

Greetings,

I imagine that the topic on most people's mind is the budget proposed by Governor Lynch, so I plan to talk about that in this month's update. Governor Lynch has proposed a budget for the next two years that would actually spend less than the current budget. It lays out a framework that includes a number of different measures to balance the budget, including cuts (for example, prison closure), increases in fees (an additional \$10 to register cars and increases in toll fees), and finding efficiencies (proposed re-organization of agencies and boards across the state). It will require all of the above to balance the budget in this economic climate. And while the Governor's proposed budget includes difficult cuts, it does propose to fully fund education – including the disparity aid passed by the Legislature last session.

One of the most controversial components of Governor Lynch's proposed budget is the suspension of state aid to municipalities. I should note up front, however, that it is just too early to provide concrete information on what municipalities and/or school districts will receive for several reasons. The first involves process - the Governor proposes a budget, but it is then sent to the House and Senate Finance Committees – much could happen in the interim. Second, federal stimulus money would be used to plug the gap that would be created by suspending state aid to municipalities. Beyond the listing of categories discussed below, we don't know exactly how that money will be allocated, so a comparison of what towns get now versus what they might get under the proposed plan is difficult at this point. Bottom line: aid to cities and towns will see reductions in some areas and increases in others, but is expected to remain roughly level overall. I will be certain to provide additional information as it becomes available.

On the federal level, the categories of stimulus aid that New Hampshire will receive consist of: infrastructure (including funds that will be used for the Route 4 bridge between West Lebanon and White River Junction), education, energy (including weatherization assistance), law enforcement, protection for the vulnerable (including \$1.3 million for Head Start), extended unemployment insurance, and tax relief.

A note about other bills making their way through the Legislature: A bi-partisan majority of the House Transportation Committee has recommended that New Hampshire raise the gas tax 5 cents in each of the next three years. NH has not raised the gas tax in almost 20 years, so the need for highway funds has outpaced the available resources. If the House passes this recommendation, it will make its way over to the Senate for consideration. Also, the House has passed a mandatory seat-belt law, which will now be heard in the Senate. While a similar bill died in the Senate last session, I am inclined to vote for it because I believe passage would mean fewer injuries and deaths - saving the state and its residents money. The State would also collect \$3.7 million more in federal funds.

Please feel free to contact me on these and other matters.

Regards,

Matthew Houde

NH Senate – District 5