



STATE OF NEW HAMPSHIRE
OFFICE OF THE GOVERNOR

MARGARET WOOD HASSAN
Governor

April 26, 2016

Senate President Chuck Morse
New Hampshire Senate
State House, Room 302
107 North Main Street
Concord, NH 03301

Speaker Shawn Jasper
New Hampshire House of Representatives
State House, Room 311
107 North Main Street
Concord, NH 03301

Dear Senate President Morse and Speaker Jasper:

Working together over the past several years, we have restored the State of New Hampshire to sound financial footing and helped support our local businesses in creating jobs and spurring economic growth. That is why I write today in support of Senate President Morse's proposal to eliminate the single-year cap on transfers to the Rainy Day Fund, and to recommend additional steps that will strengthen the State's fiscal foundation, keep our economy moving forward and improve the health and safety of our citizens.

Revenues are already \$80 million above plan this year, and expected to exceed plan by a similar amount next year. With these revenue surpluses, combined with the \$30 million from the MTBE lawsuit slated to go in the Rainy Day Fund, we are on track – for the first time in recent history – to potentially fill the Rainy Day Fund to its statutory limit of 10 percent, or \$140-\$150 million, of general fund unrestricted revenues by the end of this biennium. This important milestone has the potential to improve New Hampshire's bond rating over time, reducing long-term costs to our taxpayers.

Moreover, we can fill the Rainy Day Fund to its statutory limit while also making smart and necessary investments to address critical issues facing our state – combating the heroin and opioid crisis, ensuring adequate funding for the Sununu Center and juvenile justice, and meeting our obligation to fully fund the state's school funding formula. And it is clear that we will also once again be in a position to reinvest over the next several years in critical priorities such as school building aid and local water and sewer infrastructure grants.

Given our strong financial position – and some of the pressing needs facing our state – I am recommending the following:

- Immediately pass pending legislation that makes necessary and critical investments in combating the heroin and opioid crisis: at least \$3 million for the Governor's Commission on Alcohol and Drug Abuse Prevention, Treatment, and Recovery for prevention, treatment and recovery providers to assist thousands of Granite Staters; \$2 million for supportive housing for people in recovery; \$2.9 million to fund a statewide drug court system; \$1.9 million for critical assistance to help support local and state law enforcement in their efforts to stop drug trafficking; \$130,000 for technology upgrades to the prescription drug monitoring program; and \$125,000 for an additional attorney at the Department of Justice focused on opioid-related crimes and issues.
- Amend a bill to allow up to \$25 million of this year's revenue surplus to go into the Rainy Day Fund at the end of this Fiscal Year, doubling the Rainy Day Fund.
- Pass Senator Morse's amendment eliminating the single-year cap on transfers into the Rainy Day Fund, which will help the Rainy Day Fund reach its statutory limit of 10 percent of general fund unrestricted revenues.
- Remove from the table legislation, or amend another bill, to fully fund our obligations under the state's education funding formula for Fiscal Years 2016 & 2017.
- Pass pending legislation to fully fund our obligation to our retirees' health insurance and to ensure adequate funding for Police Standards and Training.
- To protect public safety, restore funding to the Sununu Center.
- Pass reforms to the tax system (SB 349) that will make it easier for our small start-ups to attract investment capital.
- Consider amending legislation to dedicate any excess revenue after the Rainy Day Fund is filled to restoring the School Building Aid program.

Even after addressing these pressing issues, we will be on track to potentially fill the Rainy Day Fund, leaving New Hampshire on a solid financial footing for the next group of budget writers.

Over the past several years, we have worked together to hold down the cost of higher education, expand access to health care coverage to nearly 50,000 hard-working Granite Staters, strengthen community-based mental health in part due to our landmark mental health settlement and make the most significant state-level investment in transportation infrastructure in more than two decades. We have also begun addressing some critical problems, such as attracting pediatric nurses to deliver in-home care and developing a plan for 24/7 child protective service coverage.

In the months since the budget went into effect, our state's financial situation has continued to significantly improve. Although late in the legislative session, we still have an opportunity to continue to work together to further our shared priorities – protecting public health and safety, ensuring our state is on a solid financial footing, and investing in building a stronger economic future. I believe we have a critical and important opportunity to continue to move New Hampshire forward, and I look forward to continuing to work with you on this effort.

With every good wish,



Margaret Wood Hassan
Governor

Cc: Senator Jeff Woodburn
Representative Stephen Shurtleff