



MAJORITY REPORT

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From the desk of the Majority Leader...

“Be fiscally responsible in managing any budget surplus” is one of our 2006 Republican Legislative Priorities that will probably receive a significant challenge over the next month as committees of conference meet to hash out the differences between the Senate and House on a number of spending bills.

Based on the most recent projections from the House Ways & Means Committee, the state should end the next fiscal year with approximately \$20M. As you may recall, during our last House session we adopted a new estimate of the state’s finances that assumes a \$28M surplus by June 30, 2007. However, these funds also include an estimated \$7.5M that would be in the Education Trust Fund for distribution to school districts. That leaves us with \$20.5M available for general funding spending.

Based on the fact that, between the House and the Senate, there are currently more than \$30M in spending bills, we certainly have our work cut out for us. Once we have taken care of any unexpected needs, it is important that we continue to address the state’s Rainy Day Fund. Republicans appointed to the various committees of conference dealing with spending should keep this in mind. When asked to concur on spending bills that come out of a committee of conference, we should ask ourselves, “is this an unexpected need that cannot wait for a budget year?” Not knowing what is going to happen in the future with fuel and energy prices, it is imperative that we continue to maintain a fiscally sound Rainy Day Fund.

SB 131-FN

Relative to establishing a school choice certificate program. It came out of the **Ways and Means Committee, ITL, 11-10**. We urge you to support the committee leadership and the **Minority report** of OTP-A, because:

- The committee—charged with dealing with the *economic* aspects of the tax credits—ignored the vote of the full House that had already debated and passed the bill (**OTP,186-166**) based on the policy issues.
- The Tax Credits in question have been removed by the amendment.
- The bill contains no state financial support, but does provide a vehicle to accept private funding for school choice.
- While any group of people could join to form a non-profit corporation, oversight by the NH Legislature will bring more credibility to the program.

Over the last few days, we have also been building a list of those Republicans who plan on running for re-election in the fall. Several of you have asked why members of the Majority Office have been doing this. It is because we are coordinating with the State Party in helping to maintain our Republican Majority in November. As Majority Leader, I want to see us keep the Republican Party in the majority in the New Hampshire House, so if you are approached, please remember that we’re all on the same ticket.

I also want to take a moment this week to wish Representative Bicknell the best of luck in his new

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endeavors as he leaves us. He has reminded us all of our cherished 2nd Amendment rights and is a member of the Republican caucus that we will truly miss. It won't be the same without "Bick" there!

Congratulations are also in order for Representatives Jim MacKay and Deborah Hogancamp. They were both honored recently by the state chapter of the National Association of Social Workers. Rep. MacKay was recognized for 50 years of public service, most recently as a legislator who focused on health and welfare issues, especially those of the elderly. Rep. Hogancamp was named Legislator of the Year for her work on issues on a wide range of social issues, including substance abuse, health care costs, and Michelle's Law. I am proud to have you both as colleagues in the House.

Spring is here and that also means the 2nd Annual Majority Office Hot Dog Roast! Please join us during the lunchtime break of our House session on Thursday, May 4, at the Upham-Walker House. There may be some confusion, so I want to make it clear that there will NOT be a session on Wednesday. We have moved the session to Thursday, May 4.

Thanks again for your support and hard work as we continue to work towards fulfilling our 2006 Republican Legislative Priorities. I look forward to seeing you all at our Republican Caucus on Thursday morning at 9:00 am.

SB 107-FN

Relative to the tax on tobacco products other than cigarettes. It came out of the **Ways and**

Means Committee, ITL, 11-7. We urge you to **support** the committee report because:

- Going to a weight-based tax would increase the tax on the low-end products.
- Maintaining the current method of a percentage tax on the price will generate increased revenue in the future.
- A change in the way we tax these tobacco products would be especially burden some for wholesalers who also serve surrounding states which, like NH, are all on a percentage basis.
- Going to a weight-based tax would result in having to calculate the tax due for each of the many different weight-based products, rather than a simple tax on sales dollars.
- If it "ain't broke, don't fix it!"

SB 380-FN-A

Establishing a research and development credit against business taxes. It

came out of the **Ways and Means Committee, ITL, 15-4.** We urge you to **support** the committee report because:

- The R&D tax credit would create an unwarranted loss of revenue.
- NH has adopted a policy of a simple business tax structure where taxes are the same for all businesses.
- These tax credits have not been shown to create significantly more jobs or business activity in the states that have adopted them.
- The Net-Operating Loss (NOL), approved by the General Court in 2003, better serves start-up research and development companies who typically do not earn a profit for several years.
- The business tax climate in NH is already among the best in the country.