



**STATE OF NEW HAMPSHIRE  
OFFICE OF THE GOVERNOR**

**CHRISTOPHER T. SUNUNU**  
Governor

June 28, 2019

**Governor's Veto Message Regarding House Bill 1 and House Bill 2**

By the authority vested in me, pursuant to part II, Article 44 of the New Hampshire Constitution, on June 28, 2019, I have vetoed House Bill 1, making appropriations for the expenses of certain departments of the state for fiscal years ending June 30, 2020 and June 30, 2021, and House Bill 2, relative to state fees, funds, revenues, and expenditures.

New Hampshire has built a thriving economy that is the envy of the Northeast, a result of our 2017 efforts to lower the tax burden on employers and engage in smart regulatory reform. In addition, my first budget exhibited disciplined fiscal restraint by using targeted, one-time investments for the state's most pressing needs. The legislature's proposed budget for fiscal years 2020 and 2021 reverses this winning formula in a manner that both threatens the state's economic growth and leaves the next legislature with a massive fiscal deficit. This budget takes us down the wrong path, and the people of New Hampshire will never support it.

Four years ago, New Hampshire had the highest business taxes in New England and a stagnate economy. The Legislature began the process of providing tax relief by lowering the burden on our employers in a measured process. This had an immediate impact on our economy. Employers thrived and created jobs. Since we began our commitment to lifting the burden on business, almost 27,000 more New Hampshire residents – our friends and neighbors – are working. The most in state history.

Today, the biggest concern of our employers is that they simply cannot find enough people to fill the many open positions. At the same time, the state has reversed a trend of watching young people leave the state. These young professionals are moving to New Hampshire because of the career opportunities, quality of life, and strong public schools.

This budget would reverse that success. Most notably, it would hurt our family-run small businesses, the lifeblood of our economy, with an immediate, and retroactive, 12.5% tax increase. This would have a chilling effect on entrepreneurs who are thinking of starting a new business or adding new employees. We need to continue to send a clear message that our state is on the side of these hard-working small business owners who give opportunities for thousands to find the career of their dreams.

In addition to imposing job killing tax increases, House Bills 1 & 2 would set up the next Legislature for fiscal instability by delivering them a budget that is structurally unbalanced. In the second fiscal year of this budget, spending exceeds revenues by \$93.4 million, driven by

Education Trust Fund expenditures that overspend by \$81.5 million. Signing a budget with this massive deficit would force the next legislature to choose between massive tax increases or major spending cuts.

We have been here before and we know all too well how it turned out. When crafting the budget in 2009, policymakers built in a massive structural deficit and gambled on unrealistic expectations for future revenues. The results were nothing short of catastrophic, and the next legislature was forced to cut critical programs and layoff state employees. I will not put our State in that position again.

New Hampshire families know they must live within their means and they have every right to expect their government to do the same. Unlike Washington, our state does not and should never pass unbalanced budgets. Taking out a big mortgage with a one-time bonus from work would be a terrible decision, but that is precisely what this budget does.

Creating a budget with a structural deficit to expand funding streams to municipalities is a recipe for pulling the rug out from underneath these communities in the coming years. When future legislatures need to restore budgetary order, that same funding will be the first to be cut. This is in sharp contrast with the pragmatic approach of the last two years, during which time we used surplus funds to make one-time investments to assist local governments in solving their most-pressing problems, such as road and school infrastructure.

As Governor, my job is to represent the 1.35 million people of this state, and I must consider the long-term consequences of anything as critical to New Hampshire as our state budget. By putting our booming economy at risk and by building spending expectations that are unsustainable, this budget relies on bad financial management practices and therefore, I cannot support it.

I stand ready to work with the Legislature to develop a budget that keeps our state on our current successful path. There is no reason to wait. My door is open – let's get this done.

For the reasons stated above, I have vetoed House Bill 1 and House Bill 2.

Respectfully submitted,



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Christopher T. Sununu  
Governor