



**Budget Committee**  
**Robert Copp**  
**Dickie Garnett**  
**Michael Golden**  
**Robert Hamilton**  
**Paul Martino - Chairman**  
**Larry Miller**  
**David Peck**  
**Jon Rineman**  
**Jennifer Simmons**  
**Guest: Steve Norton**

## *Budget Committee Meeting – Official Minutes*

Monday, November 1, 2010  
Town Hall

**Call to order:** Chairman Paul Martino called the meeting to order at 7 p.m.

### **1. Economic Overview**

Steve Norton, executive director of the New Hampshire Center for Public Policy Studies, reviewed the economic outlook for the state and town. He pointed out the multi-spike characteristics of the unemployment rate during recessionary periods in New Hampshire. Though the NH unemployment rate is down to 6% from over 8%, Mr. Norton said it might increase again. The rate does not account for underemployment or the unemployed who have stopped looking for jobs. When unemployment goes up, services and expenditures go up and revenue goes down. People have said this was the worst recession, but the biggest job loss in New Hampshire was in the 1990s. We are likely recovering from the most recent recession, but there is disagreement among economists as to how fast it will occur, he said.

Mr. Norton reviewed job growth and losses in major industries in the area. New Hampshire unemployment rates are lower than other areas of the country. Average wages for jobs in North Hampton (\$15.90) are below New Hampshire (\$20.83) and Portsmouth (\$24.32), but this is a function of the types of jobs in town; most residents work out of town, in Portsmouth, Exeter, Hampton, and beyond. North Hampton has shown a big jump in average wages of residents between 2001 and 2007. Eleven percent of the population made \$200,000 or more, with an average income of almost \$1 million in that group. Mr. Norton said he was unable to determine the median income easily. In response to committee member concerns about the validity of the “average” when it was likely skewed by a few high wage earners, Mr. Norton said he could try to determine the median and share it with the committee later. Removing the highest numbers, the average was still \$129,000, which is higher than most other communities. Data more recent than 2007 (pre-recessionary) is not available. Mr. Norton said he understood the committee was trying to understand changes in wages and individual’s ability to pay for local services.

Mr. Norton shared a hardcopy report on comparative finances of NH cities and towns. Mr. Hamilton said averages were misleading and he would like to know the median. Town Administrator Steve Fournier said the assessed value of the town was a useful figure, and values have continued to rise slightly even during the recession. Mr. Fournier said he would provide a quartile of values of homes. Mr. Norton showed a chart of assessed value over time. In 5 years the net assessed property valuation with utilities increased from \$874 million to \$1 billion. Mr. Rineman said he thought things have changed since 2007, with lost

jobs and underemployment. Mr. Norton said New Hampshire had competitive advantages of a diverse economy, highly educated population, proximity to Boston, and generally low taxes with the exception of the corporate tax rate. Disadvantages include high energy prices, high healthcare costs. State revenue has not kept pace with expenditures. State aid to municipalities will likely be cut. The policy center is currently gathering data to determine whether ARRA funds were a net gain or loss for individual communities. North Hampton is about \$400,000 ahead, with the question of whether or not it is "fungible." ARRA monies will likely end. State level shortfalls could be between \$250 million and \$680 million. Mr. Norton said there are too many variables to predict the rate of recovery. The real ways to balance the state budget were to increase revenues or decrease spending or a combination of both.

New Hampshire is the sixth least native state in the U.S. Population equal to a town the size of Laconia moved to Florida last year, while migration in from Massachusetts equaled the size of Manchester. Since the mid-70s, the ratio of personal income per capita has shifted from being below national average to well above. This is ascribed to the "New Hampshire advantage," but the aspects of it are complicated, and include tax policy, housing prices, commuting distance to Massachusetts, the tech boom, and the migratory churn itself. It is unknown whether the migration in and out will continue and how that will affect demographics, the economy, housing, education and more. Mr. Norton said more demographic data for North Hampton could be found on the Census Fact Finder data tool on census.gov.

## **2. Other**

Mr. Miller suggested the town bill the Local Government Center for \$100 million. Mr. Fournier explained the evolution of the fund, and pooling health insurance for municipalities in New Hampshire. Rates may rise due to the health care law, as every program will likely be taxed. There are few insurance providers in New Hampshire for a number of reasons, said Mr. Fournier.

Mr. Hamilton said that people in a town that is, in effect, a tax haven in the state because of lower property tax rates should understand that the effect of a donor town tax per thousand is minimal and helps meet the state obligation to provide education to NH students. Mr. Norton said it was a conundrum of tax policy, and what Mr. Hamilton had articulated was the ongoing political and societal discussion about linking taxation with the ability to pay. He noted that there are "donor" towns for every NH tax. Is there an obligation to require some people to pay more because they make more? So far, New Hampshire has answered "not in this state."

## **Adjournment**

***Motion to adjourn by David Peck; second by Bob Hamilton. Motion passed 9-0. The meeting was adjourned at 8:30 p.m.***

The next meeting is scheduled for Nov. 30 at 7 p.m.

Respectfully submitted,  
Amy Kane

(The Budget Committee approved these minutes without amendments on December 2, 2010.)