

House GOP State Budget Fails New Hampshire

Prepared by the House Democratic Office

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What are some of the “lowlights” from the House Republican Budget (HB 1 and HB 2) that passed last week?

1. Failing our schools, education funding

- *Inequitable Education Funding*
 - The Republican Budget kept the Governor's education funding: [a decrease in adequacy funding in the amount of \\$90,856,171 to school districts in 2022.](#)
 - Click the hyperlink above for town by town spreadsheet of decrease.
 - Last minute amendment passed by Republicans directs this \$100 million to a broad State Wide Education Property Tax reduction [This would be an incredibly small tax reduction for the average property tax payer,](#) but could mean a significant property tax INCREASE in towns with schools that need support most.
 - Click the hyperlink above for town by town spreadsheet of troubling property tax increases.
- [Record Setting Education Funding from 2020-2021 Discontinued](#)
 - Republicans failed to continue record setting education funding established in the 2019-2020 Democratic Budget.

2. Leaving property tax payers behind

- **SUSPENDS** the [\\$40 million in direct Municipal Aid](#) to cities and towns that was added by the Democratic Majority in 2019.
 - Stopping this funding source is a direct downshift to local communities, which results in higher property taxes.
- **DEFUNDS** \$15 Million in Water Grants to Local Communities for [162 previously approved local projects](#) for water pollution control
 - This cut could downshift the costs of the projects directly to property tax payers.

3. Attacks on reproductive health

- *Cut Gap Funding for Family Planning Providers*
 - Failed to fund the gap in federal funding that is vital for family planning providers across the state.
- *Attacks on Family Planning Providers*
 - This budget imposes totally unnecessary “physical separation” requirements between abortion care and preventive care. By requiring separate brick and mortar facilities, this amendment is designed to destroy reproductive health care providers. [Read more here.](#)
 - Link to LTE on abortion regulation impact [here.](#)

4. Attacks on critical services

- *Massive Back of the Budget Department Wide Cuts To DHHS*
 - \$50 million over the biennium in back of the budget cuts to the Department of Health and Human Services that could jeopardize millions in federal matching funds.
- *Huge Personnel/Staffing Cuts*
 - Unfunds 226 positions on top of 88 already unfunded in Governor’s proposed budget, including 22 Child Protection Service Workers positions. Positions are often matched with federal funds, so this could jeopardize up to an additional \$25 million in federal matching funds.
- *Personnel / Staffing Cut*
 - Multiple commissioners said they are understaffed and cannot meet their statutory obligations. There were cuts to the Department of Environmental Services, teaching staff at the prisons and improvements to the parks.
- *Millions in cuts to the DOT’s Highway Fund. The Republican budget does not address:*
 - A 15% staff vacancy rate
 - Reductions in Equipment Maintenance funds

- Insufficient funds for road and bridge repairs (including 125 red listed bridges) as well as graffiti removal causing delays in projects up to one to two years.
- *The Department of Safety's budget was severely reduced across agency departments which will reduce safety and increase delays.*
- *Medicaid Dental Program Not Funded*
- *Cut \$3 million to Protective Preventive Child Care Services*
 - This is care for children whose families are under stress and involved with DCYF for child protection and for prevention of abuse or neglect.
- *Home Visiting Programs Not Funded*
 - The Republican budget fails to fund DPHS-supported home visiting programs that help strengthen young families in New Hampshire by providing individualized support, parenting education, and links to resources like primary care, Women Infants and Children (WIC) program, and Early Intervention.
- *Cuts to the Youth Rapid Rehousing Program*
 - This program supports youth 18-24 who are experiencing homelessness with providing 2 years of rental assistance and supportive services to successfully maintain housing.
- *Smoking Cessation Program funding denied*
 - NH brought in \$214 million in tobacco tax in 2020. We should be spending more to support Granite Staters that want help with their nicotine addiction.

5. Irresponsible Tax Cuts

- Cut the state's revenue by over \$100 million, cutting:
 - Business Enterprise Tax (BET)
 - The BET has already been cut 3 times since 2016
 - Business Profits Tax (BPT)
 - The BPT has already been cut 3 times since 2016
 - New Hampshire already has the lowest BPT rate in New England
 - Cuts to the BPT primarily benefit large, out-of-state businesses
 - Rooms and Meals Tax
 - The 0.005% cut in the Rooms and Meals tax will not provide meaningful benefit to consumers. This proposal will cut millions of needed state revenue to save someone 5 cents on a \$10 meal.
 - Interest and Dividends Tax
 - The reduced revenue played a role in dramatic cuts throughout the budget, including in DHHS and education, and in many cases will require an increase in local property taxes.
- Fourth BET and BPT cut in five years:
 - The BET and BPT represent less than 20% of the overall business tax burden.

- Over 50% of taxes paid by businesses are in the form of property taxes, which will keep rising under the Republican budget proposal
- A majority of New Hampshire's business taxes (over 60% of BET and BPT) are paid by large corporations headquartered out-of-state.
[Source: NH Department of Revenue Administration]

6. Unrelated policy additions to bribe radical, free state wing of party

- *HB 544 Stuck into House Bill 2*
 - HB 544 is a bill that would ban individuals and agencies including schools, and private businesses that contract with the state from talking about race, gender, class, etc. in state government
 - HB 544 is a product of the Trump Administration's racist directive that all federal agencies end anti-bias trainings that address white privilege.
[Link to op-ed about HB 544 here](#)
- *\$10 million Financial Resources Mortgage Ponzi Scheme Bailout*
 - The people who would benefit from this did not do due diligence, and were effectively gambling. It is not the role of the government to use public money to pay people back for bad investments.
- *Governor's proposed Department Of Energy*
 - Guts the Public Utilities Commission (PUC) that provides regulatory oversight of utilities in the state.
 - Paid for by raising our utilities cost.
 - Increases the surcharge on the utilities.
- *Ending the Governor's State of Emergency due to COVID-19 Pandemic*
 - [Republican leadership said that this was added to gather votes.](#)
 - This is bad policy that was never vetted.
- *Last Minute Policy Amendment Slipped Into Budget*
 - HB 2 also includes a last minute amendment that reverses a policy decision voted upon by the HHS committee when they recommended [HB 601-FN](#) ITL by a vote of 14 - 5.
 - This is a dangerous precedent to have the Finance committee reverse a policy committee's policy decision at the last minute without discussion or study

Fact Check !

★ **GOP Statement:** “Cuts statewide property tax one time in the year 2023 by \$100,000,000 which will give much needed property tax relief.”

- [Rep Jason Osbourne release](#): “Republicans made it a priority to cut property taxes by \$100 million dollars in the state budget, however House Democrats sponsored a floor amendment to put that \$100 million back and ensure that their constituents get zero property tax cuts. After more than a year of New Hampshire citizens having to tighten their belt, this property tax reduction would be a huge relief. Today Democrats betrayed their true intentions for wealth redistribution by opposing actual property tax cuts.”
- Fact/context: By not choosing to address Governor Sununu’s **\$90 million** shortfall in education funding, the House GOP chose to reduce SWEPT statewide by a blanket \$100 million. This action will cut funding to school budgets necessitating an increase in property taxes for most cities and towns, most especially property poor towns already struggling.
 - **Download a social media graphic** → [here](#).

★ **GOP Statement:** “Assures that no taxpayer money will go to the funding of abortions.”

- Fact/context: By passing a provision which necessitates that family planning clinics provide “physical separation” between their preventative healthcare and abortion services, House GOP is placing enormous strain on family planning providers and effectively defunding their entire operation.
 - Family planning providers provide the vast majority of sliding scale preventative care for low-income Granite Staters, most especially in rural areas. Requiring them to rent or build a new physical structure would decimate their already small budgets for such a small portion of their services (abortion).
 - **Download a social media graphic** → [here](#).

★ **GOP Statement:** **The State Budget Begins the phase out of the Interest and Dividends tax.**

- Fact/context: The reduced revenue played a role in dramatic cuts throughout the budget, including in DHHS and education, and in many cases will require an increase in local property taxes.

★ **GOP Statement:** **Eliminates 226 vacant state jobs, saving the taxpayers \$22,700,000.**

- Fact/context: The House GOP budget **actually cut** over 300 jobs, most in the Department of Health and Human Services, and DCYF. and jeopardized up to \$25 million in matching funds.

- All of these jobs are essential positions, some of which were put on a hiring freeze due to COVID-19 during the suspension of critical services in the Department. As we come out of the pandemic, child protective service workers, staffing in our mental health centers and home visiting programs among other critical staffing positions will be decimated when services are needed most.
 - The Department will not be able to meet its statutory obligations for critical services due to these cuts.
 - **Download a social media graphic** → [here](#).

★ **GOP Statement: The State Budget Decreases the Meals and Rooms tax.**

- Fact/context: The Meals and Rooms decrease in the budget is such a nominal amount that it would make no difference in the willingness for Granite Staters to dine out (a 0.05% cut would mean a nickel off of a \$10 meal) and would not aid business owners in any substantive way. Conversely, it would just cause taxpayers more in making up the revenue lost by this decrease designated for other essential services like plowing our roads and repairing bridges.

★ **GOP Statement: The State Budget Reduces the Business Enterprise Tax, which is one of the most regressive taxes in existence.**

- Fact/context: The BET and BPT represent less than 20% of the overall business tax burden. Over 50% of taxes paid by businesses are in the form of property taxes, which will keep rising under the Republican budget proposal
 - A majority of New Hampshire's business taxes (over 60% of BET and BPT) are paid by large corporations headquartered out-of-state. [Source: NH Department of Revenue Administration]

★ **GOP Statement: The State Budget Reduces the Business Profits Tax, giving much needed relief to our many small businesses.**

- Fact/context: The BET and BPT represent less than 20% of the overall business tax burden. Over 50% of taxes paid by businesses are in the form of property taxes, which will keep rising under the Republican budget proposal
 - A majority of New Hampshire's business taxes (over 60% of BET and BPT) are paid by large corporations headquartered out-of-state. [Source: NH Department of Revenue Administration]

★ **GOP Statement: The State Budget Increases the Rainy Day Fund by \$146,000,000 – the highest in the state's history.**

- Fact/context: Adding a record setting amount to the Rainy Day Fund when so many essential services are cut during the most dramatic public health crisis in a century is not an accomplishment. It is raining NOW and Granite Staters need support.
 - **Download a social media graphic** → [here](#).

★ **GOP Statement: “Tax cuts for everyone”**

- Osbourne: “We had to make difficult decisions, but at the same time, we were able to pass a budget out of the House that delivers tax cuts to every person in the state.”
- Fact/Context: This budget does not provide “tax cuts for everyone” but in fact raising property taxes in most towns that will have to make up for the lack of state funding and federal matching funds that were lost as a result of this budget. This budget **does** cut taxes for **out of state corporations**.
 - **Download a social media graphic** → [here](#).

★ **GOP Statement: HB 544 language is “[Anti-Racism Legislation](#)”**

- Fact: This horrible bill was framed as an in-state support for executive orders put out by former President Donald Trump last year mandating that private companies and contractors who do business with the government may not do diversity or sexual harassment trainings with their employees.
 - The ACLU testified this bill is unconstitutional to dictate what a private employer chooses to spend their own monies on to train their workforce. The amendment is an attempt to mitigate this but does not do the job.
 - This would also ban discussion of racism in schools because the mythology is that the idea that everyone has social biases is incorrect and that this concept is being forced onto impressionable grammar school children. We heard no evidence that teaching of this “theory” is happening in New Hampshire.
 - The ‘protections’ in the bill do not mention protections for transgender or non-binary citizens.

Democratic budget amendments that attempted to address some of the most egregious flaws.

All of these were blocked by House Republicans.

1. Fighting to support our children, public schools, and local property tax payers

- *Amendment to allocate \$100 million for targeted education aid instead of SWEPT reduction over the biennium*
 - This amendment would have reallocated the \$100 million that was used for a one time reduction in the statewide education property tax (SWEPT) to address the [looming \\$90 million decline in state aid coming in 2022](#).
 - [A SWEPT reduction would have a minimal impact on property taxpayers throughout the state](#), and if the \$90 million decline is not

addressed, communities will be forced to move forward with huge cuts or local property tax increases.

- *Amendment to redirect excess revenue to equitable education funding.*
 - At no cost in this budget, this amendment would have made explicit that in the event that we have more revenue in the Education Trust Fund at the end of 2022-2023 than was in the revenue estimates, or if federal funds become available, we would first use these funds in the following ways to begin to restore in steps the aid that was already provided to school districts in 2021.
- *Amendment to reinstate the \$15 Million in Water Grants to Local Communities for [162 previously approved local projects](#) for water pollution control*

2. Defending access to reproductive health and abortions

- *Amendment to provide \$1.24 million to cover the anticipated gap in federal funding for family planning contracts.*
 - Family planning providers administer the vast majority of STD testing, breast exams and pap tests across the state and in general serve as a vital source of health care services for lower income families across the state.
 - Via their gag rule, the Trump administration cut funding for family planning providers
- *Amendment to remove inappropriately added language directly attacking abortion access in NH*
 - This amendment would remove language added by House Republicans that requires totally unnecessary “physical separation” requirements between abortion care and preventive care.
 - By requiring separate brick and mortar facilities, the Republican budget is designed to specifically attack reproductive health care providers and abortion access.

3. Funding and supporting critical health and safety services

- *Amendment to reverse the \$50 million back of the budget cuts to the Department of Health and Human Services that threaten quality of services and millions of dollars in federal matching funds.*
- *Amendment to reverse the defunding of 226 positions across DHHS and fund the 22 child protective services worker (CPSW) positions that were unfunded in the Governor’s budget.*
 - Capping the number of full-time authorized positions further restricts the department’s ability to provide critical direct services to NH residents.
- *Amendment to fully fund (\$440,000) tobacco prevention and cessation programs to address adolescent e-cigarette use.*
 - NH brought in \$214 million in tobacco tax in 2020. We should be spending more to help Granite Staters that want help with their nicotine addiction.

- *Amendment to restore funds for protective preventative child care services, home visiting, and the youth rehousing programs underfunded by the Governor*
 - All of these critical programs were cut or not fully funded in the Governor's proposed budget and House Republican budget.
- *Amendment to restore funds for the Medicaid Dental Program cut by house budget*
 - This amendment would have added \$2.9 million in state general funds and \$2.9 million in federal matching funds to fund the adult medicaid dental program.

4. Irresponsible Tax Cuts

- *Amendment to allow restaurants and lodging businesses to retain a higher percentage of commission from R&M*
 - This would keep about \$3 million per year in the pockets of 5,270 local restaurants and lodging businesses who have been hit hard during the pandemic.

5. Removing policy additions to bribe radical, free state wing of party'

- *Amendment to remove completely unrelated HB 544 language from the budget*
 - This amendment would take out the language from HB 544, relative to the propagation of divisive concepts, that was added to HB 2 in a last minute amendment.
 - HB 544 is a bill that would ban individuals and agencies including schools, and private businesses that contract with the state from speaking on certain "divisive concepts" like race and sex.
 - HB 544 is a product of the Trump Administration's racist directive that all federal agencies end anti-bias training that address white privilege.
- *Amendment to remove completely unrelated state of emergency language language from the budget*
 - This amendment removes language added to the budget by House Republicans for the admitted purpose of getting votes from their caucus ([video here](#)).
 - As a piece of policy, this was never vetted in a policy committee and there are serious concerns about the implications if it passes.
- *Amendment to remove the \$10 million FRM ponzi scheme bailout*
 - This amendment would remove the \$10 million added House Republicans to use public money to refund risky investments.
 - It is not the role of the government to use public money to pay people back for bad investment.
- *Amendment to fully fund the recommendations from the Alvarez and Marsal report to increase efficiencies at DHHS*
 - This amendment would fund the priorities of the A & M report.

- One of the most compelling issues identified by this report are 38 developmentally disabled NH residents who are residing in a facility in Florida because NH does not have an appropriate facility for them.
 - This amendment would start the process of bringing these residents back to NH so they can live in appropriate residential settings.
 - By bringing these individuals home, they would be able to be near their families and existing support networks and potentially save the state money by providing more appropriate care in-state.
- *Amendment 2021-1069h to HB 2-A, (Pg 101 of House Calendar 1B) - removing completely unrelated policy language similar to HB 601 from the budget*
 - This amendment would remove last minute language from the budget that mirrors language in HB 601, a bill voted ITL (14-5) in HHS on March 11th and on the regular calendar during this session.
 - This is a dangerous precedent to have the Finance committee reverse a policy committee's policy decision at the last minute without discussion or study.