

# Republican Review

A Publication of the New Hampshire House Majority Office

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## MAJORITY LEADER: BUDGET VETO ILL-ADVISED

Over the last week, we have heard the word “compromise” used more times than we did during the entire 2015 legislative session, which lasted from January through June. What seems to be lost in the most recent phase of the budget debate is what truly defines a compromise, and why it is important to reflect on how the House and Senate majorities came to the final budget bill that was passed in June and then vetoed by Governor Hassan.

Republicans did not disagree with the entirety of the governor’s proposal. In fact, as is customary, the legislature’s budget was built using the governor’s version as the baseline, and many of the line items were left unchanged or differed only slightly. Although we had some very strong philosophical disagreements on how government should be funded, such as the tax and fee increases that we eventually removed, there was a mutual recognition that this budget needed to address several major priorities.

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## LEGISLATURE HOLDS WORK SESSIONS ON IMPACT OF BUDGET VETO

This week, House and Senate members began a series of work sessions to hear presentations from state departments and advocacy organizations on how the state budget impasse is affecting their ability to provide services and carry out their mission.

On Wednesday, the first such meeting focused on issues facing cities and towns. The Cities & Towns working group consists of seven Senators and 3 House members. Organizations invited to participate included the Department of Transportation, Department of Revenue Administration, Department of Environmental Services, Department of Education, the New Hampshire State Treasury and the New Hampshire Municipal Association.

“As legislators, we have an obligation to be fully aware of potential challenges facing our communities, but the need is even greater while the state is operating without a permanent two-year budget. Meetings like this one will prepare us to quickly respond to any issues that may arise as we move forward,” said Sen. Jeanie Forrester, who will oversee the working groups.

“We were disturbed to learn that the Governor’s office has not provided any guidance to these departments related to how they should base estimates for the Department of Revenue Administration for the purpose of setting tax rates. I am concerned that a lack of guidance here will cause a significant burden to be placed back on cities and towns,” added Forrester.

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## REP. TILTON SWORN IN

Rockingham district 20 special election landslide victor Rep. Rio Tilton (R-Seabrook) was sworn into office on Wednesday morning during the Governor & Council meeting in the State House. Rep. Tilton becomes the newest House Republican and the youngest member of the NH House. Congratulations!



The responsible budget plan adopted by the House and Senate meets the needs of New Hampshire through an \$11.3 billion spending plan focusing on several shared priorities including local and higher education, addiction treatment and recovery, transportation and infrastructure, and state aid to cities and towns. This a \$600 million or 5% increase in funding over the next two years. The governor's proposal would have spent \$11.5 billion or 6% more than our last two year budget. The spending formulas to get to those totals may differ slightly, but in the end, the Republican legislature met the Governor 99% of the way. However, 99% was not good enough.

Our experts on the House and Senate Finance and Ways and Means committees were able to find a way to reach 99% without raising any tax or fee in our budget. In addition, we were able to rebuild our state's Rainy Day Fund, helping to better ensure our fiscal security, and lower our business tax rate which ranks among the highest in the nation. Lastly, our budget is balanced, has no projected deficit, and only spends money we can reasonably expect to bring in. Keeping all of these campaign promises was deemed unacceptable, and the governor's veto places government, our businesses and our taxpayers in a state of uncertainty.

The budget proposed by the House and Senate majorities pledged an increase of \$42 million to fund services related to addiction treatment and recovery; a 75% increase. However, for Governor Hassan, a 75% increase was not good enough. The governor's veto has placed us in an interim position of a 0% increase.

The legislature's proposal would have increased Department of Transportation funding by \$84 million over the next 2 years. An \$84 million increase was not good enough, and the governor's veto has resulted in no new dollars for our Transportation department.

Our budget included an increase of more than \$300 million, for a total of over \$4 billion in funding for the Department of Health and Human Services, to carry out their multitude of services that are vital to our State. A \$300 million increase was not good enough, and advancements in care and services are on hold as a result of the governor's veto.

What most would deem as thoughtful and reasonable attempts at compromise over the last four months, the product of countless hours of research, phone calls, and consultations with stakeholders and constituents, was met with a glass-half-empty mentality. The legislature's budget will do more for the State of New Hampshire than a veto ever could, and would have immediately begun addressing the state's most serious priorities.

The basis for the veto represents a very small portion of the budget, but it has major consequences for our state by holding back much needed funding for many services we rely on. It is time for the governor to accept that the budget she vetoed is likely the best budget, from her perspective, likely to pass the legislature this term. Any attempt to characterize it as inadequate is unfair to our constituents - the people of New Hampshire who would benefit with its immediate passage.

It is also time for Governor Hassan to ask legislators of her political party to support overriding her veto, so we can move forward in the best interests of our State, and fulfil our solemn duty to govern in a responsible manner.

Wednesday September 16 <sup>th</sup> : Anticipated date for Veto Day	STATS OF THE WEEK
IMPORTANT DATES	Using HB1 numbers, when comparing our last budget (FY14-15) to the proposed (vetoed) (FY16-17) budget it is a 5.13% increase in spending comparing the 2-year budgets side by side.  FY15 compared to FY16 = 4.5% increase FY16 to FY17 = 0.89% increase  At no time did either the House or Senate have a budget proposal that increased spending 5% per year.
9/2 – First day to file LSRs 9/18 – Last day to file LSRs 9/22 - Strafford Dist. 1 Primary 10/30 – Last day to sign off on LSRs 11/10 - Strafford Dist. 1 General	

**BUDGET WORKING GROUPS****CONTINUED FROM PAGE 1**

Senator Regina Birdsell (R-Hampstead), who chairs the Senate Public and Municipal Affairs Committee, will Chair the Cities and Towns working group meetings.

"Thank you to the legislators and executive administrators who met today to discuss the impact of the Continuing Resolution on Cities and Towns for the next six months," said Birdsell. "We expect the Cities and Towns working group to maintain an open and regular dialogue between legislators and state departments and organizations that may be impacted as we move forward under the Continuing Resolution."

"We heard in today's meeting that a Highway Funds block grant will likely be \$3 million short and that significant uncertainty exists in cities and towns when setting the tax rate for the next year due to anticipated funding differences under the Continuing Resolution and a permanent budget," added Birdsell.

"We are committed to continuing our work with departments to do what we can to ensure that the needs of our state will be met," said Birdsell.

<b>Year</b>	<b># of Vetoes</b>	<b>Governor</b>
2015	13	Hassan
2014	4	Hassan
2013	3	Hassan
2012	15	Lynch
2011	13	Lynch
2010	6	Lynch
2009	4	Lynch
2008	2	Lynch
2007	3	Lynch
2006	4	Lynch
2005	1	Lynch
2004	4	Benson
2003	9	Benson
2002	12	Shaheen
2001	6	Shaheen
2000	8	Shaheen
1999	2	Shaheen
1998	5	Shaheen
1997	4	Shaheen
1996	2	Merrill
1995	6	Merrill
1994	11	Merrill
1993	7	Merrill
1992	5	Gregg
1991	3	Gregg
1990	2	Gregg

**HASSAN VETOES RISE 225% FROM 2014 LEVEL**

2015	13	Hassan	Governor Hassan's veto pen is running out of ink this year. She has vetoed 13 bills, up from 4 last year. That's an increase of 225%, and nearly double what she vetoed during the last biennium combined.
2014	4	Hassan	Looking back over the last 25 years, Governor Lynch vetoed more bills in a single year (2012), with 15 receiving his rejection. Hassan ties Lynch's 2011 total of 13 for the second highest number of vetoes in the last 25 years. See <i>veto total table by year, located to the left.</i>
2013	3	Hassan	
2012	15	Lynch	
2011	13	Lynch	
2010	6	Lynch	
2009	4	Lynch	
2008	2	Lynch	
2007	3	Lynch	According to the July 2015 Department of Administrative Services Revenue Focus document:
2006	4	Lynch	
2005	1	Lynch	Business Taxes for July were \$16.0 m, \$1.5 m (9%) below prior year.
2004	4	Benson	According to the Department of Revenue Administration (DRA), total collections for the month of July for returns with payments were down as compared to last year, but this decline represents a return to the more historical level of returns for the month of July.
2003	9	Benson	
2002	12	Shaheen	
2001	6	Shaheen	The Meals and Rentals Tax (M&R) receipts this month of \$26.9 m came in above prior year by \$1.8 m (7%). DRA noted that as compared to July of last year, collections from motor vehicle rentals, restaurants, and hotels were up by 10%, 5%, and 6% respectively.
2000	8	Shaheen	
1999	2	Shaheen	
1998	5	Shaheen	Tobacco Tax receipts for July were \$22.8 m, which was \$5.0 m above (28%) the same month last year.
1997	4	Shaheen	
1996	2	Merrill	Real Estate Transfer Taxes for July were \$14.5, which were above the prior year by \$4.3 m. DRA reports that revenue for the month from the counties was up 45% over last year, with the number of transactions reported for the month of June (July collections) up 10% over June of last year and with 7 of 10 counties reporting an increase in transactions over the same month in FY 2015. The remainder of the increase in collections over the prior year was due to rising real estate values.
1995	6	Merrill	
1994	11	Merrill	
1993	7	Merrill	
1992	5	Gregg	
1991	3	Gregg	Overall, unrestricted revenue for the General and Education Funds received during July totaled \$108.8 m, which was above the prior year by \$10.4 m.
1990	2	Gregg	

**JULY REVENUE PICTURE COMES INTO FOCUS**

## HASSAN BUDGET VETO HURTS NORTHERN NEW HAMPSHIRE

Governor Hassan's veto of the budget will hurt the most vulnerable among us in northern New Hampshire. The budget approved by the House and the Senate increased by 5%, totaling \$11.3 billion. It was done without raising taxes and fees; no small task. The Governor's initial proposal included a 6% increase in spending that relied on more tax increases on tobacco and small businesses, and raising motor vehicle registrations by 35%.

The budget she vetoed included more funds for Health and Human Services than any other budget in the history of our state. It increased funding for our substance abuse programs by 75%, or a total of \$42 million to help combat the drug overdose epidemic. It also fully funded Development Disability Services, Meals on Wheels, ServiceLink and the new 10-bed crisis stabilization unit at NH Hospital. All these programs are vital to the needs of our residents as evidenced by leading health care providers in the state when they pleaded with the Governor not to veto the budget.

Planned increases in support for local and higher education are being delayed as a result of the governor's veto. The Community College system, critical to us up north, was fully funded under this budget and would have helped keep tuition affordable. The University System would have seen a 5.8% increase totaling \$162 million. Education stabilization grants would have continued at 96% of current levels - avoiding drastic cuts to our small towns that can least afford it.

Good roads and bridges are critical to us. The Department of Transportation would have seen an 8% increase to \$1.089 billion helping improve our infrastructure and provide winter maintenance without reducing any personnel from our local DOT sheds. As a result of the governor's veto, tens of millions of dollars addressing our infrastructure issues are being held back.

Travel and tourism promotion, vital to our local economy, would have received \$4.2 million from the budget that was vetoed. In a highly competitive market for out-of-state tourist dollars, this money is crucial to bringing revenue into our state which helps provide jobs for many living and working north of Concord.

New Hampshire has some of the highest business taxes in the country, a factor in our stagnant economic growth compared to our neighboring states that pay lower taxes. To show the business community the state is serious about attracting and growing businesses, while employing more workers, the budget included an 11.4% decrease in the business profits tax over a 3 year period.

Governor Hassan and her supporters have said the budget she vetoed did not balance. The non-partisan Legislative Budget Assistant has said that it in fact does balance. There is no projected deficit.

The Governor has just come out with a "compromise" that would yet again raise taxes and fees on the hard-working people of our districts. We contend that the budget we passed through the legislature is the best solution because it meets the critical needs of our state with no new or increased taxes or fees.

It is impossible to build a budget that pleases 100% of people 100% of the time. No one legislator or governor can have everything they want in a budget. The basis for the Governor's veto represents a very small portion of the budget, but it has major consequences for our state and our region. The Governor's veto holds back needed funding increases for many services we rely on.

The legislature's budget is fiscally responsible and provides services for our residents, of which some desperately need for daily life. In September, the House of Representatives will convene to vote on whether to over-ride Governor Hassan's veto. We hope we have enough votes to do just that. It's important to all who call northern New Hampshire home.

*Rep. Brad Bailey, Monroe; Rep. John Fothergill, Colebrook; Rep. Edmond Gonet, Lincoln; Rep. Erin Hennessey, Littleton; Rep. Rick Ladd, Haverhill; Rep. Laurence Rappaport, Colebrook; Rep. Herbert Richardson, Lancaster; Rep. Leon Rideout, Lancaster; Rep. John Tholl, Whitefield*