

LEGISLATIVE BULLETIN

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2015 Session

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Committee Gets an Earful About Risk Pools

A standing-room-only crowd, consisting largely of municipal and school district officials, turned out for this week’s Senate Finance Committee meeting about the regulation of pooled risk management programs. As we noted last week, the meeting was prompted by concern about Property-Liability Trust’s recent announcement that it will not write any new coverage. A number of local officials spoke about their alarm and, in some cases, anger that PLT is being forced to run off its business, leaving no competition for public entity insurance coverage for worker’s compensation and property and liability risks.

One speaker stated, for example, that when his school district shopped for coverage last year, one risk pool’s quote for property-liability coverage was 45 percent higher than the other, while its quote for worker’s compensation was 10 percent lower; so the district naturally split its business, choosing the lower quote for each line. We have heard similar stories from many municipalities and school districts; splitting the business is common. That possibility, of course, will no longer exist.

The committee also heard lengthy testimony from the insurance expert who had served as the Secretary of State’s insurance consultant for almost three years, including several months as a liaison to PLT. He explained the history of risk pool regulation in New Hampshire and stated that if risk pools are going to be regulated by the state, there need to be much clearer standards than exist in RSA 5-B. He said the absence of standards may have contributed to the unusually adversarial relationship between the Secretary of State’s office and some of the risk pools, and may be responsible for much of the litigation over the last five years.

He also stated that, having worked extensively with PLT for many months, he believes PLT is solvent and has a viable plan for continuing to provide coverage, and he supported that plan; yet the Secretary of State’s office, which has no other insurance expert, objected to the plan, as a result of which PLT had little choice but to run off its business. No explanation for that objection was offered. Representatives from the Secretary of State’s office were present but declined an opportunity to speak.

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

Risk Pools - continued

A majority of the committee members clearly understood both the seriousness and the urgency of the problem. Unfortunately, with the Senate having rejected one amendment that would have transferred regulatory authority to the Insurance Department and another that would have specifically authorized PLT to stay in business, there is no legislative option left. It is unclear whether there is a non-legislative option, but we do know that a few senators are determined to find a solution.

Even absent a legislative option, we strongly encourage local officials to talk to their legislators about this situation. If there is to be any acceptable solution, it will require that the people who are in a position to do something understand how serious the problem is. *Please make sure your representatives and your senators know about the problems for local governments that will result from reduced competition among risk pools.*

Budget Goes to Committee of Conference

As anticipated, the House did not concur with the biennial budget changes in **HB 1** and **HB 2** adopted last week by the Senate; instead, the House requested a committee of conference to negotiate the differences between the two budgets. The committee, comprising five House members and four senators (along with numerous alternates from both bodies) will begin meeting this afternoon and will continue what we expect will be lengthy deliberations next week, with the goal of reaching a compromise on the two-year budget by next Thursday.

Both the House and the Senate revised their revenue estimates this week. Although there are differences between specific sources, their total revenue projections through June 30, 2017 are relatively close. However, that is not the case on the spending side, which is where most of the negotiating will need to occur. This includes significant differences in state aid to municipalities:

- The Senate included \$5 million for the meals and rooms tax distribution catch-up formula in the second year of the biennium, while the House level-funded the distribution for both years.
- The Senate fully funded highway block grants, including the additional amount from last year's road toll increase. The House had cut those grants by \$8 million.
- The Senate included \$3.4 million for state aid construction (for improvements to state roads that intersect local roads). No funding for that program was included in the House budget.
- The Senate removed language the House had included in **HB 2** that would limit flood control payments under interstate compacts.

Budget - continued

- The Senate added \$100,000 for the Secretary of State to purchase cameras for use by municipal election officials. The House did not include this funding in its budget, but retained the voter photo requirement in law.
- The Senate changed the education funding computations in fiscal year 2017 to ease into elimination of both the cap and the stabilization grants, whereas the House budget made significant changes all at once.

We will attend the committee of conference meetings religiously until a compromise is reached and will keep you posted, as needed, while the process proceeds to a final resolution.

Committee of Conference Week

Yesterday was the deadline for the House and Senate to form committees of conference. For the next week, the only significant legislative activity will be in those committees. Click [here](#) for a complete list of the committees of conference, their members, and when they are meeting.

Here is a refresher on the process. Each committee of conference comprises three senators and four representatives (except for the budget and trailer bills, which have four senators and five representatives, plus several alternates). For a House bill, the first-named House member serves as chair of the committee; for a Senate bill, it is the first-named senator. The members from each chamber are charged with defending their chamber's position (thus, someone who voted against the bill ordinarily will not be appointed to the committee), but of course the point is for the two sides to negotiate. The committee may adopt the House version of the bill, the Senate version, or a compromise. What it may not do is add any new subject matter to the bill—*i.e.*, any subject matter that was not included in either the House or the Senate version of the bill.

A committee of conference may take action only by unanimous agreement of all members. Not surprisingly, there are times when one House member or one Senate member (typically a member of the minority party) does not agree with the rest of the committee. In those cases, it is not unusual for that member to be removed by the Speaker or the Senate President and replaced with another legislator who will agree.

If the two sides cannot reach an agreement, they will issue a report to that effect, and the bill dies without further action. If they do reach an agreement, the committee's recommendation goes to both the House and the Senate. For the bill to pass, each chamber must adopt the committee's recommendation. If either chamber rejects the recommendation, the bill dies. It is rare, but not unheard of, for a committee of conference report to be rejected. What the House and Senate may not do is amend the bill as recommended by the committee of conference. It is an up-or-down vote, with no opportunity for changes.

Committee of Conference - continued

All committee of conference reports must be signed by next **Thursday, June 18**. The reports will go the Senate and House for action the following week; the deadline for both chambers to act on the reports is **Thursday, June 25**.

No Bulletin Next Week

Because no changes can be made to a bill after the committee of conference issues its report, the coming week is the last real opportunity to influence any legislation. After that, the only point of legislative advocacy would be to encourage the House and Senate to support or reject a committee of conference report; and, as stated above, once the committee adopts a report, passage by the House and Senate is virtually assured. Apart from the budget, there are only a few committees of conference that are of great interest to municipalities, and we do not anticipate that we will need to mobilize support (or opposition) on any of them.

For those reasons, and unless something unusual happens, ***there will be no Legislative Bulletin next week***. The last regular *Legislative Bulletin* will be published on Friday, June 26. If there is a need for action before then, we will issue a Legislative Alert.

Committee of Conference on RGGI Bill

As we reported last week, the Senate passed an amended version of **HB 208**, the regional greenhouse gas initiative (RGGI) bill, that would provide up to \$5 million for local government energy efficiency projects. This is dramatically different from the House version of the bill, which would *eliminate* all money for those projects and instead rebate to ratepayers all of the proceeds from the sale of carbon dioxide allowances.

As expected, the House did not concur with the Senate's amendment, so a committee of conference has been appointed. We are confident that the Senate conferees will stick to their position on the bill; the challenge is to get the House conferees to agree. Actually, if they cannot reach agreement and the bill dies, that would be preferable to adopting the House version of the bill, because it would leave in place the existing law, under which municipal projects are eligible for up to \$2 million per year. However, the Senate version is definitely preferable.

As a reminder, a broad range of interested parties supports the Senate version, including the Business and Industry Association, the state's largest manufacturer (BAE Systems), the PUC's Office of the Consumer Advocate, and NHMA. The issue is not whether RGGI is going to remain the law—it definitely is—but whether the funds will be put to good use. The Senate version accomplishes that.

The House conferees are Representatives Glen Aldrich (Gilford), Richard Barry (Merrimack), Herbert Vadney (Meredith), and Michael Vose (Epping). If any of them are your representatives (or even if not), **please contact them now and urge them to support the Senate's version of the bill**.

Coalition of Legislators Against Downshifting

The Coalition of Legislators Against Downshifting (CLAD) met on Thursday. (See [Bulletin #16](#) for a description of the coalition and our presentation to them in April.) The featured speaker this week was Mayor Ken Merrifield from the City of Franklin, who discussed the extent and impact of state aid reductions to his city over the past several years.

According to Mayor Merrifield, in fiscal year 2014 the city received \$838,000 less in state revenue than it had just a few years earlier; the decrease included the loss of revenue sharing and the state retirement contributions for teachers, police and fire-fighters, as well as reductions in meals and rooms tax and education adequacy funding. With total revenues of approximately \$10 million, a loss of \$838,000 is nearly a 10% reduction. He explained that while Franklin is starting to see vacant downtown space occupied by new retail businesses and other positive signs of new development, this economic growth is not, and will not be, sufficient to offset the loss of state revenues. The city's infrastructure (particularly roads) is suffering, with no capital outlay planned in the next budget, while property taxes continue to rise. While expanding the economy is key, the mayor also indicated that several manufacturing facilities with over 100 job openings are having difficulty finding applicants who can pass the drug screening process. He is concerned that a good workforce, vital to expanding the economy, is being threatened by drug abuse. Of the three dozen representatives in attendance, many indicated concerns similar to those expressed by the mayor.

Additionally, Representative Tom Buco of Conway presented a summary of the funding status for state aid grants for water and wastewater projects. He provided a [list](#) of fifty-two projects that are eligible for state grants under current law but will not receive any funding under either the House or the Senate version of the fiscal years 2016-2017 budget due to the continuation of the moratorium in **HB 2**. Many representatives were surprised to see their municipalities on this list.

CLAD is planning to meet once again before the end of the legislative session. We ask you to encourage your representative(s) to join this coalition. Downshifting to municipalities, improving local economies, and educating legislators and the public about the impact of state-level decisions on local property taxes are all issues that should be of concern to every legislator. With your urging, the next meeting of CLAD could (and should) be standing-room only!

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

HOUSE CALENDAR

Joint House/Senate Meetings Are Listed Under This Section

FRIDAY, JUNE 19

ENERGY EFFICIENCY AND SUSTAINABLE ENERGY BOARD (RSA 125-0:5-a), PUC Offices, 21 S. Fruit Street, Concord
9:00 a.m. Regular board meeting.

FRIDAY, JUNE 26

ASSESSING STANDARDS BOARD (RSA 21-J:14-a), NH Department of Revenue Administration, 109 Pleasant Street, Concord
9:30 a.m. Regular board meeting.

SENATE CALENDAR

There are no Senate hearings next week.

HOUSE/SENATE FLOOR ACTION

There is no House or Senate floor action to report this week.

NHMA Webinar

NHMA Webinar - 2015 Legislative Wrap-Up

Event Date: TUESDAY, June 30, 2015
Time: 12:00 PM - 1:00 PM
Contact: NHMA (603) 224-7447 Ext. 3408

Join Government Affairs Counsel Cordell Johnston and Government Finance Advisor Barbara Reid for a review of the highlights of the 2015 legislative session. This will be after the legislative session ends, so except for possible vetoes, all legislative action will be final.

This webinar will discuss the most significant bills of municipal interest that made it through the legislature this year, as well as a few that failed but may be back next year. The discussion will include, among others, the state budget, highway funding, state aid grants for water and wastewater facilities, the Right-to-Know law, planning and zoning issues, assessing, and local governance issues.

This webinar is open to members of the New Hampshire Municipal Association.

[Click here to register before June 29](#)