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Every four years, we hear the start of the Olympics with the statement of "Let the games begin". In New Hampshire's budgeting process, there is a call in mid-February every two years of "let the work begin" as our state's Governor delivers his proposed budget to the General Court for consideration and deliberation by 400 House members and 24 State Senators.

On Thursday, Governor John Lynch presented his state budget to the Legislature for fiscal years 2008 & 2009. The governor began his remarks by saying that his proposed budget was "balanced, honest and fiscally responsible". He outlined his administration's policies and the funds necessary to support them while also cautioning that tough choices were made and will have to be made in the coming months before it is finally adopted in June.

Highlights of Governor Lynch's proposed budget include additional funding for tourism promotion, assisting local communities with workforce housing issues, staying on track with a myriad of highway projects (including the expansion of I-93), an additional \$10 million over the next two years for community technical colleges, the funding of the Land and Community Heritage Investment Program to the tune of \$12 million and committing \$6 million in capital budget funds for repairs and restoration at state parks in New Hampshire.

Perhaps the funding issue that was most interesting for legislators to learn about was the level of spending for state aid to education. The governor recently stated that he has formed a task force to study and develop a definition of what is an adequate education that the state should be supporting. Once that task force is complete with its assignment, the governor will present a constitutional amendment that allows the targeting of state aid to local school districts, "affirms the state's responsibility for education, and ensures that the state cannot walk away from that responsibility." In the interim, this budget proposal ensures that each community will receive a 5% increase in state aid to education allowing the legislature to develop a "more permanent education funding solution."

In addition to Governor Lynch's proposed spending plan, he also presented a set of revenue estimates that are projected to support the level of spending outlined in his budget. The governor offered no new tax proposals and only one concrete tax increase from a current source. Not surprisingly, the governor proposed a 28-cent tax increase in the rate of the state's tobacco tax. This is the same level of increase that he proposed and that was enacted two years ago and would increase the tax from 80 cents per pack to \$1.08 per pack, still keeping New Hampshire's lowest tobacco tax in New England. Governor Lynch stated that this new revenue would go towards funding critical health and

human service programs while deterring young people from smoking.

Interestingly, the proposed tax increase came in significantly lower than what had been talked about in the State House for the last few weeks and speculation now turns to how much more legislators may be willing to increase the tobacco tax to fund other programs that the Governor did not include in his budget or did not fund to the level that they think is necessary to meet the needs of New Hampshire's citizens.

Now that the governor has had his turn at crafting the state's spending plan for the next two years, attention will move to the House Finance Committee and eventually the State Senate as legislators will want to leave their imprint on this critical document that directs the state's fiscal stance. Legislators will likely have different priorities for spending and will also present different proposed revenue options that include new taxes (expanded gambling, entertainment and admission, payroll tax, and a revised real estate tax proposal). So clearly the next several months will have a great deal of debate of how our business tax dollars should be spent and how the state is going to raise those funds to support that spending. With the many issues that are intertwined with this significant piece of public policy, your sponsor encourages you to be involved to have your voice heard as it relates to how your elected officials address the decisions that will formulate your state government over the next two years. Stay Involved!

CHAMBER INSIGHT:

This week saw the return of one of last year's most debated issues, the statewide smoking ban. As you may remember, the smoking ban fell only a single vote short in the Senate last year, all but assuring its return in 2007. The ban has returned in the form of Senate Bill 42, an exact copy of last year's HB 1177. The key difference in 2007, however, is that the ban appears to enjoy broad support in both the Senate and House. In fact, with the prime sponsor being Senator David Gottesman of Nashua, SB 42 has a total of ten Senate sponsors.

The Greater Manchester Chamber of Commerce supported the statewide smoking ban for restaurants, and cocktails lounges in 2006 and remains supportive in 2007. Three key factors drive the Chamber's support of the smoking ban:

- SB 42 will allow New Hampshire's employees to work in a healthy environment.

While the GMCC recognizes and respects every business owner's decision making authority in their establishment, we believe the threat of secondhand smoke to employees is too great to ignore. A recent report of the US Surgeon General has concluded that there is no risk free level of exposure to secondhand smoke. The report, entitled "The Health Consequences of Involuntary Exposure to Tobacco Smoke," finds that even brief secondhand smoke exposure can cause immediate harm and the only way to counter this threat is to eliminate smoking indoors. While customers have a choice in determining which restaurant they visit, workers often do not have this luxury. These employees rely on their employers to provide a healthy environment in which to work. The GMCC believes that we as responsible business owners must strive to protect our own employee's health as a means to protecting the future vitality of New Hampshire's workforce.

- SB 42 will have either have a neutral or positive financial impact on the bottom lines of restaurants and lounges who currently allow smoking.

A common concern with legislation such as this is "how will this impact my bottom line?" The GMCC shares this concern and feels that the passage of SB 42 will not have a

negative impact on the bottom lines of any restaurants. Eleven other states in the US have gone smoke free, including our neighbors Maine, Massachusetts, and Vermont. Multiple studies have indicated there to be absolutely no loss in restaurant revenue and tax receipts in the hospitality industry. In fact, in some states there is evidence that revenue actually grew in the years following the enactment of a smoking ban.

- SB 42 will allow our state to remain on par with our neighboring states in regard to providing a positive family-friendly and hospitable environment for tourists.

As you all know, New Hampshire relies heavily on its travel and tourism industry each year for revenue. In today's ultra competitive tourist market, New Hampshire must seize every opportunity it can to place itself on equal footing with our neighbors. Passing a smoking ban would promote New Hampshire as a more hospitable and family friendly tourist location. As mentioned earlier, we are currently the only state in northern New England without a smoking ban and thus at a competitive disadvantage. We are not contending that the lack of smoking ban will cause our tourism and travel industry to collapse. Rather, a smoking ban provides the potential for growth in an industry so very important to New Hampshire's economy.

Overall, the smoking ban clearly represents a significant opportunity for New Hampshire to enhance its business environment for workers, customers, and tourists. The good news is the smoking ban appears to be on its way to passage. SB 42 was recently endorsed by the Senate Commerce Committee by a 4 to 2 vote and will go to the Senate Floor with the recommendation of "ought to pass" within the next week. Capitol Insight and the Chamber will keep you posted on SB 42's progress. Please feel free to contact the Chamber with a questions or concerns regarding this issue.

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