

LEGISLATIVE BULLETIN

Bulletin #21

2015 Session

May 22, 2015

INSIDE THIS ISSUE:

Municipal Aid In the State Budget A Mixed Bag So Far

<i>Amendment Would Restore RGGI Funds</i>	3
<i>Where We Are...</i>	4
<i>House/Senate Calendars</i>	5
<i>House/Senate Floor Action</i>	5
<i>NHMA Right-to-Know Workshop</i>	6
<i>Fundamentals of Local Welfare</i>	6

This week the Senate Finance Committee continued voting on line items contained in the 2016-2017 state budget. While the Committee has another week to finalize the budget it will recommend to the full Senate on June 4, both time and money are running short with some significant municipal funding not yet restored from the House cuts. Action taken this week by the Senate Finance Committee on NHMA’s three state aid priorities is described below.

Highway Block Grant and Bridge Aid

- The committee **restored** \$4 million each year of the biennium for municipal highway block grant funding. This money had been eliminated in the House budget despite last year’s promise of additional funding when the four cents per gallon increase in the road toll (gas tax) was enacted. The committee’s vote to restore the money is an important step.
- However, the committee **did not restore** the \$6.8 million of annual base municipal bridge aid cut by the Governor and the House. Recall that historically, \$6.8 million had been appropriated annually to repair or replace approximately 10-12 municipally-owned bridges per year. This level of funding resulted in an 8-10 year waiting period for state bridge aid, and 350+ municipal bridges on the red list. Last year’s increase in the road toll (gas tax) enacted in **SB 367** injected an additional \$8.3 million in municipal bridge aid for fiscal year 2015, and was supposed to **double** the historic amount of annual funding going forward, providing \$13.6 million each year.

This influx of state bridge aid provided in fiscal year 2015 (\$8.3 million from the road toll increase on top of the \$6.8 million base grant from the highway fund) did exactly what the supporters of **SB 367** intended – it more than doubled the number of bridge projects receiving state aid this year (from 11 to 23), advancing seven projects scheduled for fiscal years 2016, 2017 or 2018 into 2015.

NHMA Government Affairs Contact Information

Judy A. Silva
Executive Director

Cordell A. Johnston
Government Affairs Counsel

Barbara T. Reid
Government Finance Advisor

Timothy W. Fortier
Communications & Member
Services Coordinator



25 Triangle Park Drive
Concord, NH 03301

Tel: 603.224.7447/Fax: 603.415.3090
NH Toll Free: 800.852.3358

Email: governmentaffairs@nhmunicipal.org
Website: www.nhmunicipal.org

Municipal Aid - continued

Despite this success, the Governor, the House, and now the Finance Committee have all eliminated the base bridge aid grants of \$6.8 million provided from the highway fund, leaving just the \$6.8 million provided by the recent road toll increase. We are now back at the pre-**SB 367** level of funding, meaning that a municipality seeking bridge aid today is once again being told to wait until approximately 2024.

As you continue to talk with your senator about the impact of the state budget on municipal operations, please include a discussion of the state bridge aid program. Emphasize the intent of last year's road toll increase to *supplement*, not *supplant*, funding for municipal bridges in order to get these bridges fixed in a timely manner. The Department of Transportation's most recent [Bridge Status Report](#) shows the schedule of municipal bridge projects through 2026.

Meals and Rooms Tax Distribution

- The Finance Committee voted to continue the suspension of the meals and room tax distribution “catch-up” formula for fiscal year 2016, but appropriated an additional \$5 million in fiscal year 2017 in accordance with the formula. Under the Senate proposal, municipalities would almost certainly see an increase in the meals and rooms tax distribution check received in December 2016, but there would be no increase in December 2015.

Recall that this distribution is supposed to be 60 percent state/40 percent municipal and that currently, municipalities only receive approximately 25 percent of the total meals and rooms tax revenues. The meals and rooms tax revenue is coming in very strong this year, exceeding both last year's collection and the estimated budget for this year, and is expected to continue doing so through 2017. That means there is plenty of revenue to fully implement the catch-up formula, should the legislature determine that keeping this promise to municipalities is a priority.

State Aid Environmental Grants

- The committee did not restore funds for the so-called “tier 2” water/wastewater projects. Tier 2 projects ([listed here](#)) are projects which qualified for state aid grants prior to the moratorium enacted in 2013, but just didn't get on the list in **HB 2** when the 2014-2015 was adopted in June, 2013. In fact, back then the legislature recognized there would likely be projects not on the list but still eligible, and included language in **HB 2** stating that these projects would be funded “subject to the availability of funding.” Funding was available in fiscal year 2015 for those tier 2 projects until last December when, in anticipation of revenue shortfalls, the Governor ordered reductions, resulting in a cut of \$1.7 million in state aid grants from the Department of Environmental Services budget. The Governor then included funding for the tier 2 projects in her budget, but it was subsequently removed by the House.

Municipal Aid - continued

Ironically, the projected revenue shortfall which prompted the Governor's budget cuts last December now appears to be a revenue surplus; both the Governor and the Senate recently estimated that general fund revenues will be approximately \$25 million *over* budget for fiscal year 2015, rather than under budget.

Education Funding

- For fiscal year 2017, the committee capped adequate education grants at 140 percent of the amount distributed the previous year and decreased education stabilization grants by 4 percent each year. The House had removed the cap entirely and had reduced stabilization grants by 10 percent. A spreadsheet comparing estimates of current law, the House version of education grants, and the Senate Finance Committee version (Morse amendment 1786s) is available [here](#).

Amendment Would Restore RGGI Funds

It remains to be seen what the legislature will do about the Regional Greenhouse Gas Initiative (RGGI) and the funds that it generates from the sale of carbon dioxide allowances, including \$2 million per year for local government energy efficiency projects. As readers may recall, **HB 208**, as introduced in the House, would have repealed the program. Fortunately, the House amended the bill to keep the program alive; unfortunately, the amendment eliminated the funding for municipal energy efficiency projects. Instead, as it currently stands, **HB 208** would rebate all money from the sale of allowances to ratepayers.

The bill is currently before the Senate Energy and Natural Resources Committee, where an amendment has been proposed that would restore the funding for municipal projects, and then some. Under the amendment, funds from the sale of allowances would be allocated among all ratepayers based on their usage, and the amounts allocated to commercial and industrial ratepayers would be rebated to them. The remaining allocations—those for residential ratepayers—would be distributed to the low-income core energy efficiency program, and to municipal and school district energy efficiency projects. ***Please call your senator, and members of the [Energy and Natural Resources Committee](#), and urge them to support this amendment to HB 208.***

It is estimated that the amendment would provide approximately \$5 million per year for local government energy efficiency projects. That would be a rare instance of the legislature's *increasing* funds available for municipalities, and it is obviously a reason for municipalities to support the amendment. The amendment also has received support from the Business and Industry Association and from BAE Systems, New Hampshire's largest manufacturer and one of its largest employers, because it would help to reduce electricity rates—among the highest in the nation—for New Hampshire's businesses.

RGGI Funds - continued

There is some opposition to the amendment because it would not rebate any funds to residential customers. However, the Office of the Consumer Advocate, which is specifically charged with representing the interests of residential ratepayers, supports the amendment. The amount that is currently rebated to residential customers is less than 80 cents per month. As the OCA has pointed out, there is far more benefit to residential customers from the energy efficiency programs than could ever be achieved through these individual rebates. The programs have funded the weatherization of many homes for low-income customers, significantly reducing their energy costs (and probably reducing local welfare costs). Municipal energy efficiency projects, of course, help to reduce property taxes for everyone. Further, by increasing energy efficiency, these programs reduce demand for energy and thus help to keep costs down for all customers. According to the OCA, since 2002, the energy efficiency programs have saved over 10 billion electric kilowatt-hours and 16 million natural gas MMBtus, translating to customer savings of more than \$1.6 billion.

The committee will vote on the bill on Wednesday, and the full Senate on **June 4**. Please talk to your senator before then.

Where We Are, and Where We're Going

You may have noticed that the calendar and floor action sections of the Legislative Bulletin have been a lot shorter recently. It is not that nothing is happening, or that we have forgotten to include these items. It's that activity has shifted as we head toward the final weeks of the legislative session.

June 4 is the deadline for the House to act on all Senate bills and for the Senate to act on all House bills. Backing up from that, next Thursday, May 28, is the deadline for committees to report their bills. To meet that deadline, almost all bills had their hearings at least two weeks ago. Since that time, committees and subcommittees have been meeting in work sessions and executive sessions to debate and vote on their bills. These sessions are open to the public, but we do not list them in the Bulletin because it becomes unwieldy to try to list everything.

Meanwhile, the full Senate has been meeting in session every week, but the House has not met in session since May 6, and will not meet again until June 3 or 4. The House's busy season is January through March, when it has to act on all of the House bills (over 600 this year), including the budget, while the Senate is dealing with a much smaller number of Senate bills (about 280 this year). The roles are reversed in the spring, when the surviving House bills, including the budget, are sent to the Senate and the surviving Senate bills are sent to the House. If you're looking for excitement (loosely defined) this month, the best places to find it are in the Senate Finance Committee room and in the Senate chambers.

The Senate will act on a number of bills next week, and the Finance Committee will finalize its recommendations on the budget. The first week in June, the full Senate

Where We Are... - continued

will vote on the budget and all remaining House bills, and the House will vote on all remaining Senate bills. Then the “fun” begins, with the formation of committees of conference to negotiate on bills that have passed the House and Senate in different forms. The deadline for committee of conference action is June 18, and both houses will act on committee of conference reports the following week.

Click [here](#) for the NH School Boards Association's Legislative Bulletin.

HOUSE/SENATE CALENDARS

There are no House or Senate hearings next week.

HOUSE FLOOR ACTION

There is no House Floor Action to report this week.

SENATE FLOOR ACTION

Thursday, May 21, 2015

HB 233, relative to local approval of mining activity. **NHMA Policy. Passed with Amendment.**

HB 451, relative to local approval of mining permits. **NHMA Policy. Passed with Amendment.**

Right-to-Know Law: Current Issues

When: June 11, 2015

Time: 7:00—9:00 p.m.

Location: 645 Old Turnpike Road, Salisbury NH

Call 800-852-3358, ext. 3350 for more information

Click [here](#) to register on-line (*free to NHMA members*)

Fundamentals of Local Welfare

Thursday, June 18, 2015

9:00 a.m.—2:30 p.m.

An informative session for municipal officials new to local welfare administration. This workshop is presented by the NH Municipal Association and the NH Local Welfare Administrators Association. Attendees will receive a copy of NHMA's 2015 edition, *The Art of Welfare Administration*.

For more information and to register online, click [here](#).