



MAJORITY REPORT

Volume 2 Issue 8

March 1, 2006



From the desk of the Majority Leader...

I hope that everyone is enjoying a well-deserved rest from what has been an extremely busy legislative session. I have been encouraged by the way House Republicans have come together this session, especially on the core issues that are germane to our goals and objectives, as well as to the Republican Party Platform. But if I may borrow a sports metaphor, it is only halftime and it is very important that we continue working together as we move into the second half of the session.

New Hampshire ranks among the top ten states in the country with the most business friendly tax system----Tax Foundation's State Business Tax Climate Index

Earlier this week *CNNMoney.com* carried a report by the Tax Foundation, a national policy research group, that showed that New Hampshire ranks among the **top ten** states in the country with the most business-friendly tax system. The survey evaluated each state based on five elements of its tax system: the principal business tax; the individual income tax; the sales or gross receipts tax; the unemployment insurance tax; and the state's system for taxing assets, principally the property tax.

The Tax Foundation also estimated the average taxpayer's total state and local tax burden for 2005 in each of the 50 states and the District of Columbia. The state/local tax burden reflects what a state and its local government collect as a percentage of per capita income. This burden



*Announcing
the first.....
2006
House
Majority
Party!!!*

Tuesday, March 7

Upham Walker House

Immediately following the session!

Please join us for food and drink!

reflects what residents pay in state and local income taxes, property taxes, sales taxes, luxury taxes and fuel taxes, among others. New Hampshire (7.4%) ranked 49th among the 50 states, second only to Alaska (6.4%). What this means is, the state of New Hampshire and its local governments receive about 7.4% of what our residents make, per capita. This is also well below the national average of 10.1%. While we continue to maintain a low tax burden, it is interesting to note that two states that border the Granite State, Vermont (11.1%, 6th) and Maine (13%, 1st) rank among the top ten in personal tax burden. The Republican Party has worked hard in this state to maintain *The New Hampshire Advantage* within the region and we have done it by holding the line on taxes while limiting spending.

—continued on page 2



—Desk (continued from page one)

The recent study released by the Tax Foundation is clear evidence of the fruits of our labor.

The message is quite clear, we must continue the fight to maintain a low tax burden in order to encourage further business growth within our borders and thus maintain the “advantage” that we currently enjoy over our neighbors. There are many reasons why businesses and citizens choose to live where they do--and state and local taxes play a major role in that decision-making process.

Next week we will be faced with a couple of bills that could have a negative impact on our business-friendly environment. The Ways & Means committee voted 15-6 to ITL **HB 1329-FN-A-LOCAL**—legislation that would repeal the provision allowing operators to retain 3 percent of meals and rooms taxes collected. The Majority Office urges you to support the **ITL** when it comes to the floor of the House (*see talking points*). Small business is the backbone of the NH economy and this bill would hurt this group the most.

You will also be asked to vote on **HB1638-FN-A**, a bill to reduce the communications services tax. While on face value this would seem to follow our goal of “reducing taxes,” it is unlikely that any

Session dates & times

- Tuesday, Mar. 7 (1:00 pm)
- Wednesday, Mar. 8 (10 am)
- Thursday, Mar. 9 (10 am)
- Wednesday, Mar. 22 (10 am)

reduction would enhance the state’s overall tax climate, dollar for dollar. Additionally, we must be careful that, when we reduce general fund revenue, we must offset any loss in revenue with either a reduction in spending or an increase in another revenue source. This bill does neither. Therefore, the Majority Office would ask that you vote to support the committee vote of **17-2 to ITL**.

Once again, thank you for your hard work over the past few weeks. Please remember that Republican caucuses will be held prior to each of the sessions on March 7 (12:15PM), March 8(9:15 AM) and March 9 (9:15 AM). It is important that we have a good turnout each day. Enjoy the remainder of the recess. If you have any questions during the break, the staff at the Majority Office is, as always, ready to assist.



Statehouse Cafeteria to be a “Wi-Fi HotSpot!”

In the very near future, the Statehouse Cafeteria dining room will be set up as a “**Wi-Fi HotSpot**.” Anyone using an 802.11 wireless compatible device (**laptop or PDA**) will be able to access the Internet for free during the hours that the cafeteria dining room is open. Unlike other areas of the Statehouse complex, where a Encryption Key must be used, the Cafeteria will offer open access. This new HotSpot will be set up on a separate network so that the legislative network will remain secure. This was made possible through joint efforts of House and Senate leadership, under the guidance of Stan Kelly, Manager of the Statehouse Information Systems.



In keeping with our
Republican Legislative Priorities
the Majority Office supports the following committee reports:

Education
OTP-A, 11-9

HB 1707-FN-A-L

VOTE YES ON
OTP

Establishing a school choice certificate program.

- This bill is open to **ALL** schools, both public and non-public.
- It thoroughly addresses constitutional issues relating to school choice programs.
- This compromise is the result of four years' work, with multiple concessions to the democrats.
 - a) transportation costs are borne by the individual.
 - b) school districts are exempted from providing special education programs.
 - c) districts still get state aid for students in the program.
 - d) students must be in public school for a year prior to acceptance into the program.
- This is a low-income certificate program—family income must be less than 300% of federal poverty guidelines in order to qualify.
- This is a true financial windfall for the state, local districts, parents and students because, in every case, funding for the certificate is coming from the state targeted-aid money, based on per-pupil count.
- This bill is in line with our 2006 Republican Legislative Priorities.

Ways & Means
ITL, 17-2

HB 1638-FN-A

VOTE YES ON
ITL

Reducing the rate of the communications services tax.

- This would reduce the General Fund Revenue by \$15M per year beginning in FY2007, without an offsetting reduction in spending **or** an increase in revenue from another source.
- This would certainly have a negative effect on The New Hampshire Advantage that our state enjoys within the region.
- This reduction would **not** enhance our overall tax climate, dollar for dollar.

Ways & Means
ITL, 15-6

HB 1329-FN-L

VOTE YES ON
ITL

Repealing the provision allowing operators to retain 3% of meals & rooms taxes collected.

- Being able to retain this fee is critical to small businesses in helping to cover expenses accrued in collecting the meals & rooms tax.
- Small businesses that provide hospitality are the gatekeepers to our tourism industry.
- The ability of businesses to secure the 3% fee is linked to timely reporting and submission to the DRA.
- The timely recording, reporting and remittance of the tax—the second largest source of state revenue—is of critical importance to the revenue stream.



**Science, Technology
& Energy
ITL, 9-7**

HB 1531

**VOTE YES ON
ITL**

Establishing a committee to study implementing the Regional Greenhouse Gas Initiative (RGGI) program.

- The RGGI memorandum of understanding clearly states that the program cannot be initiated in each state without legislative approval—to pass-the-buck on implementation on to a commission rather than a legislative committee is **not** good policy for the House.
- According to the “*Manual of the General Court*,” the Science, Technology and Energy committee assumes the responsibility to consider all matters relating to energy, telecommunications, air pollution, and etc.
- The ST&E committee has been monitoring the RGGI program, including a review of the memorandum of understanding—**this** is the standing committee that should be reviewing RGGI **and** its implementation.

**Science, Technology
& Energy
OTP, 13-2**

HB 1673-FN

**VOTE YES ON
OTP**

Relative to the reduction of mercury emissions.

- This bill is the result of months of collaborative work by PSNH, the Department of Environmental Services and members of the Science, Technology & Energy committee.
- This bill has consensus support from the stakeholders, and has wide bipartisan support in the General Court.
- This achieves the primary objectives of reasonable reductions, in a reasonable timeframe, at a reasonable cost to electricity users.
- It provides for at least 80% reduction of mercury emissions from coal-fired power plants by requiring the installation of scrubber technology no later than July 1, 2013 and provides economic incentives for earlier installation and greater reduction in emissions.

**Judiciary
OTP-A, 11-9**

CACR 30

**VOTE YES ON
OTP**

Relative to limits on the taking of private property under eminent domain.

- Last year the US Supreme Court ruled (Kelo Case) that private property could be taken through eminent domain laws to benefit the purposes of others.
- The people of NH want—and should have—the ultimate say on whether to restore the private property restrictions that the Kelo decision stripped away.
- This violates one’s right to property and we must distinguish this in our constitution to avoid cases like this in NH.