



HOUSE RECORD

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No. 43A

Contains: Committee of Conference Statements for HB 1 & HB 2, Updated Meeting Notice

ADDENDUM TO HOUSE CALENDAR NO. 43 COMMITTEE OF CONFERENCE STATEMENT

HB 1-A, making appropriations for the expenses of certain departments of the state for fiscal years ending June 30, 2016 and June 30, 2017.

This bill is the state's budget for the next two fiscal years. The committee of conference believes it achieves two important objectives: it meets the state's responsibilities to provide important public services at responsible levels to its citizens, and it provides encouragement for businesses to start and grow here and offer the state's citizens an increasing number of good jobs. The budget is balanced using house-estimated revenues from current revenue sources: there are no new or increased taxes or fees in this budget. It appropriates \$11.352 billion in total funds for the next biennium, up 5% from the \$10.797 billion appropriated in the current biennium. Included in that total are \$2.843 billion in general (tax-generated) funds, up 7% from the \$2.657 billion appropriated in the current biennium. No dedicated funds were "raided" in the process. For the first time in nine years, the so-called "rainy day" fund is increased, more than doubling from its current \$9.3 million level to over \$24 million. This should reassure investors, help sustain the state's relatively high bond rating and keep its interest costs low. Some highlights of the budget: education stabilization grants will be provided in FY 17 at 96% of their current level, up from 90% in the House-passed budget. The limit, or "cap," on adequacy aid to growing school districts has been increased from its current 108% to 160% and the number of towns subject to it will decrease from 44 to 10. The cap is removed entirely in FY 18. Starting in FY 17, charter schools will receive an additional \$1,000 per pupil in state adequacy aid adjusted annually for inflation. The community college system is fully funded and should be able to freeze its tuition for the next biennium; the university system is level funded at \$81 million per year. Health and human services received higher funding in this budget than in any prior one - \$4.449 billion, up 8% from the \$4.106 billion in the current budget. Funding has been restored for elderly services, including meals on wheels, services for veterans, the developmentally disabled (including family support and early intervention), and the mentally ill, the latter at levels that meet the requirements of a legal settlement. The 40,000 people served by the expanded Medicaid program will continue to receive their 100%-federally-funded health coverage through December 31, 2016, as provided for in current law. No provisions were made in the budget for the program to continue beyond that termination date. Provisions were made for the Sununu Youth Services Center to reduce its excessively high per-child operating costs. Funding for substance abuse prevention and treatment has been increased by 49.5%, from \$28.3 million in the current biennium to \$42.3 million in the next, to help deal with the steady increase in the number of individuals affected. The increased funding will support a new substance abuse benefit that has been added to the traditional Medicaid program. A 5%

rate increase was granted to providers of long-term care in the community, including personal care aides, home health aides, home nursing services and homemaker services. Transportation department services are funded at \$1.172 billion, up 8% from the \$1.089 billion in the current budget, more than sufficient to maintain and improve state roads and bridges and provide their winter maintenance without personnel reductions. Low-interest-rate funding from the federal Transportation Infrastructure Finance Innovation Act helped make this possible. Of the \$9 million made available for new equipment, \$5 million of long-lived items, such as graders and boom cranes, will be bonded. The department of safety saw a 9% increase in its budget, largely through the substitution of general for highway funds. The department's budget is now in compliance with the statutory limit on the percentage of gas tax revenue that can be used to support it. The fish and game fund received a \$1.2 million infusion from the general fund. Municipalities will receive the larger highway block grants anticipated from the recent 4.2c increase in the gas tax as well as state aid grants. They will also receive larger amounts from a \$5 million increase in their rooms and meals tax distribution in FY 17 for a total of \$132.6 million over the biennium. Grants for clean water and landfill closure projects are preserved. The cap on county-paid long-term care services was raised by the usual percentage each year, while the 25% reduction in bed-tax payments to county and private nursing homes in the house budget was eliminated. Municipalities entitled to flood control payments will receive them from the state should they otherwise remain unpaid or partially paid. An additional superior court judge was authorized for the judicial branch. Travel and tourism promotion is level-funded for the next biennium. Solid support is provided for the Innovation Research Center, the Small Business Development Center and the Office of International Commerce. Thirty-five unfunded positions in the department of corrections were funded. There is no funding for the operation of the new women's prison, which is not expected to open before the end of the next biennium. The liquor commission is required to meet its revenue estimates or suffer a 5% decrease in its next year's appropriation. Retired state employees' health insurance premiums are not increased. Importantly, the budget reduces business taxes over the next five years. This affects companies that provide 95% of the private sector jobs in the state. The Business Profits Tax will drop from 8.5% to 7.9%, and the Business Enterprise Tax will drop from .75% to .675%. The anticipated revenue loss for the next biennium has been reflected in adjusted revenue estimates. A \$5 million increase in the research and development tax credit will begin in FY 18. Over time, these changes should make New Hampshire more business friendly and more competitive with the other New England states whose taxes are lower. No agreement was reached on the implementation of Keno, and it is not included in the budget, nor was funding for the state employees' labor contract. Despite that, over half of the state's employees will receive roughly 4% step increases during the next biennium under the continuing "evergreen" provisions of the current contract.

Rep. Neal Kurk

HB 2-FN-A-L, relative to state fees, funds, revenues, and expenditures. This bill, known as the "trailer bill," contains the statutory provisions necessary to implement the provisions of the state budget (HB 1-A).

Rep. Neal Kurk

FRIDAY, JUNE 26, 2015

FISCAL COMMITTEE (RSA 14:30-a), Rooms 210-211, LOB

10:00 a.m. Regular meeting.

10:30 a.m. AUDITS: Department of Resources and Economic Development, Division of Parks and Recreation, Cannon Mountain, Financial Audit Report for the Fiscal Year Ended June 30, 2014