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## THE PARKER REPORT

**PAIN MANAGEMENT**...The NH House will vote this week on an \$11 billion, two-year budget. On Monday, the House Finance Committee will hold a special briefing on the proposed spending plan at 10:00 a.m. in the House Chambers. The House Finance Committee voted along party lines to recommend the spending package that leaves some department budgets at their 2008 levels. The House budget would spend about \$31 million more, or about 1% from general taxes, than the previous two-year spending plan. The budget writers found new money by increasing taxes for Rooms and Meals, gasoline and diesel, cigarettes, a new tax on gambling winnings, a 5% tax on capital gains above \$5,000, and an 8% tax on estates larger than \$2 million. They also recommend freezing the insurance premium tax scheduled to decrease this year. Republicans failed to substitute a \$324 million, across-the-board spending cut, preferring deeper cuts to department budgets in lieu of tax hikes. The House plan supports laying off over 200 state workers and closing the Laconia prison. The committee also delayed for a year closing the facility deals with school children with behavioral problems.

**BUDGET BASKET TID BITS**...Some of the key proposals of the House Finance Committee include the following.

- ✓ Increase the cigarette tax to 35 cents-per-pack.
- ✓ Increase the Rooms and Meals tax to 8.75%.
- ✓ Increase the gas tax by 15 cents.
- ✓ 5% Capitol Gains tax.
- ✓ 8% Inheritance tax.
- ✓ Freeze insurance premium tax at 1.5%.
- ✓ Layoff 250 state employees.
- ✓ Charge under age 65 state retirees temporary fee for health coverage.
- ✓ \$123 million increase in school aid.

### BUDGET TIME TABLE

State law requires that the Legislature adopt a balanced budget by July 1 when the next two-year budget cycle begins.

1. First step in the process requires the Governor to give the Legislature his budget in February.
2. The House Finance Committee holds public hearings and work session to draft its changes to the proposed budget bill. The Committee also works on the so-called "trailer bill" that makes necessary statutory changes to implement the budget.
3. After the House acts, the process starts over again in the State Senate. A Conference Committee usually works out the budget differences.
4. Governor decides to sign, veto or let the budget bill pass without his signature.

- ✓ Take \$39 million from Rainy Day Fund.
- ✓ Increase employee contributions to the state pension fund by 2%.
- ✓ \$127 million general fund public works budget.
- ✓ \$14.5 million to rebuild Hampton seashell and two bathhouses.

**PENSION PICADORS...**The House Finance Committee is going along with a modified version to charge some state retirees more for their health insurance. Governor Lynch had proposed charging state employees who are younger than 65, \$100 per individual, similar to what over 65 retirees pay for their Medicare premium. In the House version, lawmakers refined the plan, preferring instead to charge a temporary fee of 11.5% in 2010 and 12% in 2011 of each retiree's pension so that the lowest-income retirees wouldn't shoulder too much of the burden. According to officials at the Department of Administration Services, the state pays nearly \$900 a month per person. In addition, the Fiscal Committee has already approved all state retirees moving to a new health insurance plan that will see an increase in their payments for the prescription drug benefit. And while on the subject of pensions, lawmakers also agreed to temporarily boost public employees' paycheck contributions to the NH Retirement System by 2%. It would increase to 7% for Group I employees and 11% for Group II employees.

**KNOCK KNOCK WHO'S THERE...**If SB 40 becomes law, the Department of Labor will make sure companies don't skip town leaving employees in the lurch. The Senate Commerce, Labor and Consumer Protection Committee voted, 3-2 to recommend passing the bill. The Senate bill parallels the federal plan-closing law Congress passed in 1989. The state's version would affect more companies than the federal law. Under the bill, companies with 75 or more employees would be covered; the federal law governs companies of more than 100. Supporters of the bill agreed to limit who could be legally liable for refusing to abide by this plan-closing law to those who "directly or indirectly" own the business or actively make management decisions. As amended, SB 40 would permit the state to place a lien against the business revenues of any company to try and secure back pay or benefits owed to workers when the business closed. The bill has the support of the Department of Labor.

**WATTS UP!...**The Senate Energy, Environment and Economic Development Committee took a step back last week when it voted against any delay in the installation of the \$500 million scrubber at the Merrimack Station power plant in Bow. The vote on SB 152 was important to Public Service of New Hampshire and to various labor unions that had lobbied against the legislation that would delay construction and affect over 200 job. The plant provides about 40% of the 8 million megawatt-hours of electricity that PSNH sells each year. The project is on course to be finished by 2012, one year ahead of deadline. The state Legislature required the scrubbers in 2006 legislation, ending several years legal battles. At that time the price was \$250 million; PSNH announced last summer that the cost had almost doubled, triggering the debate. Despite the unanimous vote, a legal fight is still pending and will probably be decided by the state Supreme Court.

**GETTING FIRED UP...**The NH Senate went along with legislation that could help low-income individuals secure firewood from state lands. SB 117, sponsored by Senator Matthew Houde (D-Plainfield), would establish a study committee that would solicit advice and testimony from any individual or entity on the issue. Houde said the need

for assistance is likely to increase, and the state needs to look at cost-effective alternatives for helping people who struggle to pay to heat their homes.

### **THEY SAID IT...**

***“This feels like Alice in Wonderland”.*** Representative Marjorie Smith (D-Durham) Chair of the House Finance Committee, speaking on the majority role Democrats now plays in the State Legislature. (AP)

***“There are times when one’s sacred cows need to be slaughtered”.*** Representative Neal Kurk (R-Weare) the ranking Republican on the House Finance Committee, speaking to need for budget reductions. (Concord Monitor)

***“The scrubber debate should be over”.*** Gary Long, PSNH President, speaking about the 40-year-old Merrimack power station in Bow. (Nashua Telegraph)

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