nhfpi New Hampshire Fiscal Policy Institute

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Senate-Passed Constitutional Amendment Still Poses Problems

CONCORD – Despite last-minute changes adopted in the Senate today, a proposed constitutional amendment to prohibit any new taxes on personal income still leaves many questions outstanding.

"NHFPI appreciates the Senate's effort to address some of the problems in the House-passed version, but this last-ditch effort will still cause more problems than it solves," said Jeff McLynch, executive director of the New Hampshire Fiscal Policy Institute.

"This constitutional amendment is likely to trigger prolonged legal battles that will tie the hands of lawmakers for years to come, making it difficult, if not impossible, to address New Hampshire's reliance on business or property taxes," he said.

The Senate-passed version attempts to clarify what constitutes a "person" or a "new" tax on income, but that language will likely create difficulties for preserving or reforming taxes already on the books in New Hampshire.

Nearly two dozen state and local leaders, including former Deputy House Speaker Kimon Zachos, sent the Senate a letter opposing the original proposal last month. Among their concerns:

- It would lead to prolonged legal wrangling in the courts over definitions of certain words and legal concepts.
- It seeks to fix a problem that doesn't exist given that neither the governor nor the legislature has seriously considered an income tax in recent years.
- It would deny future generations the right to make decisions about how best to meet the needs of the state and to hold their elected officials accountable.
- It would freeze the state's tax system in place, making it hard to reduce New Hampshire's reliance on property and business taxes.

"Changes to New Hampshire's most basic and foundational document should be rare and demonstrate a clear need. CACR 13 does not pass this test," the letter states.

More detailed information about these concerns can be found at http://www.nhfpi.org/research/state-tax-policy/testimony-regarding-cacr-13.html

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