

LEGISLATIVE BULLETIN

Bulletin #20

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Gas Tax Hearing on Tuesday

As indicated in last week’s *Bulletin*, the Senate hearing on **HB 617**, an **NHMA policy bill** that increases the road toll (a/k/a the gas tax) by 12 cents over three years, has been scheduled before the Ways & Means Committee next **Tuesday, May 7, at 10:00 a.m., in State House Room 103**. See [Bulletin #18](#) and the [accompanying maps and reports](#) for a full explanation of the merits of **HB 617**.

We know that a number of local officials have been contacting their senators, but it really needs to become an all-out effort. We know senators appreciate the problems that municipalities face with deteriorating roads, but they also need to understand that there is strong support for an increase in the road toll to address those problems.

User fees are better than broad-based taxes. The issue, as we have stated several times, is quite simple: the road toll is the price people pay for the roads they use. This is why it is called a *road toll*, and the term “gas tax” is misleading. It is not a broad-based tax that everyone must pay to subsidize a service provided to a few. You pay it if you want to use the service.

The cost of maintaining roads has risen dramatically in the last 22 years, while the road toll, in constant dollars, has declined significantly. Can you think of anything that has not increased in price since 1991, the last time the road toll was increased?

Taxpayers, and legislators, tend to rebel at the idea of being forced to spend their hard-earned dollars to pay for someone else's education, or medical expenses, or food. Similarly, the idea of taxpayer-funded bus and rail service is highly objectionable to many taxpayers, who object to paying for a transportation system they may rarely use. They believe that if bus or train ticket prices are not enough to fund the system, it should not be subsidized by taxpayers. Why, then, is it any more acceptable to make all taxpayers subsidize roads that some use far more than others?

If your town’s water or wastewater system, or trash disposal service, or recreation program, is funded by user charges and the cost of operating it increases, what is the town's likely response? This issue is addressed at

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Gas Tax Increase - continued

town meetings every year, and the answer, almost uniformly, is to increase the user charges. Everyone recognizes the fairness of having users pay for the services they receive, and no one is interested in the alternative: raising taxes.

The latter alternative, however, has been the policy at the state level for the last two decades. By choosing not to charge drivers the true cost of their road usage, the state has pushed the cost onto taxpayers at the state and local levels. This represents a preference — rarely acknowledged, but undeniable — for a broad-based tax approach to funding public services. Property taxes must be used to maintain local roads, as well as to pay the costs that are downshifted from the state.

Support HB 617 to control property taxes. And yet, we have heard some legislators say they oppose **HB 617** because they oppose tax increases. Please explain to your senators that if they oppose tax increases, they should **support HB 617** to ensure that roads are paid for by the people who use them most, and not by property taxpayers who may or may not use them at all.

A bad deal for municipalities? An objection we have been hearing with increasing frequency is that **HB 617** is a bad deal for municipalities because they will get back only a small percentage of what they pay. We have heard complaints that some towns will get back only about 12 percent of what their residents pay.

This is not surprising, since 12 percent is the percentage of the highway fund that goes to cities and towns. But the objection does not follow. Residents of a town are residents of the state, too; and in almost all cases, those who buy gasoline drive on state highways as well as town roads. Their money *should* go to pay for state roads, as well as local roads. It is not possible to allocate every driver's road toll money perfectly depending upon the proportion of his or her driving that is done on state and local roads. What is clear is that 100 percent of the increased amount will be spent on roads, which will benefit 100 percent of the people who use the roads, and no one else. Some drivers may get back more or less than what they pay for, but overall the return will be fair.

Should municipalities receive more than 12 percent? Maybe. If so, there is a very simple solution: amend the bill to increase that percentage. We certainly would not object to that. But regardless of what the appropriate percentage is, it is absolutely clear that increasing this user fee is preferable to increasing property taxes.

Casino revenue will not solve the problem. As we mentioned last week, another common response is that expanded gambling is a better way to pay for roads. Again, NHMA's members have not adopted a position on expanded gambling; but the unfortunate reality is that the revenue contemplated by **SB 152**, the casino bill, will not arrive for many years, if ever. The revenues subcommittee of the House Joint Finance and Ways & Means Committee heard testimony this week indicating that the timeline for state and local approvals of a casino is likely to be in the range of **four years** — and that is before construction could even begin! Further, the timeline could be extended significantly if there are court appeals at any of a number of points in the process — a prospect that seems more likely than not.

Gas Tax Increase - continued

Thus, even if **SB 152** passes, there will be no casino revenues for roads for *at least* the next four years, and possibly much longer. While we're waiting for that revenue, the four-cent-per-year road toll increase, which would be barely noticeable in the context of the routine 30-cent-per-gallon swings in the price of gasoline, would be providing about \$10 million a year in increased block grants (smaller amounts in the first two years) and \$8.5 million a year in additional bridge and highway aid.

Again, please speak to your senator as soon as possible. This is especially important if your senator is a member of the [Ways & Means Committee](#), but *all senators need to hear from their local officials*.

Budget Hearing on Thursday

As reported last week, the Senate Finance Committee has scheduled a public hearing on **HB 1** (the budget) and **HB 2** (the trailer bill that makes the statutory changes necessary to implement the budget) on **Thursday, May 9, from 3:00 p.m. to 5:00 p.m. and 6:00 p.m. to 8:00 p.m., in Representatives' Hall** at the State house.

Municipal highlights of the budget passed by the House are:

- Meals & rooms tax distribution: As a result of the restoration of the statutory catch-up formula for the second year of the biennium, \$58.8 million in fiscal year 2014 increases to \$63.8 million in fiscal year 2015, for a total appropriation of **\$122,610,114**. This is a welcome result for municipalities, as the catch-up formula has been suspended since 2009. **(NHMA Policy.)**
- State aid environmental grants (water, wastewater, and landfill closure): Funding for current state obligations in fiscal years 2014 and 2015, *PLUS* full funding for 127 projects on the delayed and deferred list beginning in fiscal year 2015, for a biennium total appropriation of **\$14,563,737**. **(NHMA Policy.)**
- Land and Community Heritage Investment Program (LCHIP): Total appropriation for the biennium of **\$5,450,000**. **(NHMA Policy.)**
- Highway block grant funding: An estimated \$10.5 million increase over the biennium as a result of the four-cent increase each year in the road toll, for a biennium total appropriation of **\$70,582,913**. **(NHMA Policy.)**
- State aid bridge/highway funding: An increase of \$8.5 million each year, again resulting from the increased road toll, for a biennium total appropriation of **\$30,600,000**. **(NHMA Policy.)**

We will keep you updated as the Finance Committee works on the budget. In the meantime, be sure to tell your senators how important all of these programs are for your municipality.

Processing Absentee Ballots

The Senate this week removed **HB 183**, relative to processing absentee ballots, from the table and passed it with an amendment. As passed by the House, the bill had allowed moderators to begin processing ballots two hours after the polls open (current laws prohibits processing of absentee ballots until 1:00 p.m.). The Senate amendment keeps that provision, but requires the moderator to post notice, at least 24 hours before the polls open, of the time at which processing of ballots will begin. The notice must be posted at the polling place and at two other public locations. This seems extreme—why should notice be posted anywhere other than at the polling place?—but at least it preserves the goal of the bill, which is to improve the efficiency of the election process.

The bill will now go back to the House to either concur with the Senate amendment, request a committee of conference, or kill the bill. We remain concerned that there will be an effort to kill the bill, so *we urge election officials and other local officials to contact their representatives (especially those on the [House Election Law Committee](#)), and tell them how important it is to pass this bill.*

HOUSE CALENDAR

FRIDAY, MAY 17

ASSESSING STANDARDS BOARD (RSA 21-J:14-a), Department of Revenue Administration, 109 Pleasant Street, Concord

9:30 a.m. Regular meeting.

SENATE CALENDAR

TUESDAY, MAY 7

WAYS AND MEANS, Room 103, SH

10:00 a.m. **HB 617-FN-A-L**, increasing the rate of the road toll, establishing the New Hampshire state and municipal road and bridge account, and establishing the commission to study revenue alternatives to the road toll.

WEDNESDAY, MAY 8

EXECUTIVE DEPARTMENTS AND ADMINISTRATION, Room 100, SH

9:00 a.m. Hearing on proposed non-germane amendment #2013-1356s to HB 124-FN, relative to the determination of gainful occupation for a group II member receiving an accidental disability retirement allowance from the retirement system.

Senate Calendar - continued

THURSDAY, MAY 9**FINANCE, Representatives' Hall, SH**

3:00 p.m. – 5:00 p.m.

HB 1-A, making appropriations for the expenses of certain departments of the state for fiscal years ending June 30, 2014 and June 30, 2015.**HB 2-FN-A-L**, relative to state fees, funds, revenues, and expenditures.

6:00 p.m. – 8:00 p.m.

HB 1-A, making appropriations for the expenses of certain departments of the state for fiscal years ending June 30, 2014 and June 30, 2015.**HB 2-FN-A-L**, relative to state fees, funds, revenues, and expenditures.**SENATE FLOOR ACTION**

Thursday, May 2, 2013

HB 113, relative to lot access for erection of buildings. **Inexpedient to Legislate.****HB 178-FN-L**, relative to public employer collective bargaining agreements. **Passed.****HB 183**, relative to processing absentee ballots. **Passed with Amendment. NHMA Policy.****HB 252**, consolidating the property appraisal division and the municipal services division of the department of revenue administration. **Passed with Amendment.****HB 305**, establishing a committee to study the apportionment formula for cooperative school districts for towns with electric generation facilities. **Passed with Amendment.****HB 367**, relative to the municipal bond bank reserve process. **Passed. NHMA Policy.****HB 393**, relative to effluent limitations with regard to nitrogen and phosphorus. **Passed.****HB 429**, relative to service of writs against cities. **Passed.****HB 513**, relative to the shoreland protection act. **Passed with Amendment.****HB 550**, relative to the disposition of state-owned real estate. **Inexpedient to Legislate.****HB 591**, relative to an abusive work environment and the health and safety of public employees. **Re-refer to committee.**
