

Sununu lobbies against business tax hikes

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Taxes go up if revenues fail to meet state budget target.

By Kevin Landrigan

New Hampshire Union Leader

CONCORD — Gov. Chris Sununu said he will ask the Democratic-controlled Legislature to make a key change in the two-year state budget to avoid raising business taxes because of slumping revenues related to COVID19.

Last fall, Democratic lawmakers opposed to business tax cuts got Sununu to agree to set triggers for the Business Profits Tax and Business Enterprise Tax.

If state revenues through June 30 are 6 percent over forecast, business taxes will be cut as spelled out under current law approved in 2017. If state revenues are 6 percent below forecast, a previous business tax cut would be repealed, raising business taxes by as much as 12 percent.

If revenues meet the forecast, business tax rates would remain the same.

The BPT now is 7.7 percent and the BET tax is 0.6 percent.

Sununu said he agreed to this arrangement because he did not think revenues would plummet. The pandemic has changed that.

Since the governor imposed COVID-19-related restrictions in mid-March, closing non-essential businesses and banning groups larger than 10 from meeting, state revenues have slumped.

The two-term Republican governor said lawmakers should suspend any business tax

to bring back workers and help struggling businesses stay open.”

Sununu’s 2020 foes backed state budget change

The two Democrats vying to run against Sununu for governor this November both opposed the business tax cuts.

Senate Majority Leader Dan Feltes and Executive Councilor Andru Volinsky, both of Concord, maintained out-of-state companies with few ties to New Hampshire taxpayers were getting the lion’s share of the tax break.

In a related development, Sununu said — after a month of waiting — that he has received guidance from the U.S. Treasury Department on how New Hampshire can spend its \$1.25 billion block grant under the CARES Act Congress passed.

Sununu said he asked federal officials for additional “clarification” on some of the details.

The governor said it’s clear the money cannot be spent either to backfill existing spending in the state budget or replace state revenues that have plunged because of the virus.

“This money cannot be used by the state or municipalities to address revenue shortfalls,” Sununu said. “The days of spending like it’s 2018 are behind us.”

Some Democratic state budget writers had read the CARES Act language to permit using the grant to bail out government budgets, but Sununu said the federal guidance is clear that’s not allowed.

“Maybe there is another round of relief in the future that allows us to recoup shortfalls,”

increase at a time when many firms are closed and retail sales have tanked because of the virus.

“Asking them to put more into taxes is absolutely wrong. It is the wrong thing to do,” Sununu told reporters. “It doesn’t make much sense.”

The governor’s call came a day after Jim Roche, president of the Business and Industry Association, made the appeal against business tax hikes to a legislative advisory committee Sununu named to consult about federal spending of COVID-19 relief dollars.

Hours before Sununu’s remarks, the fiscally conservative Americans for Prosperity chapter began airing digital ads urging lawmakers to come out against business tax hikes.

“Right now our focus needs to be on getting employers, and particularly small businesses, a chance to get off the mat. Now is the worst time to increase taxes and be kicking New Hampshire’s entrepreneurs while they’re down,” said Greg Moore, AFP’s state director. “Instead of punishing small businesses with an absurd 12.5% tax hike, we should be providing businesses with tax relief

Sununu said. “Right now, that does not exist, and we have to be cognizant of that.”



Gov. Chris Sununu says he will ask the Democratic-controlled Legislature to change the two-year state budget to avoid raising business taxes if COVID-19 causes state revenues to plummet. Sununu agreed last fall to a trigger that will raise business taxes if all revenues come up 6 percent below forecast.
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