



NEW HAMPSHIRE  
**FISCAL  
POLICY  
INSTITUTE**

**EXAMINING THE STATE BUDGET:  
UNDERSTANDING THE  
HOUSE FINANCE COMMITTEE'S  
PROPOSAL**

APRIL 4, 2023



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PRESENTED BY PHIL SLETTEN, RESEARCH DIRECTOR

APRIL 4, 2023

# IN BRIEF: THE CONTEXT FOR THE NEXT STATE BUDGET

## **An Uncertain Economy**

- Next State Budget will fund services through June 30, 2025
- Some economic forecasters predict a recession, both likelihood, timing unknown

## **Both Revenues and Service Needs Impacted by Economy**

- Recent revenue surpluses due in large part to a rise in national corporate profits
- Corporate profits have boosted Business Profits Tax revenue, may be more volatile in times of economic uncertainty than other revenue sources
- Rises in unemployment, personal income losses, or continuing inflation may all lead to higher service needs, such as higher Medicaid enrollment

## **Workforce Constraints Even While Granite Staters Struggle**

- Estimated size of New Hampshire's workforce in early 2023 remains smaller than it was in 2019, due to pandemic's impacts and long-term demographics
- Even with high employment, about one in three New Hampshire adults reported affording usual household expenses was somewhat or very difficult in the first half of March 2023 (U.S. Census Bureau, Household Pulse Survey)

# THE STATE BUDGET'S CURRENT STATUS IN THE BIENNIAL BUDGET PROCESS

# TWO BILLS COMPRISE THE STATE BUDGET

## STATE BUDGET

### Operating Budget Bill (Typically House Bill 1)

#### Operating Budget Line Items

(House Bill 1, Sections 1.00 to 1.07)

Line Item 1	\$X,XXX
Line Item 2	\$XX
Line Item 3	\$XXX
Organization, Class, and Agency Notes	
Line Items Total	\$XX,XXX

#### Text Following Line Items

- Sections 1.08 Through Final Section
- Back of Budget Funding Adjustments
- Revenue Estimates
- Budget Footnotes



### Trailer Bill (Typically House Bill 2)

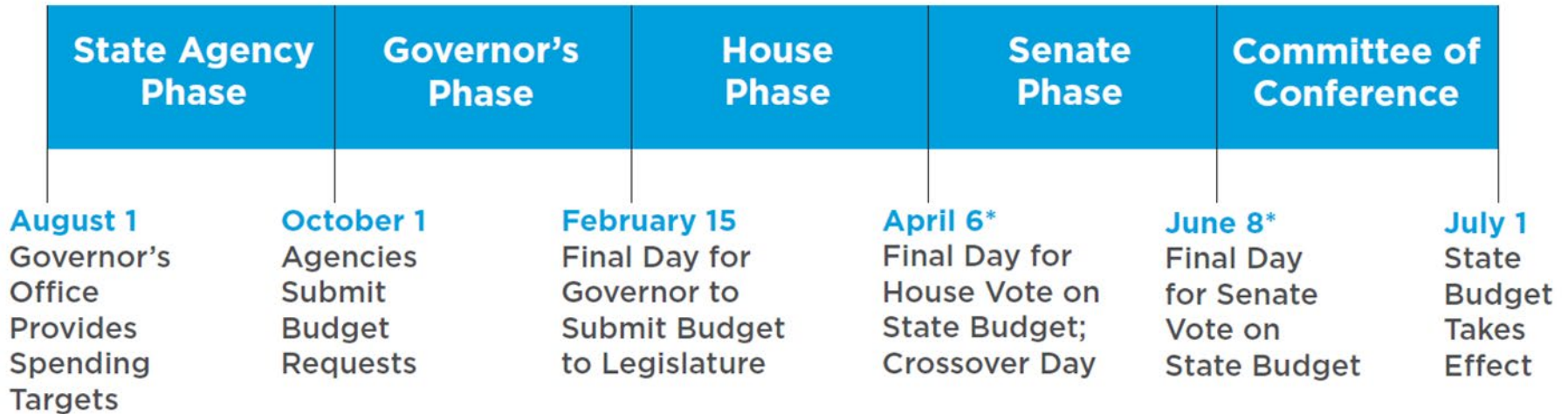
#### Omnibus Bill Text

Policy Language in Sentences,  
Which Can Include:

- Policy Changes Paired With Line Item Changes
- Additional Appropriations
- Allocations of Surplus Revenue from the Prior Biennium
- Policy on Other Topics

# BUDGET BILLS NEARING THE END OF THE HOUSE PHASE IN THE TIMELINE

## STATE BUDGET PROCESS TIMELINE



\*Dates set by legislative leadership for the 2023 session; all other dates specified in statute.

# HOUSE FINANCE COMMITTEE PRESENTS BUDGET PROPOSAL TO THE ENTIRE HOUSE

## Governor's Budget Published in Full March 1, 2023

- House Bill 1 proposal published February 14, 2023
- House Bill 2 proposal published March 1, 2023

## House Finance Committee modified Governor's budget

- House Finance Committee completed work on March 29, 2023
- Made changes to both House Bill 1 and House Bill 2
- Formal presentation of House Finance Committee budget at 1PM today

## Budget to be Considered by House on April 6, then Senate

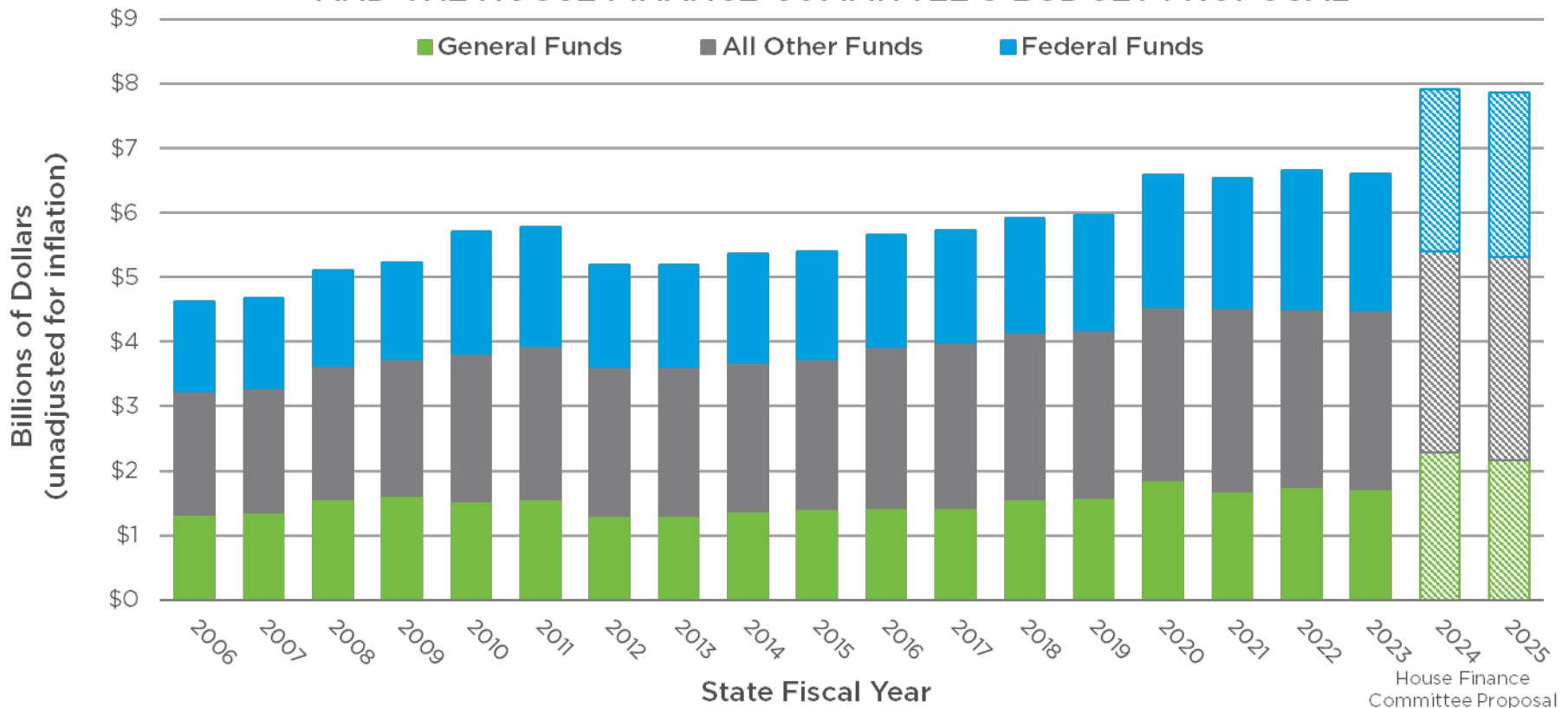
- The House will consider the two State Budget bills, the House Finance Committee's amendments, as well as any floor amendments
- State Budget process then moves to the Senate Finance Committee
- Senate will make amendments by June 8 before State Budget returns to the House for consideration, likely triggering a Committee of Conference
- While this week's vote may include floor amendments, final vote on Committee of Conference agreement does not permit floor amendments



# THE HOUSE FINANCE COMMITTEE'S TOPLINE CHANGES TO THE GOVERNOR'S PROPOSAL

# HOUSE FINANCE COMMITTEE BUDGET TOTAL \$15.76 BILLION OVER TWO YEARS

HISTORICAL STATE BUDGET APPROPRIATIONS AS ENACTED  
AND THE HOUSE FINANCE COMMITTEE'S BUDGET PROPOSAL



Note: Includes Trailer Bill and Back of Budget adjustments as represented in Surplus Statements, and Back of Budget reductions only for State Fiscal Years 2006 to 2009. Appropriations of surplus from prior budget biennium included in the first year of each new State Budget, not including Rainy Day Fund appropriations.

Sources: New Hampshire Office of Legislative Budget Assistant, Surplus Statements, Compare House Finance to Governor, March 28, 2023; HB 1, Section 1.07 as Approved, Sessions 2005 to 2015, 2021; HJR 9, Session 2015; HB 144, Session 2017; HB 3 as Approved, Session 2019; Governor's Budget Bill, 2023 Session; HB 2, 2023 as Introduced; 2023-1247h

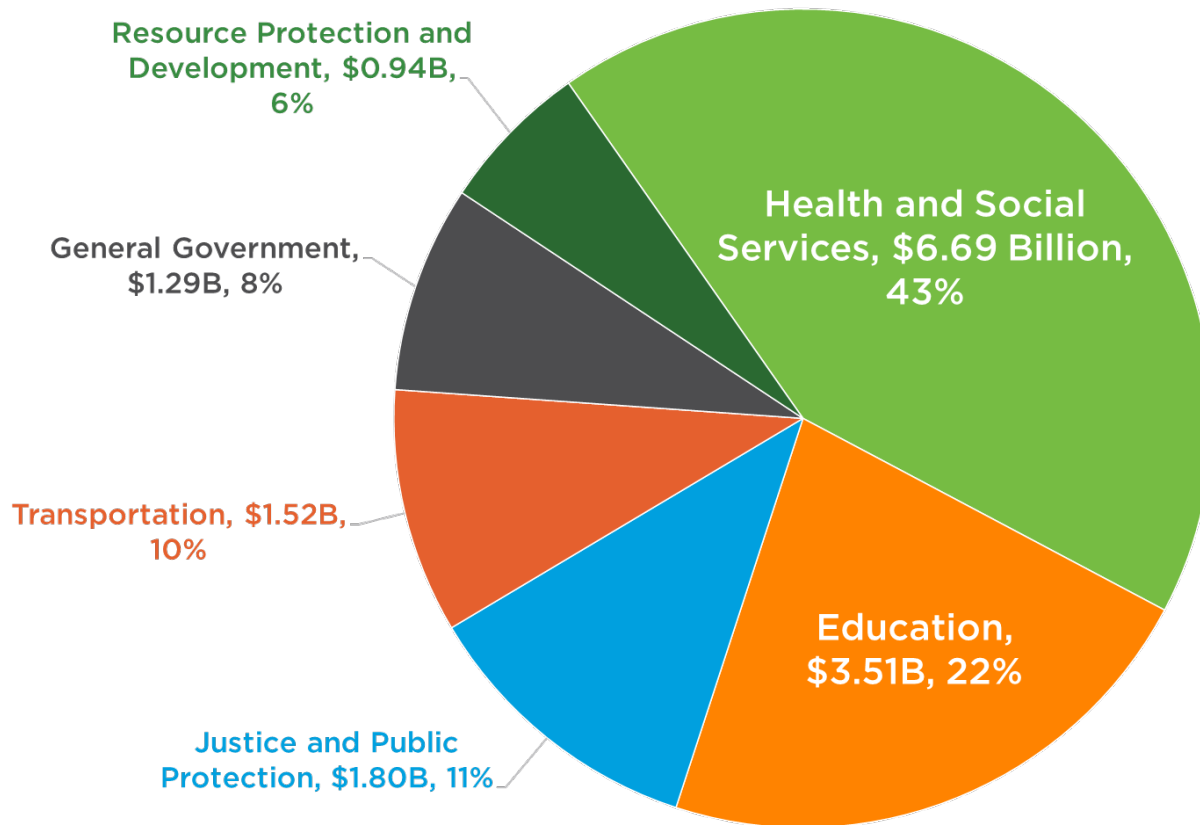
# HOUSE FINANCE COMMITTEE BUDGET INCREASE OVER GOVERNOR

- House Finance Committee budget total would rise \$2.49 billion (18.8 percent) over current State Budget as enacted
- Inflation and policy changes impact rise in total
- About \$180 million (1.3 percent) increase in additional expenditures on services over the Governor's State Budget proposal, including Trailer Bill appropriations
- House Finance Committee had \$131 million lower in General and Education Trust Funds revenue from new projections
- Increase funded by changes in tax policy proposals, decreasing revenue lost to tax reductions during the next biennium but increasing those revenue losses during the following biennium for State Fiscal Years (SFYs) 2026-2027
- House Finance Committee would contribute fewer funds to the State's Rainy Day Fund

# NEARLY TWO-THIRDS OF PROPOSAL FOR HEALTH, SOCIAL SERVICES, AND EDUCATION

## HOUSE FINANCE COMMITTEE'S PROPOSED STATE BUDGET APPROPRIATIONS

*State Fiscal Years 2024-25 and Surplus Appropriations,  
Includes Trailer Bill Appropriations*



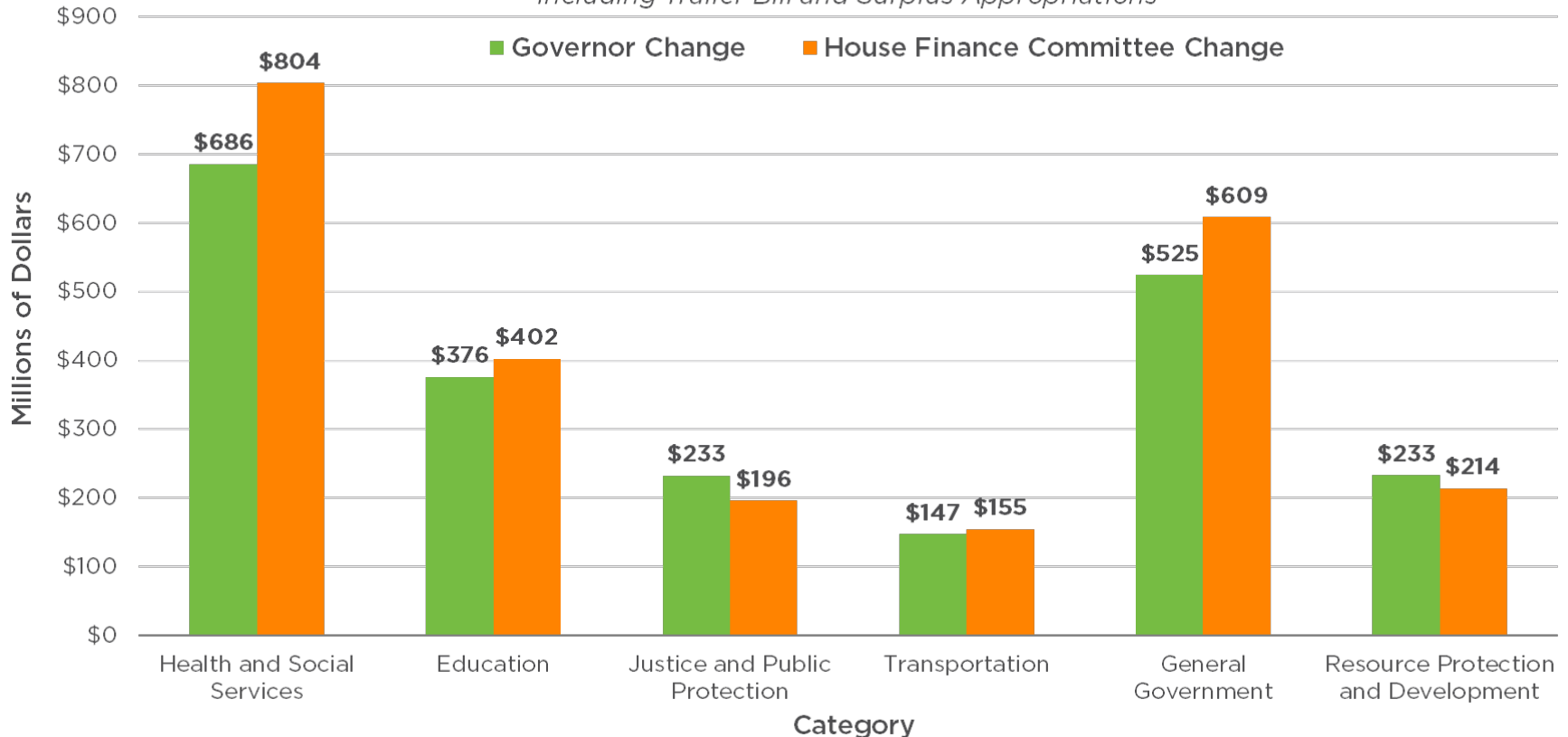
Note: General Government includes HB 2 appropriations for the Affordable Housing Fund, InvestNH, and all State employee pay raises defined by and funded through appropriations made in House Bill 2, as amended by the House Finance Committee.

Source: 2023-1247h; Office of Legislative Budget Assistant, Compare House Finance to Governor, March 28, 2023

# BOTH GOVERNOR AND HOUSE FINANCE COMMITTEE GROW ALL BUDGET CATEGORIES

## CHANGES IN FUNDING IN THE GOVERNOR'S AND HOUSE FINANCE COMMITTEE'S PROPOSALS RELATIVE TO THE PRIOR BUDGET BIENNIUM

*Enacted SFYs 2022-23 Compared to SFYs 2024-25 as Proposed by the Governor, Including Trailer Bill and Surplus Appropriations*

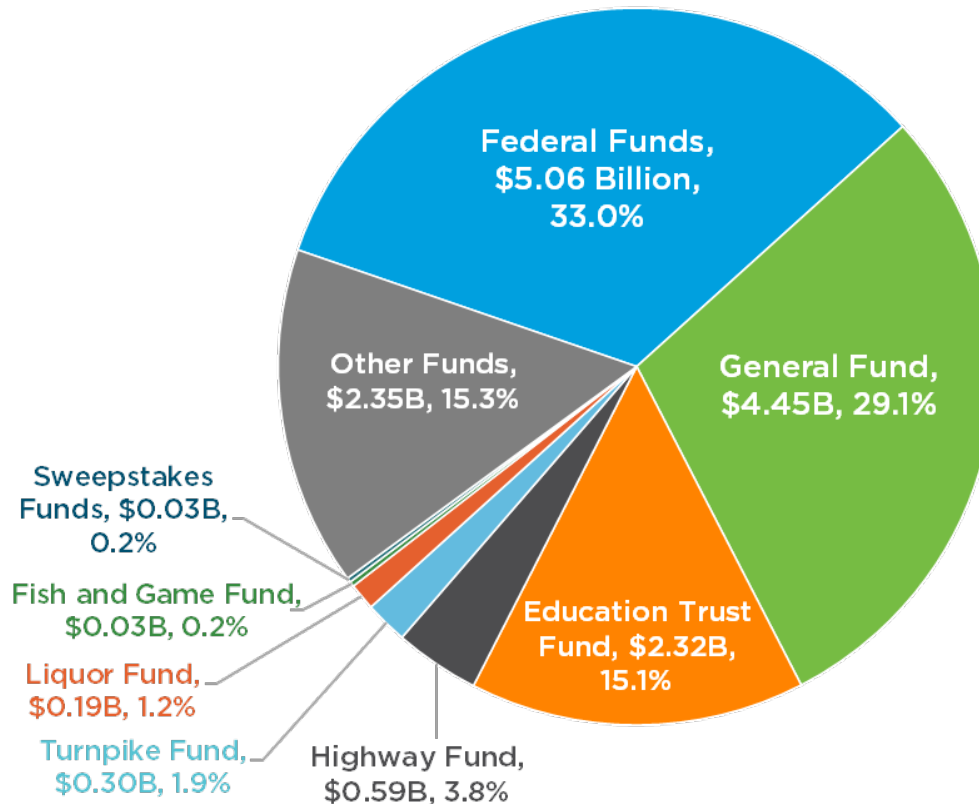


Sources: Chapters 90 and 91, Laws of 2021; Office of Legislative Budget Assistant, June 2021 Surplus Statements, Governor's Recommended Budget Trailer Bill Appropriations, February 21, 2023, Compare House Finance to Governor, March 28, 2023; New Hampshire Department of Administrative Services, Governor's Operating Budget, Fiscal Years 2024-2025; House Bill 2 of the 2023 Session, as introduced; 2023-1247h

# FEDERAL FUNDS SUPPORT ABOUT A THIRD OF CURRENT, PROPOSED BUDGETS

## HOUSE FINANCE COMMITTEE'S PROPOSAL FOR THE SFYs 2024-2025 STATE BUDGET

*Includes Operating Budget and Trailer Bill Appropriations*

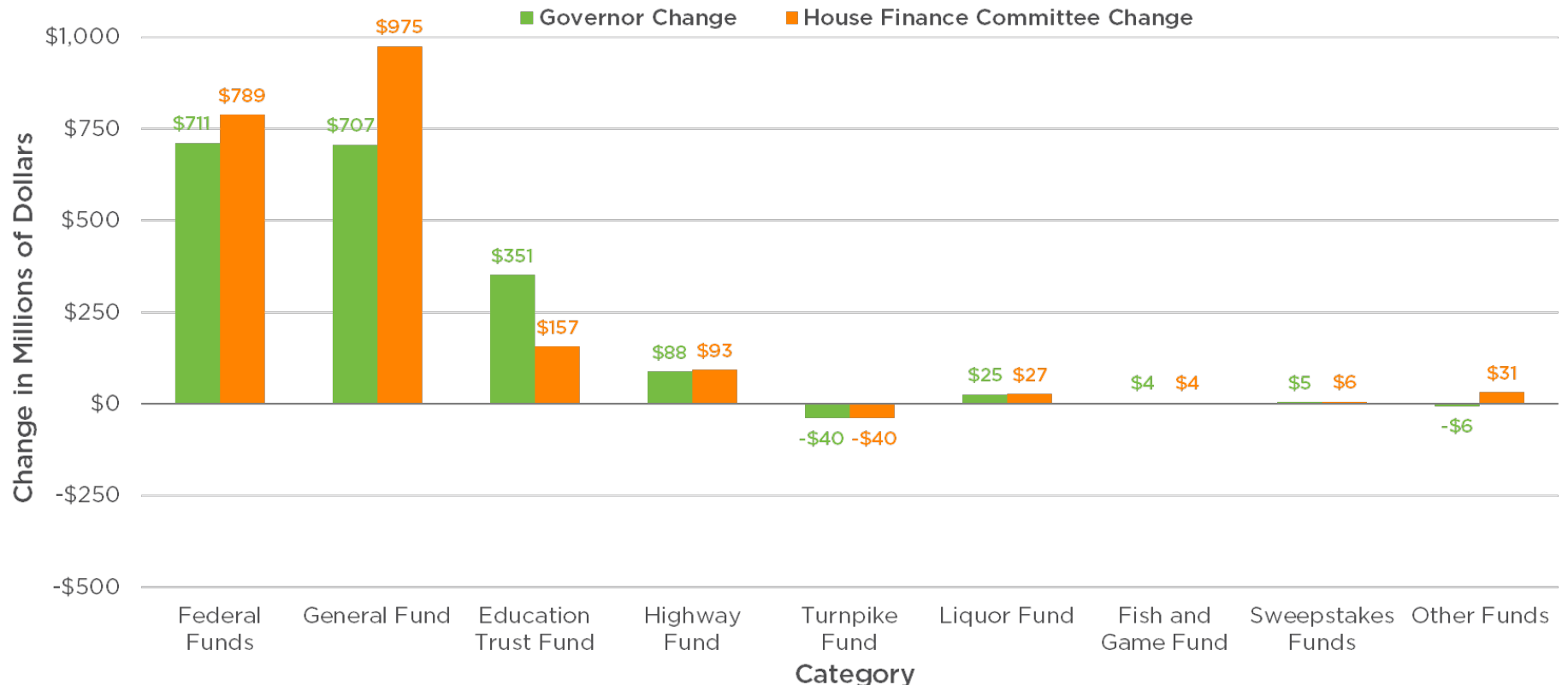


Source: New Hampshire Department of Administrative Services, Governor's Operating Budget for SFYs 2024-2025; Office of Legislative Budget Assistant, Compare House Finance to Governor, March 28, 2023 and Surplus Statements, March 29, 2023; 2023-1247h

# HOUSE COMMITTEE WOULD FURTHER BOOST GENERAL AND FEDERAL FUNDS

## CHANGE IN APPROPRIATIONS FROM EACH FUND IN THE GOVERNOR'S AND HOUSE FINANCE COMMITTEE'S PROPOSAL RELATIVE TO CURRENT BUDGET

*Enacted SFYs 2022-23 Compared to SFYs 2024-25, Includes Trailer Bill Appropriations*



Sources: Chapters 90 and 91, Laws of 2021; Office of Legislative Budget Assistant, June 2021 and March 2023 Surplus Statements, Compare House Finance to Governor, March 28, 2023; New Hampshire Department of Administrative Services, Governor's Operating Budget for SFYs 2024-2025; HB 2, 2023 as introduced; 2023-1247h

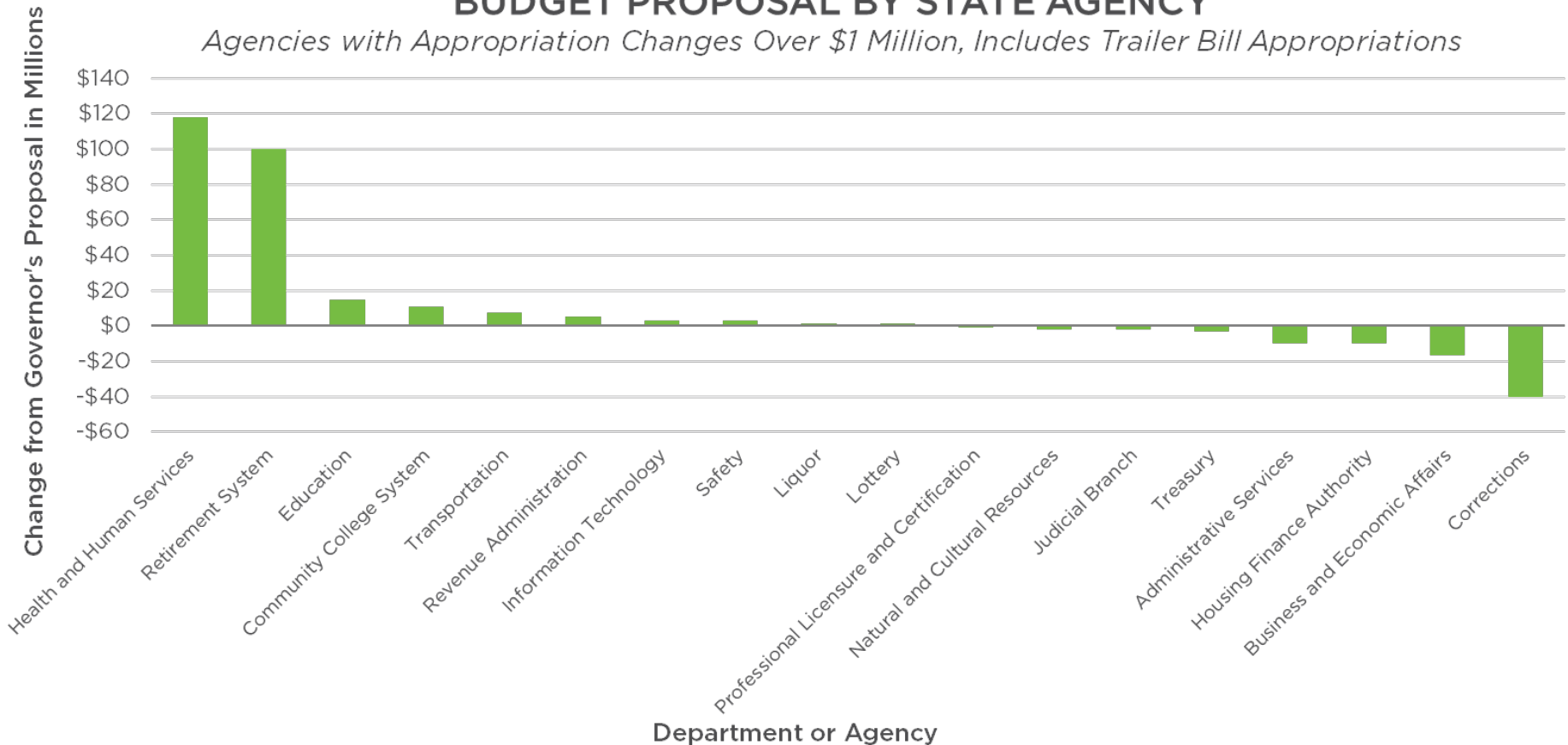
**PROPOSED CHANGES  
FROM THE GOVERNOR'S BUDGET TO  
THE HOUSE FINANCE COMMITTEE  
PROPOSAL BY STATE AGENCY**



# COMMITTEE CHANGED FUNDING FOR 25 OF 40 AGENCIES RELATIVE TO GOVERNOR

## HOUSE FINANCE COMMITTEE CHANGES TO THE GOVERNOR'S BUDGET PROPOSAL BY STATE AGENCY

*Agencies with Appropriation Changes Over \$1 Million, Includes Trailer Bill Appropriations*



Sources: New Hampshire Department of Administrative Services, Agency Budget Requests and Governor's Operating Budget for SFYs 2024-2025; House Bill 2 of the 2023 Session, as introduced; Office of Legislative Budget Assistant, Compare House Finance to Governor, March 28, 2023; 2023-1247h

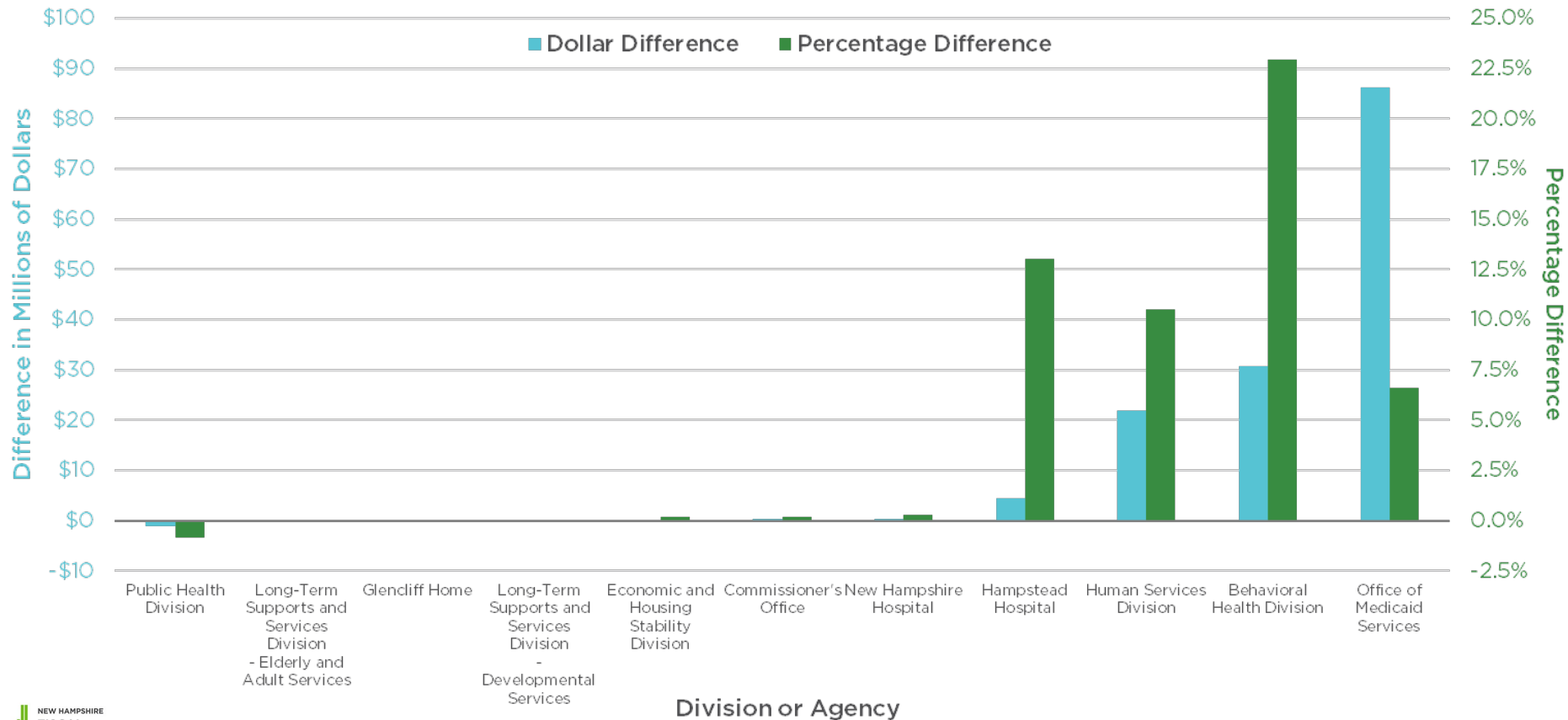
# KEY FUNDING CHANGES OUTSIDE OF EDUCATION, HEALTH AND SOCIAL SERVICES

- \$50 million one-time payment to unfunded accrued actuarial liability (totaling \$5.7 billion in June 2021, according to State Treasury Department) in the New Hampshire Retirement System
- Also, \$25 million per year through SFY 2032 (\$50 million total during next biennium) to fund retirement contributions for certain State and local police and fire employees who were not vested prior to 2012 but would have been prior to 2013, and also boosts annual cap for retirees to \$125,000 and defines “vested”
- In the Department of Administrative Services, \$15 million appropriation for legislative parking garage deleted, and budget accounts for \$25 million appropriation in separate bill
- \$10 million removed from the Affordable Housing Fund, and \$15 million shifted away from Department of Business and Economic Affairs InvestNH Fund, latter targeted at municipalities
- Department of Corrections has \$40 million less for new prison

# CHANGES RELATED TO HEALTH AND SOCIAL SERVICES

# AGENCIES WITHIN NH DEPARTMENT OF HEALTH AND HUMAN SERVICES (DHHS)

CHANGES MADE BY THE HOUSE FINANCE COMMITTEE TO THE GOVERNOR'S PROPOSAL WITHIN THE DEPARTMENT OF HEALTH AND HUMAN SERVICES  
*Does Not Incorporate Trailer Bill Appropriations*



Sources: New Hampshire Office of Legislative Budget Assistant, Compare House Finance to Governor, March 28, 2023

# KEY CHANGES TO GOVERNOR'S PROPOSED DHHS BUDGET

- Large dollar differences in House Bill 1 due to shifting Medicaid information technology funding and Sununu Youth Services Center operations from Trailer Bill (HB 2) into HB 1 budget lines
- Behavioral Health increases \$28.1 million to support children's residential rates and boost provider capacity, also \$2.1 million for Governor's Commission on Alcohol and Other Drugs
- Back of the budget funding reduction of \$23.4 million across biennium to be drawn from DHHS budget lines
- Public Health Division changes due to reducing federal funds associated with family planning to align with federal grant
- As with all agencies represented in this presentation, State employee pay increases applied via Trailer Bill, not appropriated to specific State agencies in budget lines

# SIGNIFICANT CHANGES TO MEDICAID, BOOSTS TO REIMBURSEMENT RATES

- Expands Medicaid coverage to 12 months postpartum
- Extends the Granite Advantage program, Medicaid Expansion under the Affordable Care Act, for two more years through the end of 2025, and changes funding structure to rely more on Liquor Commission profits, not on Alcohol Fund
- Rolls forward \$28.6 million in developmental services expected lapse to fund similar services in next State Budget
- Holds county long-term care contribution at SFY 2023 level
- Total increase to Medicaid reimbursement rates supported by \$94.2 million in General Funds appropriated via Trailer Bill, not including matching Federal Funds (at least doubles funding)
  - \$24 million for all providers except hospitals (lower than Governor)
  - \$70.2 million for targeted increases

# TARGETED RATE BOOSTS IN ADDITION TO GOVERNOR'S PROPOSED INCREASES

## TARGETED FUNDING FOR MEDICAID REIMBURSEMENT RATES ADDED BY HOUSE FINANCE COMMITTEE

*Certain Targeted Services Combined into Categories, Funding Would Begin January 2024*

Millions of Dollars Added by House Finance Committee



Source: Amendment 2023-1247h

# OTHER KEY DHHS CHANGES FROM GOVERNOR'S PROPOSAL

- Child care assistance eligibility set to 85 percent of median income, potentially significant increase in access to aid
- Child care provider reimbursement rates to 75th percentile of market rate or “true cost of care” mechanism
- Temporary Assistance for Needy Family funds can be used for new reimbursements, eligibility, to avoid child care waitlists
- Funds for construction of successor to Sununu Youth Services Center funding removed, any funds used required to be drawn from flexible federal dollars from American Rescue Plan Act
- Hospitals no longer required to have specific beds for licenses
- Funding proposed for Family Resource Centers, juvenile peer grief support, recovery-friendly workplaces removed



# OTHER KEY DHHS CHANGES FROM GOVERNOR'S PROPOSAL, CONTINUED

- \$4.4 million in SFY 2025 funds for Hampstead Hospital
- Establishes a new Data Privacy and Information Technology Security Governance Board within the DHHS
- Suspends aspects of State Health Care Facility Workplace Violence Prevention Program for biennium, and changes requirements regarding rules for the program
- Funds a kidney cancer study for the Town of Merrimack
- Adds \$400,000 for specific youth substance use prevention
- \$200,700 for Office of Child Advocate case management
- Removes proposed audit of integrated eligibility system
- Prescription Drug Affordability Board would have new reporting and competitive bid requirements, dedicated fund

# CHANGES TO FUNDING FOR EDUCATION

# HOUSE COMMITTEE MADE KEY CHANGES TO LOCAL EDUCATION FUNDING FORMULA

State Fiscal Year 2024 Formula Aid Type	Current Law	Governor's Proposal	House Finance Committee Proposal
Base Per Pupil	\$3,866.18	\$4,700	\$4,700
Free and Reduced-Price Meal Eligibility	\$1,933.08	\$2,500	\$2,500
Special Education	\$2,079.89	\$2,079.89	\$2,100
English Language Learner	\$756.43	\$756.43	\$800
Third Grade Reading Proficiency	\$756.43	None	None
Relief Aid based on concentration of Free and Reduced-Price Meal Eligibility	Between \$150 and \$600 per student	None	None
Extraordinary Needs Grant based on Property Value per Free and Reduced-Price Meal Eligible Pupil	Up to \$650 per eligible student, based on taxable property value	Max grant increases by 50 percent each budget cycle from \$650, first increase in SFY 2026, last for SFY 2034	Max grant boosted to \$3,750, 5 percent increase each budget through SFY 2034, property values indexed to inflation
Stabilization Grants based on historical change to formula	Total of \$157 million to communities that would have faced shortfall in SFY 2012	None	None
Hold Harmless Grants	None	Ensures no funding reduction in first budget, reduced each cycle to SFY 2034, then repealed	Ensures no funding reduction in first budget, reduced each cycle to SFY 2034, then repealed
<b>Estimated Total Aid</b>	<b>\$962 million</b>	<b>\$1,017 million</b>	<b>\$1,035 million</b>

Source: New Hampshire Office of Legislative Budget Assistant, Comparison – Adequacy Grants, March 26, 2023

# ADDITIONAL CHANGES TO FUNDING RELATED TO EDUCATION

- Expands eligibility for Education Freedom Accounts to 350 percent of poverty for one-time income test, eliminates income cap entirely for targeted student populations identified by the Governor's proposal to have a 500 percent income cap
- Eliminates school building aid appropriation of \$75 million scheduled for end of SFY 2025, Governor's proposed fund
- Permits public charter schools to access building aid
- Boosts additional per pupil aid to charter schools to \$4,300
- Adds \$4.4 million for tuition and transportation aid
- Removes appropriation for NH civics commission and textbook
- Adds Medicaid direct certification for free meal students
- Sets aside \$30 million during the biennium to adjust for potential added free and reduced-price meal eligible students

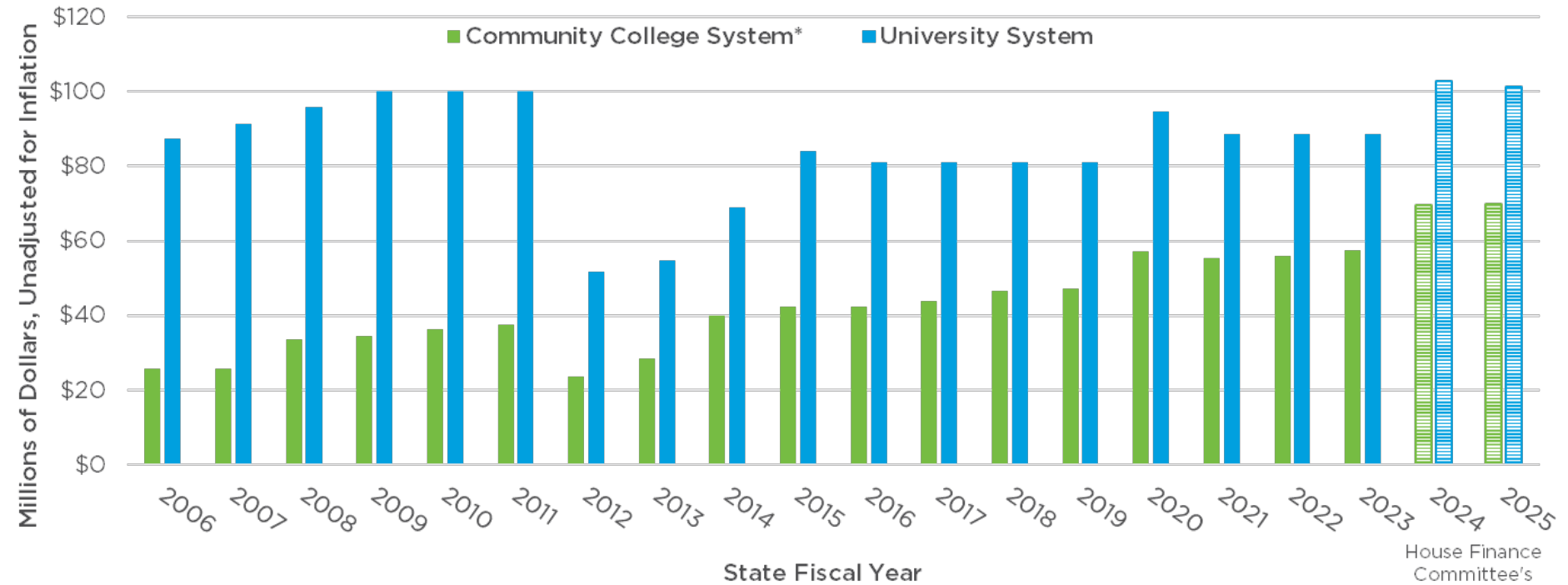
# CHANGES TO REVENUE FLOWING TO THE EDUCATION TRUST FUND

- House Finance Committee proposed changing how revenues from the Business Profits Tax and the Business Enterprise Tax are divided between General Fund and Education Trust Fund
- Currently, 20 percent of the larger Business Profits Tax and 90.9 percent of the smaller Business Enterprise Tax support the Education Trust Fund, remainder of each to General Fund
- Governor proposed 35 percent of each tax go to the Education Trust Fund, Committee would reduce to 22.5 percent, also shift school building aid, transportation aid, certain special education aid, and others back to the General Fund
- Committee proposal would turn \$183.8 million in Education Trust Fund SFY 2023 surplus to \$42.6 million SFY 2025 deficit
- General Fund automatic backstop, no changes to funding provided by the State, only the source of funds

# COMMITTEE PROPOSED MORE TARGETED COMMUNITY COLLEGE PROJECT FUNDING

## NEW HAMPSHIRE PUBLIC HIGHER EDUCATION FUNDING IN THE STATE BUDGET

*Includes Certain One-Time Appropriations for Certain Projects or Initiatives*



House Finance Committee's Proposal

\*Note: Prior to SFY 2012, the Community College System was organized differently, and its entire structure was included in the State Budget. In this graph, only General Fund line item and one-time Trailer Bill appropriations are included in the historical data.

Sources: New Hampshire State Operating Budgets and Trailer Bills as Enacted; Office of Legislative Budget Assistant, Compare House Finance to Governor, March 28, 2023 and March 29, 2023 Combined General and Education Trust Funds Surplus Statement; 2023-1247h

# HIGHER EDUCATION CHANGES

- Through the Community College System, targeted funds for:
  - A math learning communities program for high school students
  - Enhanced access and affordability to postsecondary education
  - Expansions to the workforce credentials program
  - Dual and concurrent enrollment program, above Governor's level
- Retained change to shift Community College System employees out of New Hampshire Retirement System
- Shifts \$2 million in funds from University of New Hampshire hockey arena renovation SFY 2023 directed support to general support for the University System in SFY 2025
- Removed Governor's proposed student debt relief program
- Shifts funding for the renovation of the Sugar River Valley Regional Technical Center in Newport to the General Fund

# CHANGES TO TRANSPORTATION FUNDING AND POLICY



# TRANSPORTATION FUNDING AND POLICY

- Proposed shift of \$10 million from General Fund to Highway Fund, which relies on motor fuels tax and registrations
- Adds \$4.8 million for equipment replacements at the Department of Transportation
- Boosts State match for urban and rural transit to access additional federal funds available through the Infrastructure Investment and Jobs Act
- Increases block grants to cities and towns, \$504,000 total
- Removes Governor's suspension of the limitation on percent of Highway Funds that can go to the Department of Safety
- Modifies Governor's proposed revolving fund for over-length, over-width, and over-height vehicles to add over-weight

# OTHER EXPENDITURE AND POLICY CHANGES

# LIMITS GOVERNOR'S PROPOSED LICENSING REFORMS, ADDS SCHOOL MEALS

- Most of Governor's occupational licensing overhaul removed
  - Boards for assessors, appraisers, auctioneers, allied health professionals, boxing and wrestling commission, electricians, genetic counselors, pharmacy have functions shifted to Office of Professional Licensure and Certification (OPLC)
  - Athlete agents, itinerant vendors, and hawkers and peddlers licenses repealed, and bondsmen regulation moved to OPLC
- Expands eligibility for free school meals to 300 percent, but does not expand education funding formula definition
- Modifies Department of Corrections, National Guard recruitment and retention programs
- Eliminates NH Public Television appropriation of \$1 million
- Requires the Governor's Trailer Bill transmission to the Legislature to be publicly posted by February 15 deadline

# HOUSING, ENVIRONMENTAL, AND OTHER CHANGES PROPOSED BY COMMITTEE

- Prohibits bulk disposal of food waste in certain situations to favor food waste facilities, and \$2 million for solid waste management
- Reduces funding for polychlorinated bi-phenyl contamination mitigation and research by \$5 million, adds cyanobacteria program
- Retains limit on Winnepesaukee River Basin Control borrowing authority at \$30 million, adds \$2.6 million in other funds
- Permits PFAS-related funds be used for grants, broadens purposes
- Narrows InvestNH program to provide aid to municipalities
- Adds land use review docket, presiding justice for superior court
- Deletes Historic Housing Preservation Tax Credit and State Historic Sites Fund proposals from Governor, funds historic sites separately
- Eliminates Governor's proposed Office of Regulatory Review, Reduction, and Government Efficiency
- \$4.8 million for State building maintenance and temporary space

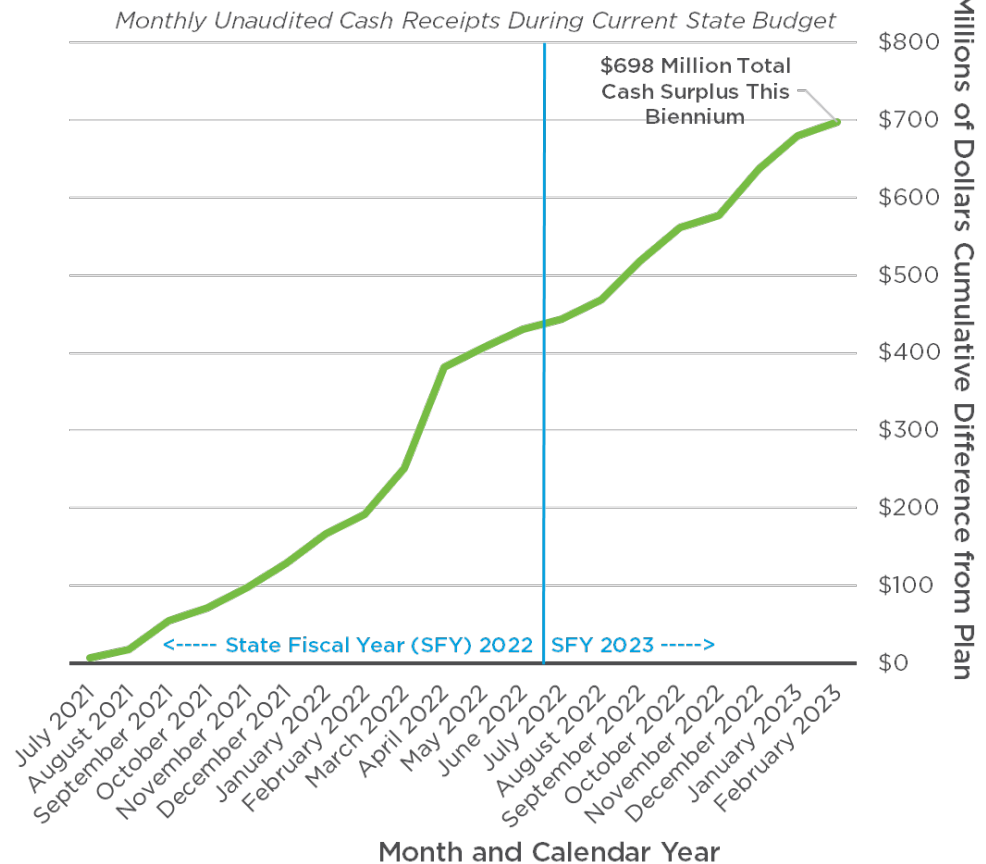
# REVENUE PROJECTIONS AND POLICY CHANGES

# STATE REVENUES BUILD ON SUBSTANTIAL SURPLUS, RESERVES THROUGH FEBRUARY

- Revenue surplus over budget's planned amounts from last year, plus this year's revenue surplus, minus other enacted expenditures: \$343.7 million in the General and Education Trust Funds combined
- Rainy Day Fund: \$159.9 million as of July 1, 2022
- Remaining unbudgeted American Rescue Plan Act flexible funds: \$50.3 million

Sources: Office of Legislative Budget Assistant, LBA Snapshot, January 9, 2023; New Hampshire Department of Administrative Services, Monthly Revenue Focus, February FY 2023; NHFPI analysis of Joint Legislative Fiscal Committee and Executive Council actions, May 2021 – March 2023

## NEW HAMPSHIRE GENERAL AND EDUCATION TRUST FUNDS SURPLUS

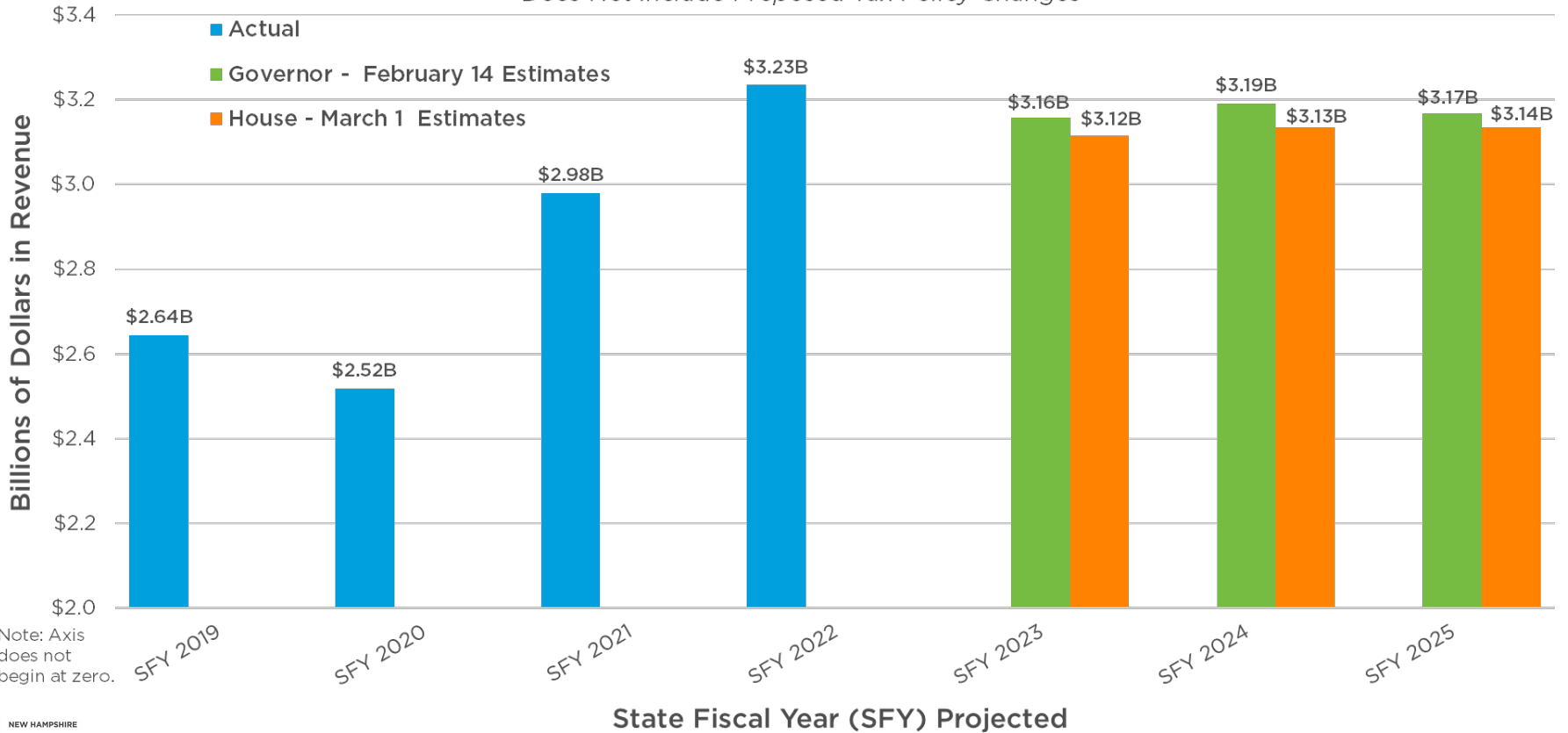


Source: New Hampshire Department of Administrative Services Monthly Revenue Focus Reports

# HOUSE REVENUE PROJECTIONS BELOW GOVERNOR BY \$131 MILLION IN KEY FUNDS

## NEW HAMPSHIRE STATE REVENUE PROJECTIONS FROM THE GOVERNOR AND THE HOUSE WAYS AND MEANS COMMITTEE

*General and Education Trust Funds Revenue Projections Based on Current Law,  
Does Not Include Proposed Tax Policy Changes*

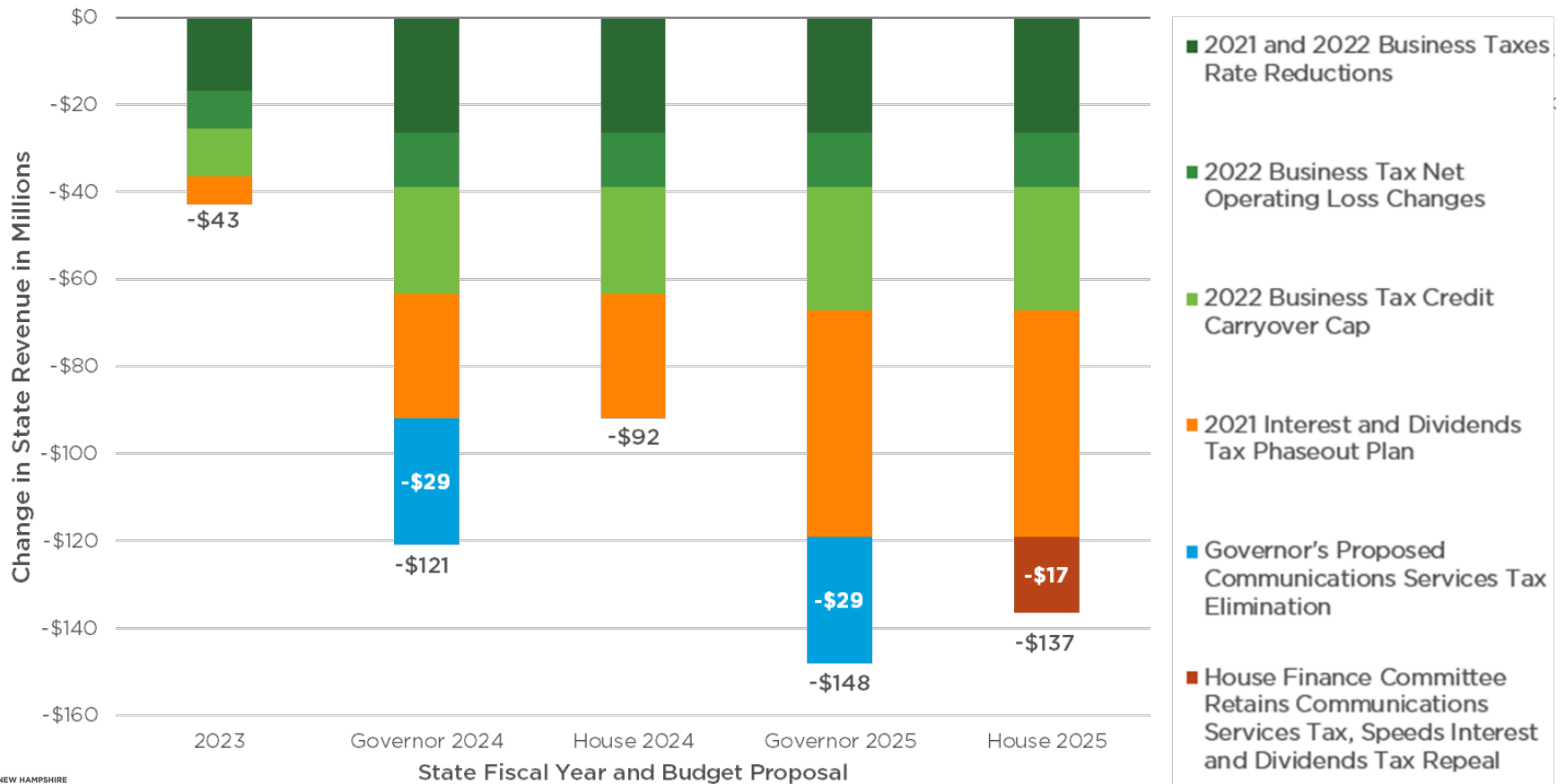


Source: New Hampshire Office of Legislative Budget Assistant, House Ways and Means Revenue Estimate Worksheet Final, March 1, 2023; New Hampshire Annual Comprehensive Financial Report, State Fiscal Year 2021

# HOUSE FINANCE COMMITTEE WOULD KEEP COMMUNICATIONS TAX, SPEED I&D REPEAL

## ESTIMATED CHANGES IN REVENUE ASSOCIATED WITH RECENT AND PROPOSED TAX POLICY CHANGES DURING NEXT BUDGET

Estimates from the Department of Revenue Administration and Office of Legislative Budget Assistant



Sources: New Hampshire Department of Revenue Administration, Revenue Estimates, February 16, 2023; Office of Legislative Budget Assistant, Comparative Statement of Undesignated Surplus, March 29, 2023

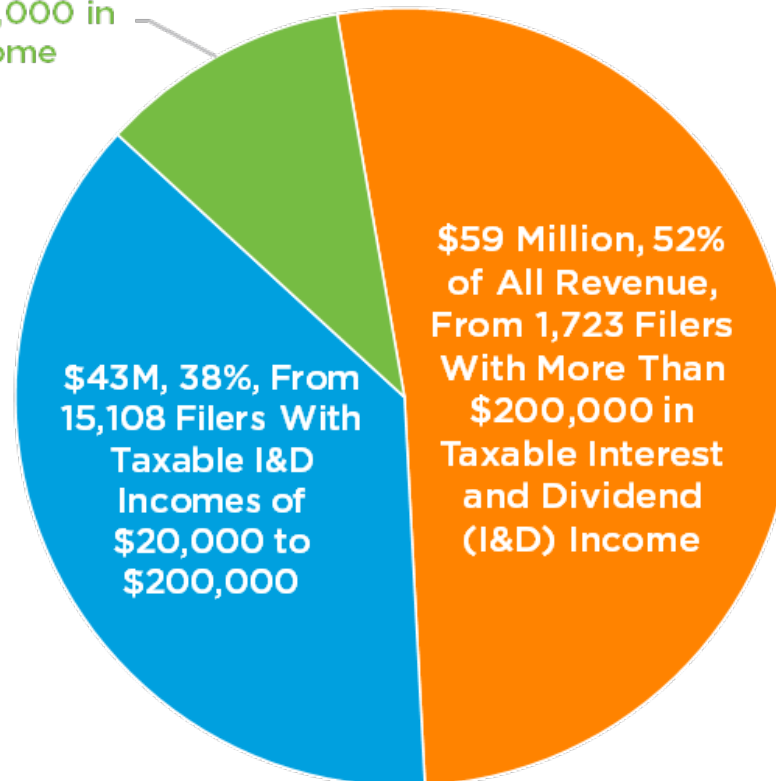


# I&D TAX PAID ON INCOME FROM WEALTH

## NEW HAMPSHIRE INTEREST AND DIVIDENDS TAX REVENUE BY THE TAXABLE INTEREST AND DIVIDEND INCOME OF FILERS

*Tax Year 2020, Only Taxable Interest, Dividend, and Distribution Income Included*

\$12M, 10%, From 51,833 Filers  
With Less Than \$20,000 in  
Taxable I&D Income



Source: New Hampshire Department of Revenue Administration,  
2022 Annual Report

# SIGNIFICANT WEALTH REQUIRED TO GENERATE HIGH I&D TAXABLE INCOME

## ASSET OWNERSHIP REQUIRED TO GENERATE INCOME TAXABLE UNDER THE INTEREST AND DIVIDENDS TAX AT SELECTED LEVELS, TAX AND CALENDAR YEAR 2020 WITH 5 PERCENT TAX RATE

Interest and Dividends Tax Paid (After Any Exemptions, Assumed \$2,400 Exemption in Wealth Estimate Calculations)	Taxable Interest and Dividend Income	Wealth Amount Generating Income with 5 Percent Annual Return	Wealth Amount Generating Income with 3.5 Percent Annual Return	Wealth Amount Generating Income with 1.51 Percent Annual Return (S&P 500 2020 Dividend Average)
\$250,000	\$5,000,000	\$100,048,000	\$142,925,714	\$331,284,768
\$100,000	\$2,000,000	\$40,048,000	\$57,211,429	\$132,609,272
\$50,000	\$1,000,000	\$20,048,000	\$28,640,000	\$66,384,106
\$10,000	\$200,000	\$4,048,000	\$5,782,857	\$13,403,974
\$1,000	\$20,000	\$448,000	\$640,000	\$1,483,444
\$500	\$10,000	\$248,000	\$354,286	\$821,192
\$1	\$20	\$48,400	\$69,143	\$160,265
\$0*	\$0*	Up To \$48,000	Up To \$68,571	Up To \$158,940

\*Note: Calculations assume \$2,400, the base exemption amount under the Interest and Dividends Tax, is not included as taxable income, but is included in the wealth base used to generate taxable interest, dividend, and distribution income.

Sources: New Hampshire Department of Revenue Administration, 2022 Annual Report; New York University Professor Aswath Damodaran, Damodaran Online, accessed March 7, 2023

# HOUSE FINANCE COMMITTEE ADDS TAX AUDITORS, CONTRIBUTES TO SAVINGS

- Committee budget would add multi-state tax auditors at the Department of Revenue Administration, expected to generate \$3.0 million in combined revenue for the General and Education Trust Funds during SFY 2025
- Additional Revenue Administration IT investments
- House Finance Committee proposal would transfer \$96.3 million to Revenue Stabilization Reserve Account (i.e.: Rainy Day Fund) from SFY 2023 and SFY 2025 surpluses
- Rainy Day Fund transfer smaller than Governor's \$181.4 million proposed transfer, reflecting lower revenue estimates, higher expenditures from the House Finance Committee
- House Finance Committee estimated about \$20.5 million less State agency underspending of General Fund appropriations in SFY 2023 than Governor

# LOOKING AHEAD AND KEY CONSIDERATIONS

# KEY CONSIDERATIONS FOR THE NEXT STATE BUDGET

- How will the State Budget need to support the economy during the next two years, particularly if service needs increase and revenues decline as federal funds expire?
- What policies can help ensure:
  - services are funded,
  - the growth of the workforce is supported,
  - the economy stays robust and reaches Granite Staters equitably, and
  - State supports are inclusive of Granite Staters with limited resources?
- Ongoing considerations, including key workforce supports:
  - Housing
  - Care for older adults and individuals with disabilities
  - Child care
  - Funding for local public and higher education

# TARGETING AID TO FAMILIES WITH LOW INCOMES SUPPORTS WEAK ECONOMIES

## RETURNS ON INVESTMENT FROM CERTAIN POLICIES

*Fiscal Stimulus Multipliers, 2021*

Estimates of Change in Size of the Economy (Gross Domestic Product) in the Fourth Quarter of 2021 for Each \$1.00 Change in Selected Federal Expenditure or Tax Changes in the First Quarter of 2021	
Selected Policy Change Analyzed	Economic Growth Per \$1 Invested
Supplemental Nutrition Assistance Program Benefits	\$1.61
Supplemental Unemployment Insurance	\$1.49
Work-Share Unemployment Insurance	\$1.37
Aid to State and Local Governments	\$1.34
Low Income Home Energy Assistance Program (LIHEAP)	\$1.31
Transportation Infrastructure Spending	\$1.29
Earned Income Tax Credit	\$1.27
Child Tax Credit	\$1.25
Child Care (Universal Child Care Act)	\$1.19
Universal Pre-Kindergarten	\$1.17
Care for Older Adults	\$1.15
Economic Impact Payments	\$1.09
Payroll Tax Holiday for Employees	\$1.07
Payroll Tax Holiday for Employers	\$0.95
Personal Income Tax Rate Reduction	\$0.88
Student Loan Debt Forgiveness	\$0.65
Dividend and Capital Gain Tax Rate Reduction	\$0.38
Corporate Tax Rate Reduction	\$0.32
Business Net Operating Losses Tax Offset	\$0.24

Note: Evaluated relative to the parameters of the federal 2021 American Rescue Plan Act as proposed in January 2021.

Source: Moody's Analytics, *The Biden Fiscal Rescue Package: Light on the Horizon*, January 15, 2021

# ADDITIONAL RESOURCES

- Issue Brief: The Governor's Budget Proposal for State Fiscal Years 2024 and 2025 – March 27, 2023  
<https://nhfpi.org/resource/the-governors-budget-proposal-for-state-fiscal-years-2024-and-2025/>
- Webinar: Examining the State Budget: Unpacking the Governor's Proposal – February 24, 2023  
<https://nhfpi.org/resource/examining-the-state-budget-unpacking-the-governors-proposal/>
- Blog: Ten Facts About the New Hampshire State Budget – February 1, 2023  
<https://nhfpi.org/blog/ten-facts-about-the-new-hampshire-state-budget/>
- Resource Pages: Budget, Revenue & Tax  
<https://nhfpi.org/topic/budget/>  
<https://nhfpi.org/topic/revenue-tax/>

# QUESTIONS AND ANSWERS





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**EXAMINING THE STATE BUDGET:  
UNDERSTANDING THE  
HOUSE FINANCE COMMITTEE'S  
PROPOSAL**

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