



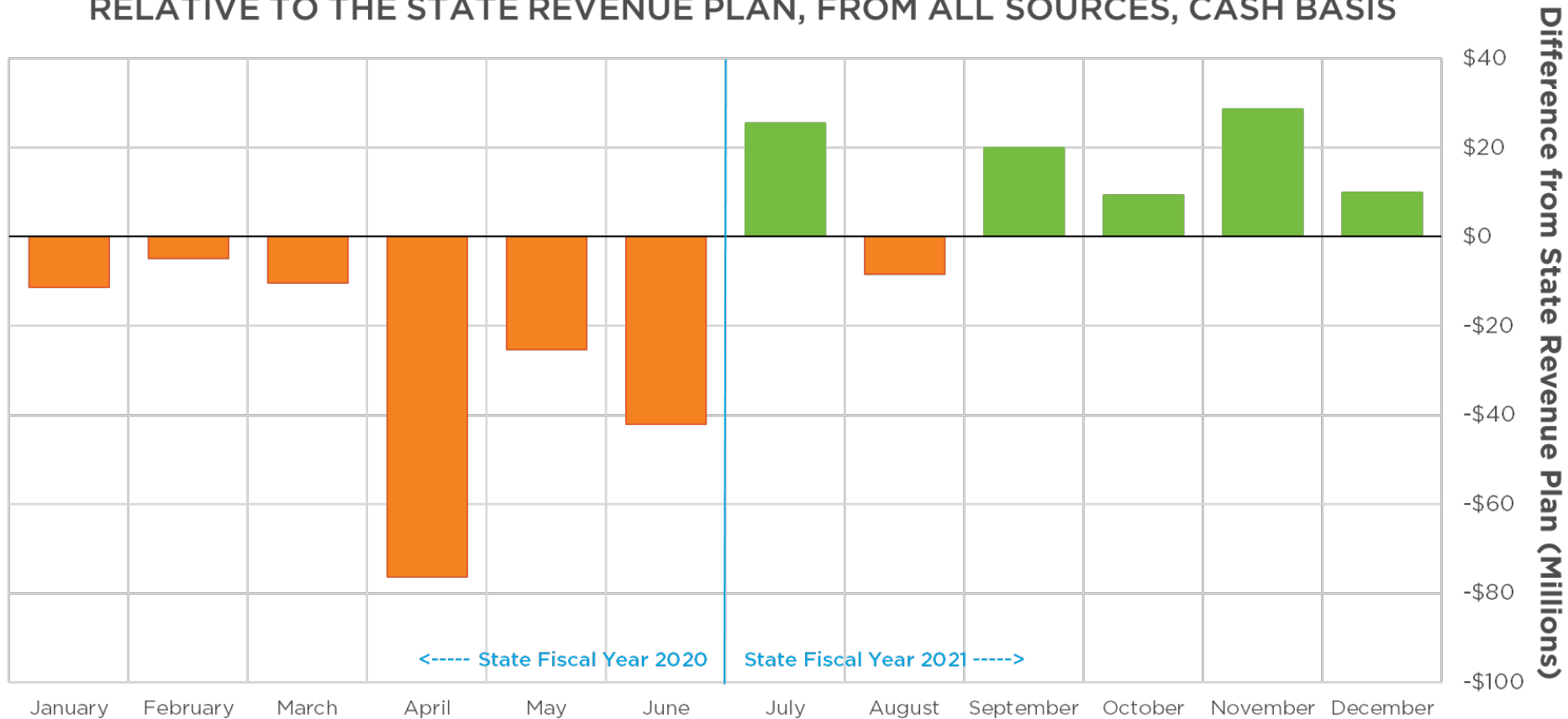
STATE REVENUE UPDATE, FINAL NUMBERS FOR FISCAL 2020, AND PREVIEWS FOR NEXT BUDGET

PRESENTED BY PHIL SLETTEN, SENIOR POLICY ANALYST

BREAKFAST BUDGET BRIEFING
JANUARY 11, 2021

DECEMBER REVENUES FAVORABLE

REVENUE TO THE NEW HAMPSHIRE GENERAL AND EDUCATION TRUST FUNDS
RELATIVE TO THE STATE REVENUE PLAN, FROM ALL SOURCES, CASH BASIS

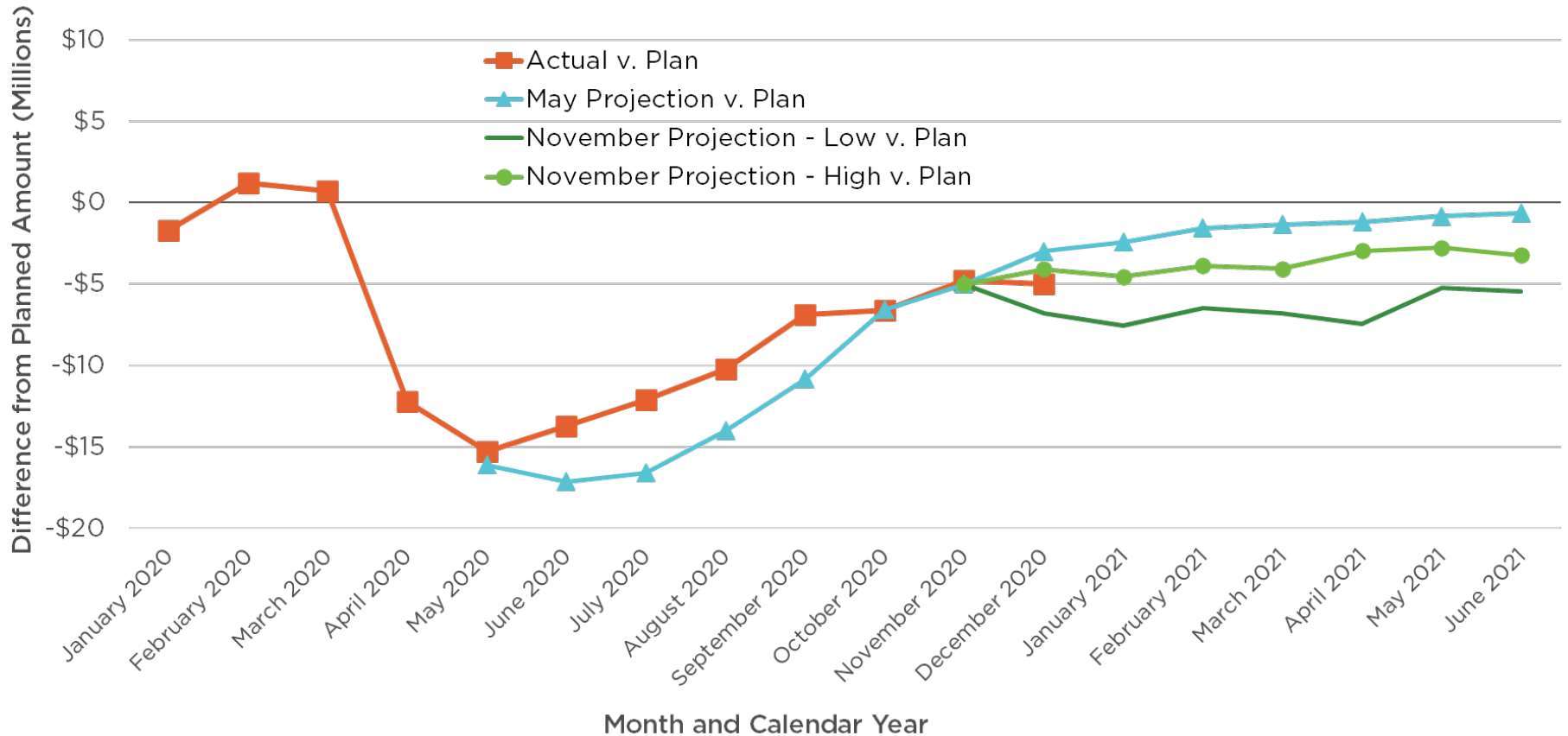


Month, Calendar Year 2020

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

MEALS AND RENTALS REVENUES STILL LOW

NEW HAMPSHIRE MEALS AND RENTALS TAX ACTUAL AND PROJECTED MONTHLY CASH RECEIPTS

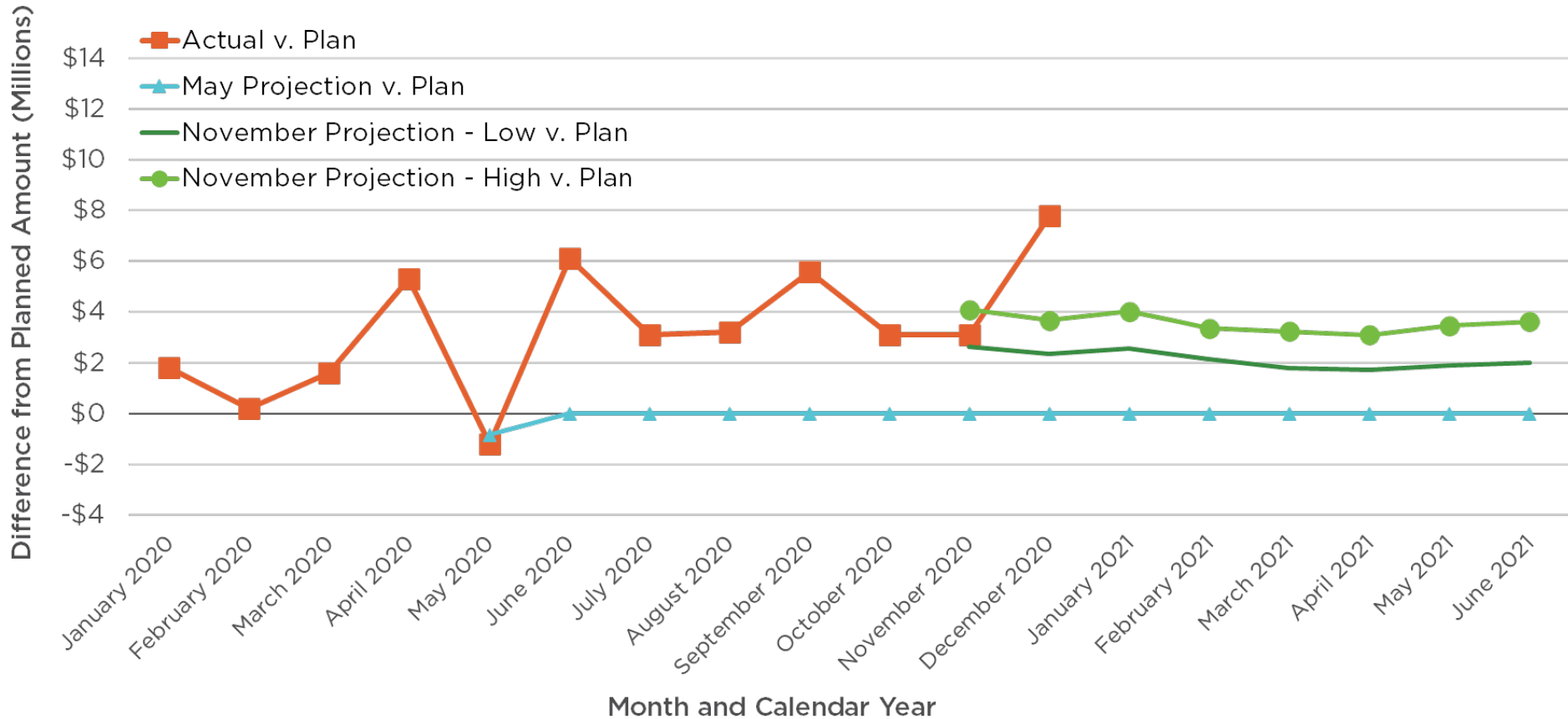


Note: Projected revenue calculations based on Department of Revenue Administration projections and Department of Administrative Services State Revenue Plan. Only includes actual and projected revenue to the General and Education Trust Funds.

Sources: New Hampshire Department of Revenue Administration; New Hampshire Department of Administrative Services

CIGARETTE SALES SUBSTANTIALLY HIGHER

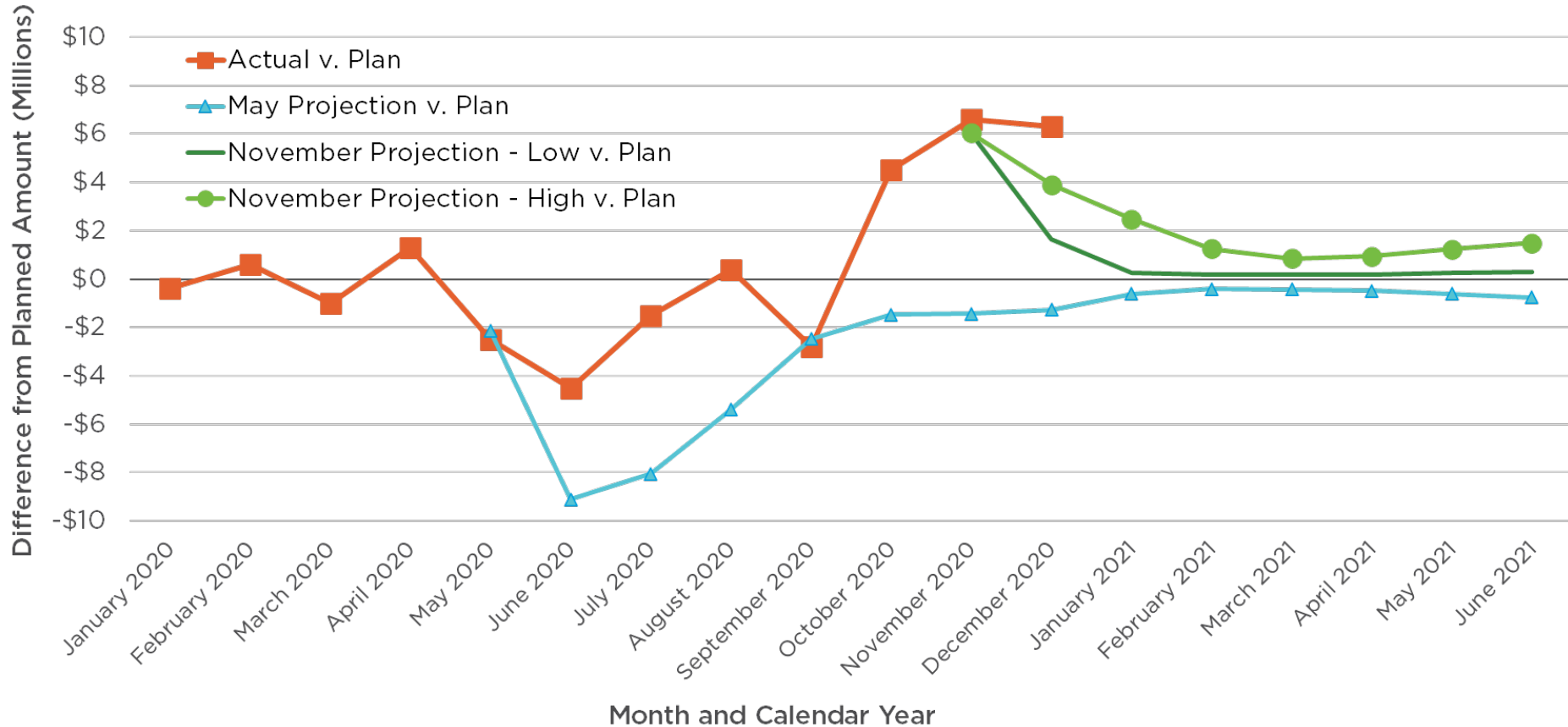
NEW HAMPSHIRE TOBACCO TAX ACTUAL AND PROJECTED MONTHLY CASH RECEIPTS



Note: Projected revenue calculations based on Department of Revenue Administration projections and Department of Administrative Services State Revenue Plan.
Sources: New Hampshire Department of Revenue Administration; New Hampshire Department of Administrative Services; Office of Legislative Budget Assistant.

REAL ESTATE SALES REVENUES STAY HIGH

NEW HAMPSHIRE REAL ESTATE TRANSFER TAX ACTUAL AND PROJECTED MONTHLY CASH RECEIPTS

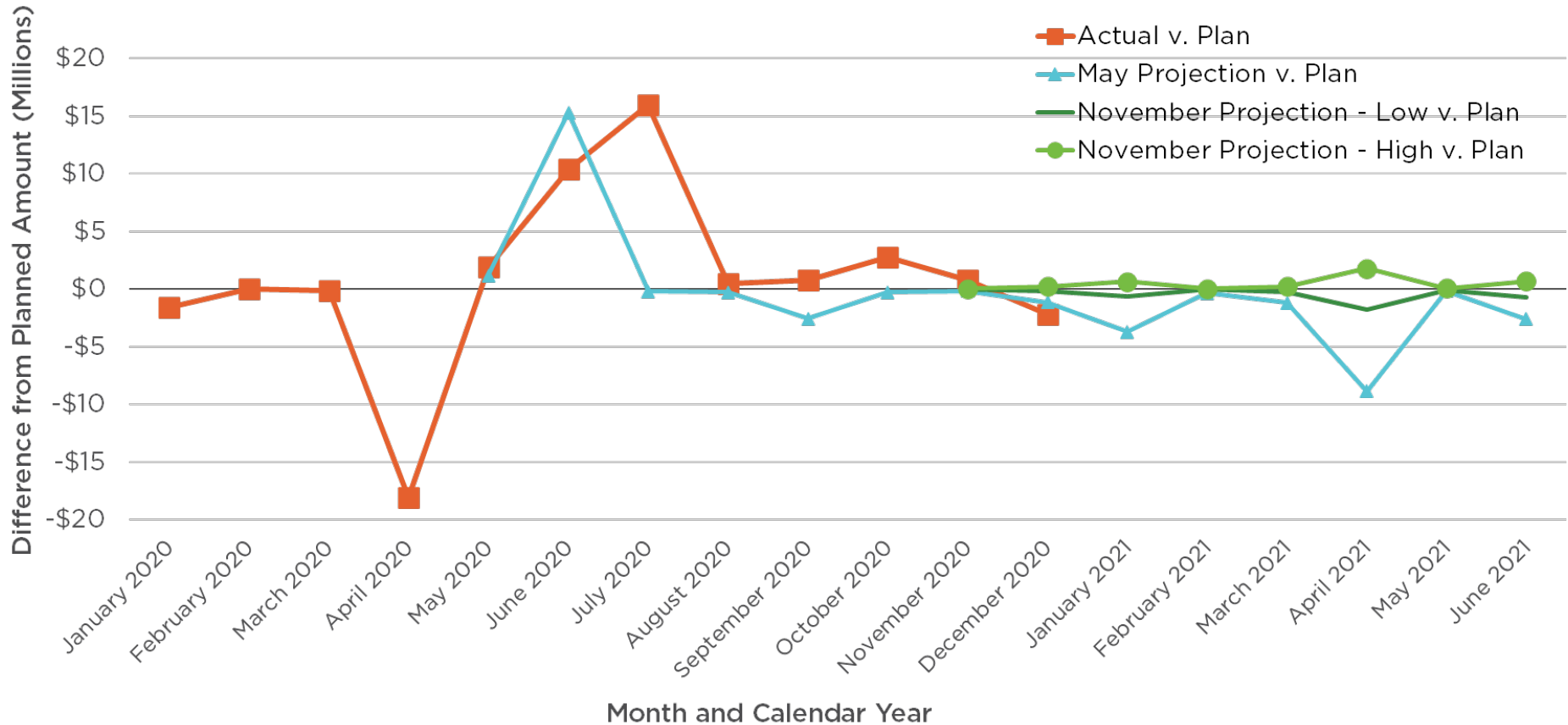


Note: Projected revenue calculations based on Department of Revenue Administration projections and Department of Administrative Services State Revenue Plan. Only includes actual and projected revenue to the General and Education Trust Funds.

Sources: New Hampshire Department of Revenue Administration; New Hampshire Department of Administrative Services

INCOME FROM ASSETS RELATIVELY HIGH

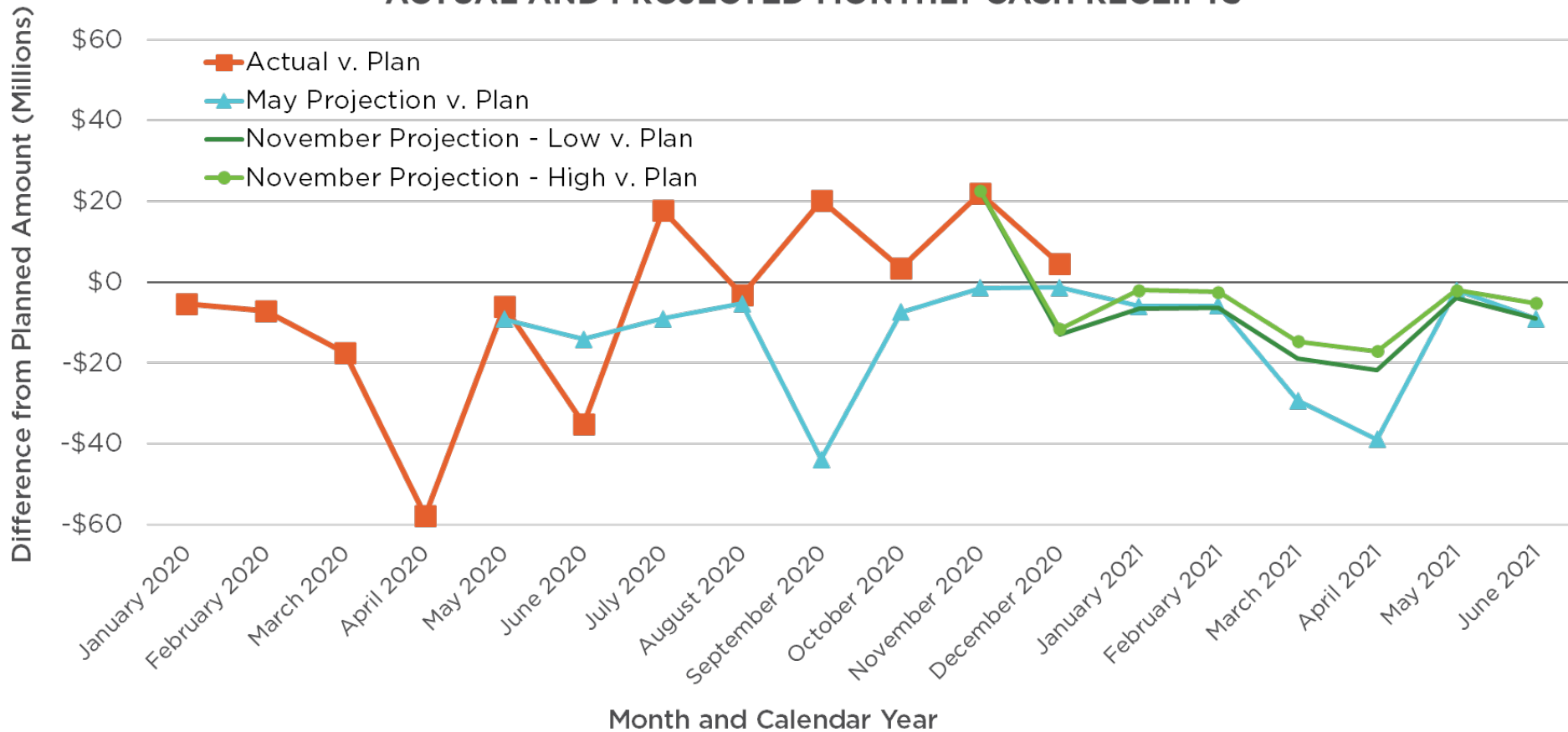
NEW HAMPSHIRE INTEREST AND DIVIDENDS TAX ACTUAL AND PROJECTED MONTHLY CASH RECEIPTS



Note: Projected revenue calculations based on Department of Revenue Administration projections and Department of Administrative Services State Revenue Plan.
Sources: New Hampshire Department of Revenue Administration; New Hampshire Department of Administrative Services; Office of Legislative Budget Assistant.

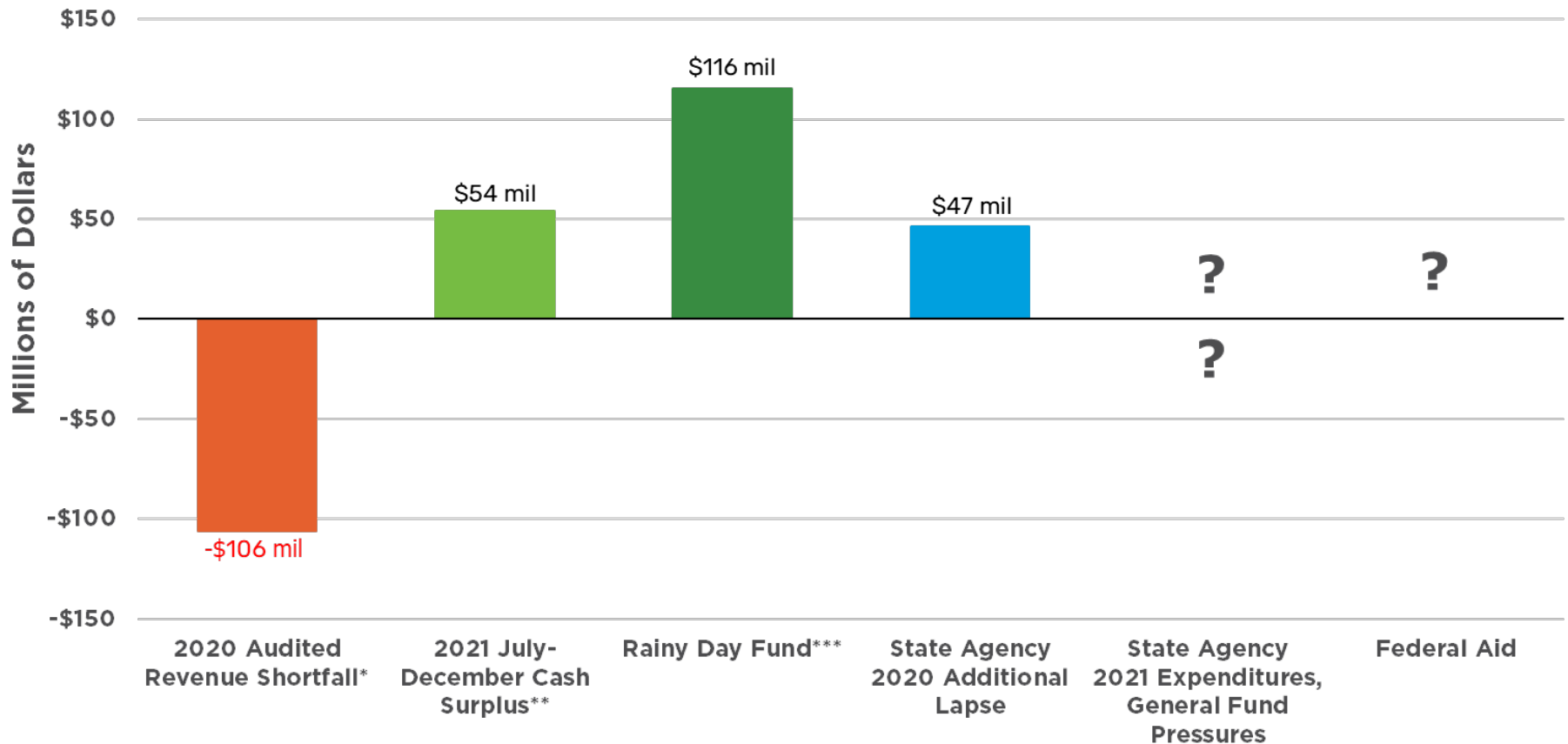
BUSINESS TAX RECEIPTS ADD TO SURPLUS

NEW HAMPSHIRE BUSINESS PROFITS AND BUSINESS ENTERPRISE TAXES ACTUAL AND PROJECTED MONTHLY CASH RECEIPTS



Note: Projected revenue calculations based on Department of Revenue Administration projections and Department of Administrative Services State Revenue Plan.
Sources: New Hampshire Department of Revenue Administration; New Hampshire Department of Administrative Services

STATE BUDGET SHORTFALL AND ASSETS



Asset or Change from State Budget Plan New Hampshire General and Education Trust Funds, by State Fiscal Year

Notes: *Audited totals from the State Fiscal Year 2020 Comprehensive Annual Financial Report. **Excludes \$30.8 million in anomalous revenue shifted to SFY 2020 from total.

***Rainy Day Fund refers to the Revenue Stabilization Reserve Account, balance from the draft Comprehensive Annual Financial Report.

Sources: New Hampshire Department of Administrative Services; New Hampshire Comprehensive Annual Financial Report for Fiscal Year 2020, December 22, 2020.

STATE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) RELEASED

- Rainy Day Fund total is \$115.5 million
- General and Education Trust Funds revenue shortfall: \$106.0 mil.
- With underspending and accounting adjustments, SFY 2020 total budget shortfall is \$81.5 million relative to planned amounts
- Revenues and expenditures solely for SFY 2020 shows a deficit of \$259.1 million (revenues lower than expenditures)
- Current budget benefitted from \$208.9 million carried forward from prior budget to fund operations in current budget
- Highway Fund totals better than feared, Turnpike balance high
- Business Profits Tax and Business Enterprise Tax rates will remain steady under current law, State Budget triggers not met

Source: New Hampshire Comprehensive Annual Financial Report for Fiscal Year 2020; NHFPI, Issue Brief: The State Budget for Fiscal Years 2020-2021, December 2019.

BUSINESS TAX RATE TRIGGERS

New Hampshire Revenue-Based Rate Contingencies for the Business Profits Tax and the Business Enterprise Tax		
Tax Year 2020 Rates Calendar Year 2020 For Most Businesses	Contingency Basis: State Fiscal Year 2020 Total General and Education Trust Funds Revenue July 1, 2019 to June 30, 2020 <i>In Millions</i>	Tax Year 2021 Rates Calendar Year 2021 For Most Businesses
BPT: 7.7% BET: 0.6%	Less Than \$2,468.581	BPT: 7.9% BET: 0.675%
BPT: 7.7% BET: 0.6%	Between \$2,468.581 and \$2,783.719	BPT: 7.7% BET: 0.6%
BPT: 7.7% BET: 0.6%	Greater Than \$2,783.719	BPT: 7.5% BET: 0.5%
BPT: 7.7% BET: 0.6%	Actual SFY 2020 Revenue: \$2,520.164	BPT: 7.7% BET: 0.6%
Source: New Hampshire Office of Legislative Budget Assistant, Proposed Budget Surplus Statement, September 25, 2019; New Hampshire Comprehensive Annual Financial Report for Fiscal Year 2020, December 2020.		

BUDGET PREVIEWS FROM THE GOVERNOR

December 22, 2020 Press Conference:

- “...a hole of somewhere around \$50 million. We could use our rainy day fund. That's what that's for, to kind of cover some of those back-end issues from the previous budget. We'd have the ability to do that through June 30th.”
- “I don't think we anticipate any massive layoffs, or anything like that. I don't think you're going to see any major cutbacks or anything.”
- “We still do have a lot of COVID relief dollars coming in that are helping supplant now what we're currently spending for just traditional State costs, but making sure that we're covering all of our COVID costs, so there's no additional extra burden on our system there.”
- “And I still fully plan on, whether the Federal Government comes through or not, we're still fully planning on presenting a budget with tax cuts in it to really boost the economy.”

NEW FEDERAL ASSISTANCE

- Expanded and extended unemployment compensation (Pandemic Unemployment Assistance, new applicants through March 14, 2021, benefits extended as late as April 5, 2021)
- Total unemployment claims can be paid for 50 weeks
- All unemployment compensation recipients receive additional \$300 through March 14, 2021
- Economic Impact Payments: \$600 per eligible tax filer and for each dependent child 16 years old and younger
- Increase maximum Supplemental Nutrition Assistance Program benefit by 15 percent through June 30, 2021
- Extends moratorium on certain evictions through January 31, 2021
- Provides \$200 million to NH for rental assistance

NEW FEDERAL ASSISTANCE, CONTINUED

- Extends deadline to use Coronavirus Relief Funds to Dec. 31, 2021; GOFERR dashboard on Dec. 11, 2020: \$197 mil. remained
- Provides aid to local schools for COVID-19 expenses, addressing learning loss, and school facility improvements, also to colleges and universities
- Child Care and Development Block Grant increase, approximately \$20 million to NH, support for child care providers and families
- COVID-19 vaccine, tracing, and mitigation aid: about \$219 mil.
- Paycheck Protection Program; tax credit changes (EITC, CTC)
- Aid to state and local transportation departments, \$41 mil. to NH
- No large, general aid to state and local governments, offsets from other funds unclear

NOTEWORTHY UPCOMING DATES

- Governor's Budget: February 15, 2021 Statutory Deadline; likely Thursday, February 11, 2021, potentially earlier in the week
- Crossover: April 1, 2021, House Budget deadline
- March and April Cash Revenues Known: Early May 2021
- Senate Acts on House Bills: June 3, 2021, Senate Budget deadline
- Committee of Conference Action Deadlines: June 24, 2021
- State Fiscal Year 2022 Begins: July 1, 2021

KEY TAKEAWAYS

- Revenues continue to outperform expectations
- Large businesses, demand for real estate key drivers
- Governor estimates budget shortfall may be \$50 million, within the scope of Rainy Day Fund's balance
- Current budget funded in part by a surplus from prior budget
- Governor's proposal may reduce tax revenue
- Federal assistance provides temporary bridge for many residents
- Federal assistance end dates means more policymaker action will be needed, part of discussion during the State Budget process
- No new direct federal aid to states for General Fund offset



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