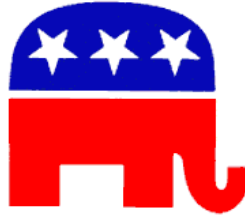


Republican Report



“We contend that for a nation to try to tax itself into prosperity is like a man standing in a bucket and trying to lift himself up by the handle.”—Winston Churchill



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A message from the Republican Leader....

Following a couple of marathon sessions this week at the State House, the Senate Finance committee finally completed their version of the state's two year budget for 2010-2011. The \$11.5B-plus budget will now go before the full Senate and will then undoubtedly be taken up in a committee of conference.

In this week's Republican Report, I want to give you a snapshot of what the Senate Finance committee did to the budget during its lengthy deliberations this week. While there are a few things that they did that we can be happy about as Republicans, they also dealt a terrible blow to the New Hampshire business community.

They reinstated school construction aid in the operating budget, where it clearly belonged (rather than in the capital budget where we would have had to once again borrow from our children to pay today's expenses). They reestablished \$20M in catastrophic aid and then arbitrarily added \$33M for a certain senator's HHS wish list. They removed the capital gains income tax, the death tax, the gas tax and tax on gambling winnings. Despite the fact that they removed the gas tax entirely, I assume due to the governor's veto threat, they reestablished his plan for the EZ Pass by removing the discount entirely and capping the rate at \$30. As you may recall, the House position was clearly opposed to this provision as a fairness issue. The Senate plan also adds a \$15 surcharge to auto registration fees and increases license fees by \$10.

The commissions on the status of women and men were both funded at \$1, a clear indicator of the uselessness of bureaucracy. One major change that caught us by surprise was the recommendation that the LCHIP fee was going to be split with the general fund, cutting their

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Senate Budget

The \$11B+ budget includes:



- ◆ a 45 cent increase in the tobacco tax. (to \$1.78).
- ◆ a .75% increase in the Rooms & Meals tax, representing an overall increase of 10%.
- ◆ 15,000 slot machines at the state's three horse and dog tracks and in two yet-to-be-named North Country locations.
- ◆ \$87M in aid to local school districts.
- ◆ an increase in the out-of-state fee to register a concealed weapon. (from \$20 to \$100)
- ◆ doubling the cost of state environmental inspections for new subdivisions and septic systems.
- ◆ suspension of the credit from the BET against the BPT.
- ◆ removal of the E-Z pass discount and capping the rate at \$30.
- ◆ a \$15 surcharge on auto registration fees.
- ◆ a \$10 increase in automobile license fees.
- ◆ doubles the registration fee for boats
- ◆ \$20M in "catastrophic aid" to help underwrite the costs of expensive services for students with special needs.

The budget excludes:

- ◆ a capital gains tax.
- ◆ an estate tax
- ◆ a gas tax
- ◆ a tax on gambling winnings



—Message

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allotment in half.

Moving along to some of the most atrocious aspects of Senate Finance’s budget, they voted to quadruple the charge that out of state residents pay for a concealed carry weapon permit, increasing the fee from \$20 to \$100. They plan on raising the cigarette tax even higher than House levels at \$.45 per pack more, bringing the total tobacco tax to \$1.78 per package!

Senate Finance also put gambling back on the table. They plan on 15,000 slot machines, randomly dispersed throughout the state to raise revenues. The committee voted 4-3 to permit slot machines at the state’s three horse and dog tracks—in Salem, Seabrook and Belmont—and in two yet-to-be-determined North Country locations. While anyone can tell you that we will see no revenue from gambling in this biennium, the chair of Senate Finance assured everyone that nearly \$200M would be raised this biennium from licensing alone—which at the very least is debatable.

Quite possibly the worst aspect of the Senate Finance committee’s budget is the provision to suspend the Business Enterprise Tax (BET) tax credit against the Business Profits Tax (BPT), which would result in the state netting \$80 Million over the biennium, but would be borne on the backs of our state’s biggest commodity—small businesses. While our businesses would be allowed to write off the credits over 10 years beginning in 2012, state banks have already indicated that it will cut into their capital, forcing them to cut back on lending.

Make no mistake, this provision will hurt New Hampshire businesses the most in an already troubled business climate and may likely force closure or relocation of some. Given the fact that small business is the very backbone of the New Hampshire economy, THIS IS UNACCEPTABLE! Make no mistake, if this budget passes through the Senate next week as written, Republicans will fight hard against the multitude of anti-business, anti-family, ANTI-NEW HAMPSHIRE provisions! We will keep a close eye on what happens next week and keep you informed.

This coming Tuesday, a special election will be held in Lebanon (Grafton, District 11) and the state party has been working hard to help elect Republican Randy Wagoner. We are still looking for volunteers to make phone calls the afternoon of the election. If you can give us an

hour of your time, please contact the party headquarters or the House Republican Office. It appears likely that we will have yet another special election in the fall in Concord to fill the seat vacated when Rep. Reardon took the job as the Commissioner of Employment Security. As of right now we have one Republican, Lynne Ferrari Blankenbecker, a Concord attorney, nurse and Navy reservist who intends to run. This election will most likely be included in the capital city’s fall municipal elections. We will have more information during the summer months and we will keep you posted.

Representatives Pam Price, Peter Silva, Carl Seidel and former State Representative Stephen Stepanek will face off against the Democrats in a legislative forum on Monday, June 1 at 6:30 p.m. at the Nashua High School Auditorium. The forum will be moderated by Nashua Chamber of Commerce Director Christopher Williams and the issues to be discussed will include the state budget, social issues and transportation and capital projects. The remainder of the session will be open to questions from the audience. For those of you who live in the Nashua area, I would encourage you to attend and show your support for your fellow Republicans.

While there are less than 20 bills on the this week’s Regular House Calendar, we are likely to be voting on a number of concurrences and non-concurrences from the Senate. I have scheduled a caucus at 8:45 a.m., just prior to the Wednesday session in Rooms 305-307 of the LOB. I look forward

Special Election



On **Tuesday, June 2** there will be a special election for state representative in Grafton, District 11 (Lebanon).

Our Republican candidate, Randy Wagoner, would appreciate any help that we could give him. If you would

like to help us elect another Republican to the NH House, please call the House Republican Office at 271-3665, or the State Republican Party Headquarters at 225-9341. We are looking for volunteers to make phone calls on Randy’s behalf on Tuesday afternoon between 1pm and 5 pm. PLEASE HELP!