



**THE GENERAL COURT
OF
NEW HAMPSHIRE
CONCORD 03301**

DONNA M. SOUCY
PRESIDENT OF THE SENATE

STEPHEN J. SHURTLEFF
SPEAKER OF THE HOUSE

Dear Mayor Bouley and Council members,

As the Legislature and Governor continue to negotiate the state budget, we understand that cities and towns are left waiting and wondering about the impact they will face. Throughout the budget process, the House and Senate have prioritized municipal aid and increased education funding, and we will continue to do so as we work with Governor Sununu to develop a budget that works for all New Hampshire communities, families, and businesses.

Our cities and towns are facing many crises including the opioid epidemic, mental health and education funding. In recent years, resources from the state to the municipalities have been diminished, leaving property taxpayers in your cities and towns responsible for picking up the tab. We know that continued downshifting is unsustainable. The budget passed by the committee of conference looks to reverse that trend and provide much needed relief to municipalities. This budget sends over \$200 million more to communities in education funding and municipal aid than the previous biennium.

We are grateful for the work you do as leaders in your community and believe it is important for you receive the full story on the budget.

First, it is important for you to know that the budget the Legislature delivered is structurally sound. Our budget takes advantage of a surplus and uses it to fund about \$110 million in one-time, capital expenses. Our budget still adds money to New Hampshire's rainy-day fund at the end of the biennium, leaving it at the highest level in state history.

Second, because this budget has not been signed into law, school districts will see another 4% reduction in education funding on September 1st and will not see the \$40 million in municipal grants the House and Senate provided in our budget. The status quo will lead to downshifting of costs to cities and towns and we understand that the status quo is no longer acceptable.

Third, while Governor Sununu claims we can fund everything in our budget and address all of New Hampshire's needs without the additional corporate tax breaks he vetoed this budget over, that's simply not true. If we move forward with another round of tax breaks, the state will be left with a \$90 million revenue gap. Those funds are critical to building this budget which provides municipal aid, increases education funding, and addresses critical crises like the opioid epidemic, mental health crisis, and child protection crisis. These programs will benefit all taxpayers, including homeowners and businesses in your municipality.

Before we passed our final budget, the Legislature addressed many of the governor's concerns and sought to find meaningful compromise because we know delivering a budget that works for New Hampshire is bigger than any individual priority. Governor Sununu said he would veto a budget that closes the capital gains loophole to fund education. We took that out. Governor Sununu said he would veto a budget because he opposes paid family and medical leave insurance. We took that out, too. Now the Governor needs to be come to the negotiating table willing to compromise, for the good of New Hampshire.

Overall, the Legislature passed a budget that deals head-on with the many crises facing the state and helps expand economic opportunity for everyone, without implementing any new taxes. This budget was the product of input from agencies, stakeholders, citizens, and municipalities. And it was put together through hundreds of hours of work, collaboration, and compromise. It truly is a budget that works for everyone. We remain committed to working with the Governor toward a timely resolution.

Again, we appreciate the opportunity to present the full story on the budget. More importantly, we appreciate your hard work and dedication to New Hampshire and its citizens.

Sincerely,



Donna M. Soucy, Senate President



Stephen Shurtleff, Speaker of the House

