Funding the State Budget and Other Public Services

New Hampshire Fiscal Policy Institute
Sixth Annual Conference
Investments to Sustain a Vibrant Economy
February 22, 2019
New Hampshire Fiscal Policy Institute

Governor's Budget Proposal and Agency Budget Requests

Percentage Changes from Efficiency Budget and Total Budget Requests

- Governor’s Recommendation vs. Efficiency Budget Request
- Governor’s Recommendation vs. Total Agency Request

State Agency

Note: The Governor’s proposed Department of Military Affairs and Veterans Services and its component parts are not included, outside of DHHS.

Source: State Agency Budget Requests and Governor’s Budget Proposal, State Fiscal Years 2020-2021
Governor's Budget Proposal Relative to Prior Year Funding

Governor's State Fiscal Year 2020 Recommendation Relative to Adjusted Authorized State Fiscal Year 2019

State Agency Activity Units
Source: Governor's Executive Budget Summary for Fiscal Years ending June 30, 2020-2021
General and Program Revenues

*New Hampshire, State Fiscal Year (SFY) 2018*

Source: NH Comprehensive Annual Financial Report, SFY 2018

- General (Mostly Tax) Revenues: 35.0%
- Program (Non-Tax) Revenues: 65.0%
General and Education Trust Fund Revenue Surplus

Unaudited Cash Basis Aggregate Revenue Surplus by Month for Each State Fiscal Year

Sources: New Hampshire Department of Administrative Services Monthly Revenue Focus reports

- 2014
- 2015
- 2016
- 2017
- 2018
- 2019

$0 Axis = State Revenue Plan Based on State Budget
Differences in General and Education Trust Funds Monthly Cash Receipts

Twelve-Month Rolling Averages of Monthly Cash Receipts to the General and Education Trust Funds Relative to Prior Year from All Sources; Less Business Taxes; and Less Business, Real Estate Transfer, and Meals and Rentals Taxes

Sources: NH Department of Administrative Services Monthly Revenue Focus

- General and Education Trust Funds Revenue
- Funds Revenue without BPT and BET
- Funds Revenue without BPT, BET, M&R, and RETT
Average Differences in Business Tax Monthly Cash Receipts

Averages of Monthly Cash Receipts to the General and Education Trust Funds Relative to Prior Year from the Business Profits and Business Enterprise Taxes

Month and State Fiscal Year

Sources: New Hampshire Department of Administrative Services Monthly Revenue Focus Reports

- Three-Month Rolling Average Increase Over Prior Year
- Twelve-Month Rolling Average Increase Over Prior Year
Business Profits Tax Filers and Payments by Type

**BPT Filers by Type**
*Draft Data, Tax Year 2016*

- **Proprietors**, 29,931, 41%
- **Corporations**, 25,403, 35%
- **Partnerships**, 12,647, 18%
- **Fiduciaries (573, 1%)**
- **Water’s Edge (Multi-Nationals)**, 3,846, 5%

**BPT Filer Types by Liability**
*Draft Data, Tax Year 2016*

- **Proprietors**, $15,010,578, 4%
- **Partnerships**, $83,227,734, 23%
- **Corporations**, $51,468,288, 15%
- **Fiduciaries**, $3,326,833, 1%
- **Water’s Edge (Multi-Nationals)**, $202,038,756, 57%
Business Profits Tax and Business Enterprise Tax

*New Hampshire General and Education Trust Fund Inflation-Adjusted Revenue*

### State Fiscal Year

- **2002**: $500 million
- **2003**: $550 million
- **2004**: $600 million
- **2005**: $650 million
- **2006**: $700 million
- **2007**: $750 million
- **2008**: $800 million
- **2009**: $850 million
- **2010**: $900 million
- **2011**: $950 million
- **2012**: $1 billion
- **2013**: $1.05 billion
- **2014**: $1.1 billion
- **2015**: $1.15 billion
- **2016**: $1.2 billion
- **2017**: $1.25 billion
- **2018**: $1.3 billion

**Sources:** NH Comprehensive Annual Financial Reports; U.S. Bureau of Labor Statistics, CPI-U, Northeast

- **Blue**: Business Profits Tax
- **Green**: Business Enterprise Tax

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State and Local Government Tax Revenue

New Hampshire, Fiscal Year 2016
Source: U.S. Census Bureau, State and Local Government Finance Survey

- Property, 65%
- Selective Sales, (Tobacco, Motor Fuels, Meals and Rentals, and others) 15%
- Corporate Income (BPT + BET), 11%
- Individual Income (Interest and Dividends), 1%
- Other, 8%
State vs. Local Government Tax Revenue

New Hampshire, Fiscal Year 2016

Source: U.S. Census Bureau, State and Local Government Finance Survey

State, 41%

Local, 59%
Local Government Revenue Sources

New Hampshire, Fiscal Year 2016

Source: U.S. Census Bureau, State and Local Government Finance Survey

- Property Taxes, 61.2%
- State Grants, 23.5%
- All Other Revenue, 15.4%
New Hampshire Total Local Property Tax Commitment

Tax Year, Inflation-Adjusted Dollars

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<th>Year</th>
<th>Billions of 2018 Dollars</th>
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Tax Year (April 1 of Calendar Year)

Note: Inflation-adjustment based on the calendar year of the same-numbered tax year.
Sources: NH Department of Revenue Administration; U.S. Bureau of Labor Statistics Consumer Price Index-Urban, Northeast
Education Aid To Local Governments
*New Hampshire State Budget, Inflation-Adjusted Dollars*

<table>
<thead>
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<th>State Fiscal Year</th>
<th>Millions of SFY 2018 Dollars</th>
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Note: Does not include certain school building aid dispensed from the temporary Public School Infrastructure Fund.

State Stabilization and Adequate Education Aid

Not Including Statewide Education Property Tax, State Fiscal Year 2019

Source: New Hampshire Department of Education, Adequacy Aid Updated Memo, October 1, 2018

- Total Non-Statewide Education Property Tax, Non-Stabilization Adequacy Aid, $414 million, 75%
- Stabilization Aid, $138 million, 25%
Non-Education Aid to Local Governments

New Hampshire State Budget, Inflation-Adjusted Dollars

Note: Does not include certain municipal bridge aid not included in the State Budget.
Sources: Office of Legislative Budget Assistant, Schedule of State Aid to Cities, Towns, and School Districts, October 12, 2018; U.S. Bureau of Labor Statistics, Consumer Price Index-Northeast, State Fiscal Year Adjustment from NHFPI Calculations
Local Property Tax Bases

**Total Municipal Property Value**
Source: Completed Public Tax Rates 2017, NH Dept. of Revenue Administration

**Municipal Property Value Per Capita**
Source: Completed Public Tax Rates 2017, NH Dept. of Revenue Administration. 2010 U.S. Census.