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With last week being the time for pomp and circumstance, this week was the time for public organization and orientation by committees, particularly in the House. Given the 400 members in the House, the change in leadership control and approximately one-third of the members being new to the process, the orientations have been extremely instructive for legislators and lobbyists alike.

In example, the House and Senate "money" committees (Finance and Ways & Means) met jointly all week hearing revenue reports, spending patterns, economic trends and other presentations that will assist those legislators tackle and craft (go Patriots!) the next two year budget over the next six months.

The House Commerce Committee got its feet wet by listening to reports from Commissioners of the Insurance and Banking Departments. Those members also were introduced to dozens of lobbyists that will be representing business clients this session and coming before that committee. Needless to say, the committee room was packed with orange badges (a requirement for lobbyists to wear) just itching to have their first opportunity to address the entire Commerce Committee.

Other committees were just as active as the Environment Committee heard from the Department of Environmental Services, the Resources and Recreation Development Committee listened to a presentation from the Department of Resources & Economic Development and the Science, Technology and Energy Committee paid a visit to the Public Utilities Commission to learn about their role in state government. Many other state agencies shared information with appropriate committees including the Departments of Transportation, Education, Labor and Health & Human Services. So while public hearings on bills have not yet begun, it is clear that this legislature is taking the necessary steps to be as informed as possible when that hectic process begins.

With so much "orienting" taking place, one would think that there might not have been any discussion of issues in Concord this week. However, that was not the case. Two of the more high profile issues from years past will be considered again in 2007. The supporters of banning smoking in restaurants and bars held a press conference to restate their reasons for supporting such a ban. This issue lost last year by a single vote in the Senate after having passed the House. It is expected that the ban will be enacted this year.

Another top line issue that touches on both the fiscal and social fabric of the state is the matter of expanded gambling in New Hampshire. Nevada based companies have retained representation in the state for years and over the last 18 months have increased that presence significantly in hopes of finally convincing our elected officials that gambling revenue can be a stable, reliable and relatively painless method of supporting education spending and the state budget. This effort prompted the coalition (including law enforcement) against expanded gambling in New Hampshire to host its own press conference and reception in Concord this week to voice its concerns about the growing influence to enact the legality of slot machines in the state. The coalition cited the unreliability of this revenue source for the long-term as well as the negative impact on the social costs such activity would bring to our state and its communities. With a steady drum-beat for additional revenue to support the budget, expect pressure to build for this revenue source rather than tax increases.

Speaking of tax increases, when the governor presents his budget in February, it is not anticipated that he will propose any business tax increases but the word in the State House suggests that his budget may include an another increase in the tobacco tax to support whatever level of increased funding the budget contains for education funding. A fifty-cent increase is being talked about which could produce upwards of \$160m during the next two year budget and spending plan.

Next week, public hearings begin on proposed legislation and over the next few months, expect business issues to be debated in the arena affecting health care costs, workers compensation, water resources, minimum wage, taxes, education funding, tort reform and many more. Throughout the legislative session, the Chamber and its sponsors will endeavor to report to you the highlights of these activities while encouraging you become involved and to engage in the process. Remember that politics is a contact sport and the debate of business issues in Concord is all of our business.

CHAMBER INSIGHT:

Its official! The 2007 Legislative session is underway as committees begin their orientations and "legislative service requests" (LSRs) are assigned bill numbers and released to the public. In fact, all LSRs must be signed by legislators by January 17 th in the Senate, and January 18 th in the House. As legislation is released, your Chamber will be hard at work identifying the bills that impact your business and New Hampshire's overall business environment.

As mentioned last week, one issue on the Chamber's 2007 radar is restoring commuter rail to Southern New Hampshire. While restoring commuter rail service on its face may not appear to be of major value to New Hampshire's businesses, rail offers two important benefits.

The first benefit, and most obvious, is the creation of an alternative method of transportation. Population growth and movement trends over the past decade have dramatically affected the ability of our state's infrastructure to support the needs of our residents and businesses. These trends are widely expected to continue, with no relief in sight. Within the next 20 years, the growth of our population and the ensuing traffic and transit needs will be so immense that current construction projects, such as the widening of I-93, will be insufficient. Providing workers and consumers safe and reliable alternative forms of transportation, such as rail, will help alleviate the strains caused by New Hampshire's growth.

The second benefit of rail, and perhaps the most important benefit, is the creation of limitless economic development opportunities throughout Southern New Hampshire. The

rail proposal currently being considered by the legislature, calls for a commuter line running from downtown Manchester through Nashua to Lowell. Riders could then connect with the MBTA line and travel to the Metro Boston area. Proposed stops include Downtown Manchester, Manchester-Boston Regional Airport, and Downtown Nashua. While the mere investment in the construction of rail infrastructure would benefit the greater Manchester economy, the opportunities created for business growth would be considerable. Imagine, if you will, the value of a fully integrated transportation hub in downtown Manchester that includes rail service, bus service, retail space (such as a downtown supermarket), and commercial space.

While realizing a vision such as this may be formidable; tangible steps have been taken on the state level to get the rail initiative moving forward. Governor Lynch has tasked regional planning experts with developing an action strategy for restoring rail service. The efforts of that process have yielded two bills the legislature will consider this session. The first, LSR S-0311, creates a “ *New Hampshire rail transit authority that will have responsibility for developing and providing commuter rail and related public rail transportation services in New Hampshire .*” The second, H-0924, creates a “*committee to study the feasibility of setting liability limits for commuter rail operations.*” Both of these proposals represent necessary and tangible steps forward in restoring rail service to New Hampshire. The Chamber’s Government Affairs Committee eagerly looks forward to working with the legislature as they consider adopting these two important pieces of legislation.

If you have any questions regarding this issue or others, please do not hesitate to contact the Chamber.

Best,

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