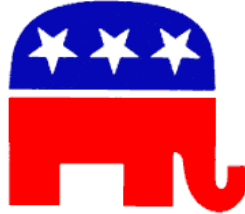


Republican Report



"I believe that marriage is between a man and a woman," —Gov. John Lynch, April, 2009

"Most families in NH will awaken tomorrow, go to work and to school, and feel no impact from what we have accomplished today."—Gov. John Lynch, June, 2009



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A message from the Republican Leader.....

Following a dozen roll call votes on the subject of gay marriage spanning nearly a three month period, we were finally able to put the controversial issue behind us this week and move on to the crucial debate on the budget and the financial future of our state. Interestingly enough, the print on the final roll call vote on HB73 had barely cooled when the governor sat down before a large audience to affix his signature to the three bills that comprised the gay marriage legislation. Meanwhile our colleagues in the Senate were not-so-quietly passing their version of the state budget for 2010 and 2011—an \$11.6B plan that raises a multitude of taxes and fees, relies on a half-billion dollars in one-time money and sends New Hampshire further down the road toward an income tax.

Hopefully we can now focus our attention on matters that touch the lives of every single resident of New Hampshire—the overspending and increased taxation that State House Democrats insist on including in the next biennial budget.

The problem that we face is the way the issue is being framed publicly. Democrats would have the people of New Hampshire believe that we are now facing the choice between *gambling* and a *capital gains tax* or some other yet to be introduced form of taxation—perhaps even an *income tax* down the road. When in fact, the choice should be between *cutting spending* or *raising taxes*! We need to continually remind the public that Democrats in Concord have increased spending by nearly 24% over the last two bienniums and, rather than cutting spending when we are facing an economic crisis, they would have us believe that the choice we face is now down to gambling or more taxes. We should be looking for ways to cut spending—not ways to further tax the people of this state.

Revenue Adjustments

Thanks to a complete analysis of the Senate Budget

by Rep. Norm Major, we discovered that there were a number of revenue adjustments that the House Democrats had incorporated into its budget that were removed by the Senate. Included in this group were the Insurance Premium Delay (\$5.1M); the Estate Tax (\$10M); the Capital Gains Tax (\$75M); the wine discount (\$6.3M); and they reduced the pharmacy rebates to \$8.2M and placed them in the base.

The two major differences in revenue adjustments added by the Senate dealt with the Business Enterprise Tax (BET) credit on the Business Profits Tax (BPT) and the anticipated revenue from the sales of gaming licenses. By suspending the BET credit for one year, the Senate expects to collect \$40M in income in 2011. Then in order to make up for the \$40M that they will not get in 2010, they raised the income from licenses from gambling by \$20M. They then increased the business profits tax in 2011 by \$10M, leaving them \$10M short. They enhanced revenue projections by \$10M more and took the other \$10M from the Rainy Day Fund.

Over a period of two days the Senate increased the

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Senate One-Time Money

SCHEDULE 2 REVENUES ADJUSTMENTS

FMAP Stimulus	145,151
JUM (malpractice)	60,000
Sale/Lease Liquor Assets	25,000
State Fiscal Stabilization Fund	36,651
Gaming Tax	0
	266,802
Stimulus - Education - SFSF	160,156
Sale of Gaming Licenses	266,802
TOTAL ONE-TIME MONEY	536,958



—Message

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gambling licenses by \$20M. Since the license is only good for five years and the renewal fee is only \$1M for the horse track and \$500,000 for the others, we can indeed classify the initial gambling licensing fee as one time money. In fact, all totaled, the Senate is counting on \$536.9M in one-time money to balance the budget, setting the state up for a huge problem in the following biennium.

The Senate also added a number of revenue adjustments (tax and fee increases) into the budget, including an increase in the fee for out-of-state concealed weapon permits, the labor inspector fee, vanity plates, and a judicial fee increase. Their total revenue enhancements totaled \$368M compared to \$208M from the house—a difference of \$160M. In the end, the total revenue increase from HR6 was \$677M in the House and \$794M in the Senate.

There are a couple of important briefings that I want to make you aware of. The House Finance Committee will hold a briefing on Senate amendments to HB 1-A and HB 2-FN-A-L on Wednesday at 10:00 a.m. in Representatives Hall. There will also be a session titled “Why expanded gambling is an inappropriate and unreliable revenue source for NH.” No matter where you stand on the issue, it’s an opportunity to hear one point of view. Speakers will include Representative Dave Hess and Attorney General Kelly Ayotte. Specific gambling provisions in the Senate budget, including revenue estimates and regulatory requirements, will be discussed. It will be held Wednesday, June 10th at St. Paul’s church from noon until 12:50. A light lunch will be served at 11:45. As a result of these two briefings, we will not be holding a caucus prior to the House session.

REVENUES ADJUSTMENTS (biennium total)	HOUSE	SENATE
Meals & Rooms increase (0.75%)	\$39,500	\$40,000
Tobacco Tax Increase	56,800	66,000
Insurance Premium Delay	5,100	0
Estate Tax	10,000	0
Interest & Dividends - Capital Gains	75,000	0
Wine Discount	6,300	0
Pharmacy Rebates	16,000	0
BET Credit Deferral	0	40,000
Sales of Gaming Licenses, gaming revenue	0	205,000
Agriculture	0	1,139
Envir Services-Subsurface fees to Agency from GF	0	(2,460)
Judical- fee increase	0	3,968
Judical- fee for time payments	0	600
Labor inspector fee	0	600
LCHIP-50% of fee to GF	0	4,500
OPEB funding to GF	0	18,000
Safety- Vanity Plates fee increase	0	5,000
Safety- increase out-of-state fee concealed weapon	0	1,708
Safety-Fines from GF to Agency	0	(18,000)
Safety-inspection sticker fee increase	0	700
Secretary of State-Election fee&fines to GF	0	2,008
TOTAL REVENUE ENHANCEMENT	\$208,700	\$368,763