

Experts debate how to solve state budget issue

By Joseph Singh

Published on Wednesday, October 6, 2010

Choices must be made regarding New Hampshire's taxation and spending priorities to combat rising state deficits, according to a panel of experts and community leaders who spoke in a discussion called "Putting Our Money Where Our Mouth Is: New Hampshire's Priorities and Budget," held in the Rockefeller Center on Tuesday.

Economist and executive director of the New Hampshire Center for Public Policy Studies Steve Norton indicated that the state is suffering from a structural deficit, and that current sources of revenue were insufficient to adequately fund state services.

"The revenue structure we have established does not keep up with the social contract that we keep with the citizens of New Hampshire," he said.

Cathy Silber, executive director of the Granite State Fair Tax Coalition, offered four possible remedies for the state's budget woes.

"We can cut back on services when the need goes up or costs rise, we can raise revenue sources, we can combine these two options, or we can do nothing," she said.

Brian Walsh, chairman of the Hanover Board of Selectman, described his concerns, which he said he believes are shared by local governments across the state.

"In the past two years, the Town of Hanover tax rate has gone up 2 percent a year," he said.

He linked this to a marked decrease in payments from the state government to the local governments. He added that the state has delegated control over a number of services to local authorities, which has now created additional costs for county governments. He pointed to the role that local non-profits have played in filling the lack of services offered by the state.

"We are using private insurers to fund state obligations," Walsh said.

Panelist Merilynn Bourne, executive director of the non-profit Listen Community Services in Lebanon, said she has seen the effects of the budget constraints first hand.

"For many people, their property taxes are greater than their mortgage payments," she said.

The poorest 20 percent of N.H. families pay 8 percent of their income in state and local taxes, while the richest 1 percent only pay 2 percent, according to a Institute on Taxation and Economic Policy report. In the last year, Listen has seen a 40 percent increase in individuals seeking its services — which include food distribution and career counseling — as a result of their inability to afford their property taxes, according to Bourne.

“We need to redistribute the burden,” she said.

Bourne favors addressing the state deficit and high property tax rates by introducing an income or sales tax. Norton was more cautious to endorse a specific revenue structure. He said that though much of the public debate on the deficit has focused on whether or not to impose sales and income taxes, other concerns must be addressed.

“This is really about the role the state should play in the public funding of the common good,” he said. “We must have a conversation about what services government is going to provide and where we are going to get the money.”

Panelists agreed that politicians must be more forward-looking in regards to state budgeting. The two-year tenure of legislators hinders their ability to think this way, Walsh said, and budgets are often the result of compromises to ensure a bill’s passage.

Engagement with citizens in any reshaping of the budget is key, according to Norton.

“We need to find better ways of infusing the policy conversation,” he said.

Bourne said that citizens must also become more involved.

“The citizenry is not as focused as it needs to be,” she said. “They’re not thinking about the outcomes of the decisions that legislators make.”

New Hampshire, along with Alaska, is the only state in the country that does not levy either a sales or income tax. New Hampshire collects 61.6 percent of its revenue from property taxes, the highest proportion of any state.

The Rockefeller Center and the Granite State Fair Tax Coalition co-sponsored the event.

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