



# **New Hampshire's State Budget and Funding for Public Services**

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New Hampshire Fiscal Policy Institute*

Kent Street Coalition  
August 25, 2020

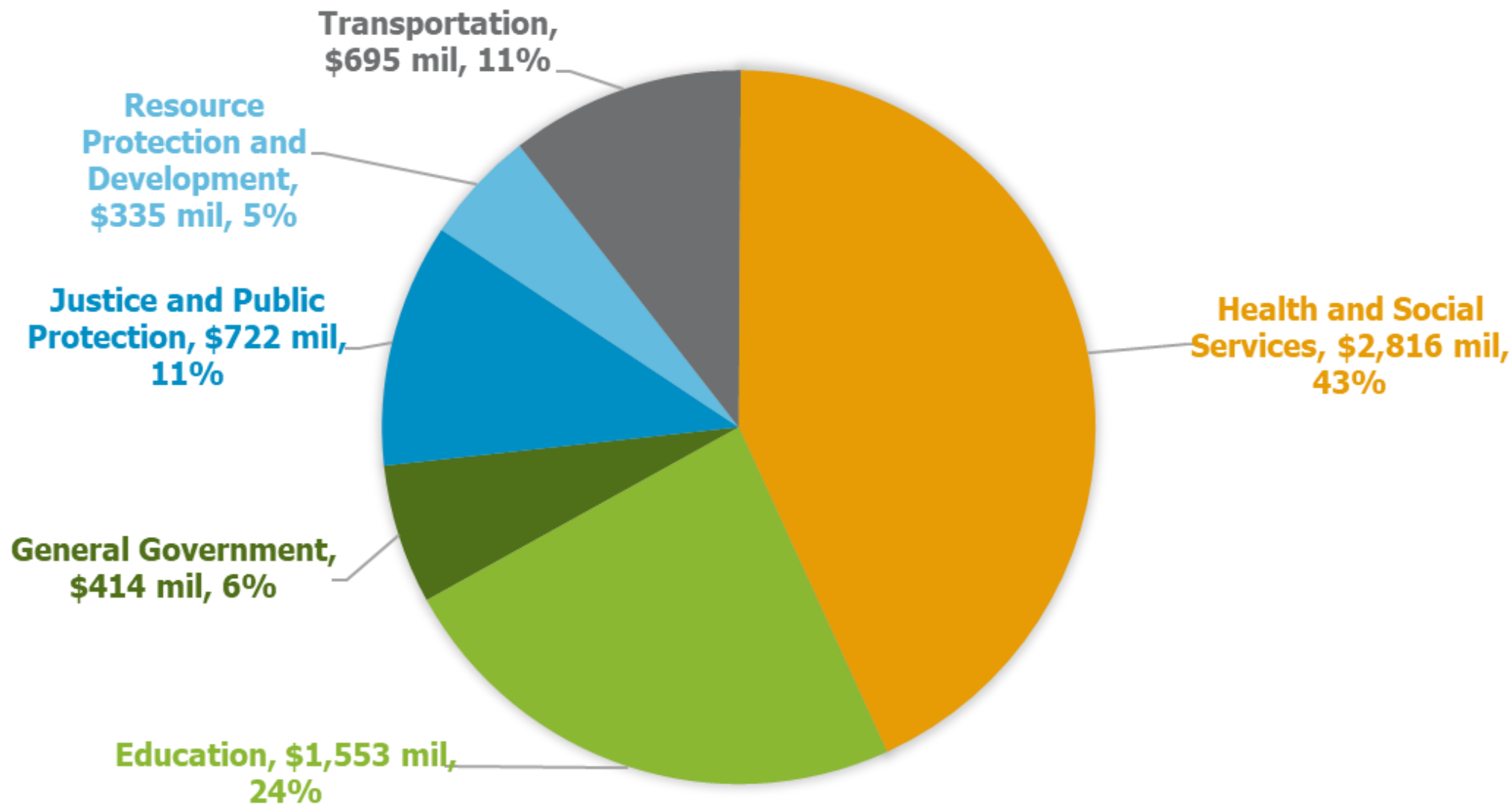
# Basics of the State Budget

- Two-year or biennial operating budget
  - Funds most State operations for two State fiscal years (SFY)
  - Current State Budget provides funding for SFYs 2020-2021 (July 1, 2019 to June 30, 2021), approximately \$13 billion in appropriations
- Comprised of two separate pieces of legislation
  - Operating Budget Bill, typically House Bill 1 or “HB 1”: the line-item appropriations, amount of money in each component of State programs
  - Trailer Bill, typically House Bill 2 or “HB 2”: the companion omnibus bill with policy changes and separate appropriations
- Not all State expenditures in the State Budget
  - Capital Budget, covers six years with changes every two years
  - Ten Year Transportation Improvement Plan, altered every two years
  - Separately authorized expenditures, such as expanded Medicaid

# The State Budget by Category

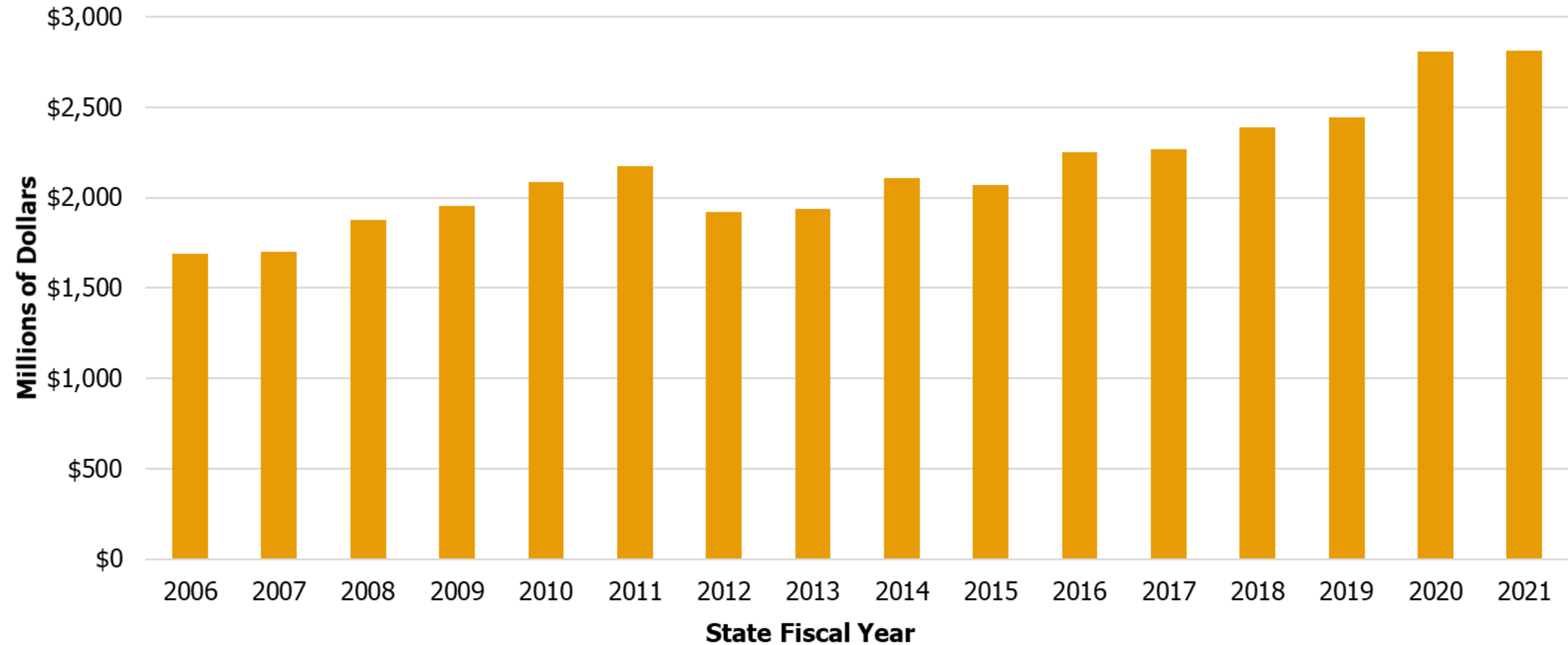
*New Hampshire, State Fiscal Year 2021*

Source: Chapter 345, Laws of 2019



# Health and Social Services State Budget Funding Over Time

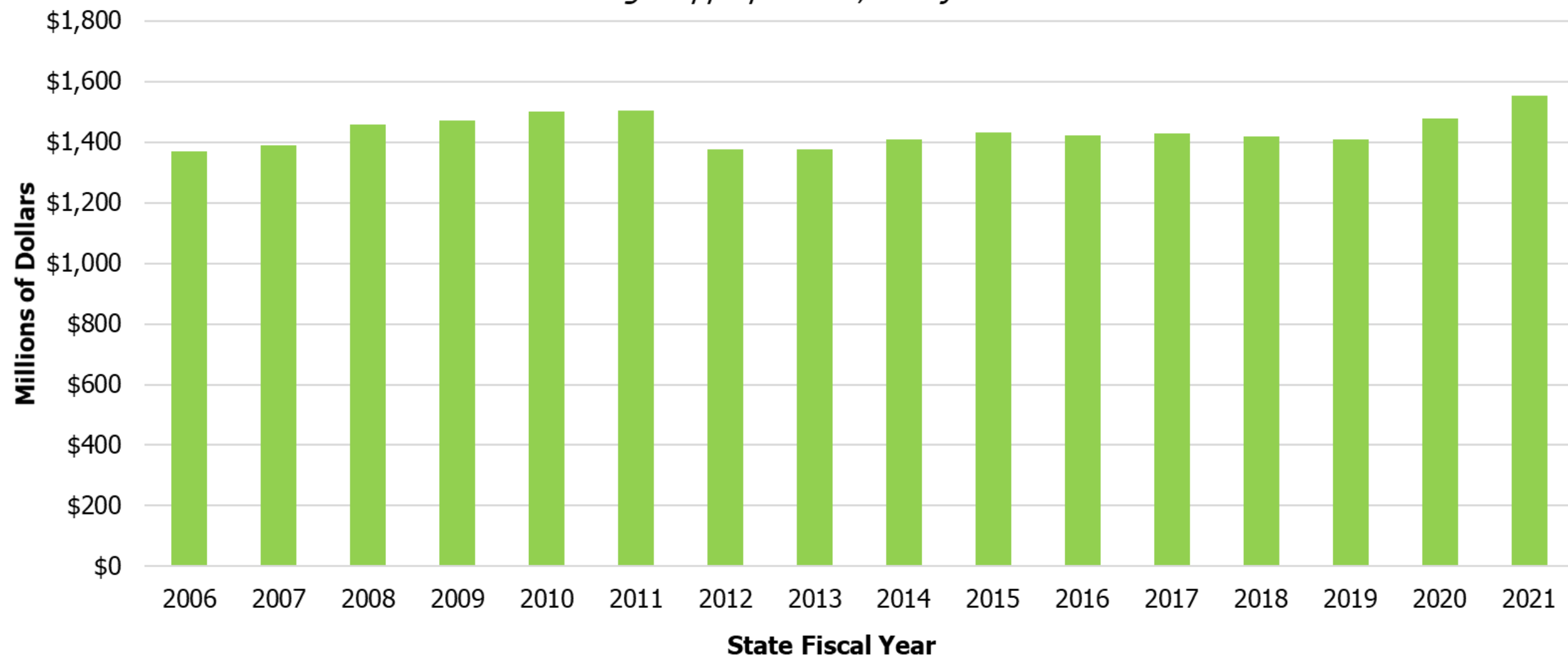
*State Budget Appropriations, Unadjusted for Inflation*



Sources: New Hampshire State Operating Budgets, Primary Budgets as Enacted (HB 1, Section 1; HB 144 for 2017 Session; HB 3 for 2019 Session)

# Education State Budget Funding Over Time

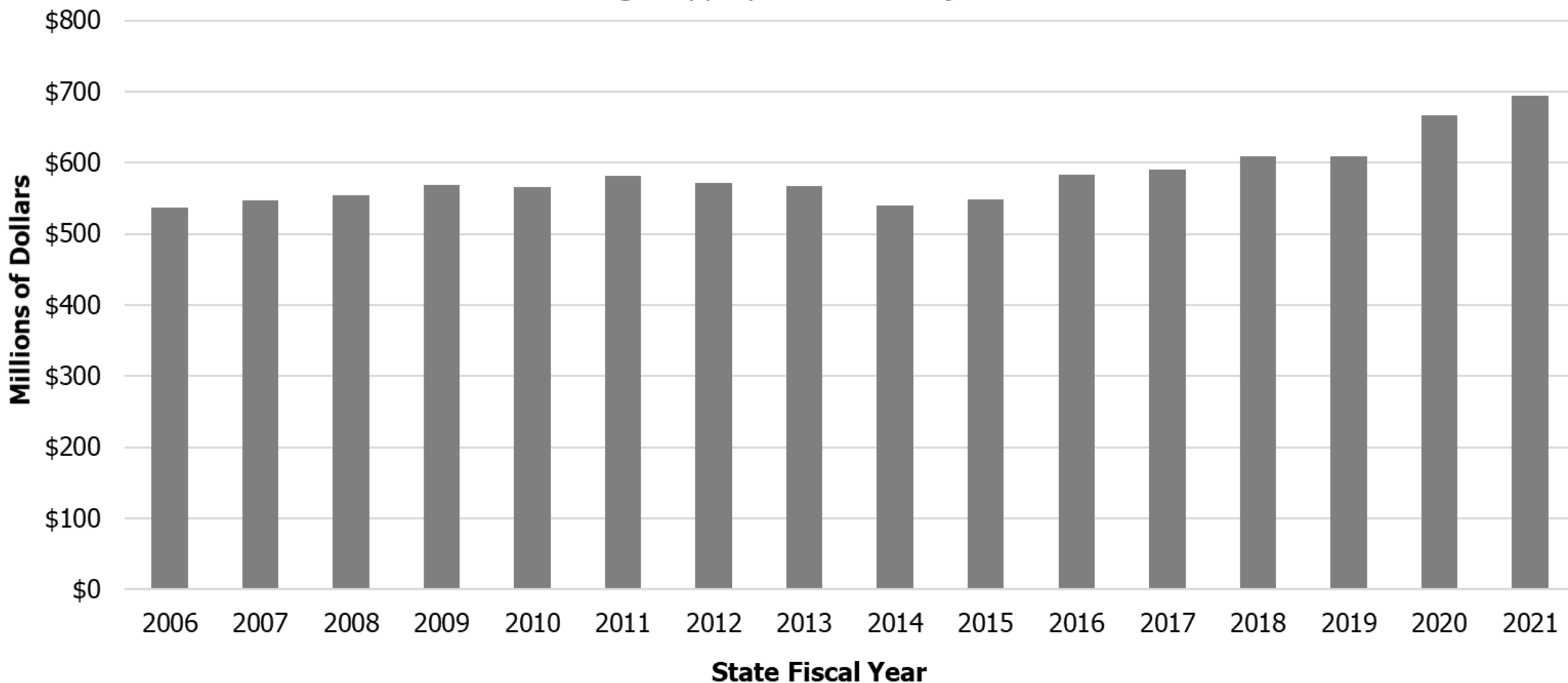
*State Budget Appropriations, Unadjusted for Inflation*



Sources: New Hampshire State Operating Budgets, Primary Budgets as Enacted (HB 1, Section 1; HB 144 for 2017 Session; HB 3 for 2019 Session)

# Transportation State Budget Funding Over Time

*State Budget Appropriations, Unadjusted for Inflation*

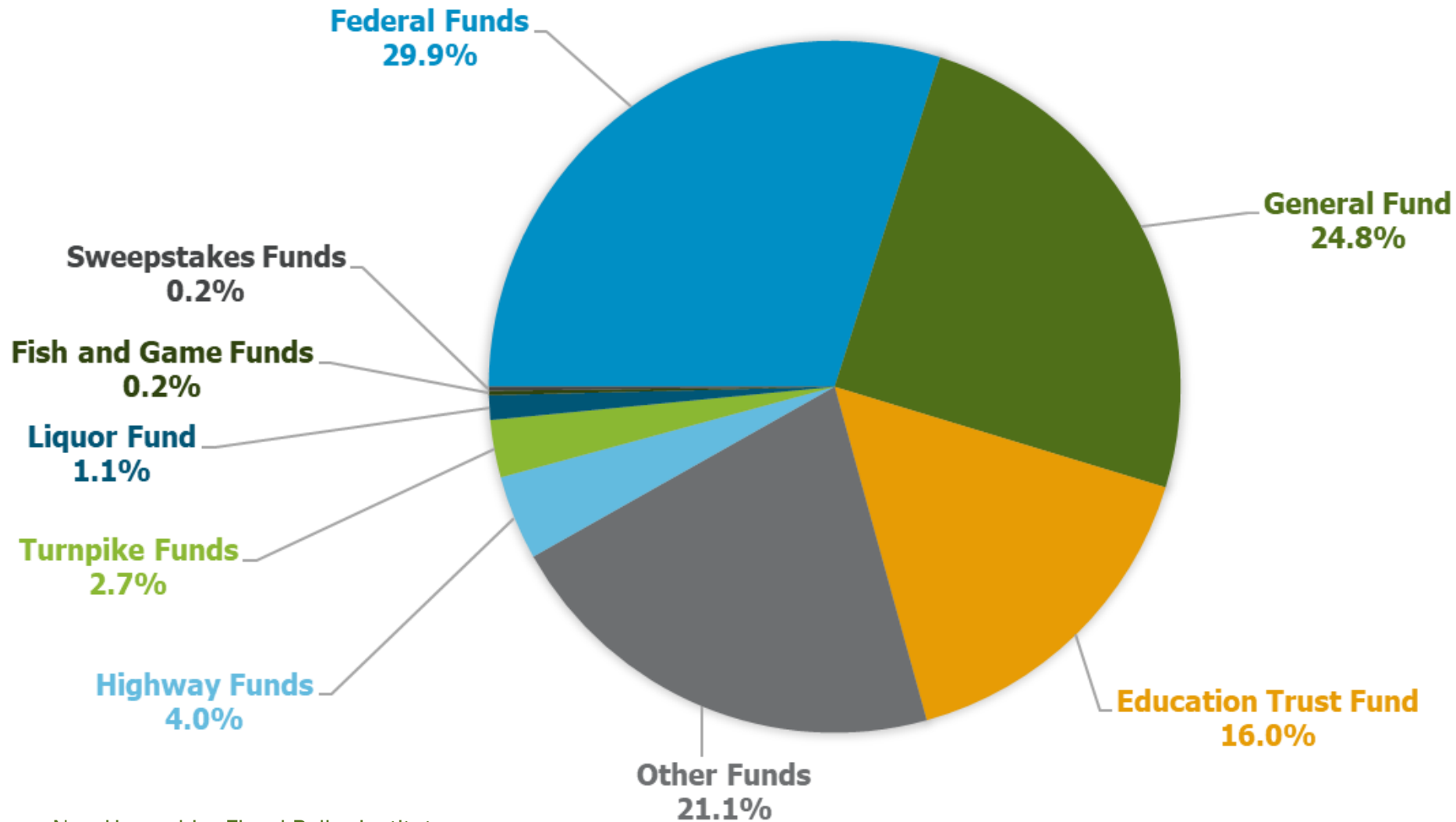


Sources: New Hampshire State Operating Budgets, Primary Budgets as Enacted (HB 1, Section 1; HB 144 for 2017 Session; HB 3 for 2019 Session)

# State Budget Funds

*New Hampshire, SFY 2021*

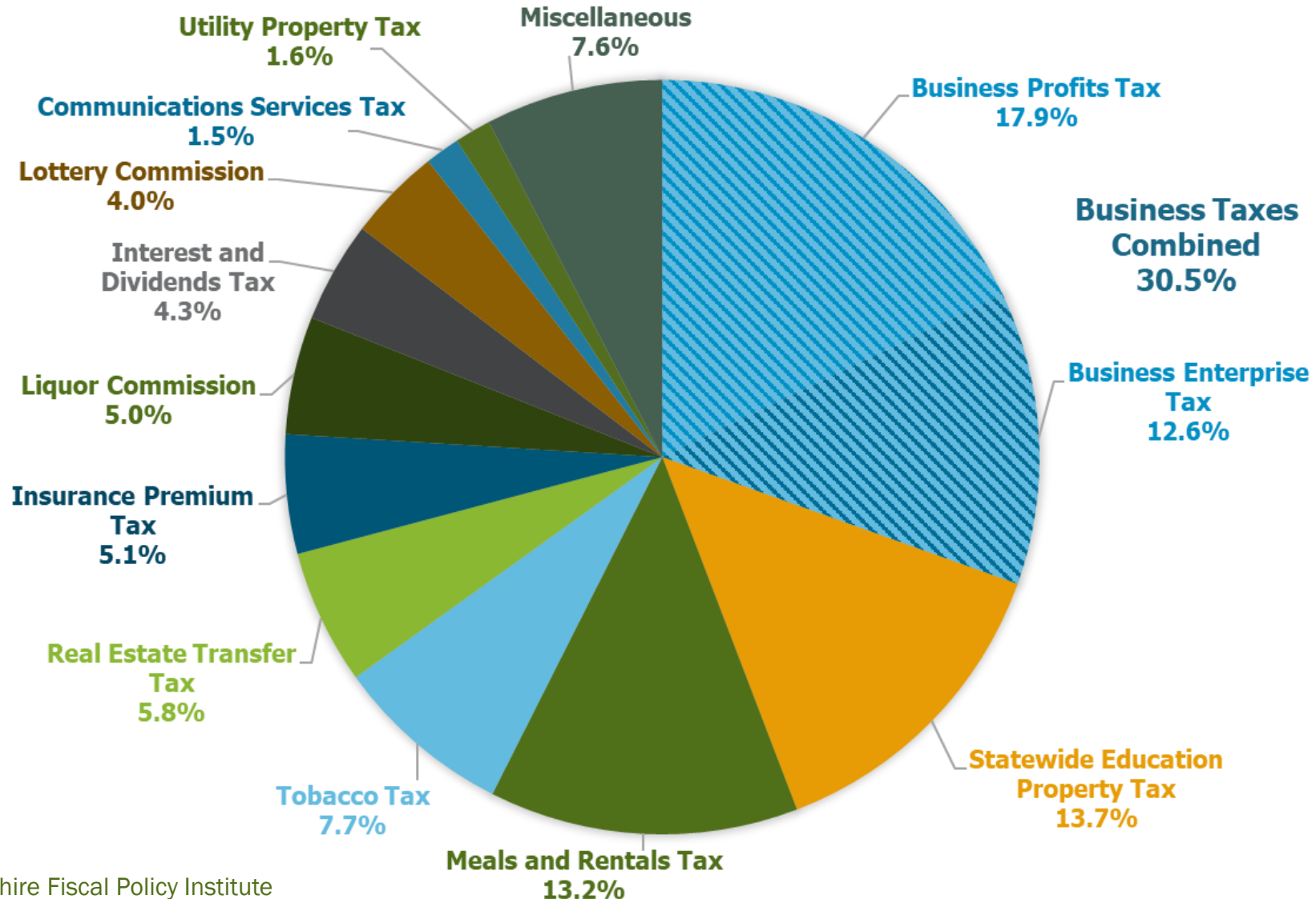
Source: Chapter 345, Laws of 2019



# General and Education Trust Fund Revenue

*SFY 2019 State-Generated Revenue*

Source: NH Comprehensive Annual Financial Report, SFY 2019



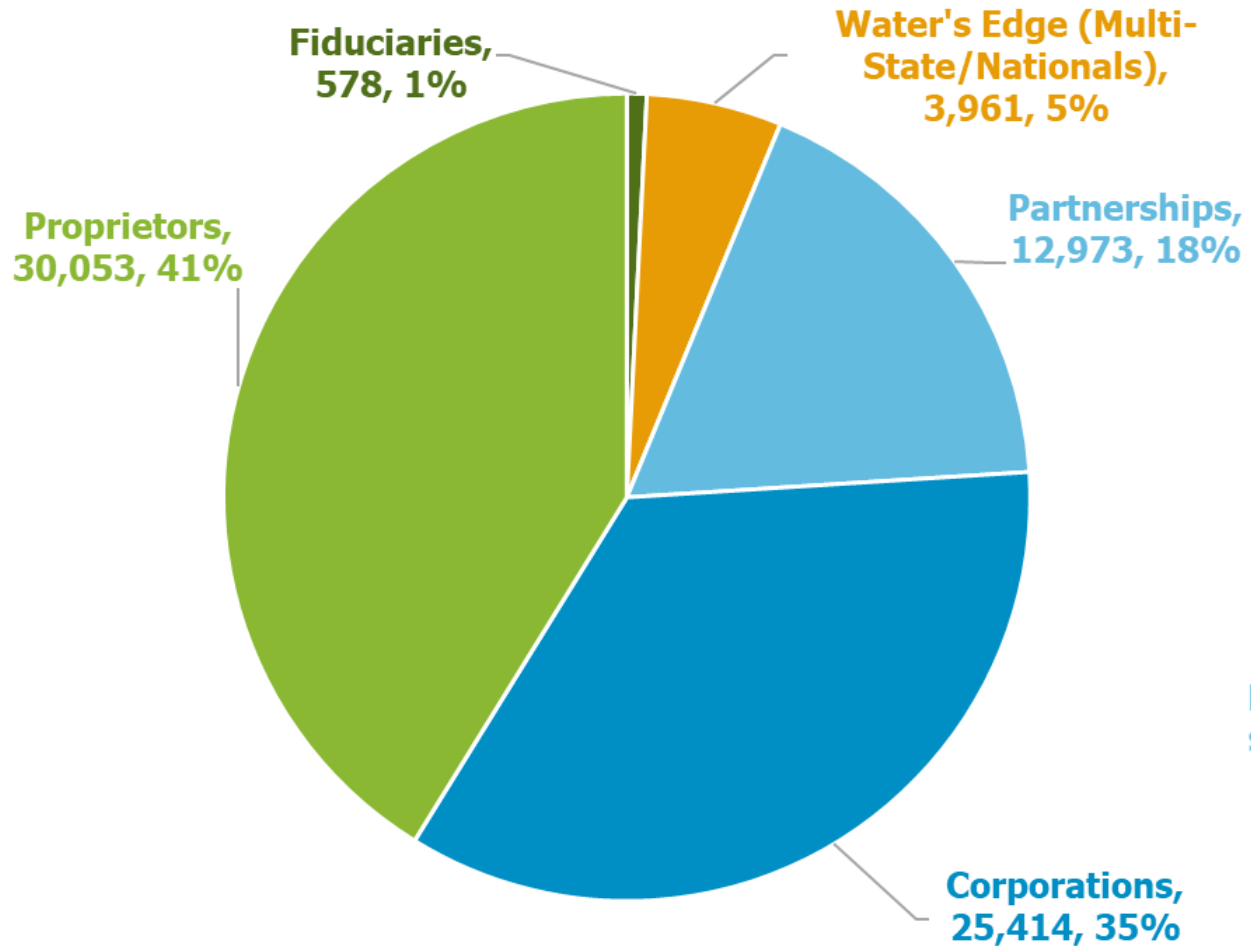


# Business Profits Tax Incidence

## Business Profits Tax Filers by Type

*Draft Data, Tax Year 2017*

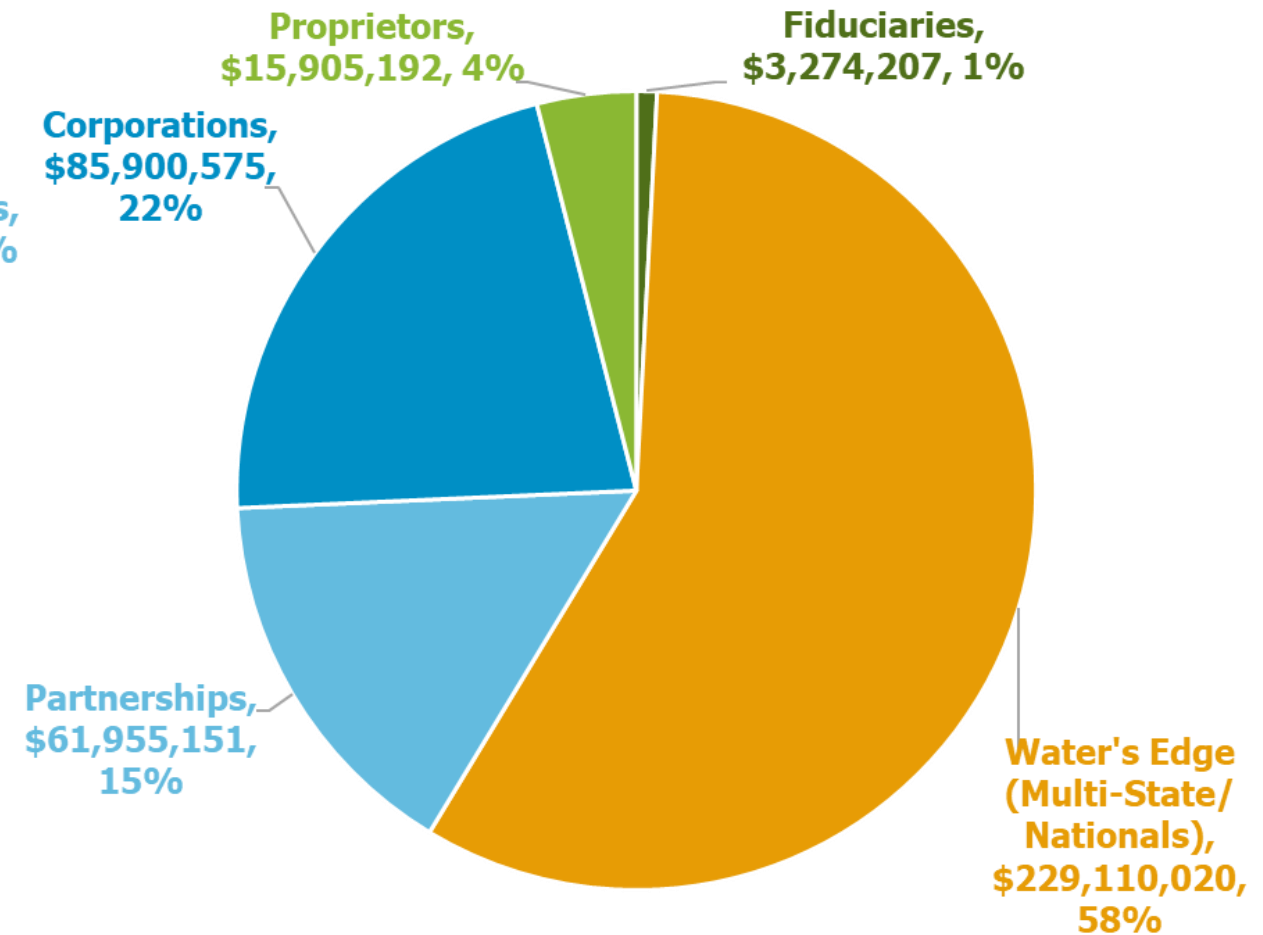
Source: NH Department of Revenue Administration, 2019 Annual Report



## Business Profits Tax Filers by Liability

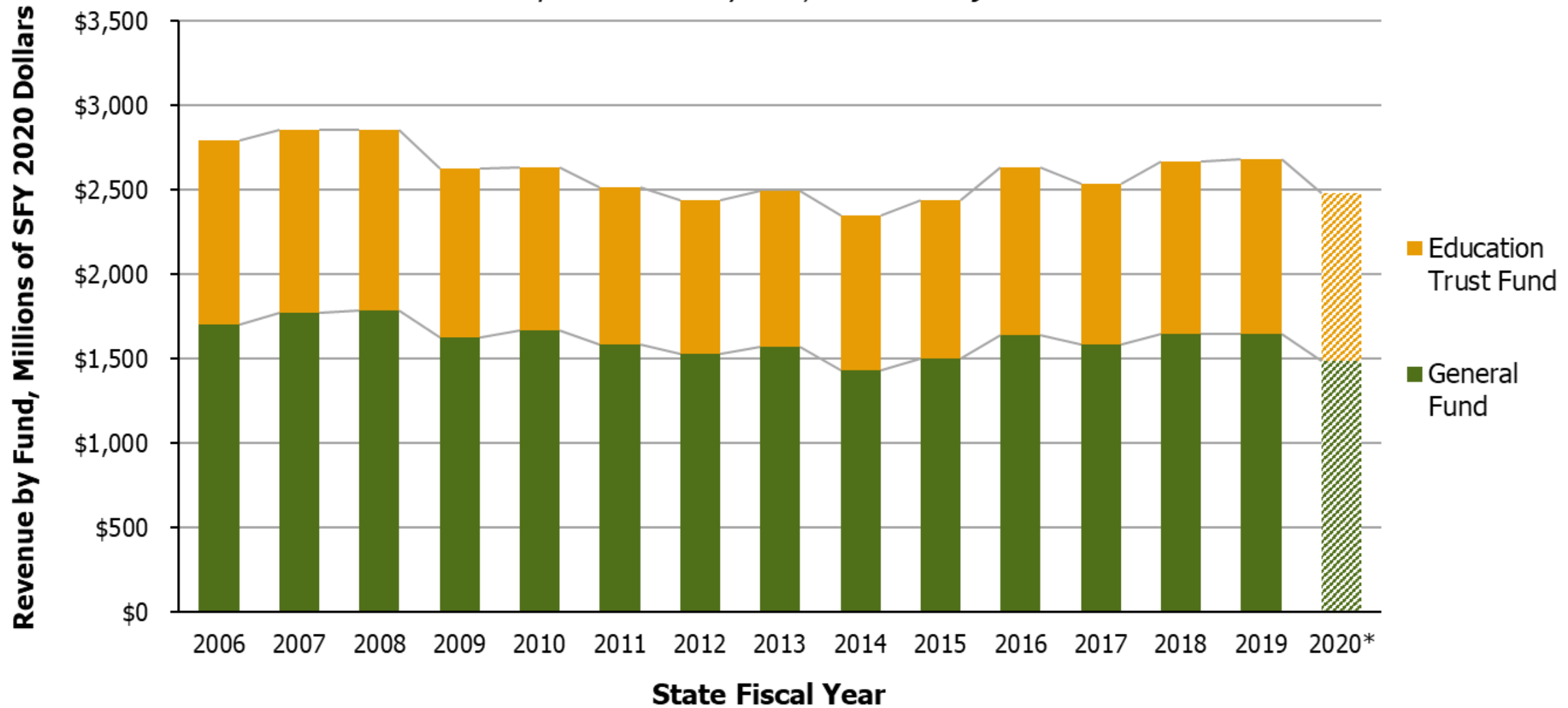
*Draft Data, Tax Year 2017*

Source: NH Department of Revenue Administration, 2019 Annual Report



# General and Education Trust Fund Revenue

*New Hampshire Funds by Year, Inflation-Adjusted Dollars*



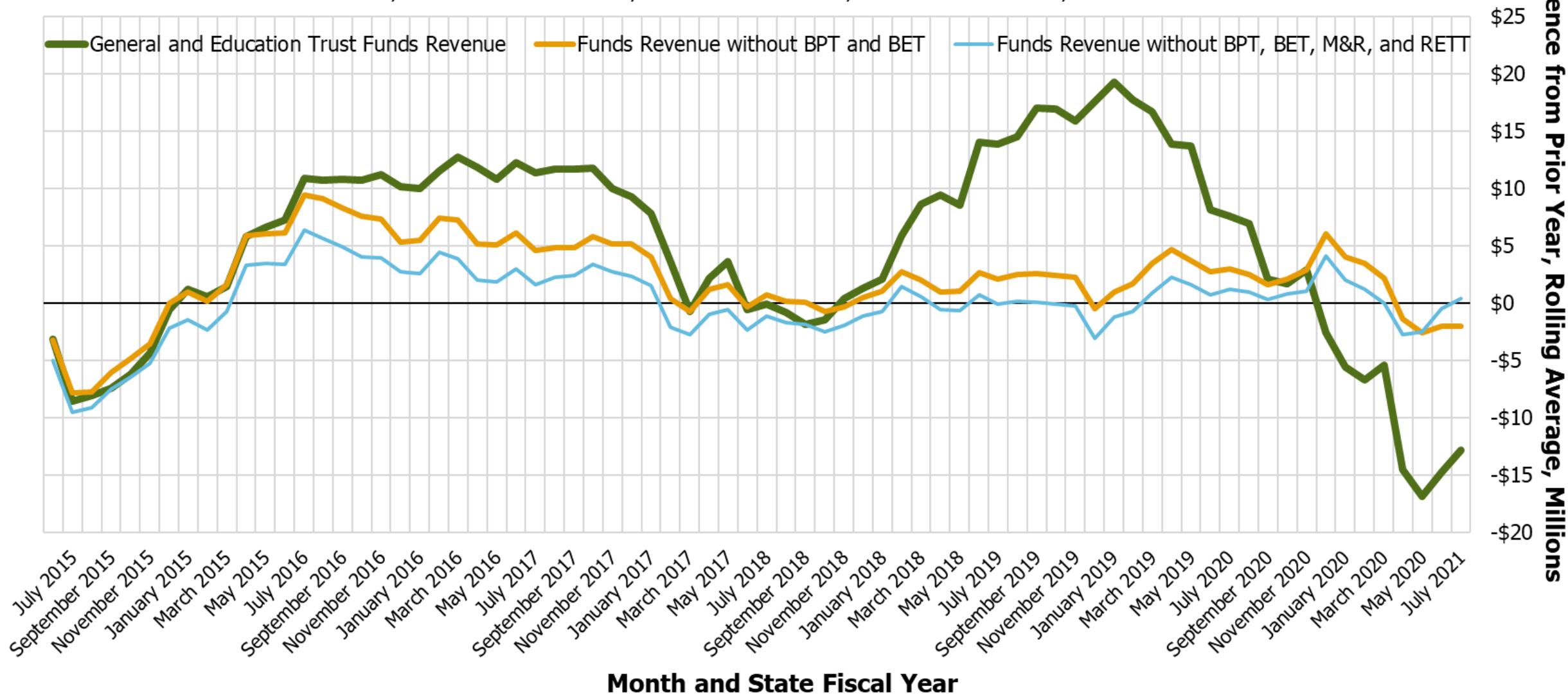
\*Note: Unaudited Preliminary Accrual for SFY 2020; final audit to be completed December 2020.

Sources: NH Comprehensive Annual Financial Reports, SFYs 2014-2019; NH Department of Administrative Services SFY 2020 Preliminary Accrual;

U.S. Bureau of Labor Statistics Consumer Price Index-Urban, Northeast

# Differences in General and Education Trust Funds Monthly Cash Receipts

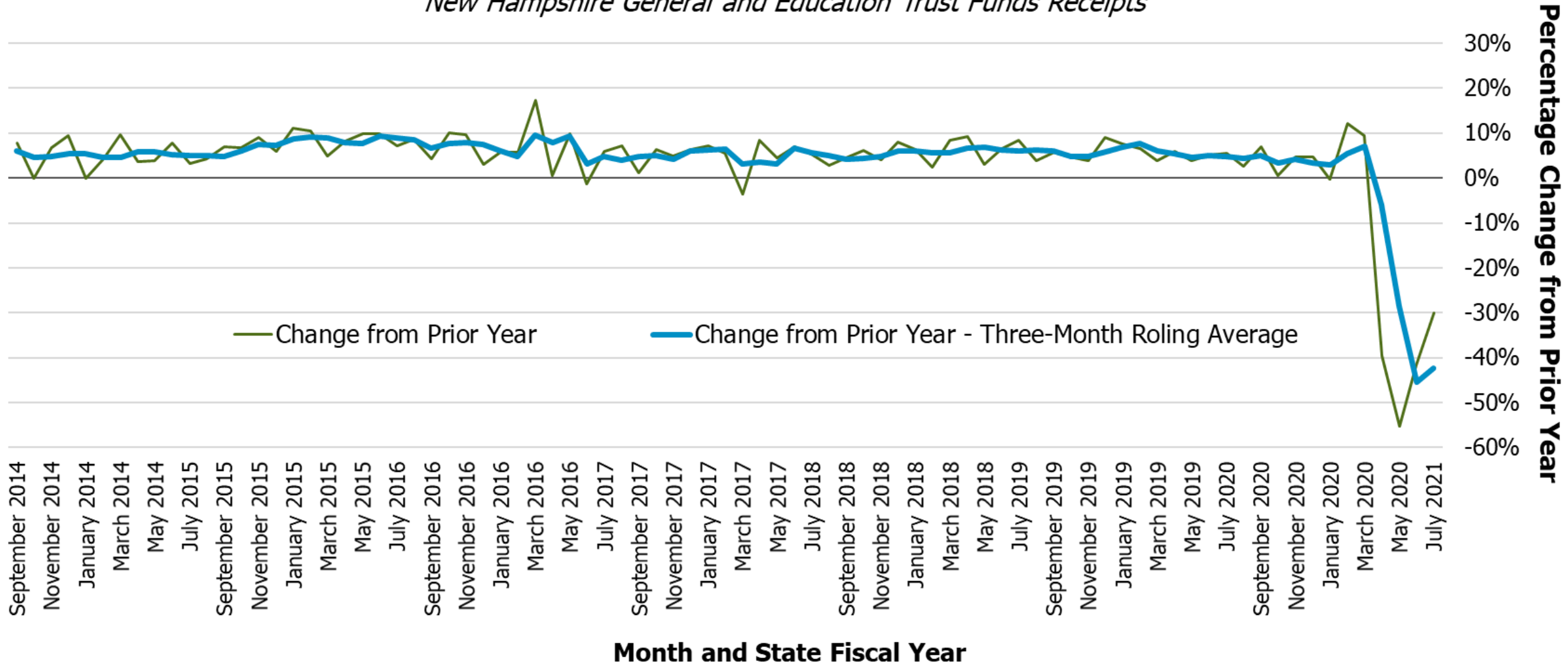
*Twelve-Month Rolling Averages of Monthly Cash Receipts to the General and Education Trust Funds Relative to Prior Year from All Sources; Less Business Taxes; and Less Business, Meals and Rentals, and Real Estate Transfer Taxes*



Sources: NH Department of Administrative Services Monthly Revenue Focus Reports  
Note: Medicaid Enhancement Tax excluded from historical data.

# Meals and Rentals Tax Revenue Changes

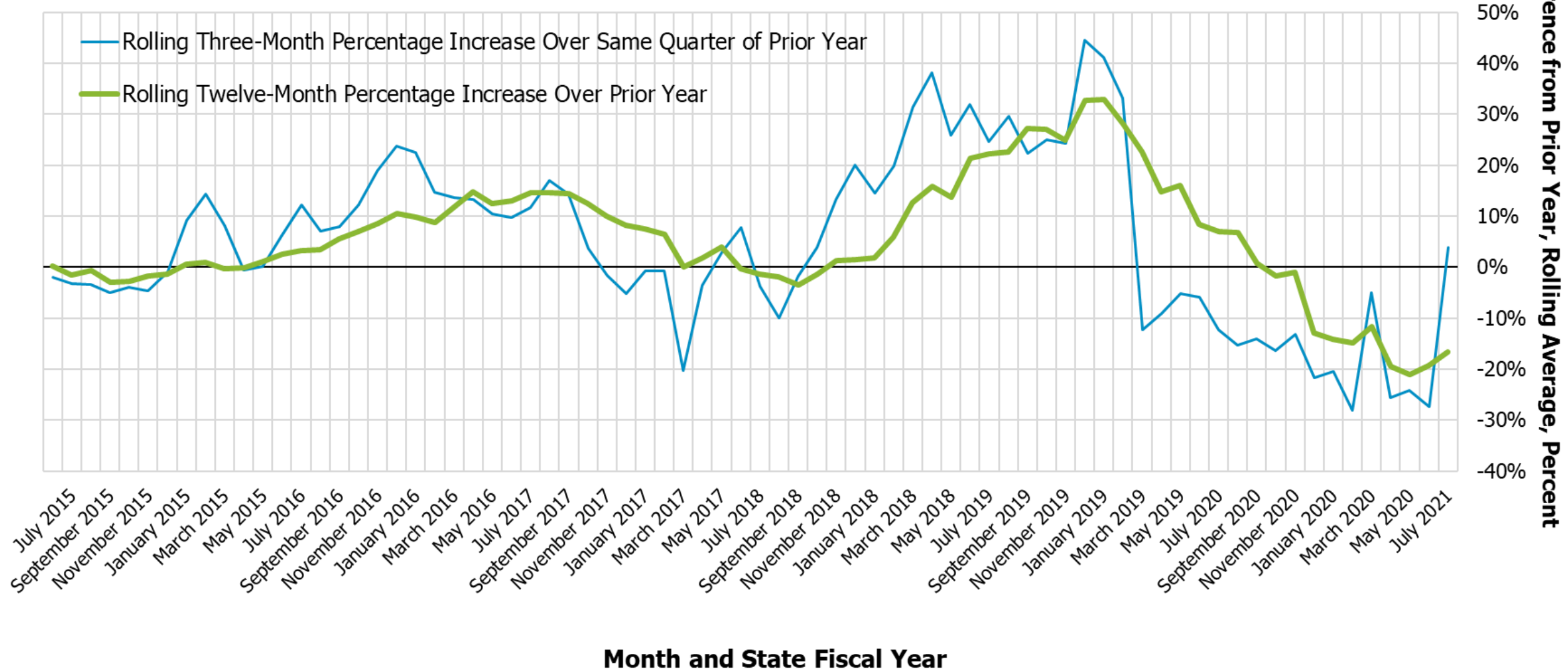
*Change in Cash Receipts from Same Month of Prior Year,  
New Hampshire General and Education Trust Funds Receipts*



Sources: NH Department of Administrative Services Monthly Revenue Focus Reports

# Percentage Differences in Business Taxes Monthly Cash Receipts

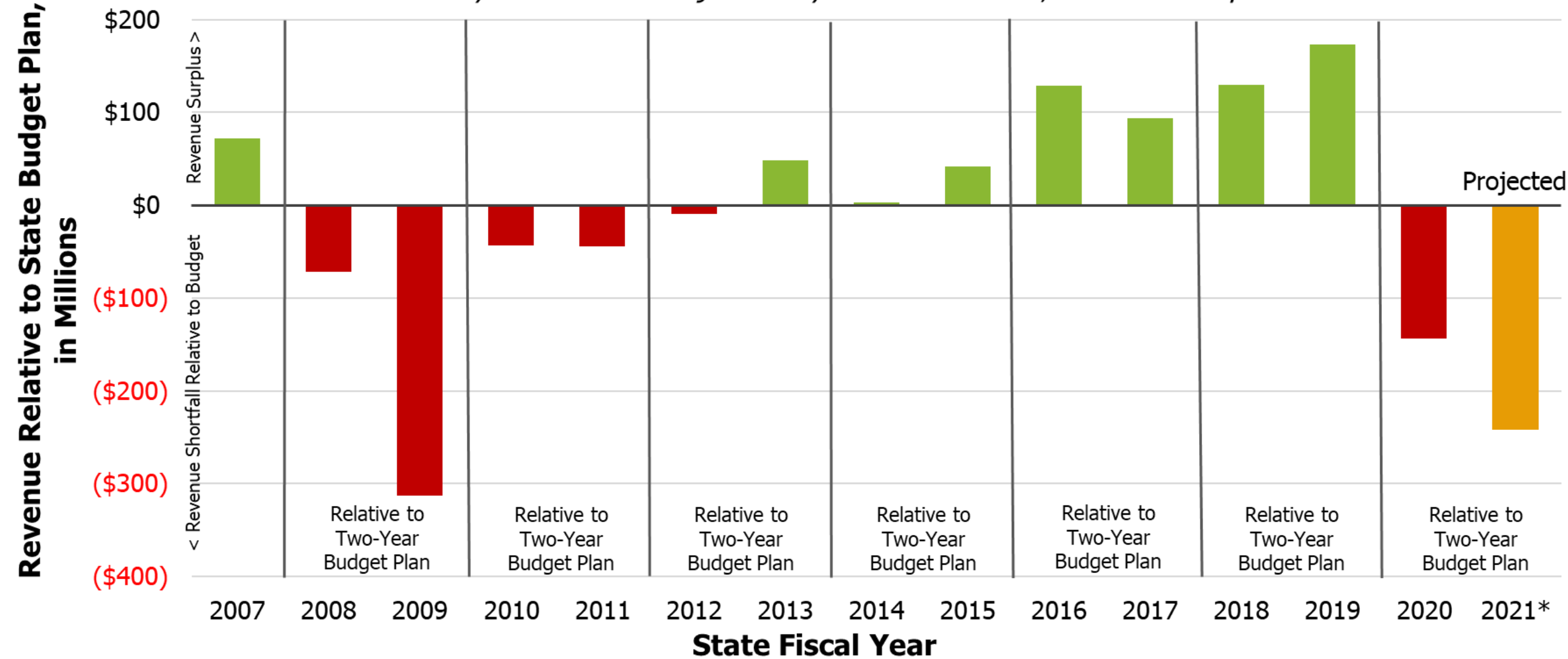
*Averages of Monthly Cash Receipts to the General and Education Trust Funds Relative to Prior Year  
from the Business Profits and Business Enterprise Taxes*



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

# General and Education Trust Funds Revenue Relative to Budget

*Preliminary Accrual and Projection by State Fiscal Year, for New Hampshire*



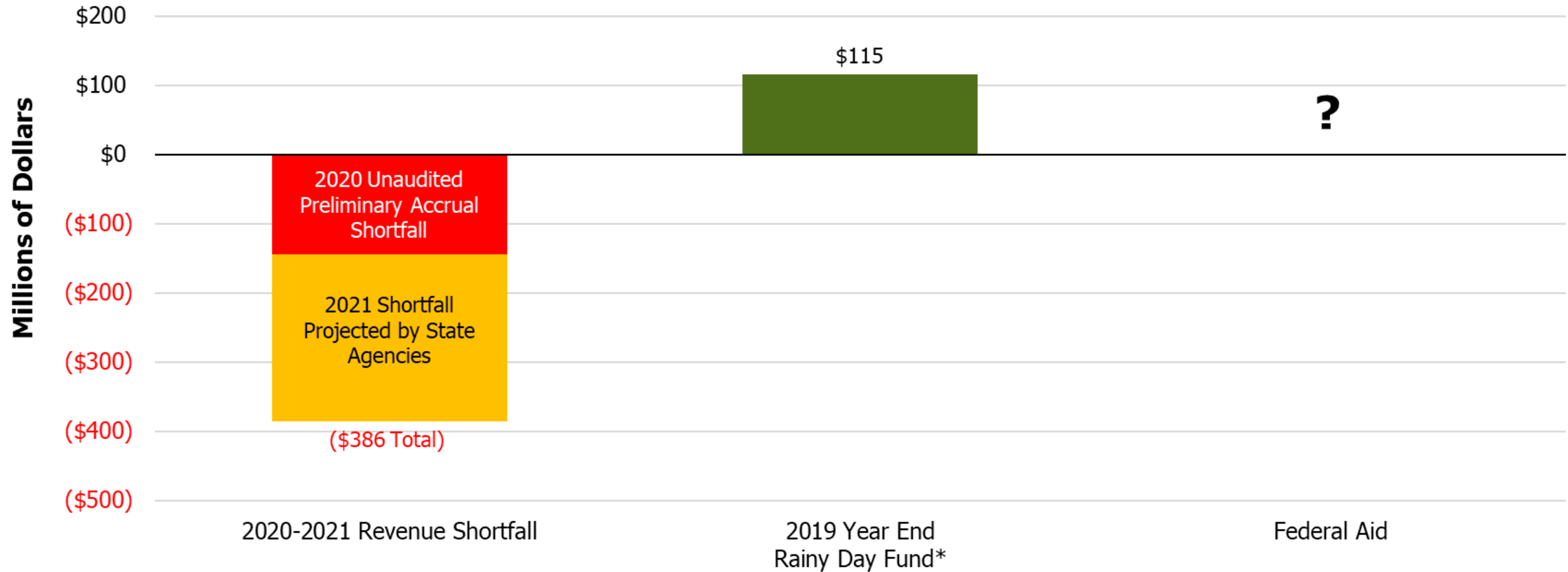
\*Note: Projection for State Fiscal Year 2021.

Sources: Estimates provided by the Governor's Office, July 24, 2020; NH Dept. of Administrative Services, Preliminary Accruals, SFYs 2007-2020.



# New Hampshire State Budget Shortfalls and Assets

*Selected Deficits, Most Recent Projection, and Rainy Day Fund Balance  
for the General and Education Trust Funds, by State Fiscal Year*



## Asset or Change from State Budget Plan

Notes: \*Rainy Day Fund refers to the Revenue Stabilization Reserve Account.

Sources: Estimates provided by the Governor's Office, July 24, 2020; NH Comprehensive Annual Financial Report, SFY 2019; NH Dept. of Administrative Services, Preliminary Accrual SFY 2020.

# Future Federal Assistance?

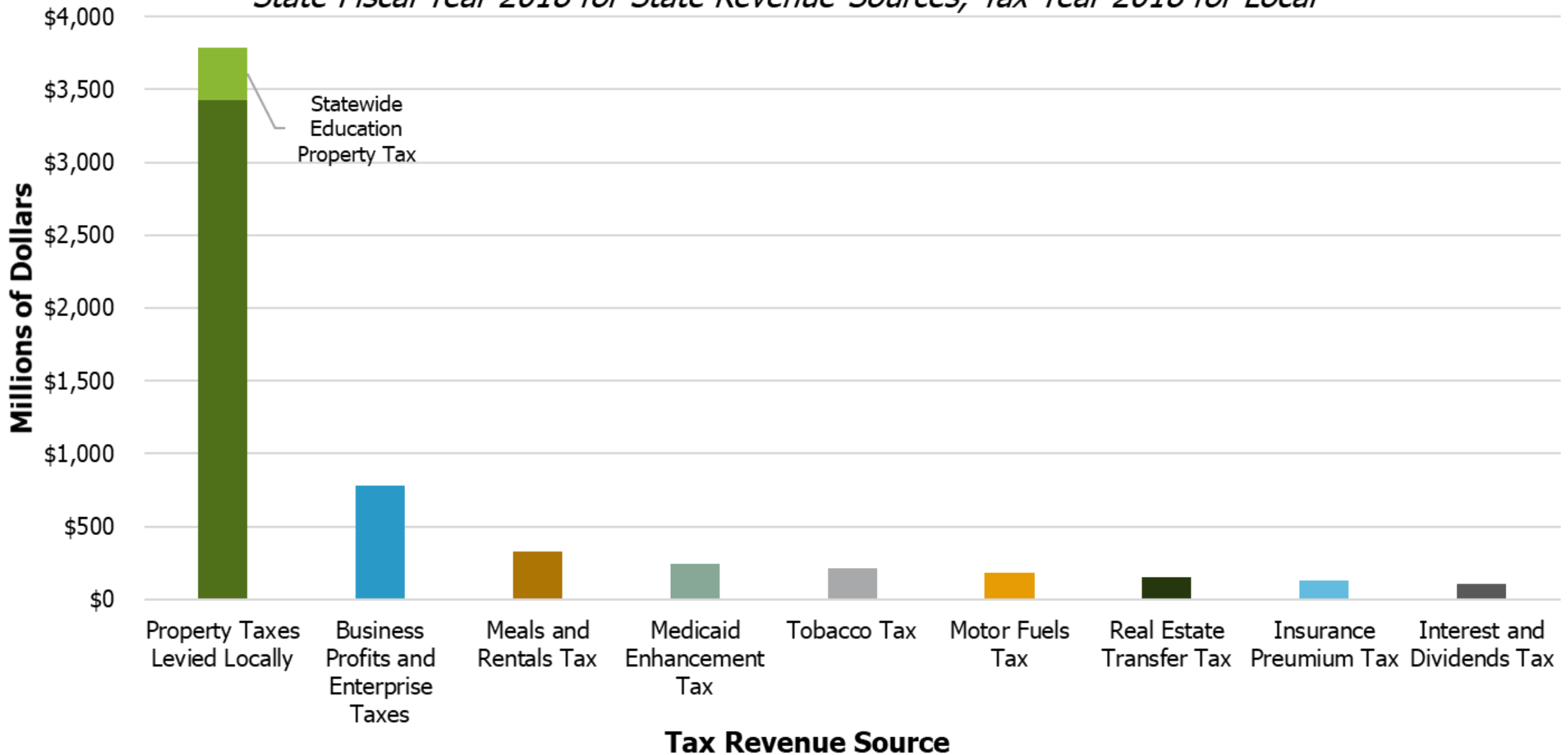
## Form of Assistance Key

- Current federal assistance largely cannot be used to offset State or local revenue losses; most flexible portion to existing Coronavirus Aid, Relief, and Economic Security (CARES) Act Coronavirus Relief Funds (\$1.25 billion for New Hampshire) must be spent by December 30, 2020
- More flexibility for existing CARES Act Coronavirus Relief Funds?
- Increase in Medicaid federal match funding large enough to offset previously-budgeted costs?
- Aid for education that can be used to offset existing costs?
- Direct, unrestricted aid to states?
- Timing, with budget shortfall growing over time?
- Local government assistance?



# Largest State and Local Tax Revenue Sources in New Hampshire

*State Fiscal Year 2018 for State Revenue Sources, Tax Year 2018 for Local*



# Additional NHFPI Resources

- *Building the Budget:* <http://nhfpi.org/research/state-budget/building-budget-new-hampshires-state-budget-process-recent-funding-trends.html>
- *Revenue in Review:* <http://nhfpi.org/research/state-tax/revenue-review-overview-new-hampshire-tax-system-major-revenue-sources.html>
- Issue Brief: The State Budget for Fiscal Years 2020 and 2021: <http://nhfpi.org/research/state-budget/the-state-budget-for-fiscal-years-2020-and-2021.html>
- NHFPI NH State Budget page: <http://nhfpi.org/resources/nh-state-budget>
- COVID-19 Resource Page: Impacts and Challenges in New Hampshire: <http://nhfpi.org/research/state-economy/covid-19-resource-page-impacts-and-challenges-in-new-hampshire.html>
- NHFPI Common Cents blog: <http://nhfpi.org/commoncents>



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