



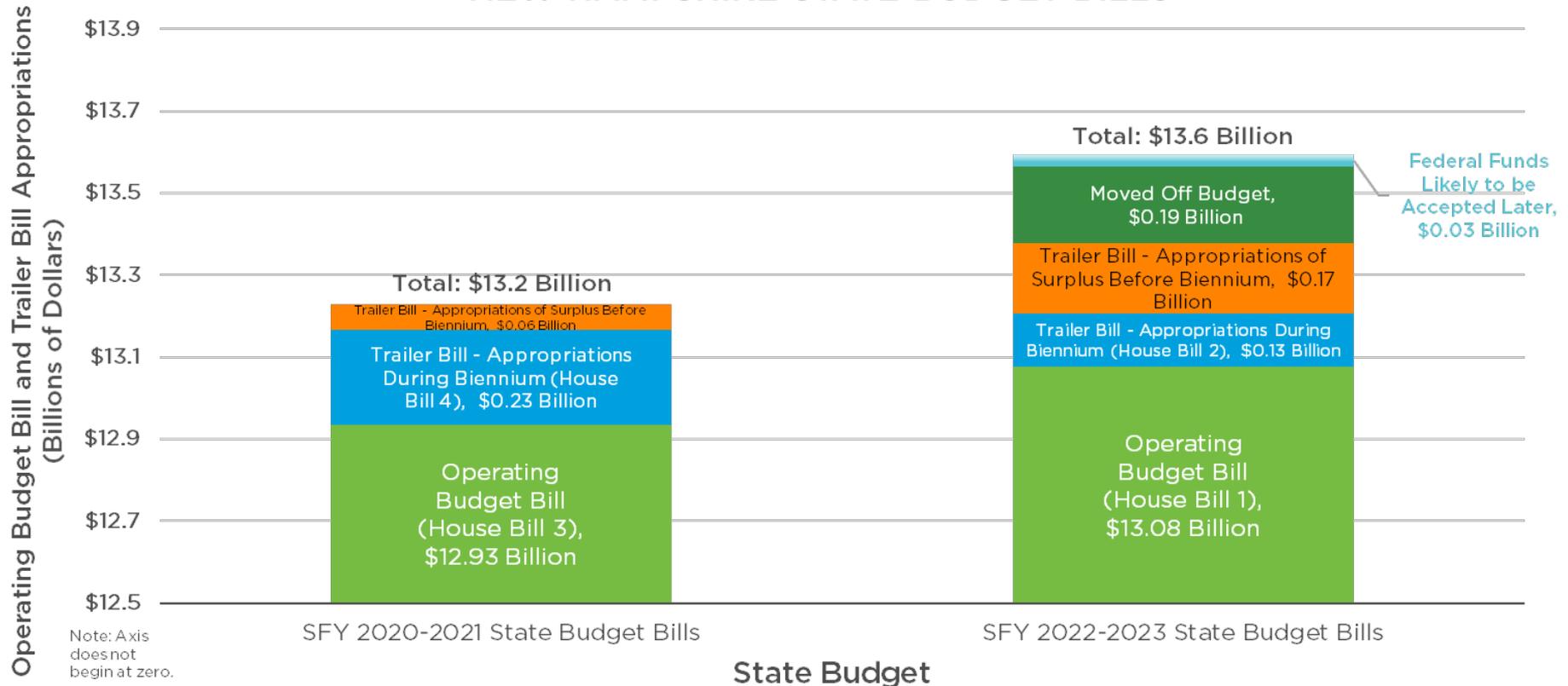
# THE STATE FISCAL YEAR 2022-2023 STATE BUDGET: A FOCUS ON HOUSING

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HOUSING MATTERS MEETING  
JULY 2, 2021

# THE NEW STATE BUDGET: TOPLINE NUMBERS

## APPROPRIATIONS FROM PRIOR AND CURRENT NEW HAMPSHIRE STATE BUDGET BILLS



Note: Figures include all Back-of-Budget changes and Trailer Bill Appropriations, including changes identified on General, Education Trust, Highway, and Fish and Game Funds surplus statements prepared by the Office of Legislative Budget Assistant and changes to other funds identified in Office of Legislative Budget Assistant compare reports and legislative language.

Sources: New Hampshire Office of Legislative Budget Assistant, Surplus Statements; Chapter 345, Laws of 2019; Chapter 346, Laws of 2019; Chapter 90, Laws of 2021; Chapter 91, Laws of 2021.

# AFFORDABLE HOUSING FUND

## **Fund's Purpose:**

- Provides grants and low-interest loans for building or acquiring housing affordable to people with low-to-moderate incomes
- Administered by the New Hampshire Housing Finance Authority

## **Appropriations Flow to Fund Through Two Mechanisms:**

- Contribution of \$5 million per year from the Real Estate Transfer Tax, a recently-established dedicated funding stream, continues in the new State Budget
- One-time appropriation of \$25 million from the General Fund
- Total of \$35 million as a result of new State Budget, historically significant relative to past budgets

# HOUSING APPEALS BOARD

## Board Purpose and History:

- Optional, parallel track to the Superior Court system for local disagreements regarding housing projects
- Established by previous State Budget, first funded last year

## Appropriations Changed During Budget Process:

- House voted to fund Board at lower amounts than recommended by the Governor, eliminating three positions, reducing budget by \$371,280 (32.3 percent) during biennium
- Senate partially restored funding, adding \$85,281
- Senate version became final State Budget, slightly higher each year than the first year of the Board's funding

# HOUSING STABILITY PROGRAMS

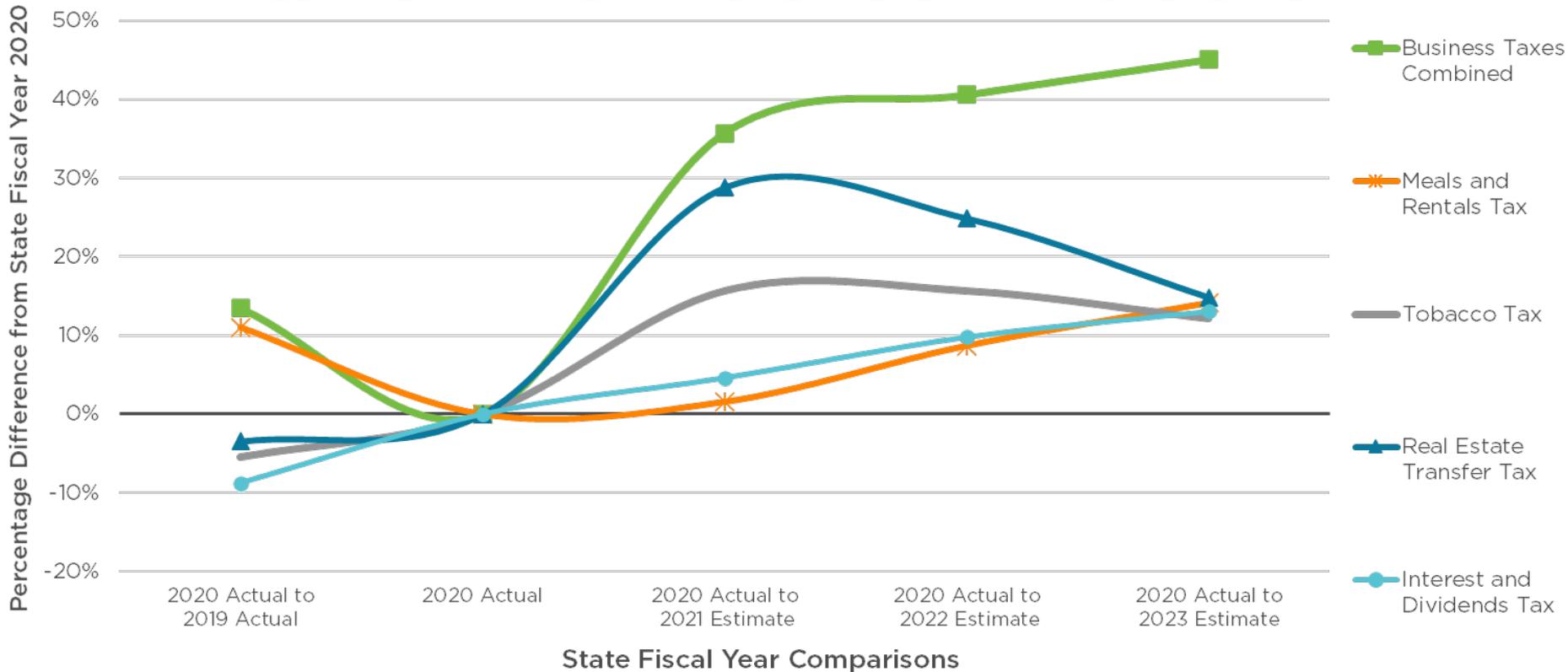
- Department of Health and Human Services program funding within the Division of Economic and Housing Stability
- Appropriation of \$3.0 million (\$1.5 million each year) for housing and shelter programming, focused on eviction prevention programs for individuals at risk of homelessness, funding added in Senate phase
- Department also requested \$19.8 million (\$9.9 million each year) for homeless shelter services, youth services and outreach, rapid re-housing, and eviction prevention; not included in the final budget

# OTHER HOUSING-RELATED CHANGES

- Commission to Study Limiting the Business Tax Credit Carry Over required to consider whether a business tax credit or other type of credit could be used to incentivize affordable housing development
- \$6 million appropriated to increased Medicaid reimbursement rates for transitional housing for patients with complex behavioral health needs
- Suspension of the congregate housing program under the Bureau of Adult and Elderly Services during the biennium
- Creation of Department of Energy shifts the planning functions previously at the Office of Strategic Initiatives to the Department of Business and Economic Affairs

# KEY TAX REVENUE PROJECTIONS

## STATE BUDGET REVENUE PROJECTIONS FOR KEY SOURCES RELATIVE TO STATE FISCAL YEAR 2020 ACTUAL REVENUES



Note: Projections do not incorporate revenue policy changes. Final budget used Senate revenue estimates.  
Sources: New Hampshire Office of Legislative Budget Assistant, Senate Ways and Means Revenue Estimates, May 27, 2021;  
New Hampshire Comprehensive Annual Financial Report for State Fiscal Year 2020.

# SIGNIFICANT TAX POLICY CHANGES

Total of nearly a quarter billion dollars in revenue reductions during biennium, including:

- Reducing the Meals and Rentals Tax from 9.0% to 8.5% (-\$38M)
- Reducing Business Profits Tax (BPT) rate to 7.6% (-\$15.8M)
- Reducing Business Enterprise Tax rate (-\$18M), raising filing thresholds (-\$3.1M)
- Limiting business tax credit carryforward (-\$15M)
- Accelerating apportionment changes for single sales factor (-\$20M)
- Eliminating the Interest and Dividends Tax over five years (-\$6.3M during biennium, estimated -\$369M through 2028)
- Lowering Statewide Education Property Tax, during State Fiscal Year 2023 only (-\$100M)
- Paycheck Protection Program aid nontaxable under the BPT for profitable recipient businesses, separate legislation (-\$69.4M)

# BEYOND THE STATE BUDGET: AMERICAN RESCUE PLAN ACT FUNDS

- Additional funding for rental assistance (\$152M to New Hampshire)
- Homeowner Assistance Fund
- Emergency housing vouchers for people at risk of homelessness
- Federal Emergency Management Agency shelter program funding
- HOME Investment Partnerships Program support for communities

## **Coronavirus State and Local Fiscal Recovery Funds:**

- New Hampshire allocations to State (\$995M), counties (\$264M), and municipalities (\$198M), to use by 2026
- Relatively flexible, can be used for housing and utility payment assistance, certain housing services, lead paint remediation
- Can be used for a broader array of affordable housing development and services in Qualified Census Tracts

# TAKEAWAYS

- State Budget bills appropriated more funding, in total, than the previous State Budget
- Affordable Housing Fund contributions significant relative to past appropriations
- Certain appropriations for homelessness prevention and assistance, although less than amount requested
- Revenue projections anticipate real estate market will slow due to limited supply
- New State Budget reduces resources available for future State Budgets
- Flexible federal dollars provide opportunity to support an equitable, inclusive recovery from the COVID-19 crisis

## NHFPI RESOURCES

- Blog: Committee of Conference Largely Accepts Senate Version of State Budget with Key Changes – June 21, 2021
- Issue Brief: The Senate Budget Proposal for State Fiscal Years 2022 and 2023 – June 11, 2021
- Webinar: Examining the State Budget: The Senate’s Proposal – June 8, 2021
- Blog: Federal Guidance Details Uses of Flexible Aid for State and Local Governments – May 25, 2021
- Blog: Federal American Rescue Plan Act Directs Aid to Lower-Income Children, Unemployed Workers, and Public Services – March 26, 2021

**All available at [nhfpi.org/topic/budget](https://nhfpi.org/topic/budget)**



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