Common Cents

New Hampshire Fiscal Policy Institute Blog

The Budget Trailer Bill Hits the Road

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On February 21, the Office of Legislative Budget Assistant published the public version of House Bill 2, also called the "Trailer Bill." In this proposed legislation, Governor Sununu outlined the policy changes that enable some of the proposed modifications to State government indicated in the primary budget document, House Bill 1, released on February 9 to coincide with the Governor's budget address. House Bill 2 will now be scrutinized by the Legislature and move through the process alongside House Bill 1, which allocates the funding to specific line items.

However, the 89-page House Bill 2 does not necessarily have to include only items related to the budget's appropriations. While it is informally paired with House Bill 1, enables some of the items in House Bill 1, and is usually considered part of the State budget in policy debates, House Bill 2 can be treated as any other piece of legislation and can include items unrelated to State expenditures. For more on the budget process, see our Building the Budget resource.

Governor Sununu's proposed House Bill 2 includes the policy changes that could not be enacted through moving money between line items in House Bill 1, ranging from overhauling laws regulating pet animal sales to modifying health and fitness requirements for corrections officers to continuing temporary suspensions of certain local aid programs established in statute. The public release of this draft legislation sheds light on four substantial policy areas that have already drawn substantial attention.

The Governor has proposed a reorganization of the Department of Resources and Economic Development and the Department of Cultural Resources into two new departments, the Department of Business and Economic Affairs and the Department of Natural and Cultural Resources. Many functions would be transferred or re-established across the two new departments, with the Department of Natural and Cultural Resources including the Divisions of Forests and Lands, Parks and Recreation, Libraries, Arts, Film and Digital Media, and Historical Resources. The stated purpose of the proposed Department of Business and Economic Affairs is to efficiently coordinate two divisions, the Economic Development and Travel & Tourism Development Divisions.

The Governor's budget proposes the new Infrastructure Revitalization Trust Fund (IRTF), which would collect all surplus revenue from the previous biennium, ending June 30, 2017, above the amount required to fill the Revenue Stabilization Reserve Account (or Rainy Day Fund) to $100 million. Governor Sununu anticipates putting $84.4 million into the IRTF, with the written intent of providing targeted grants to fund select local and State infrastructure projects with these one-time funds held by the State Treasurer (and any interest or other earnings those funds accrue). The Governor, under this proposal, would have the authority to expend IRTF money with the approval of the Fiscal Committee and the Executive Council, after consulting with the Infrastructure Revitalization Commission. This Commission would include four legislative leadership-appointed State lawmakers, two State department commissioners or their designees, and four members appointed by the Governor, one of whom must be a municipal official. The IRTF money may be spent on the needs of the State and municipalities.

The Kindergarten Initiative Development Support (KIDS) grants would, as proposed, provide a sliding-scale subsidy to communities based on three factors: property wealth (weighted more heavily), free and reduced price lunch eligible students, and English language learner students in each municipality relative to State averages. In this formula, every municipality with kindergarten students would receive funding if the Legislature appropriates money to the KIDS grants.

The Alcohol Abuse Prevention and Treatment Fund formula would be modified to increase the percentage contributed from 1.7 percent to 3.4 percent of State fiscal year gross profits from the Liquor Commission. If at least 80 percent of the funds are committed or used in any State fiscal year, the percentage of profits going to the fund increases to 4.0 percent.

This discussion touches on only four issues in House Bill 2 of 67 items summarized in the legislative analysis. Both House Bill 2 and the 876-page House Bill 1 will certainly present more issues as State legislators now begin to make amendments to the State budget.