

Super majority on tax hikes requirement draws warning

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◆ **Proposed amendment:** State budgeting problems discussed.

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CONCORD — Supporters of a proposed constitutional amendment to require a super majority to pass increases or new taxes, fees and bonds say it will ensure limited government now and into the future.

But opponents of CACR 6 told the Senate Internal Affairs Committee the amendment would be a disaster for state finances and leave New Hampshire in the same fiscal condition and gridlock as California.

The amendment requiring a three-fifth majority for taxes, fees and bonds “will tie the hands of big spenders and make it more difficult to pass a sales or income tax or increase businesses taxes which are the highest in the country,” said House Speaker Bill O’Brien. “Limited government will be protected here in New Hampshire.”

But Rep. Peter Schmidt, D-Dover, said the proposal will lead to the tyranny of the minority. “A super majority is inherently hostile to our fundamental form of government,” he said.

During the hearing, committee member and Senate Minority Leader Sylvia Larsen, D-Concord, noted O’Brien had voted against a similar CACR in 2005 and read from the committee recommendation written by Rep. Shawn Jasper, R-Hudson, who said at the time the committee did not want to tie the hands of future legislatures.

“I’m wondering now at what point we could not trust ourselves to be responsible?” Larsen asked O’Brien, who responded, “I wonder why any member of the Legislature would not trust the people to decide.”

He said it is elitist for lawmakers to sit back and say “we

know what is best,” adding since 2005, there has been an “astounding increase in spending” that has led to the acute budgeting problems now facing the state.

But Larsen reminded O’Brien New Hampshire is historically and continues to remain one of the lowest taxing states in the country.

O’Brien said the state’s high business taxes effectively puts signs on the state’s borders saying, “New Hampshire is not open for business.”

Jasper later said at the time he did believe what he wrote six years ago, but since that time “my eyes have been opened the last four years and my thinking has changed. ... The Legislature can’t always be trusted to do the right thing. This is an opportunity to let the people decide if we should be constrained.”

The proposed amendment passed the House by the needed three-fifths majority and will need 15 votes in the Senate to be placed on the 2012 general election ballot, where it will need a two-thirds majority vote to change the Constitution.

While supporters said it would help get the state’s fiscal house in order, others contended it could well led to a drop in the state’s bond rating, making it more expensive for the state as well as cities, towns and counties to borrow money.

State Treasurer Catherine Provencher said the proposal would limit the state’s flexibility to respond to a financial challenges. “This would be a credit negative, but that does not necessarily mean a one-for-one downgrade in our bond rating,” she said.

While many elements are used to determine the state’s bond rating, she said, both Moody’s and Standard & Poor’s view super majorities as a negative.

Committee member, Senate Majority Leader Jeb Bradley, R-Wolfeboro, noted credit rating agencies now include state pension system liabilities and health care obligations in determining state’s bond ratings, and asked if the state’s large unfunded liability in those areas would be more likely to cause a downgrade than the amendment.

Provencher said “a combination of all of those is likely to result in a downgrade. This is a policy decision,” but noted Standard & Poor’s confirmed the state’s rating as AA stable last week. Jeff McLynch, executive director of the New Hampshire Fiscal Policy Institute, said the proposed amendment would limit the options available to address budget shortfalls and distort policy choices.