



THE PARKER REPORT

AND NOW THE END IS NEAR...OR IS IT...The House and Senate budget conferees finally came to a new two-year budget agreement, but not without late hours of negotiations and numerous agonizing decisions. The proposed \$11.5 billion spending plan has something for everyone to dislike. The full Legislature will vote on the proposed 2010-2011 State budget this Wednesday, and already there is speculation that it might not make it through the House. Legislative insiders see the bill passing in the Senate by a two vote margin, but say that the House vote may be too close to call. House Republicans are expected to show party loyalty and vote against the two-year deal. On the other side of the isle, the majority of Democrats are expected to give their support to the spending plan. The question yet to be answered is whether House leadership will be able hold enough House Democrats to secure passage of the proposed budget.

BUDGET AUTOPSEY...On the question of revenue, budget conferees went through a shopping bag of proposals before finally coming to agreement on a potpourri of revenue raisers. Some of the highlights include higher state car registration fees in lieu of an earlier proposal to raise the gas tax by 15 cents over the next 3 years to repair the state's roads and bridges. The conferees agreed to a \$30 state surcharge onto the cost of registering a vehicle that weighs less than 5,000 pounds and higher surcharges for cars of greater weights. Motorcycle fees would go up to \$25, and the cost for a driver's license would increase by an additional \$10 to \$60. Of course, the old standby tobacco tax was also increased by 45 cents a pack. The total tax on a pack of cigarettes would go to \$1.78 per pack still keeping New Hampshire the lowest of the New England states. Boat fees, along with vanity plates will also increase under the budget proposed by the conferees. The Rooms and Meals tax will go from 8% to 9%, and camp grounds will now be included in the tax.

ALL BETS ARE OFF...As important as what did happen is what didn't happen. Absent from the list of revenue proposals is gambling, specifically video slot machines. Senate Finance Committee Chairman Lou D'Allesandro fought the good fight to get video slots in the budget, but House conferees consistently opposed any expansion of gambling. The NH House has a long history of opposing expanded gambling. Joining in support of gambling was North Country Senator John Gallus of Berlin who argued that gambling was critical to his district. The Senate was looking to allow up to 13,000 video slot machines at three race tracks and two other North Country sites. Backers estimated that this would generate \$205 million in license fee revenue over the next two years. D'Allesandro said he would not vote for the compromise budget.

WAR OF WORDS...For state employees, the most unwelcomed recommendation was a proposal to reduce the state's personnel budget by 25%. The reduction in the state employee workforce would occur either through layoffs or furloughs. Adding insult to injury was the elimination of the long cherished "bumping rights" provision. Union officials indicated that they had been trying for months to discuss with the Lynch Administration and legislative leaders ideas that would have generated over \$50 million in potential savings, but that Lynch refused to consider them outside of bargaining negotiations. Lynch had asked the union last year to defer a 5.5% pay raise, but they declined preferring to offer other alternatives, including a four-day work week.

BUDGET QUOTES OF THE WEEK...

"This fills our need for revenue in a non-tax manner. It's not time to tax when people are losing their homes through foreclosure; it's not a time to tax when people are unemployed." Senator Lou D'Allesandro (D-Manchester) budget conferee and backer of video gambling. (Union Leader)

"I have no problem with gambling. What I do have a problem with is that I do not believe that gambling is a reliable funding source." Representative Marjorie Smith (D-Durham), Chair of the Committee of Conference on the Operating Budget. (Union Leader)

"I cannot count to 201." Representative Daniel Eaton (D-Stoddard) House Majority Floor Leader and budget conferee explaining that gambling would not have the votes to pass in the NH House. (Union Leader)

"I'll drive off that bridge when I get to it." Senator Harold Janeway, (D-Webster) budget conferee responding to what he thought was worse, a refinance tax or slot machines. (Concord Monitor)

"This case can be summed up in a simple commandment: Thou shall not steal." The first line in a law suit filed last week in Merrimack Court Superior Court by a coalition of 200 health care agencies and doctors against the use of \$110 million from the medical malpractice fund insured by the Joint Underwriting Association to help balance the State budget. (Concord Monitor)

"None of us can recall ever being subject to the attached that we have (endured) under the current administration and the Legislature, going after our pay, going after our rights, going after our health care, closing work sites." State Employees Association Vice President Diana Lacey commenting on the proposed State Operating Budget. (Concord Monitor)

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