

Legislature Sends State Budget to Governor

On June 24, 2021, both the New Hampshire House of Representatives and the State Senate passed the [State Budget proposal](#) from the budget's Committee of Conference. Both bills, [House Bill 1](#) and [House Bill 2](#), are [likely](#) to be signed into law by the Governor.

The State Budget will substantially reduce revenues through both immediate and long-term tax modifications, with the most significant long-term change, [eliminating the Interest and Dividends Tax](#), significantly lowering taxes primarily on high-income individuals while reducing future revenues available for public services. The budget will direct [more aid](#) to school districts with more low-income students and target a one-time appropriation to communities with substantial property wealth relative to the number of students they serve. New policy language incorporated as part of the State Budget will permit certain parents to use public education dollars for private education expenses. Both affordable housing efforts and municipalities will receive more State funding support under this budget relative to the last one. Additional funds will be devoted to the construction of a forensic psychiatric hospital and medical services for adults in long-term care settings. The State Budget also includes policy language that restricts access to certain reproductive health care, places additional checks on the Governor's emergency powers, and prohibits certain speech regarding systemic racism and sexism.

NHFPI has [published resources](#) regarding the changes in each budget proposal throughout the 2021 Legislative Session. See NHFPI's resources regarding the iterative State Budget proposals:

- [Committee of Conference Largely Accepts Senate Version of State Budget with Key Changes](#) – June 21, 2021
- [The Senate's Budget Proposal for State Fiscal Years 2022 and 2023](#) – June 11, 2021
- [The House of Representatives Budget Proposal for State Fiscal Years 2022 and 2023](#) – April 26, 2021
- [The Governor's Budget Proposal for State Fiscal Years 2022 and 2023](#) – March 11, 2021

The State Budget now moves to the Governor's desk, and he is expected to sign both budget bills. Under [Part Second, Article 44](#) of the New Hampshire State Constitution, the Governor's signature on a passed bill always results in a bill becoming law. A gubernatorial veto sends the bill back to the Legislature, and that bill only becomes law if the Legislature overrides the Governor's veto with a two-thirds majority roll-call vote from both chambers of the Legislature. When the Governor does not sign a bill within five days (excluding Sundays) while the Legislature is in session, the bill becomes law as if the Governor had signed it. However, if the Governor does not sign a bill within five days (excluding Sundays) and the Legislature has adjourned, the bill does not become law and the Governor has executed a "[pocket veto](#)" of the bill.

The new State Fiscal Year begins on July 1, 2021. The State needs to establish some form of new expenditure authority for most State operations and services by that date, as the [current State Budget](#) expires June 30, 2021.

Visit the NHFPI website's [State Budget](#) page for links to all related resources, and watch for a forthcoming Issue Brief comparing the next State Budget as passed to the current State Budget.

- *Phil Sletten, Senior Policy Analyst*