan continues to be the Governor’s best option and the best path forward for the people of New Hampshire. We will continue to advocate to legislators that the most direct path to resolving this dispute and moving forward with a sensible plan is by overriding the Governor’s veto.

POLL: GRANITE STATERS SUPPORT 30 DAY VOTER LAW

One contentious issue in Concord was a bill passed by the legislature that would require a person to live in New Hampshire for 30 days before being allowed to register to vote. Governor Hassan recently vetoed this bill. However, a majority (57%) of Granite Staters support this law (42% strongly and 15% somewhat), 28% oppose it (20% strongly and 8% somewhat), and 14% are neutral or don't know enough to say. Republicans (74% support, 13% oppose) and Independents (58% support, 30% oppose) support the legislation, while Democrats (41% support, 42% oppose) are divided.



WHAT THEY'RE SAYING ABOUT HASSAN PROPOSAL

On Thursday the Governor held a press conference on a "compromise proposal" to the budget that included increased spending and increased taxes and fees, all without informing House and Senate GOP leadership. Here's a look at what they are saying on Twitter:

@grayno2: House GOP leaders say they had no warning about Hassan compromise proposal. #nhpolitics

@caseymcdermott: NHHouseofReps leaders respond to @GovernorHassan proposal, suggest she's trying to negotiate via press conference.

@MBrindley_NHPR: Response from NH House GOP leadership to @GovernorHassan budget proposal doesn't bode well for a deal. #nhpolitics

@SenatorSanborn: Gov Hassan offers compromise on Budget if Republicans raise taxes by \$82 million and increase spending by \$75 million... Ah, no.

@psutherlandNHPR: Morse and Jasper say increased taxes or fees are off the table, won't pass Republicans controlled House and Senate. #nhpolitics

Aid to cities and towns would have also increased in this budget, including lifting the cap on Adequate Education Grants. Support for higher education also increased, which would have allowed the Community College System to freeze tuition for another two years and the University System would have seen an 8 percent increase over the last budget.

This veto halts increased education funding at all levels. This leaves some of our communities like Dover still uncertain in projecting their school budget for the 2015-2016 year.

The budget included important reforms to the way we fund Transportation, Safety, and Homeland Security, ensuring proper and sustainable funding now and in the future. But the veto stops this from happening.

This budget reduced business taxes, providing relief for New Hampshire businesses. Businesses paying the BET and BPT employ 95 percent of the state's private sector workforce and New Hampshire is, sadly, ranked 48th highest in business nationwide, and is soon to be highest in all of New England.

The budget phased in responsible reductions in business taxes over five years, and the proposed budget paid for them. It is important for New Hampshire to have a competitive business climate with job growth, and lowering taxes is certainly a step in the right direction.

But a veto means this tax reductions will not be implemented, hurting our state's small businesses. I applaud the Portsmouth Herald for their recent Editorial: Gov. Hassan's budget veto will prove a mistake (July 7, 2015).

The governor's original budget proposal produced \$139 million dollars in revenue from new taxes. The legislative budget successfully addressed its many priorities without raising any new taxes.

Additionally, because of the veto, I sought approval through the legislative Fiscal Committee for \$1.1 million in federal disaster relief for New Hampshire fishermen that would have been dispersed through the budget if passed. The funds from the National Oceanic and Atmospheric Administration (NOAA) will benefit local commercial fishermen hit hard by the declared disaster in the Northeast fisheries in 2012.

New Hampshire's hard working fishing community has been waiting too long for these disaster relief funds and fortunately, because of the Fiscal Committees swift action they won't have to wait any longer.

The governor has stated her concern that the legislature's budget did not consider the state employees raise. We appreciate our state employees and will work to recognize that as we move forward in the budget. While it is the Executive Branch that does the negotiating it would be beneficial to the process if the legislative leadership was kept informed of the costs contained in the contract during the budget development process. Reauthorization of Medicaid expansion has also been an issue. I continue to be supportive and will work to address this next year before the sunset provision as we indicated when the legislation was passed.

SPEAKER LETTER TO HASSAN

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Lowering Business Profits Tax

While I am encouraged that you see the benefit to lowering our uncompetitive business tax rates, I do not believe that making up for the potential reduction in revenue by increasing taxes, fees, and revenue adjustments by \$100 million is the right answer. I remain committed to our modest business tax reduction plan that does not require increases in other taxes. The position of the House and Senate has been consistent. We balanced the budget without any new or increased taxes or fees. Therefore, it would be hard for us to agree that \$100 million in taxes, fees and revenue adjustments makes sense for New Hampshire.

You have proposed raising the threshold required to pay the BET. While I agree with the idea that raising the threshold would help small businesses, I believe any savings that would result from that change would be offset by the proposed change to taxation relative to reasonable documentation. This proposal has been vetted by the House and found to be unacceptable. Your own numbers suggest that it would result in an additional \$20 million in tax payments by our small business community.

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*SPEAKER LETTER TO HASSAN**CONTINUED FROM PAGE 5*

I believe HB550 is an important piece of legislation, but it should remain a stand-alone bill. We anticipate revisiting this issue in the new legislative year. We will work to override your veto of HB550 to allow these changes in policy as planned.

Reopening the budget for this purpose is moot, but I appreciate your realization that our current laws are an encumbrance to our goal of making New Hampshire more business friendly and competitive.

NHHP

The House remains steadfast in our opposition to including reauthorization of the New Hampshire Health Protection Plan in any budget proposal. We believe that additional time to gather data will allow us a better opportunity to evaluate its merits as a stand-alone policy. As you know, my position since the new term began has been to have this debate in January 2016, and I respect your decision to move forward with a budget that does not contain reauthorization.

“Paying for” the tax cuts

I believe that the characterization that tax cuts must be paid for is misleading. There are a number of ways to address any reductions in revenues. Your proposal suggests you are of the philosophy that tax cuts in one area require tax hikes in another. I suggest that the state only spend money that it can reasonably expect to bring in.

Secondly, we need to recognize that whenever you ask us to pay for tax cuts by raising taxes in other areas; you are asking us to look to New Hampshire taxpayers to open up their wallets more and more. It is not the state’s money; it belongs to the people of New Hampshire. In our budget proposal, we are simply asking for less money from taxpayers.

The House has consistently rejected an increase in the tobacco tax. We believe that continuing to rely on a disappearing revenue source, funded by a smaller and smaller population, disproportionately affects lower income citizens, and is not the responsible way to fund government.

With regard to the fair documentation, the House firmly believes the burden of proof should remain with the state and not with the hardworking men and women who create jobs and drive our state’s economy through their innovation and entrepreneurship.

If we are unsuccessful in overriding your veto, I would look forward to the opportunity to discuss the details in your revised revenue projections for FY16 and FY17 and review any savings realized from operating under the continuing resolution

“No double counting”

In the budget you vetoed, we used customary accounting and budgetary procedures, not unlike the previous budget that you signed into law. Secondly, your proposal to carry forward \$18 million suggests that you agree that the carry forward procedure we utilized is an acceptable method to formulate our budget.

As our fiscal year-end revenue picture comes more into focus, we anticipate having a clearer idea of the size of our surplus. Your suggestion that we need FY15 money to pay FY15 bills, even with a projected surplus of over \$40 million suggests a more serious underlying problem of overspending during the last budget. While we hope that is not the case, we look forward to receiving additional information through future revenue and CAFR reports that will shed light on both surplus and spending.

“Limited additional investments”

I share many of your concerns about our top priorities. We will review these numbers, but I still believe that our budget would have immediately begun helping our citizens with many of these items had it become law on July 1.

I believe our \$11.3 billion spending plan continues to be your best option and the best path forward for the people of New Hampshire. We will continue to advocate to legislators that the most direct path to resolving this dispute and moving forward with a sensible plan is by overriding your veto.

SPEAKER LETTER TO HASSAN

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I believe that any additional spending proposals that you have included can be dealt with in the coming legislative year, and should your veto be overridden, I look forward to having a thoughtful debate on legislation containing those proposals.

Due to savings we may realize between July 1 and September 16, it could be possible to fund priorities outlined in your proposal in future legislation. However, if the budget were to be reopened, there is the potential that those savings could be used in other ways.

We must be cognizant that any negotiations between your office and legislative leaders are important, but as the process moves forward, we also need to be reminded that there are 424 legislators who would also have input and influence if the budget were to be reopened. This could result in a product that you would find less favorable than the one you vetoed.

As we have discussed in prior meetings, the budget you vetoed might be better than any budget we would be able to pass as this dispute draws out longer.

It is likely that in the coming days and weeks, information pertaining to July revenues and year-end agency spending reports will become available. Since this information would be of great value to the discussion, I recommend that we continue to review the information as it becomes available so that we can make decisions with as clear a picture as possible.

Once we are able to review this data, we can better assess whether or not certain aspects of the previous budget, ongoing revenue, or future revenue will have an impact on how we move forward. I look forward to ongoing communications, meetings and briefings with the understanding that the best decisions can be made during the month of August.

Sincerely,

Shawn N. Jasper
Speaker of the House

HASSAN BUDGET PROPOSAL BY THE NUMBERS:

TOBACCO TAX INCREASE	\$32.6 MILLION
REGISTRATION FEE INCREASE	\$29.4 MILLION
ADDITIONAL TAX ON SMALL BUSINESSES (FAIR DOCUMENTATION)	\$20 MILLION
TAX AND FEE SUBTOTAL	\$82 MILLION
<u>Questionable bumping up of revenue estimates</u>	<u>\$26.8 MILLION</u>
TOTAL REVENUE/TAX/FEE INCREASES	\$108.8 MILLION
TOTAL NEW SPENDING ITEMS	\$75.4 MILLION

Includes \$31 million difference in FY carry-forward estimates, \$12 million additional dollars for the State Employee pay raise, and additional \$2.5 million for the Community College system, and additional \$1 million for DoS, \$5 million for DoT, \$1.7 million for Corrections overtime and others.

NH House Members Petition Governor Hassan to Rescind Policy Prohibiting NH National Guard Personnel from Carrying Weapons

More than sixty members of the New Hampshire House Republicans are calling upon Governor Maggie Hassan to allow members of the New Hampshire National Guard to carry firearms openly or concealed, except under specific direction.

In their letter to the governor delivered Thursday, the lawmakers pointed out that current standing orders, regulations, or policies denies members of the Guard the right of self-protection enjoyed by all citizens of New Hampshire. "Due to the multi-dimensional threat posed to our nation and our state by various terror groups, including radical Islamic Jihadists, it is our firm opinion that it is imprudent to continue to refuse New Hampshire National Guard personnel their right to arm themselves at their own discretion."

The letter comes on the heels of the recent military reserve and recruiting stations assassinations in Chattanooga, TN. Several other states have already implemented a similar policy. The letter read as follows:

It has come to our attention that members of the New Hampshire National Guard, of whom you are the Commander-in-Chief, are not allowed to carry firearms openly or concealed except under specific direction from yourself or the local commander. This fact appears to be due to current standing orders, regulations, or policies and denies to them the right of self-protection enjoyed by all citizens of New Hampshire. This right is embodied in Part 1, Article 2-a of the New Hampshire Constitution, which provides that "[a]ll persons have the right to keep and bear arms in defense of themselves, their families, their property, and the state."

Due to the multi-dimensional threat posed to our nation and our state by various terror groups, including radical Islamic Jihadists (as demonstrated most recently in the military reserve and recruiting stations assassinations in Chattanooga Tennessee), it is our firm opinion that it is imprudent to continue to refuse New Hampshire Guard personnel their right to arm themselves at their own discretion.

The current policy of not allowing members to carry concealed or even openly is a supreme irony in that we come from a strong Second Amendment state that is both an "open-carry" and "shall-issue" pistol permit state for concealed carry.

Furthermore, people who have volunteered to put their lives on the line in defense of our state and federal constitutions should have the means available to civilians to protect themselves and their comrades at all times.

Therefore, we the undersigned, as current members of the New Hampshire House of Representatives, are urging you to immediately rescind any and all standing orders, regulations, policies and practices that would prohibit New Hampshire National Guard personnel in good standing from carrying personal firearms at their own discretion, either openly or concealed. We need to allow New Hampshire's military guardians the best and most effective way to counter the threat to our state and their safety.

At the date of this letter, several other States have already implemented a similar policy. We hope that New Hampshire can join them in adopting this common sense strategy to fight a persistent threat.

Following the lead of these House members, the NHGOP posted an online petition where members of the public can sign their name in support of a change in policy. You can view and share the petition here: <https://docs.google.com/forms/d/1RqKbQmeLNeQqToBHOWssZGAszkaN2ITR7ogWiiwp3EE/viewform>