

February 18, 2008

As the New Hampshire House of Representatives approaches its recess (February 25 - 29), there has been a flurry of activity in order to get bills that have to go to a second committee out of the first policy committee (any bill that has a fiscal impact, for example, must go from the first committee in which it was heard to the Finance Committee). Furthermore, all bills must be out of the first policy committee by February 21st, so each of the committees has been, and will continue to be, busy at work addressing bills introduced this session. On the Commerce Committee, we have seen bills addressing various consumer protection issues, proposing assorted expansions of health care coverage, defining alcohol (the Commerce Committee's scope includes the liquor commission), and proposing parameters of services that can be offered by real estate agencies. A bill that I have written about previously, HB 267, which would limit the interest rate that can be charged on short term lending (such as payday and title lending) to 36% APR, recently passed both the House and the Senate. The bill now goes to the Governor.

On January 23rd, Governor Lynch delivered his State of the State address to a joint session of the House and Senate. He talked of working to boost the New Hampshire economy (while America is facing an economic downturn, New Hampshire is in better shape than most states to weather it), expanding health care, and improving education. Governor Lynch again spoke in favor of an amendment to the New Hampshire Constitution to address education funding by allowing for targeted aid. Two new initiatives were introduced - a tax credit for economic development in Coos County and HealthFirst, an initiative for small businesses to control health care costs by focusing on wellness and preventive care. A similar plan is already offered in Rhode Island, where small businesses are seeing an approximate 15% in savings when compared to similar coverage available in the market. Finally, the Governor sent a strong message about fiscal responsibility - wanting, as we all do, to ensure a balanced budget; given the economic downturn and potential corresponding revenue shortfall, this is likely to require not only no new spending bills but even more tightening of belts in state agencies.

On the agenda for the 2008 session is determining the cost of an adequate education (as defined in the 2007 session) and creating a responsible plan to fund it. Recently, the Joint Legislative Committee on Costing an Adequate Education approved its final report to submit to the Legislature (to use when the Legislature drafts a bill establishing a costing methodology). The Committee determined the "universal cost" to be \$3,456 per pupil, which includes amounts for educator salary and benefits, custodians, technology, facility maintenance, professional development, and transportation. The Committee also recognized the need to maintain local control, and that "differentiated aid" is needed for certain situations (including teaching English where a student's first language is another, Special Education Students, and schools with high concentrations of economically disadvantaged students).

Another topic currently being addressed in the House is property tax relief. Many such bills are filed each year, and as some may recall, I was asked by petition at last year's Plainfield town meeting to submit such a bill. Currently, towns may (and do) provide relief based on income and asset levels, but only for residents over a certain age. The bill I proposed would have enabled towns to provide relief regardless of age. My bill (along with several other property tax bills) met with opposition from the New Hampshire Municipal Association, which I must say seems ironic since it would have given municipalities the freedom to implement property tax relief as they see fit. Regardless, the reasons given for opposition include that relief programs exist on the local and state level already. However, the largest objection is that such a bill would result in "burden shifting" from one tax payer group to another. This was precisely my point - let town residents decide if they wanted to do that or not. Alas, the Committee on County and Municipal Government did not agree. Another property tax relief bill that I co-sponsored is still alive,

however; this one would allow a taxpayer to borrow funds from the State to cover the property tax bill - to be re-paid upon subsequent transfer.

Income tax bills also get filed regularly (both to implement them as well as to permanently prevent their introduction). Let me share an excerpt from an article written by House Member, Charles Weed, Cheshire: "To summarize - most of us have seen the data, that the poorest 20% of New Hampshire's population pays 11% of their income for state and local taxes. The richest 5% of New Hampshire's voters pay 2% of their income. In this system where the poorest pay the highest burden of taxation, over 60% of revenues raised in New Hampshire come from the property taxes." Representative Weed argues that the current property tax system is too fragile to be sustained; not just in its ability to raise adequate revenue to fund necessary State expenditures but that it does so on the backs of those least able to pay (mortgage foreclosure rates in New Hampshire have doubled in each of the past two years), and as such we have a responsibility to look for alternatives. I echo Representative Weed's sentiment, and hope that we can have a conversation about all the potential alternatives, ultimately implementing a fair and reliable tax structure.

Regards,

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