

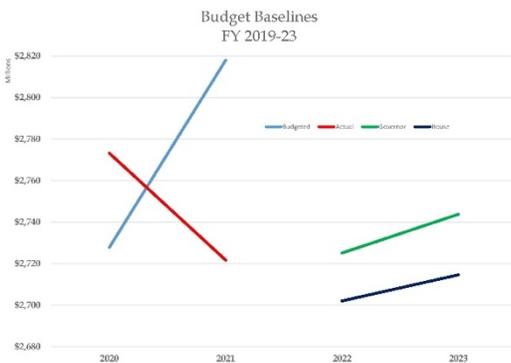
REVENUES

While revenues from the state Meals and Rooms Tax did suffer from the widespread drop in visits to restaurants and hotels over the past year, overall state revenues have exceeded the budget plan by more than \$100 million. Business tax receipts (Business Profits Tax and Business Enterprise Tax) have exceeded projections by more than \$83 million through the end of March. M&R revenues have fallen nearly \$60 million short of plan. Tobacco tax revenues have come in \$31.7 million (21.8%) above plan.

The booming revenues (aided in part by several rounds of federal COVID-19 relief bills) have put New Hampshire in position to balance its next budget without tax increases and with nearly flat spending. April and May are vital months for New Hampshire revenues, particularly business tax collections, so Senate budget writers will have more information at hand when those revenue figures are published.

IS SPENDING GOING UP FOR DOWN?

Sununu's budget proposal would have represented a 3.3% cut in General and Education Fund spending in FY22 compared to the amount appropriated for FY21. But as noted earlier, the state didn't spend that amount, saving nearly \$100 million through the hiring freeze and other pandemic-prompted cost controls. Instead, Sununu's February budget would essentially level-fund state government, with 0.13% increase in FY22 with moderate spending growth in FY23.



The House-approved budget would spend \$50 million less in FY22 and grow slightly slower in FY23. That would be 4.1% decrease in FY22 from FY21 appropriations, but just a 0.7% cut from what will actually be spent in FY21.

Over the two-year budget, the governor's proposal represents a 0.47% drop in total General and Education Fund spending, while the House budget would be a 1.43% decrease.

POLICY DIFFERENCES

While there is little difference in overall dollars and cents between Sununu and the House, there are several policy differences. The House would spend less money on Health and Human Services, directing the department to find \$50 million in savings over two years in "back of the budget" cuts. The House plan does not include Sununu's proposal for a voluntary paid family and medical leave program. The House would create a commission to study Sununu's proposal to consolidate the university and community college systems. The House budget also allocates \$100 million in FY23 to fund a one-time reduction in the Statewide Property Tax.

The House budget includes a provision limiting the governor's authority to issue executive orders during a public health emergency. Under current law, governors may renew such orders as desired unless the Legislature passes a joint resolution countering the orders. The House language would require legislative approval to renew any emergency order, unless the Legislature were unable to meet.

The House budget would also refund New Hampshire businesses for any fines incurred for violating the state's emergency orders during the COVID-10 pandemic.

The House would prohibit state funding to agencies or contractors who teach "divisive concepts," including any "form of race or sex stereotyping or any other form of race or sex scapegoating." This is meant to counter the spread of Critical Race Theory.