

Democrats' tax plan and fuzzy accounting are too risky

NEW HAMPSHIRE

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Rep. Dick Hinch Opinion

WOULD YOU BUY a new, more expensive home with your one-time bonus from work or based on income you can't reasonably expect to receive? Sure, you might be able to pay the bills for a few months, but what happens when your pipe dream money plan dries up? You've dug yourself into a financial hole and you'll have to make severe cutbacks. That's just what House and Senate Democrats have done with their state budget proposal this year.

Governor Sununu rightly vetoed the Democrats' budget. I support him for doing so. In his veto message he said, "New Hampshire families know they have to live within their means and they have every right to expect their government to do the same." I couldn't agree more. Democrats have built a budget based on inflated tax revenue expectations, and using one-time revenue to grow government not just now, but perpetually. That's a recipe for disaster, and will undoubtedly create a budget deficit in the not too distant future.

When the House and Senate formed a committee of conference to work out a compromise budget proposal, one of their first actions was to raise revenue expectations. My colleague, and longtime member and past chairman of the House Ways and Means committee, Rep. Norman Major, tells me they are really pushing the envelope. They've raised the total estimates for the General Fund and the Education Trust Fund higher by at least \$75.5M over the bipartisan House estimates with no basis for doing so. These revised revenue estimates were not evaluated by the House Ways & Means committee prior to their

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That's not what property tax payers want.

Since they know broadbased taxes are unpopular, they are attacking our small business community once again. Just as we are in the midst of building a sustainable, expanding economy with low unemployment, Democrats have chosen to turn their backs on a promise to reduce and reform business taxes. Their claims that they are freezing rates are just not accurate. The Business Enterprise Tax alone would jump by 12.5%, and that is a step in the wrong direction that will hurt our economy and discourage job and wage growth.

Democrats also chose to slide in several major policy proposals and a myriad of fee increases into their budget that didn't previously go through the legislative process or just plain don't belong in a document meant to fund government operations. I can't support doing things like changing the smoking age, creating a housing appeals board, or removing a prohibition on state funds to be used on abortion services. They even chose to introduce an unsustainable school funding plan that had no public hearings, no legislative votes and is nothing short of spreadsheet politics at its worst. Those should be separate bills, and the budget should not be used to circumvent the legislative process.

adoption by the committee of conference. They just winged it.

Democrats can't help themselves. In order to spend as much money as they can, they notoriously get creative with their revenue projections to make it look like they've produced a balanced budget, when, in fact, they are spending money we can't reasonably expect to come in.

That's not where their accounting gimmicks stop. They are using all or most of our current state surplus to increase spending on a permanent basis. New Hampshire will have a budget surplus of over \$200 million this fiscal year. Responsible budgeting practice would be to use this money for one-time spending, since we can't always rely on our current set of economic conditions or federal policy changes that contributed to our position. Democrats have proposed to use this surplus to grow government spending now and forever. If revenue should not perform as well in future years, we will have a built-in structural deficit, and cuts would be necessary. That's making a promise you can't keep.

This is important because Democrats would have you believe one of their budget accomplishments is sending money back to towns and cities. I would not want to give false hope to cities and towns that the state will be able to sustain higher spending forever. I don't even believe we can afford it for these next two years. It will come back to haunt us and it will lead us to an income tax or other broadbased tax down the road, or leave municipalities to foot the bill on their own.

Building a state budget isn't easy. I spent the prior two terms as a member of the Republican leadership team, working alongside Republican budget writers in the House and Senate to craft and pass what we believed were sound spending plans that did not raise taxes or fees, spent taxpayer money responsibly, and met the needs of our state while making sure our most vulnerable received the services they need.

Democrats have chosen an extreme route with this budget, and they knew it would not pass muster with the governor or members of my Republican party. They want to raise taxes and spike spending by over 13% so badly, they were willing to face a veto, and create a standoff. I, for one, will stand with the governor and taxpayers of our state who believe there is a better, more responsible way to finance state government.

Those who want an income or other broadbase tax love this Democrats' budget. To them, I say, "No thank you."

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