



## GREATER MANCHESTER CHAMBER OF COMMERCE

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#### *At Sunrise, They Dealt with the Sunset*

House and Senate budget negotiators met all week, including all night on Wednesday, to work out differences in proposals for a state operating budget for FY '08 – '09. Negotiations continue at this time, primarily to identify revenues with which to fund a double-digit increase in state spending. If an agreement is reached today, compromise versions of the budget bills will reach the House and Senate floors for votes on June 27th.

As the sun rose behind the State House dome early Thursday morning, negotiators dealt with one of the biggest changes that will be made if the current agreement holds – a fundamental change in the way the state and counties share responsibility for a number of government-funded programs.

The state and counties have traditionally shared responsibility for government programs to assist the poor, elderly, victims of abuse, children at risk, and other vulnerable populations. Approximately nine years ago, in an attempt to eliminate financial incentives that led to nursing home placements for people who could be cared for less expensively in home and community-based settings, the state and counties agreed to split equally the non-federal cost of all long-term services. Prior to that agreement, the counties paid a higher percentage than the state toward nursing home care but they did not contribute at all toward home and community-based services. The old system created an incentive for the state to place people in nursing homes rather than less expensive settings, with a higher overall cost to taxpayers, since the cost to the state for nursing home placement was lower. The current agreement, which encourages placement based on clinical need rather than financial incentives, sunsets on June 30th and establishing a new arrangement has been a top priority in this biennium's budget process.

The proposal likely to reach the House and Senate floors next week is that the counties will assume 100% responsibility for long-term care services, both nursing homes and home and community-based services, while the state will assume 100% responsibility for juvenile services, services for victims of domestic violence, and other shared programs. The new system will not begin for one year and, during the first two years of implementation, "hold harmless" payments will be made to those counties that incur higher costs under the new arrangement than under the current system. Despite these concessions, the counties oppose this shift largely for demographic reasons. The concern is that the elderly population will grow over time while other vulnerable populations remain stable or decrease and, as a result, this arrangement will benefit the state at the expense

of the counties. The New Hampshire Constitution prohibits the state from passing unfunded mandates down to the counties and, if the current budget proposal passes, a lawsuit by the counties is likely. The issue may not progress that far, however, since many House members, who also serve as members of their county delegations, have said they will vote against the budget bills because it includes this change over the objection of county administrators and because it increases state spending by too much.

A number of spending increases are likely in the new state operating budget intended to accomplish, among other things, the following: increased cancer prevention and treatment services, elimination of the wait list for services for the developmentally disabled, an increase by 10,000 in the number of children enrolled in the State Children's Health Insurance Plan (SCHIP), increased state aid for education, a \$15 million investment in the Rainy Day Fund to improve the state's bond rating, increased financial support for the state's technical colleges, increased funding for the Land and Community Heritage Investment Program (LCHIP), increased legal assistance services, and appropriation of funds to support a new contract with state employees.

Proposals to fund the spending increases, currently being negotiated, include: a tobacco tax increase (at least 28-cents per pack, likely higher), a \$25 fee on civil filings in court (except small claims, cases involving children or domestic violence, and landlord-tenant cases), a \$25 fee for documents filed with county registries of deeds, elimination of the exemption from the 7% communications services tax which currently exists for the first \$12 of every telephone bill, an increase in the turkey hunting fee, and an increase in motor vehicle registration fees (\$6 for cars and light trucks and up to \$400 for other trucks).

The budget package should be complete by close of business today (which will be recorded as yesterday since the clock was stopped) and votes are scheduled for June 27th. The debate is likely to be lively and can be observed by the public either by visiting the State House or by using streaming audio and video online at <http://www.gencourt.state.nh.us/ie/> (Links under Listen In heading at top of page).

**Valerie Acres**  
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#### CHAMBER INSIGHT:

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With the 2007 legislative session coming to a close, the Chamber can celebrate a successful session that saw the passage of several key pieces of legislation that have failed in previous years. Here a look at the Chamber's "wins" and "losses" in 2007:

- **SB 75** – relative to establishing a New Hampshire rail transit authority. With SB75 in place, NH can finally get serious about bringing back rail service. The authority will serve as the administrative entity in charge of developing and implementing a rail system in NH. SB 75 faced some last minute resistance in the House of Representatives but ultimately prevailed due to the lobbying efforts of the Chamber and numerous other regional stakeholders and the support of the House Transportation Committee.
- **HB311** – establishing a committee to study the creation of liability limits for rail operations. HB311 will aid the newly formed rail transit authority create a sustainable funding plan. In order for a rail system to actually operate in NH, the cost of rail liability insurance must be addressed. HB311 will begin the process of developing a compromise on this issue between rail stakeholders and the legal community.
- **SB 42** – prohibiting smoking in restaurants, cocktail lounges, and certain enclosed public places. After a close vote last year, SB 42 got over the

hump this year and will go into effect September 17th 2007. SB42 will provide a healthier workplace for those in the restaurant industry and will aid the state tourism industry by putting us on par with other New England states. The GMCC remained one of the only business organizations in the state to take a leadership role on this issue and support SB 42. The Chamber looks forward to seeing this measure implemented and assisting any bars and restaurants in the region during its implementation.

- **SB 134** – establishing a research and development credit against business taxes. With recent data suggesting New Hampshire's position as a home to high tech and R&D companies is fading, SB 134 offers immediate help in retaining and attracting businesses to New Hampshire. SB 134 includes a sunset provision for 2013, which shows the state is serious about giving this tax credit time to work.

Unfortunately, the GMCC and business community did not win every issue this session in Concord. Below are two issues that remain unresolved and potentially problematic in the future:

- **HB143** – relative to the apportionment of damages in civil actions. As you read in this space last week, despite being perhaps the most anti-business bill filed in 2007 and only having the support of one organization (NH Trial Lawyers Association), HB 143 passed the House and Senate and is currently on Governor Lynch's desk. Governor Lynch is carefully considering his options on HB143 and is aware of the broad opposition to the bill. If you have not already, please consider writing or calling Governor Lynch (271-2121) and requesting he exercise his veto authority. Contact the Chamber at [michaels@manchester-chamber.org](mailto:michaels@manchester-chamber.org) with any questions or concerns on this issue.
- **CACR 18 & 19** – Both proposed constitutional amendments, relative to education funding, could not muster the needed support in the legislature. The GMCC, along with a broad coalition of other business organizations, advocated for the passage of an amendment to allow for the state to target aid and in order to avoid increased or new taxes to pay for the cost of education. With no amendment in place the state and business community must now wait and see what further actions or rulings the Supreme Court will make.

Michael Skelton  
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#### EYE ON POLITICS: ---

NH State Legislature [www.state.nh.us](http://www.state.nh.us)

The Union Leader [www.theunionleader.com/primaryindex.html](http://www.theunionleader.com/primaryindex.html)

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