



THE NEW HAMPSHIRE STATE BUDGET: THE COMPOSITION, THE PROCESS, AND CURRENT CONDITIONS

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THE NATURE CONSERVANCY

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THE BASICS OF THE STATE BUDGET

Two-year, or Biennial, Operating Budget

- Funds *most*, but not all, State operations for two State Fiscal Years (SFYs), typically beginning shortly after the budget is approved
- Current State Budget provides funding for SFYs 2024-2025, which spans July 1, 2023 to June 30, 2025, from SFY 2023 surplus carried forward and two years of revenue projected when budget passed
- State Budget, currently being implemented, appropriated approximately \$15.17 billion for SFYs 2024-2025 combined

Comprised of Two Separate Pieces of Legislation

- Operating Budget Bill, typically House Bill 1 or “HB 1,” holds the line-item appropriations with the amount of money in each component of State programs, standardized class lines for expenditures
- Trailer Bill, typically House Bill 2 or “HB 2,” is the companion omnibus bill with policy changes and appropriations separate from HB 1

UNDERSTANDING AND READING THE TWO STATE BUDGET BILLS

A BUDGET IN TWO BILLS

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

HB 1 SHOWS AGENCY BUDGET LINES...

HB 0001

06/07/2023 VERSION NO: 03

FISCAL YEAR 2024

FISCAL YEAR 2025 PAGE 352

03 RESOURCE PROTECT & DEVELOPMT
75 FISH AND GAME DEPT
75 FISH AND GAME DEPT
752520 LAW ENFORCEMENT PROGRAM
7887 CONSERVATION LAW ENFORCEMENT

010 Personal Services-Perm. Classi	3,362,498	3,425,980
018 Overtime	178,000	187,001
019 Holiday Pay	40,000	45,000
020 Current Expenses	120,000	125,000
022 Rents-Leases Other Than State	528	528
023 Heat- Electricity - Water	7,500	7,500
026 Organizational Dues	1,400	1,400
030 Equipment New/Replacement	180,000	195,000
039 Telecommunications	3,500	3,500
041 Audit Fund Set Aside	442	444
049 Transfer to Other State Agenci	6,960	6,960
050 Personal Service-Temp/Appointe	15,999	15,999
060 Benefits	2,212,145	2,311,468
070 In-State Travel Reimbursement	4,000	4,000
080 Out-Of State Travel	4,000	4,000
TOTAL	6,136,972	6,333,780

ESTIMATED SOURCE OF FUNDS FOR
CONSERVATION LAW ENFORCEMENT

004 Intra-Agency Transfers	372,901	373,023
FEDERAL FUNDS	439,726	441,348
GENERAL FUND	896,665	1,398,933
FISH AND GAME FUNDS	4,427,680	4,120,476
TOTAL SOURCE OF FUNDS	6,136,972	6,333,780

...BUT DOES INCLUDE TEXT IN NOTES AND AT THE END IN THE “BACK OF THE BUDGET”

44 ENVIRONMENTAL SERVICES DEPT
443010 AIR RESOURCES DIVISION
9101 PERMIT FEE PROGRAM

(CONT.)
(CONT.)
(CONT.)

022 Rents-Leases Other Than State	2,814	2,814
024 Maint.Other Than Build.- Grnds	2,200	2,200
026 Organizational Dues	1,600	1,650
027 Transfers To Oit	140,914	136,575
028 Transfers to Plant & Property	50,435	51,113
030 Equipment New/Replacement	37,660	5,047
038 Technology - Software	3,060	3,060
039 Telecommunications	6,100	6,100
040 Indirect Costs	116,894	118,284
042 Additional Fringe Benefits	90,573	91,998
049 Transfer to Other State Agenci	22,600	22,854
050 Personal Service-Temp/Appointe	65,919	67,549
057 Books, Periodicals, Subscripti	400	400
059 Temp Full Time	325,632	328,538
060 Benefits	561,566	582,915
066 Employee training	970	2,300
067 Training of Providers	100	100
069 Promotional - Marketing Expens	100	100
070 In-State Travel Reimbursement	200	200
080 Out-Of State Travel	1,500	1,500
101 Medical Payments to Providers	1,250	550
102 Contracts for program services	5,000	5,000
211 Property and Casualty Insuranc	3,514	3,878
TOTAL	2,287,833	2,296,460

ESTIMATED SOURCE OF FUNDS FOR
PERMIT FEE PROGRAM

006 Agency Income	2,037,833	2,046,460
GENERAL FUND	250,000	250,000
TOTAL SOURCE OF FUNDS	2,287,833	2,296,460

ORGANIZATION NOTES

- * In the event revenue collected in accounting unit 9101 is less than expenditures for Fiscal Years 2024 and 2025, the Department of Energy shall transfer revenue from the Renewable Energy Fund to cover the shortfall not to exceed \$250,000 per fiscal year.

CHANGES IN THE “BACK OF THE BUDGET” CAN IMPACT MULTIPLE BUDGET LINES

20 106:7 Department of Health and Human Services; Staffing; Budget Reduction. In addition to any
21 other required reductions, the department of health and human services is hereby directed to reduce
22 general fund appropriations by \$23,400,000 for the biennium ending June 30, 2025. At no time during the
23 biennium shall the department exceed 3,000 filled, full-time, authorized positions. The department shall
24 provide to the department of administrative services the accounting units and class lines to be reduced,
25 and shall report on said reductions to the fiscal committee of the general court by May 30, 2024, for
26 reductions made in the fiscal year ending June 30, 2024, and by May 30, 2025, for reductions made in the
27 fiscal year ending June 30, 2025.

GOVERNOR'S VERSION OF HB 1 TYPICALLY INCLUDES MORE INFORMATION THAN FINAL

03 RESOURCE PROTECT & DEVELOPMT	(CONT.)				
35 NATURAL & CULTURAL RESRCS DEPT	(CONT.)				
35 NATURAL & CULTURAL RESRCS DEPT	(CONT.)				
351510 PARKS AND RECREATION	(CONT.)				
3720 PARKS OPERATIONS	(CONT.)				
ESTIMATED SOURCE OF FUNDS FOR PARKS OPERATIONS					
004 Intra-Agency Transfers	410,553	0	0	0	0
009 Agency Income	14,803,133	16,238,850	16,599,459	16,715,343	
GENERAL FUND	150,703	0	0	0	
TOTAL SOURCE OF FUNDS	15,364,389	16,238,850	16,599,459	16,715,343	
LESS FUNDS FOR BUDGETED REVENUE TRANSFERS					
OTHER FUNDS	410,553	0	0	0	
NET TOTAL FUNDS	14,953,836	16,238,850	16,599,459	16,715,343	
NUMBER OF POSITIONS					
PERMANENT CLASSIFIED	34	34	41	41	
UNCLASSIFIED POSITIONS	0	0	0	0	
TOTAL NUMBER OF POSITIONS	34	34	41	41	

TRAILER BILL (HB 2) STRUCTURED AS ALL TEXT

CHAPTER 79 HB 2-FN-A-LOCAL - FINAL VERSION

23-1064
10/05

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty Three

AN ACT relative to state fees, funds, revenues, and expenditures.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 79:1 Department of Information Technology; Divisions Established. Amend RSA 21-R:5 to read as
2 follows:

3 21-R:5 Divisions Established. The commissioner shall establish 4 divisions, ***business relationship***
4 ***management, user experience, infrastructure and operations, and user services***, which shall be in
5 alignment with the department's statewide strategic plan. Each division shall be under the supervision of
6 a division director appointed pursuant to RSA 21-R:3.

7 79:2 Department of Information Technology; Unfunded Positions; Authorization. Notwithstanding any
8 other provision of law to the contrary, the department of information technology may fill unfunded
9 positions during the biennium ending June 30, 2025, provided that the total expenditures for such
10 positions shall not exceed the amount appropriated for personnel services.

11 79:3 Career and Technical Education; Dual and Concurrent Enrollment Program. Amend RSA 188-
12 E:26 to read as follows:

13 188-E:26 Program Established. There is established a dual and concurrent enrollment program in
14 CCSNH. Participation in the program shall be offered to high school and career technical education
15 center students in grades 10 through 12. The program shall provide opportunities for qualified New
16 Hampshire high school students to gain access and support for dual and concurrent enrollment in ~~[career~~
17 ~~and technical education courses, STEM (science, technology, engineering, and mathematics) and STEM-~~
18 ~~related]~~ courses that are fundamental and necessary for success in postsecondary education, career path
19 opportunities, and to meet New Hampshire's emerging workforce needs.

20 79:4 Regional Career and Technical Education; Dual and Concurrent Enrollment Program. Amend
21 RSA 188-E:27, II to read as follows:

22 II. A student in the program shall be provided funding for enrollment in no more than [2] ~~4~~ dual or
23 concurrent enrollment courses taken in grade 10, no more than [2] ~~4~~ dual or concurrent enrollment
24 courses taken in grade 11, and no more than [2] ~~4~~ dual or concurrent enrollment courses taken in grade

25 12. A student may take more than [2] ~~4~~ dual or concurrent enrollment courses per year at his or her own
26 expense.

TRAILER BILL CAN INCLUDE APPROPRIATIONS

24 79:508 Appropriation; Department of Natural and Cultural Resources. There is hereby appropriated
25 to the department of natural and cultural resources the sum of \$1,000,000 for the fiscal year ending June
26 30, 2023, which shall be nonlapsing until June 30, 2025, for the purpose of making renovations and
27 repairs to the Northwood Meadows Lake Dam. The governor is authorized to draw a warrant for said sum
28 out of any money in the treasury not otherwise appropriated.

29 79:509 Effective Date. Section 508 of this act shall take effect June 30, 2023.

30 79:510 Appropriation; Cannon Mountain Tramway. The sum of \$18,000,000 for the fiscal year
31 ending June 30, 2023, which shall be nonlapsing, is hereby appropriated to the department of natural and
32 cultural resources for the maintenance and operation of the tramway at Cannon Mountain. The governor
33 is authorized to draw a warrant for said sum out of any money in the treasury not otherwise appropriated.

34 79:511 Effective Date. Section 510 of this act shall take effect June 30, 2023.

EXPENDITURES OUTSIDE THE STATE BUDGET

Capital Budget

- Typically HB 25, covers six years with possible changes every two years
- Can borrow money to balance, unlike operating budget
- Allocates General Funds to support projects and debt service

Ten Year Transportation Improvement Plan

- Identified upcoming planned projects, construction dates, and costs
- Altered every two years by Legislature, typically legislation in even-numbered years, unlike operating and capital budgets

Other Expenditures

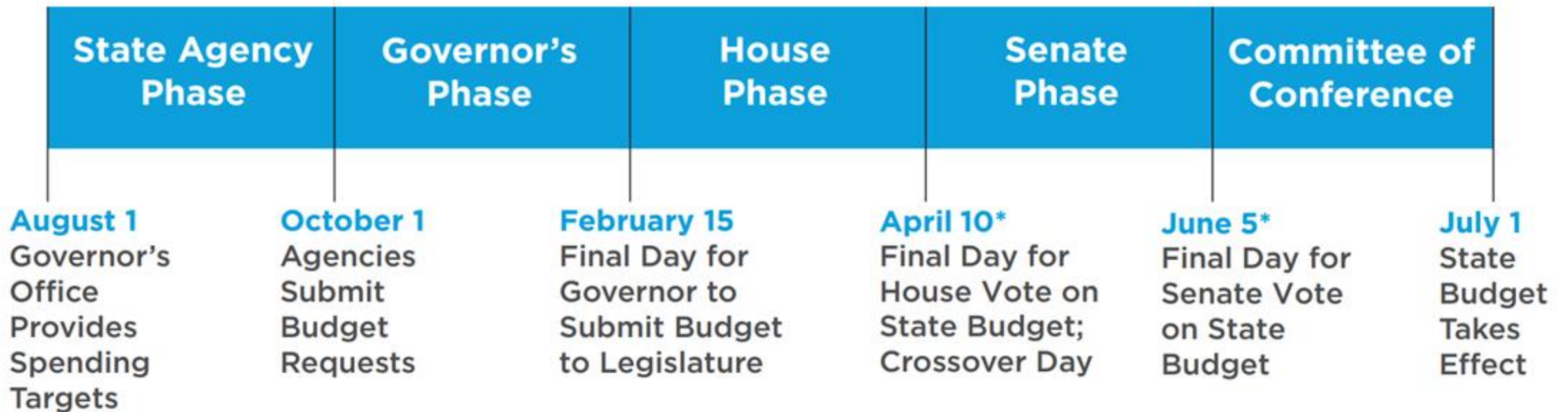
- Bills that are not the budget can appropriate funds
- Spending requests from State agencies can be granted by the Joint Legislative Fiscal Committee
- Some spending and operations are supported by separate, off-budget funds established by the Legislature, including funds originally established within the State Budget
- Examples: Funding for Medicaid Expansion/Granite Advantage Program outside of State Budget; 2021 American Rescue Plan Act funds moved through the Joint Legislative Fiscal Committee, and Infrastructure Investment and Jobs Act funds likely to as well

QUESTIONS ABOUT HB 1 AND HB 2?

THE PROCESS FOR CREATING THE STATE BUDGET

BUDGET CREATED IN A YEARLONG PROCESS, TYPICALLY WITH FIVE PHASES

State Budget Process Timeline



*Dates set by legislative leadership each session; all other dates specified in statute.

COMMON PATTERNS IN PROCESS PHASES

- Agency budget requests may be referred to by State agencies throughout the process, but the Governor's budget is the new baseline once introduced
- Comparisons to the prior budget often complicated by accounting changes
- House Finance Committee will break up into divisions, Senate will not
- House Finance brings division amendments together, final changes as full group
- House Ways and Means Committee provides revenue estimates without the insights of March and April receipts, often produces lower revenue estimates than the Senate Ways and Means Committee, which estimates revenue in May
- As a result, Senate budget often (but not always) larger than House totals
- Senate will often pass its own bills in the first half of the session, table them, and bring them back as amendments to the Trailer Bill
- Floor amendments happen in both chambers, can be either big compromises or small fixes, but no floor amendments after Committee of Conference

If a budget doesn't pass by June 30... likely a 3-6 month continuing resolution

HOUSE FINANCE COMMITTEE DIVISIONS, WITH LEGISLATIVE BUDGET ASSISTANT STAFF LISTED

Division I	Division I	Division II	Division III
Jack Mullen (271-3086)	Melissa Rollins (271-3087)	Mickey Landrigan (271-3090)	Kevin Ripple (271-3089)
Board of Tax and Land Appeals	Military Affairs & Veterans Service Department	Department of Safety	Department of Health and Human Services
Boxing and Wrestling Commission	Banking Department	Fish and Game Department	Veterans Home
Department of Administrative Services	Department of Agriculture, Markets & Food	Department of Transportation	
Office of the Child Advocate	Department of Corrections (Parole Board)	Community College System of New Hampshire	
Advocate of Special Education	Department of Justice	Department of Education	
Housing Appeals Board	Department of Labor	Lottery Commission	
Conservation Land Stewardship Program	Human Rights Commission	Police Standards and Training Council	
Department of Information Technology	Insurance Department	University System of New Hampshire	
Department of Revenue Administration	Judicial Branch		
Department of State	Judicial Council		
Right to Know Ombudsman	Liquor Commission		
Executive Council	NH Employment Security		
Governor's Commission on Disability	Public Employees Labor Relations Board		
Governor's Office	Department of Energy		
Office of Professional Licensure and Certification	Public Utilities Commission		
Legislative Branch	Site Evaluation Committee		
New Hampshire Retirement System	Office of Consumer Advocate		
Treasury Department/LCHIP	Department of Environmental Services		
Community Development Finance Authority	Pease Development Authority		
Developmental Disabilities Council	Department of Natural and Cultural Resources		
	Department of Business and Economic Affairs		

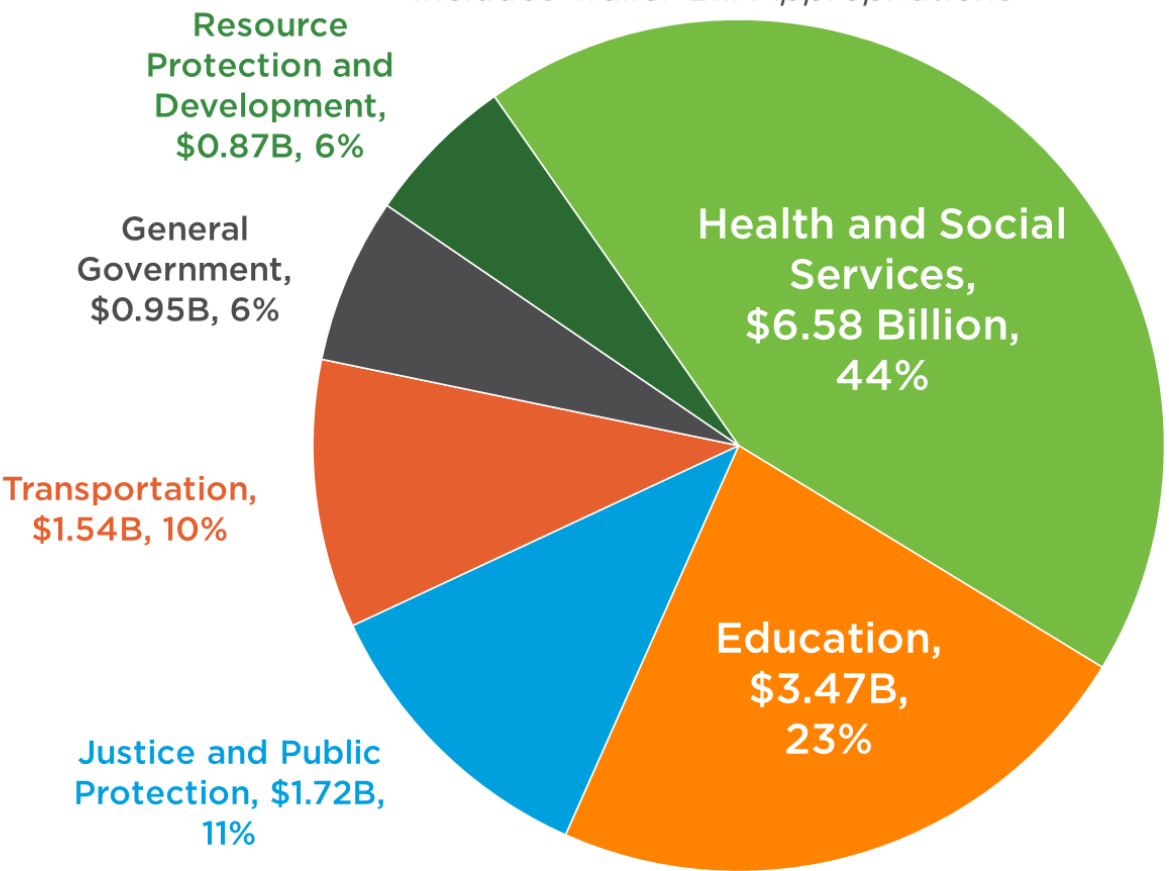
QUESTIONS ABOUT THE STATE BUDGET PROCESS?

ORGANIZATION OF THE STATE BUDGET

BUDGET APPROPRIATIONS IN SIX CATEGORIES

STATE BUDGET APPROPRIATIONS BY CATEGORY

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.

Sources: New Hampshire Office of Legislative Budget Assistant, Compare House Finance to Governor, March 28, 2023, Surplus Statements, April 6 and 7, 2023, Briefing on Senate Finance Changes to House Passed Budget, June 6, 2023; 2023-2092s; 2023-2171s; 2023-2139s

DEPARTMENTS OF INTEREST BY CATEGORY

Resource Protection and Development

- Department of Environmental Services
- Department of Natural and Cultural Resources
- Department of Business and Economic Affairs
- Fish and Game Department

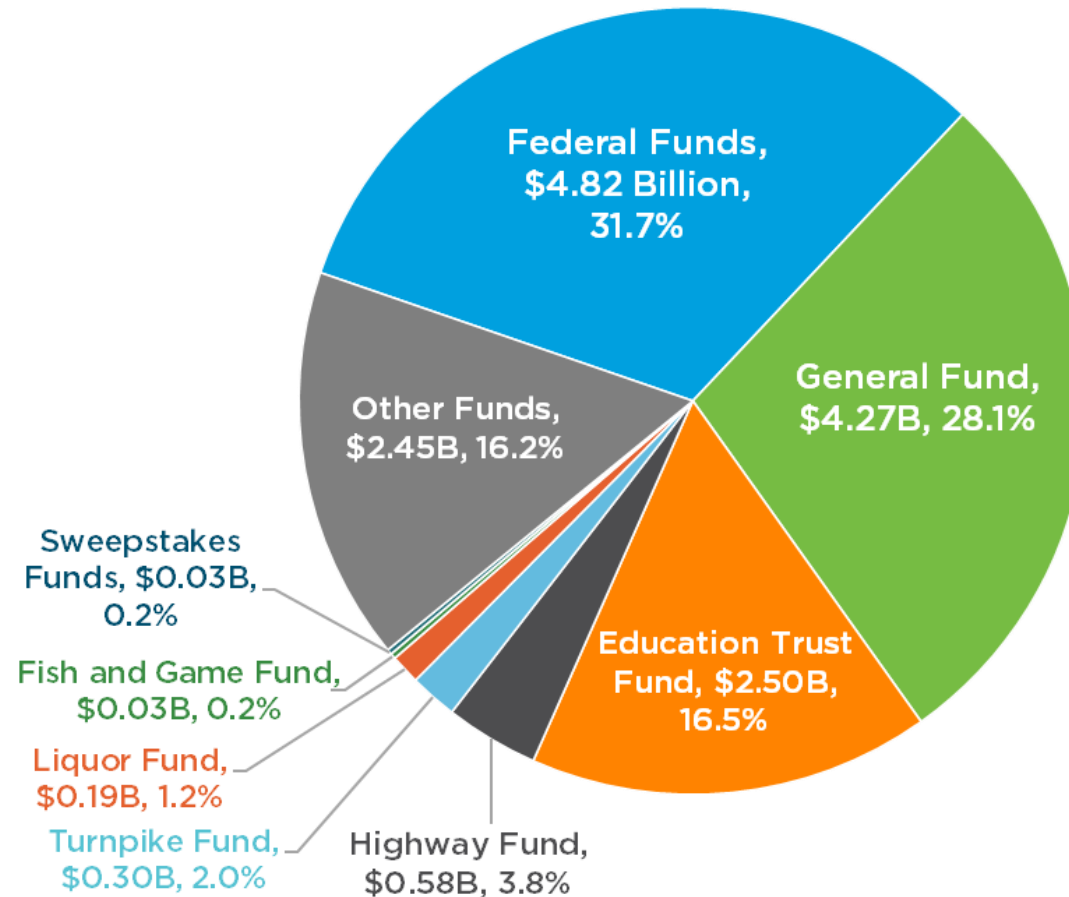
Administration of Justice and Public Protection

- Department of Energy
- Department of Agriculture, Markets, and Food

BUDGET SOURCE LINES ORGANIZED BY FUND

THE STATE BUDGET FOR FISCAL YEARS 2024 AND 2025, BY FUND

Includes Operating Budget and Trailer Bill Appropriations



Sources: New Hampshire Office of Legislative Budget Assistant, Senate Finance Committee Surplus Statements, June 2023; 2023-2054s; 2023-2092s; 2023-2171s; 2023-2139s

KEY FUNDS

General Fund: financed through State taxes and certain other unrestricted revenues, this is the State's primary operating fund; most debates about funding priorities for the State Budget focus on General Fund money, legislators have few barriers to allocating these dollars to fund priorities

Education Trust Fund: established to provide the State's portion of local public education funding, this Trust Fund shares many revenue sources with the General Fund, has the General Fund has a backstop in case of a shortfall, and carries forward its surplus into the next year

Federal Funds: Budgeted transfers from the federal government to finance programs, often matching committed State appropriations, and more prone to being shifted off-budget and accepted by the Joint Legislative Fiscal Committee later

Fish and Game Fund: Collecting revenues from fish and game licenses, the marine gas tax, penalties, and federal grants, all appropriated by the Legislature, this Fund finances the operations of the Fish and Game Department

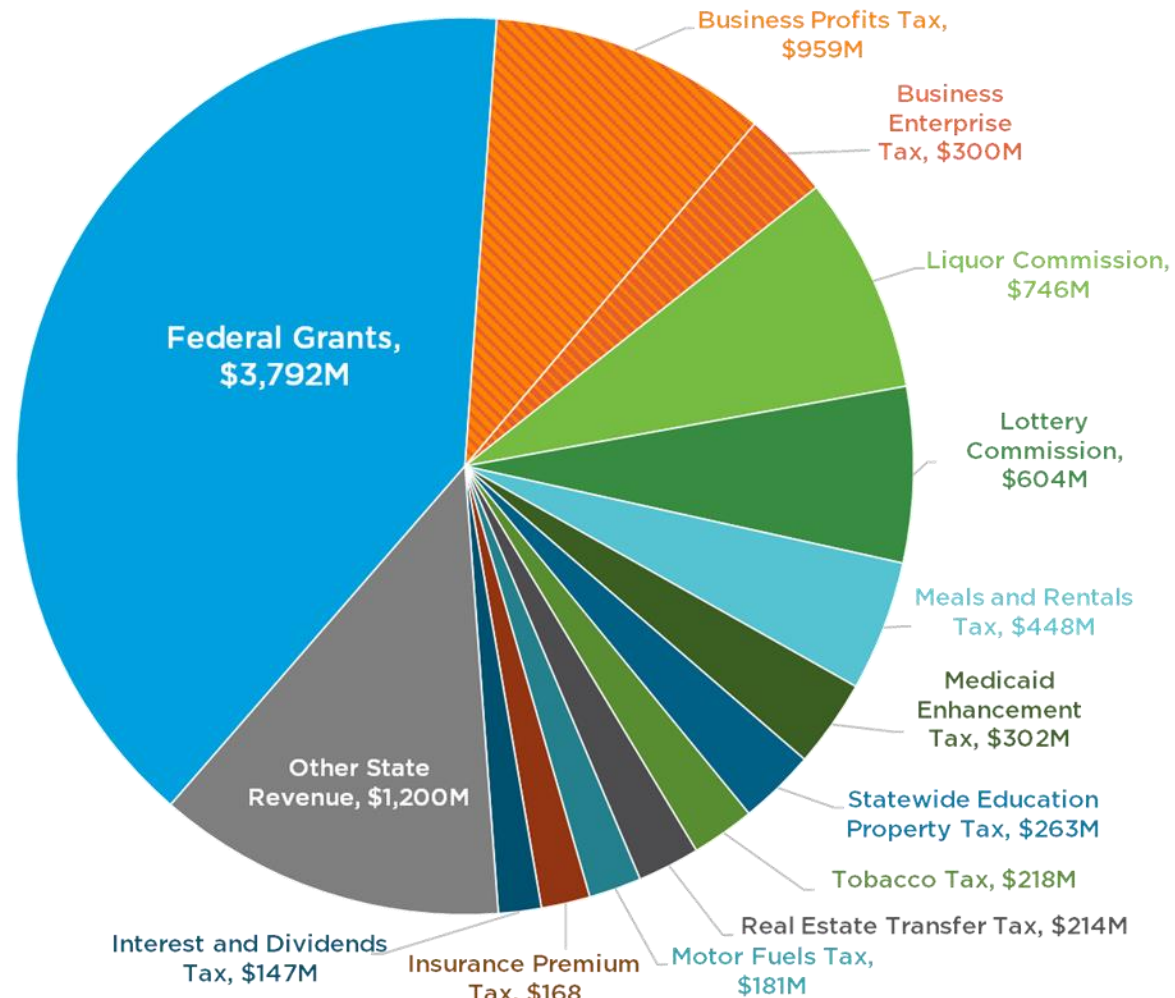
Other Funds: A wide variety of smaller dedicated funds (more than 200), and can include agency income from fees, fines, and other revenues collected from activities

QUESTIONS ABOUT CATEGORIES AND FUNDS?

FUNDING THE STATE BUDGET AND STATE SERVICES

NEW HAMPSHIRE STATE REVENUES

STATE REVENUE SOURCES, GOVERNMENTAL AND
ENTERPRISE FUNDS, STATE FISCAL YEAR 2023

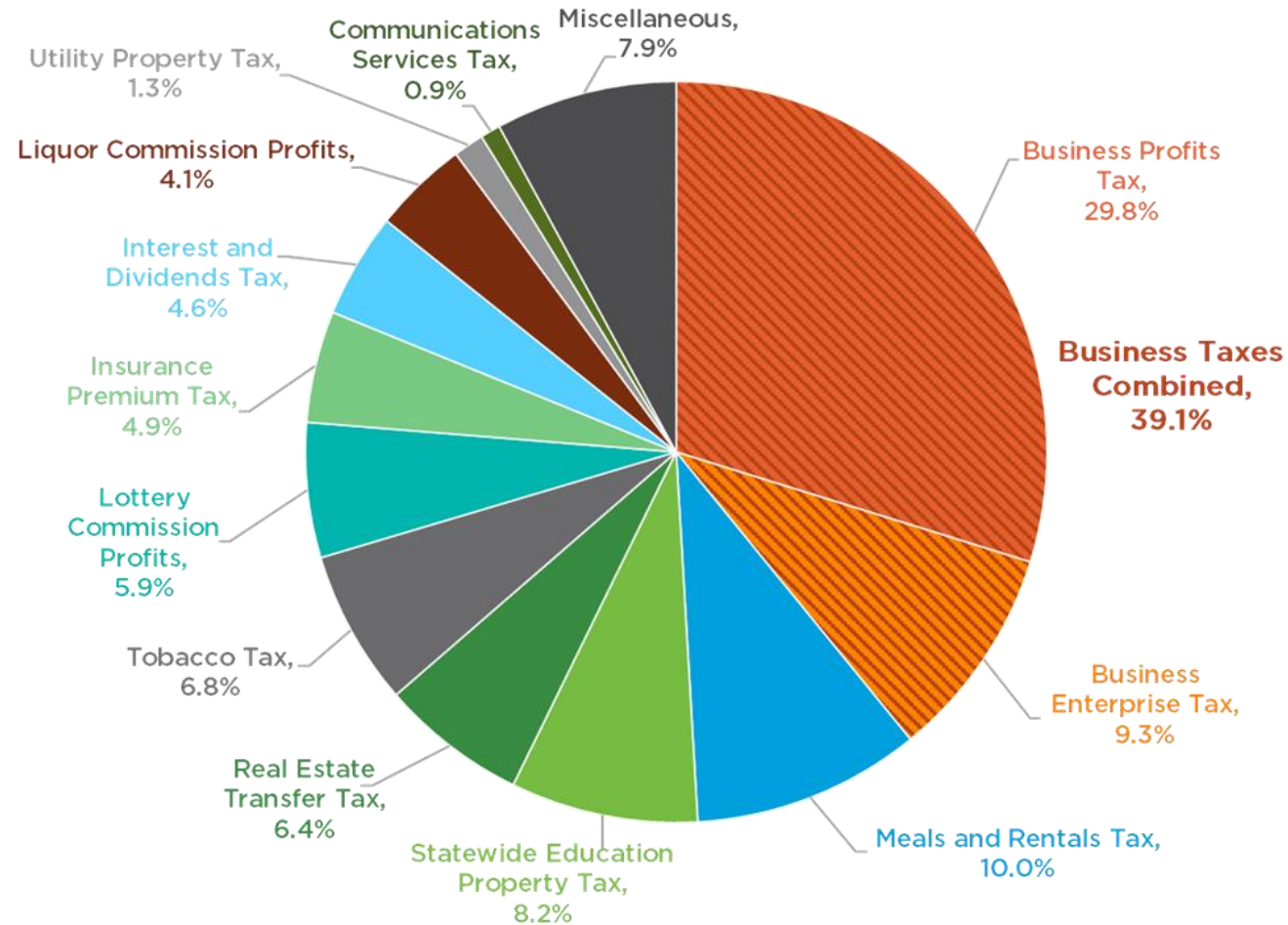


Sources: New Hampshire Annual Comprehensive Financial Report, SFY 2023; NH Department of Revenue Administration, 2023 Annual Report; NH Department of Health and Human Services

- Federal transfers significant, typical among U.S. states as fraction of total revenue
- Not all federal aid, or all State spending, flows through the State Budget
- Gross revenues from the Liquor Commission and the Lottery Commission are among largest State revenue sources, but most revenues generated used to support internal operations
- Business Profits Tax is the largest State tax revenue source, and revenues are commonly combined with Business Enterprise Tax revenues prior to final audits

GENERAL AND EDUCATION TRUST FUNDS SHARE KEY LARGE REVENUE SOURCES

GENERAL AND EDUCATION TRUST FUNDS
COMBINED REVENUE IN STATE FISCAL YEAR 2023



Source: New Hampshire Annual Comprehensive Financial Report, State Fiscal Year 2023

LARGEST STATE TAX REVENUE SOURCES - 2024

Unaudited Amounts to All Funds (State Fiscal Year 2024)

1. Business Profits Tax - \$1,011.8 million
2. Meals and Rentals Tax - \$465.4 million
3. Statewide Education Property Tax - \$363.8 million
4. Medicaid Enhancement Tax - \$319.9 million
5. Business Enterprise Tax - \$206.1 million
6. Tobacco Tax - \$189.9 million
7. Interest and Dividends Tax - \$184.3 million
8. Real Estate Transfer Tax - \$183.7 million
9. Motor Fuels Tax - \$182.8 million
10. Insurance Premium Tax - \$173.6 million

Source: New Hampshire Department of Administrative Services, Preliminary Accrual, June FY 2024; New Hampshire Department of Revenue Administration; New Hampshire Department of Health and Human Services.

ENTERPRISE REVENUES AND FUNDS - 2023

Liquor Commission Sales and Services - \$746.1 million (\$165.0 million in profits for other uses)

- Operates State liquor stores that are sole source for liquor and spirits, while certain wine may be sold from licensed businesses; beer is taxed by the Commission
- Funds its own operations, the Alcohol Abuse Prevention and Treatment Fund, non-federal share of expanded Medicaid, and the General Fund

Lottery Commission - \$603.8 million (\$189.5 million in profits for Education Trust Fund)

- Sells lottery tickets and oversees racing, charitable gaming, Keno, sports betting; several recent expansions to scope of gaming
- Per constitutional requirement, profits go to the Education Trust Fund

Turnpike System Tolls - \$142.6 million

- Tolls users of three Turnpikes to operate, construct, and maintain them
- Not all 89 miles of Turnpike highway are tolled, sections can be transferred from other Department of Transportation ownership

Unemployment Compensation Fund - \$78.2 million

- Charges employers at a variable rate, funds unemployment payments

THE TWO PRIMARY BUSINESS TAXES

Business Profits Tax (BPT)

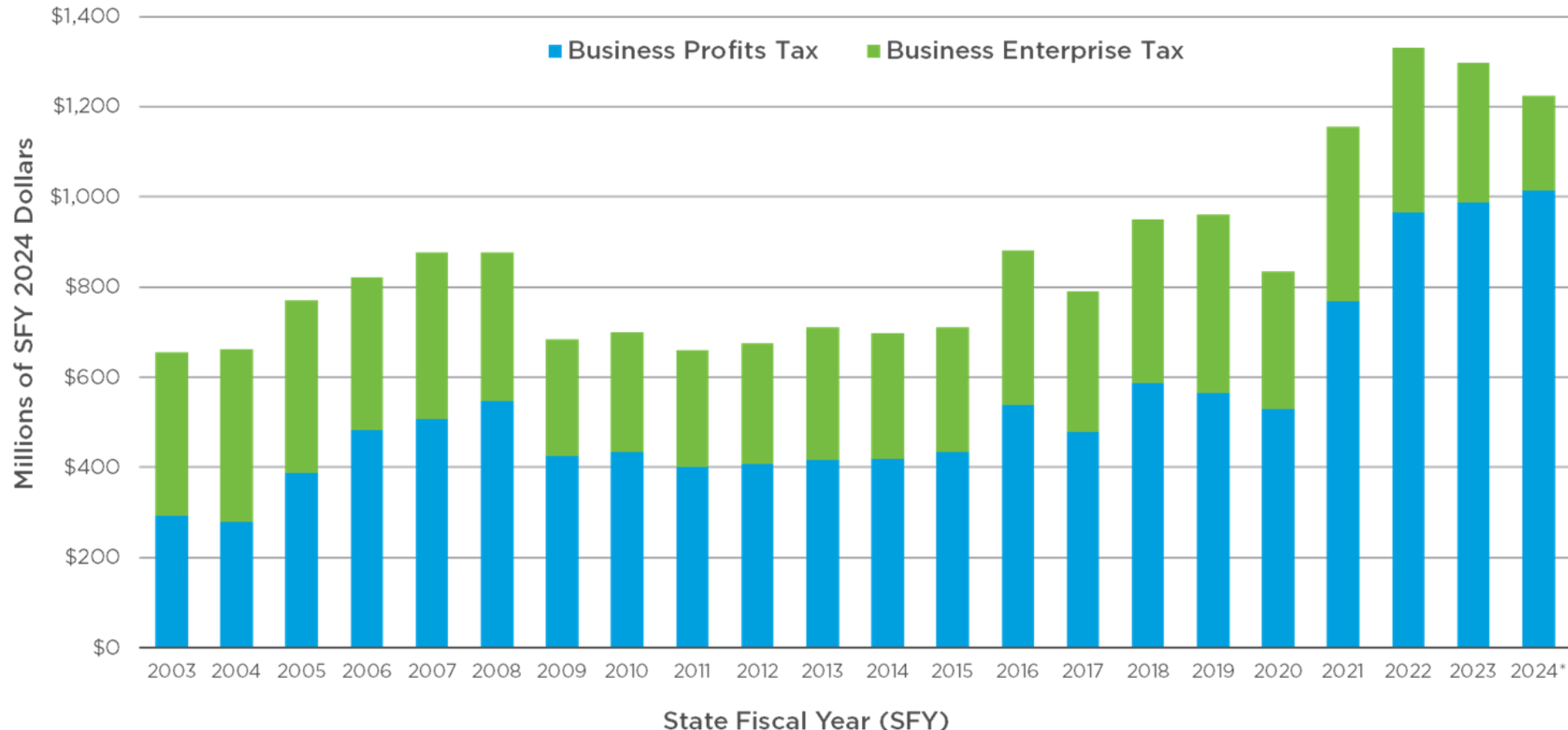
- Traditional state corporate income tax
- Tax based on net business profits after adjustments (BET) and apportionment
- Tax base likely about \$10.7 billion in Tax Year 2022
- Recent rate reductions:
2001-2015: 8.5%, 2016-17: 8.2%,
2018: 7.9%, 2019-21: 7.7%, 2022: 7.6%,
2023: 7.5%
- Supports the General Fund (59%) and the Education Trust Fund (41%)

Business Enterprise Tax (BET)

- Unique among state business taxes, based on compensation and interest paid or accrued and dividends paid, adjustments, and apportionment
- Broader tax base, likely about \$43.3 billion in Tax Year 2022
- Recent rate reductions
2001-2015: 0.750%, 2016-17: 0.720%,
2018: 0.675%, 2019-21: 0.600%,
2022: 0.550%
- Supports the General Fund (59%) and the Education Trust Fund (41%)

SUBSTANTIAL GROWTH FROM BUSINESS TAXES DURING LAST DECADE, EVEN AFTER INFLATION

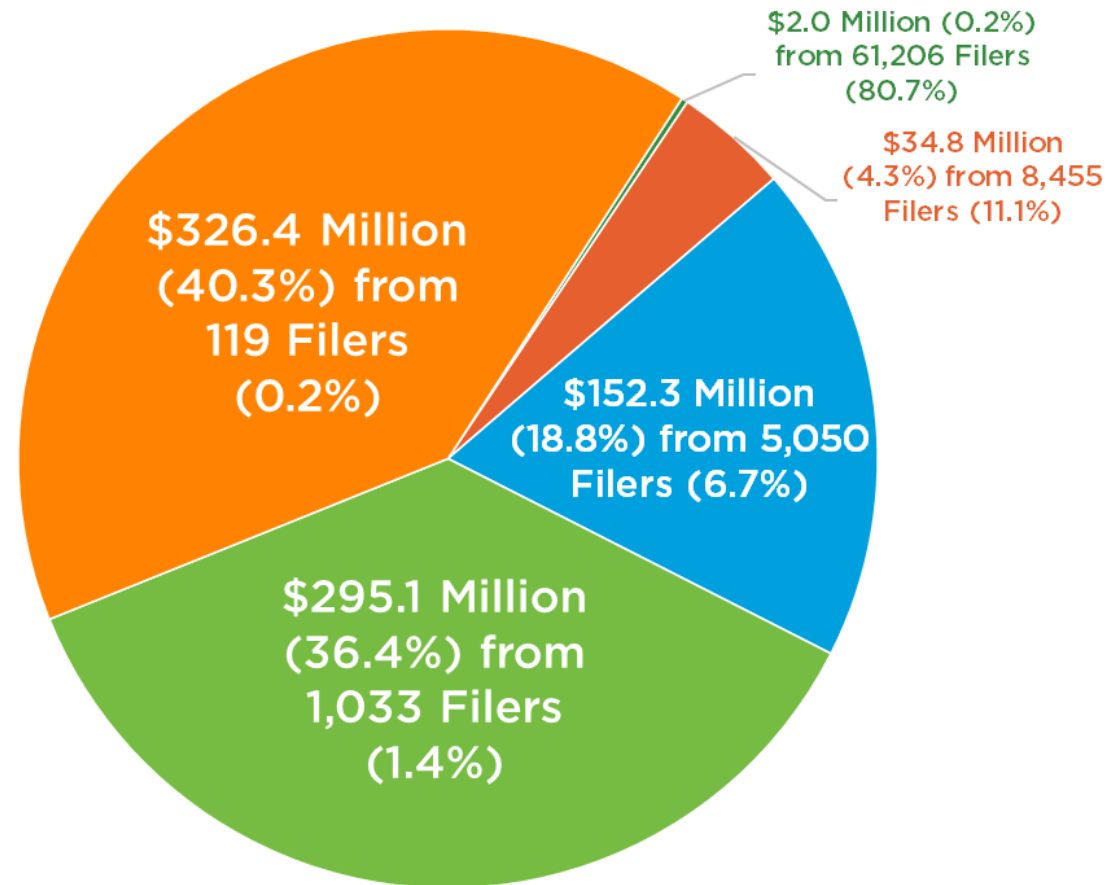
NEW HAMPSHIRE BUSINESS PROFITS TAX AND BUSINESS ENTERPRISE TAX
GENERAL AND EDUCATION TRUST FUNDS INFLATION-ADJUSTED REVENUE



- BPT appears to be primary driver of revenue growth
- BPT versus BET assumptions in cash revenue splits have changed over time as BPT revenues have increased

LARGE FILERS KEY TO BPT REVENUES

NEW HAMPSHIRE BUSINESS PROFITS TAX PAID AND NUMBER OF FILERS, TAX YEAR 2022

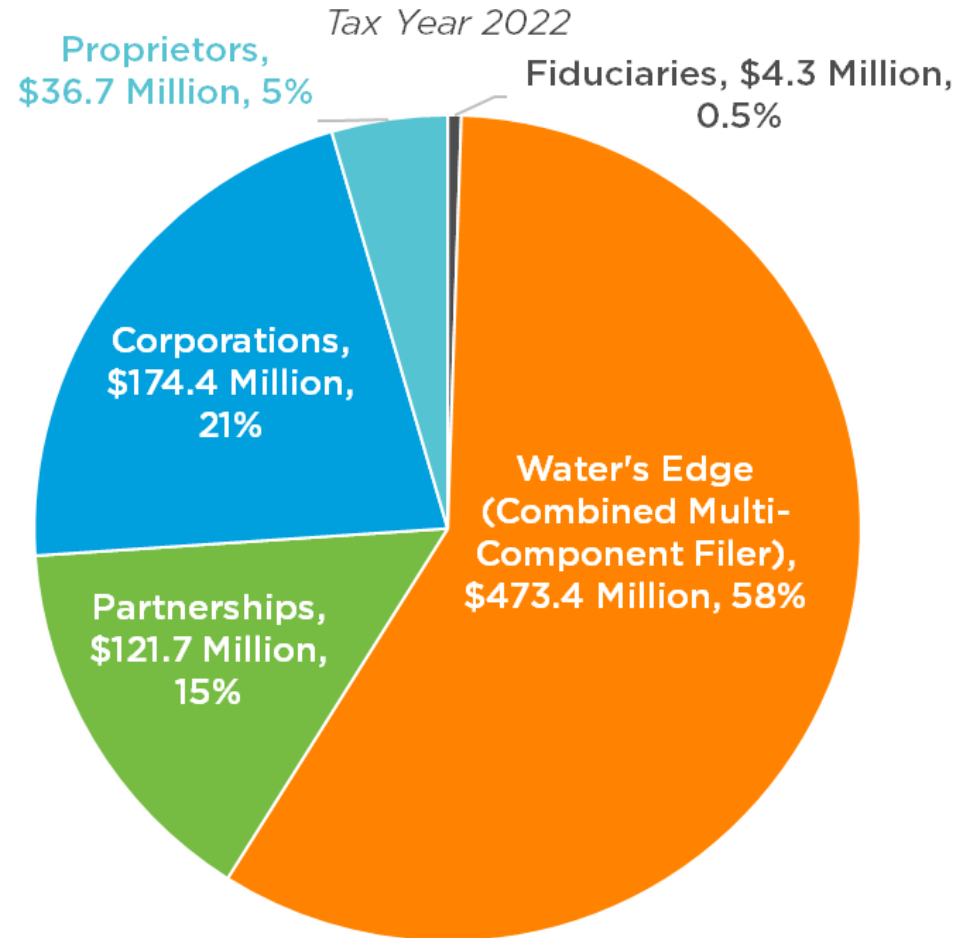


Note: Draft data as of August 12, 2024.

Source: New Hampshire Department of Revenue Administration,
2024 Annual Report

MORE THAN HALF OF BPT REVENUES FROM COMPLEX, COMBINED-REPORTING FILERS

BUSINESS PROFITS TAX FILERS BY LIABILITY

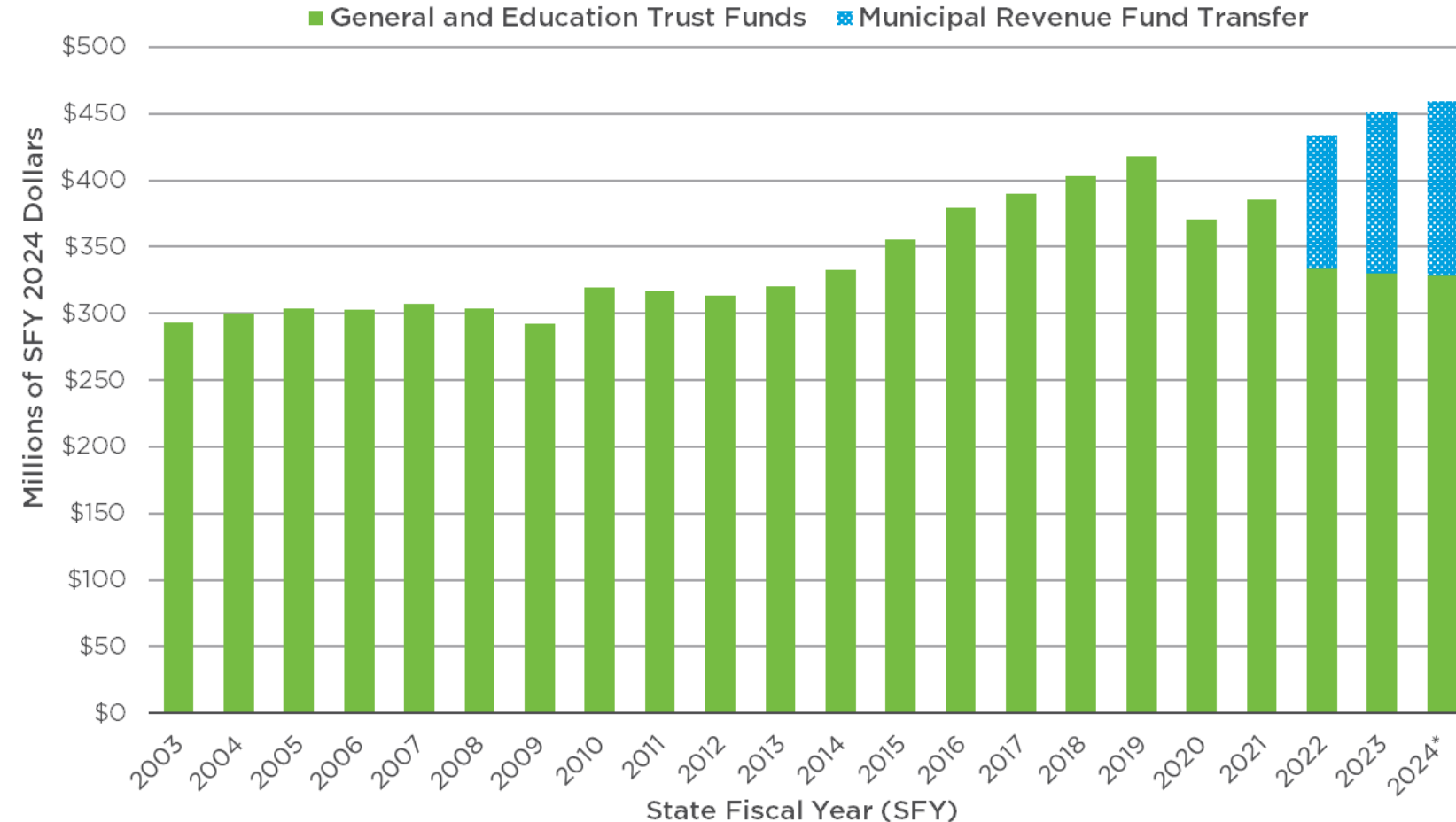


Note: Draft data as of August 12, 2024.

Source: New Hampshire Department of Revenue Administration, 2024 Annual Report

THE MEALS AND RENTALS TAX

NEW HAMPSHIRE MEALS AND RENTALS TAX INFLATION-ADJUSTED REVENUE



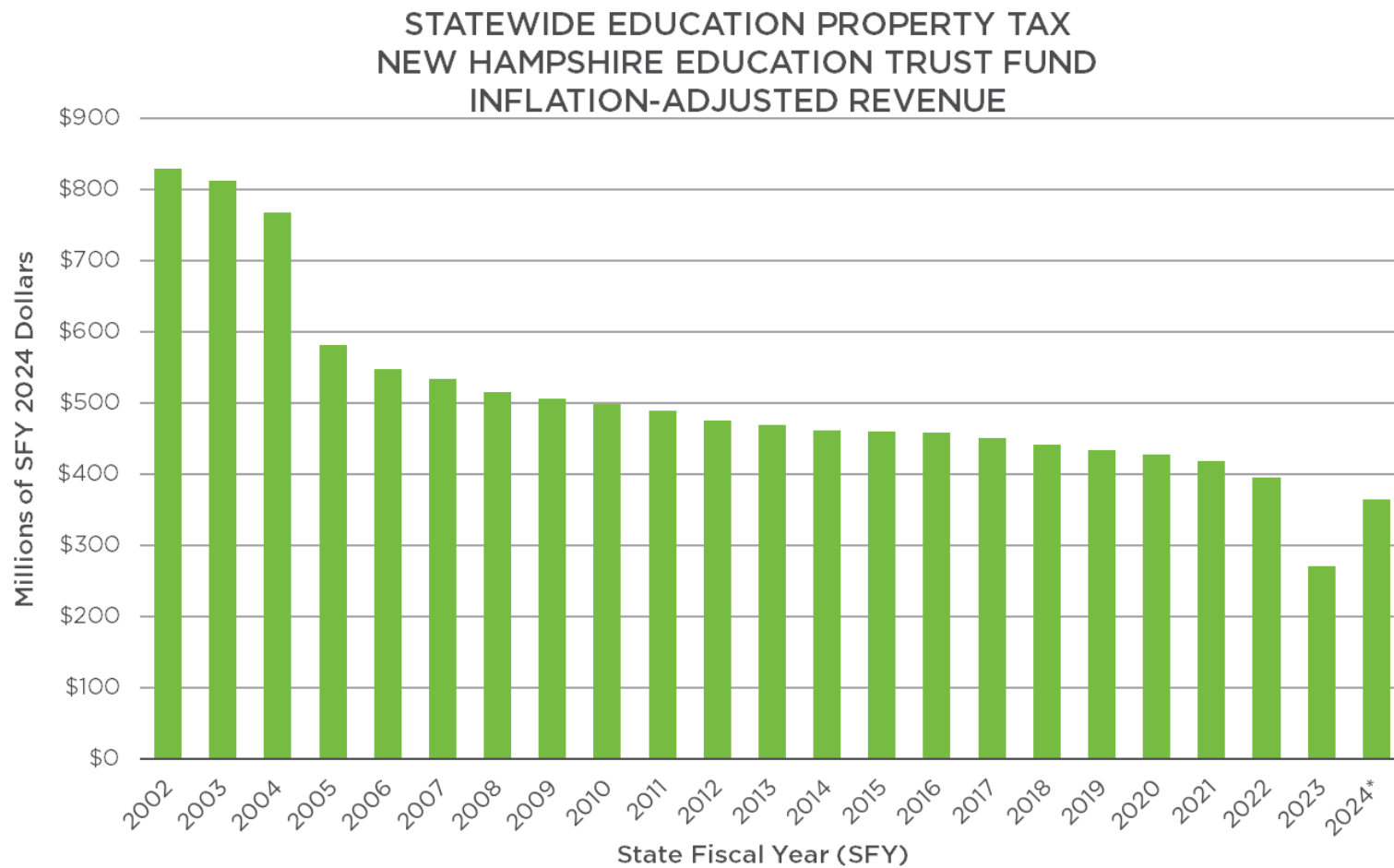
*Note: Data based on unaudited preliminary accrual receipts.

Sources: NH Annual Comprehensive Financial Reports; Department of Administrative Services Monthly Revenue Focus, June SFY 2024 Preliminary Accrual; U.S. Bureau of Labor Statistics, CPI-U, Northeast

- Tax of 8.5 percent levied on most purchases of food or beverages from restaurants, also on hotel rooms and car rentals
- Rate was 9 percent from mid-2010 to late 2021
- Funds the General Fund, Education Trust Fund (car rentals portion), certain school building aid, State's travel and tourism development agency, municipalities (30 percent directed to a special fund outside State Budget)

THE STATEWIDE EDUCATION PROPERTY TAX

- Established in 1999 to support newly created Education Trust Fund for Adequate Education Grants funding education on a per pupil basis
- Set to raise \$363 million in 2005, does not adjust for inflation; one-time reduction to \$263 million for SFY 2023
- State requires local governments to raise this revenue
- Retained locally; revenue went to State previously, but not after 2011



*Note: Preliminary data based on unaudited cash receipts.

Sources: New Hampshire Annual Comprehensive Financial Reports; Department of Administrative Services Monthly Revenue Focus, June SFY 2024; U.S. Bureau of Labor Statistics, CPI-U, Northeast

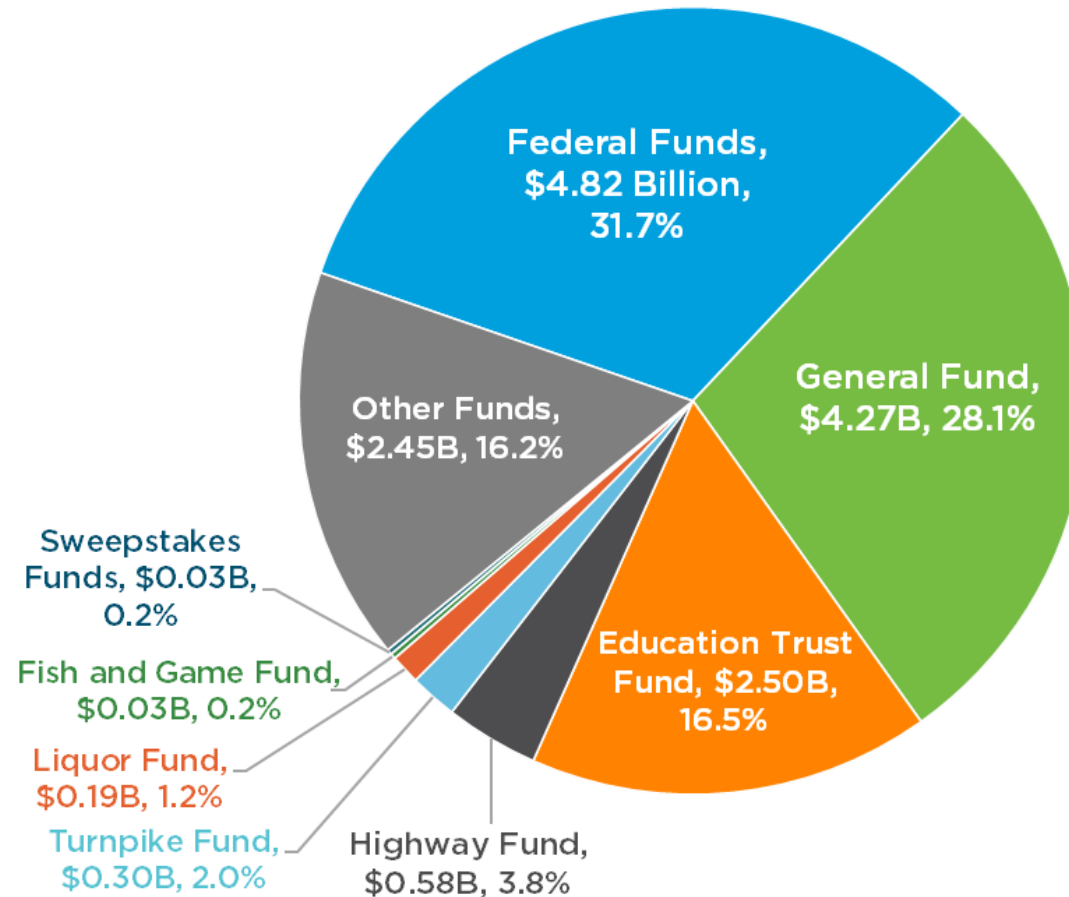
QUESTIONS ABOUT STATE REVENUE SOURCES?

FUNDING FOR CATEGORIES AND KEY DEPARTMENTS

TOTAL STATE BUDGET BY FUND

THE STATE BUDGET FOR FISCAL YEARS 2024 AND 2025, BY FUND

Includes Operating Budget and Trailer Bill Appropriations

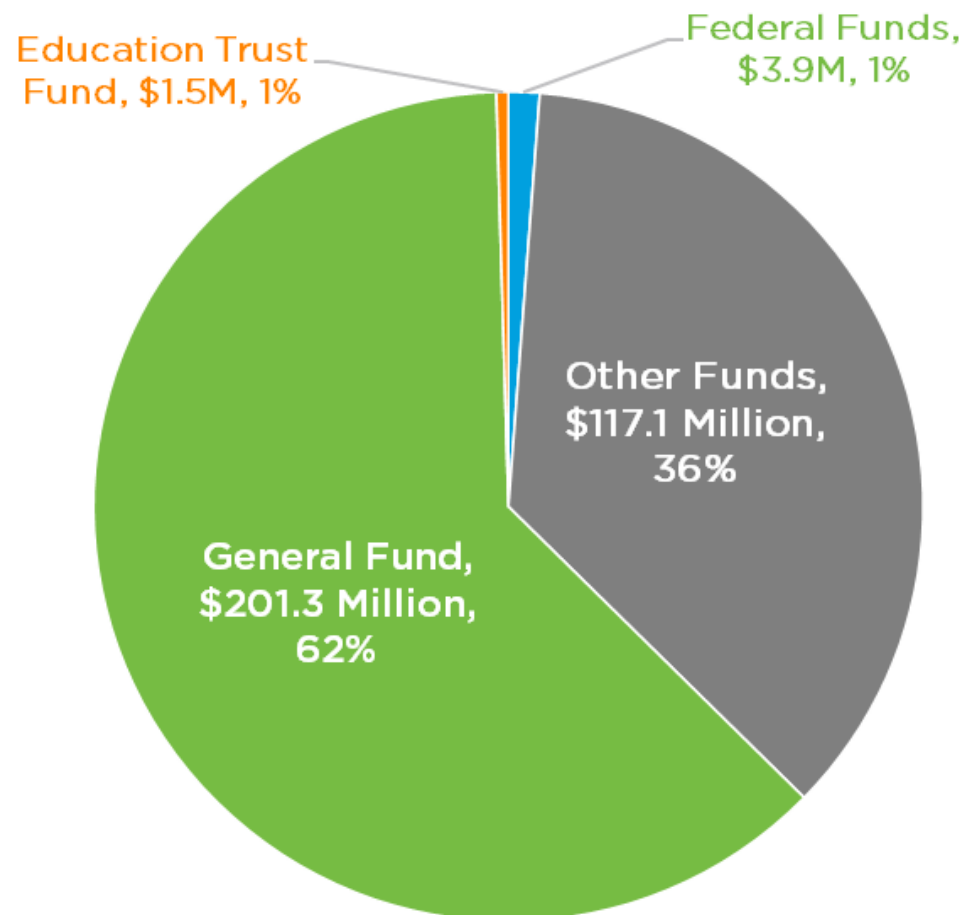


Sources: New Hampshire Office of Legislative Budget Assistant, Senate Finance Committee Surplus Statements, June 2023; 2023-2054s; 2023-2092s; 2023-2171s; 2023-2139s

GENERAL GOVERNMENT

GENERAL GOVERNMENT SOURCES OF FUNDS

State Budget - State Fiscal Year 2025 Adjusted Authorized - February 2025

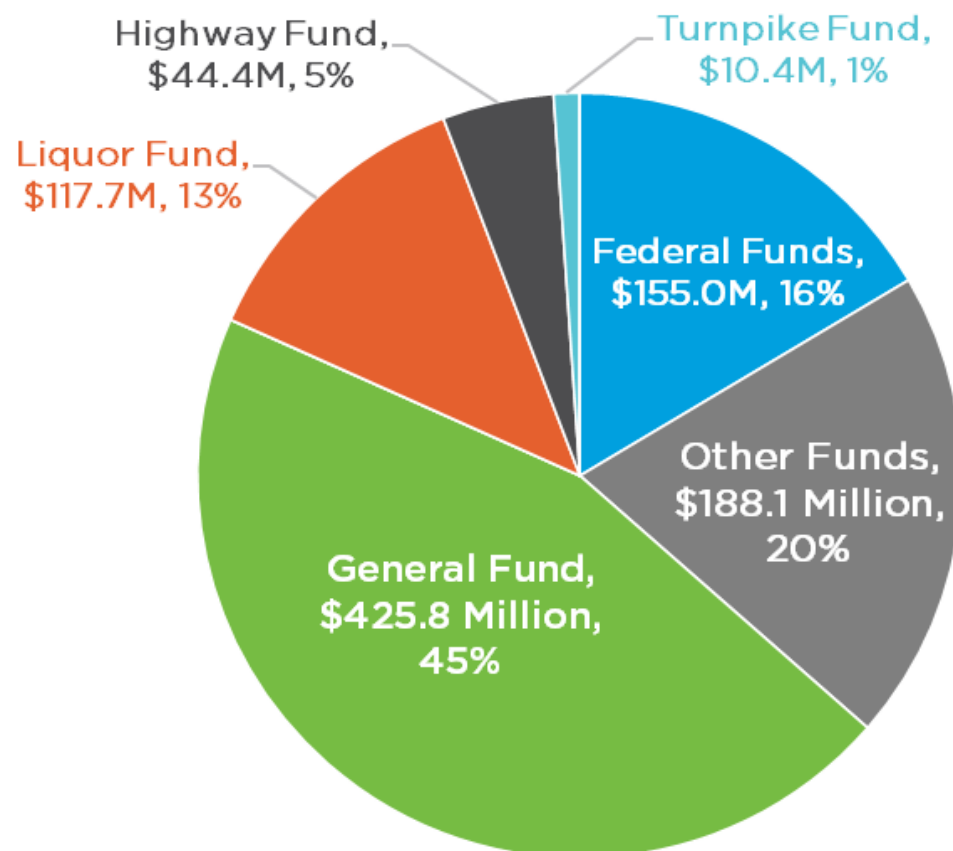


Source: Governor's Operating Budget Proposal - February 2025

JUSTICE AND PUBLIC PROTECTION

JUSTICE AND PUBLIC PROTECTION SOURCES OF FUNDS

State Budget - State Fiscal Year 2025 Adjusted Authorized - February 2025

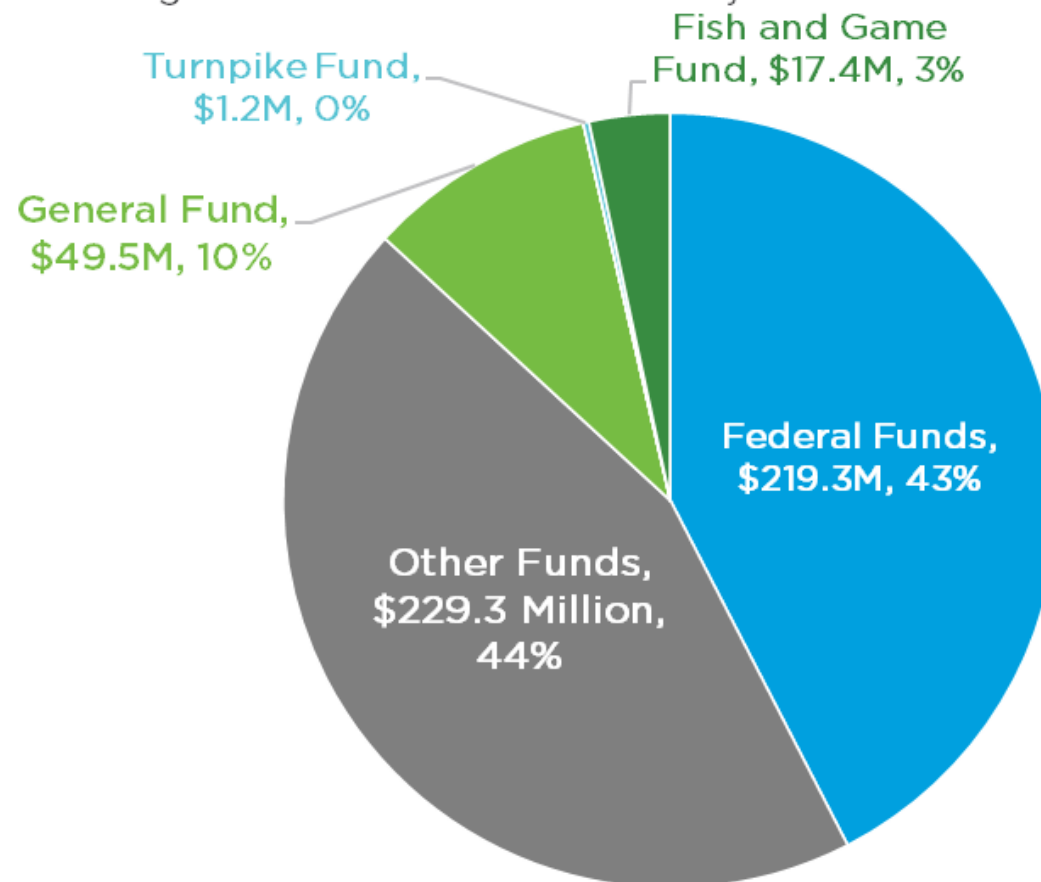


Source: Governor's Operating Budget Proposal - February 2025

RESOURCE PROTECTION AND DEVELOPMENT

RESOURCE PROTECTION AND DEVELOPMENT SOURCES OF FUNDS

State Budget - State Fiscal Year 2025 Adjusted Authorized - February 2025

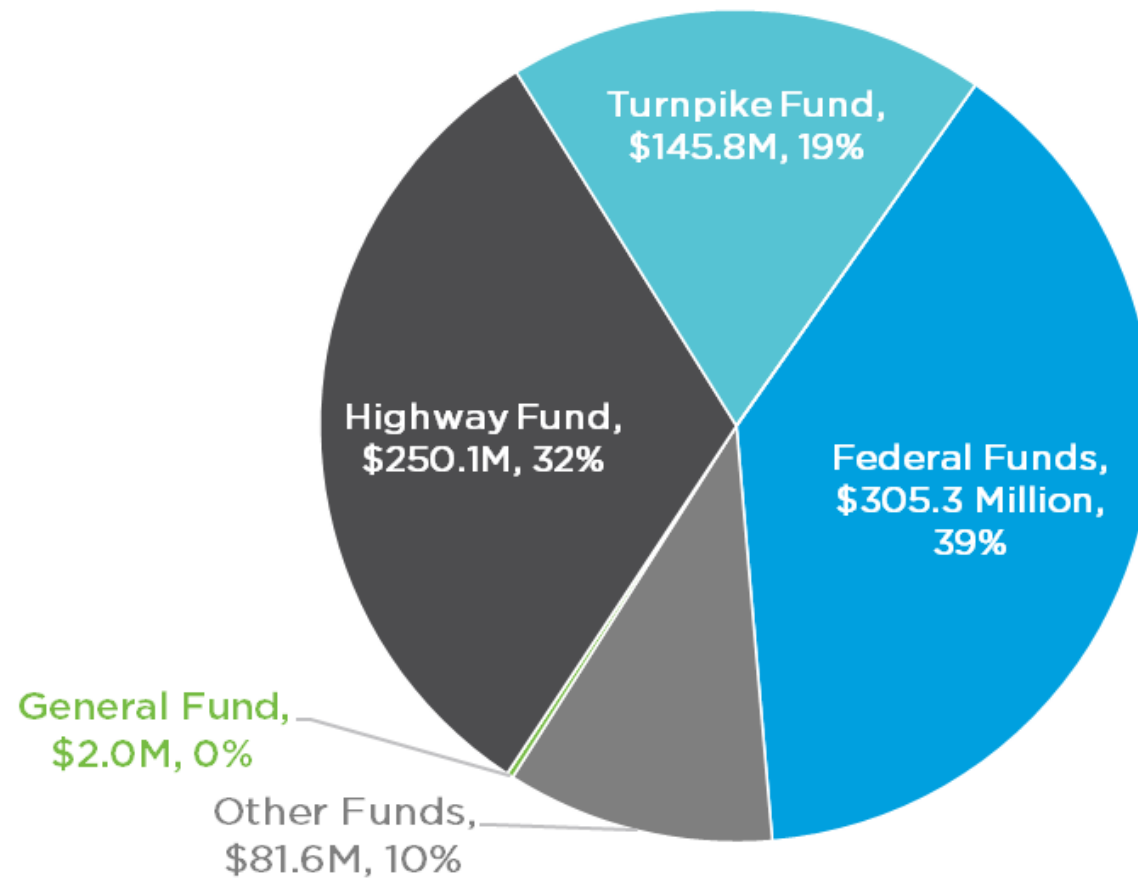


Source: Governor's Operating Budget Proposal - February 2025

TRANSPORTATION

TRANSPORTATION SOURCES OF FUNDS

State Budget - State Fiscal Year 2025 Adjusted Authorized - February 2025

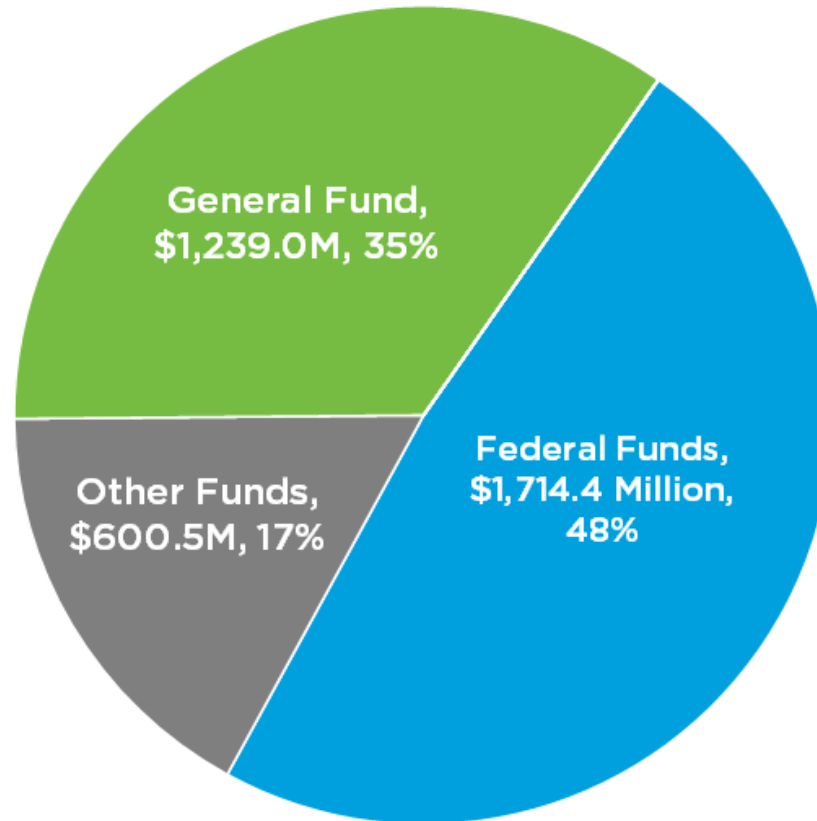


Source: Governor's Operating Budget Proposal - February 2025

HEALTH AND SOCIAL SERVICES

HEALTH AND SOCIAL SERVICES SOURCES OF FUNDS

State Budget - State Fiscal Year 2025 Adjusted Authorized - February 2025

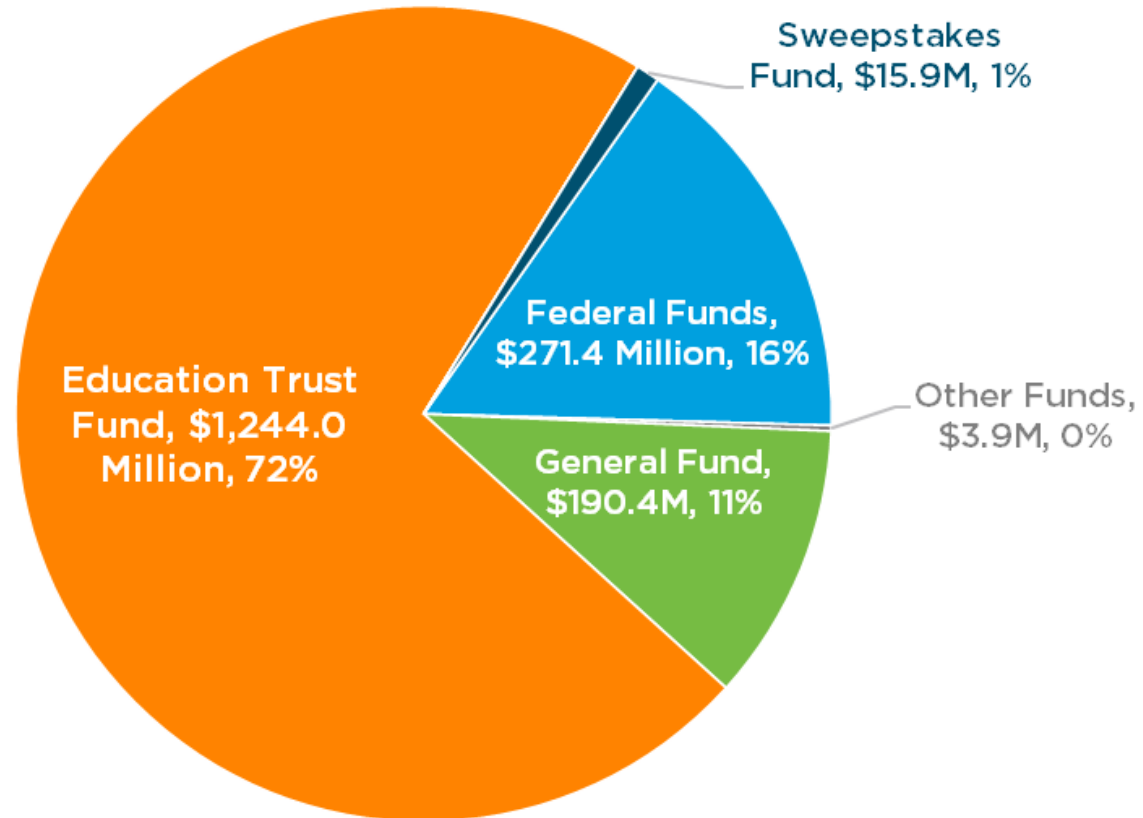


Source: Governor's Operating Budget Proposal - February 2025

EDUCATION

EDUCATION SOURCES OF FUNDS

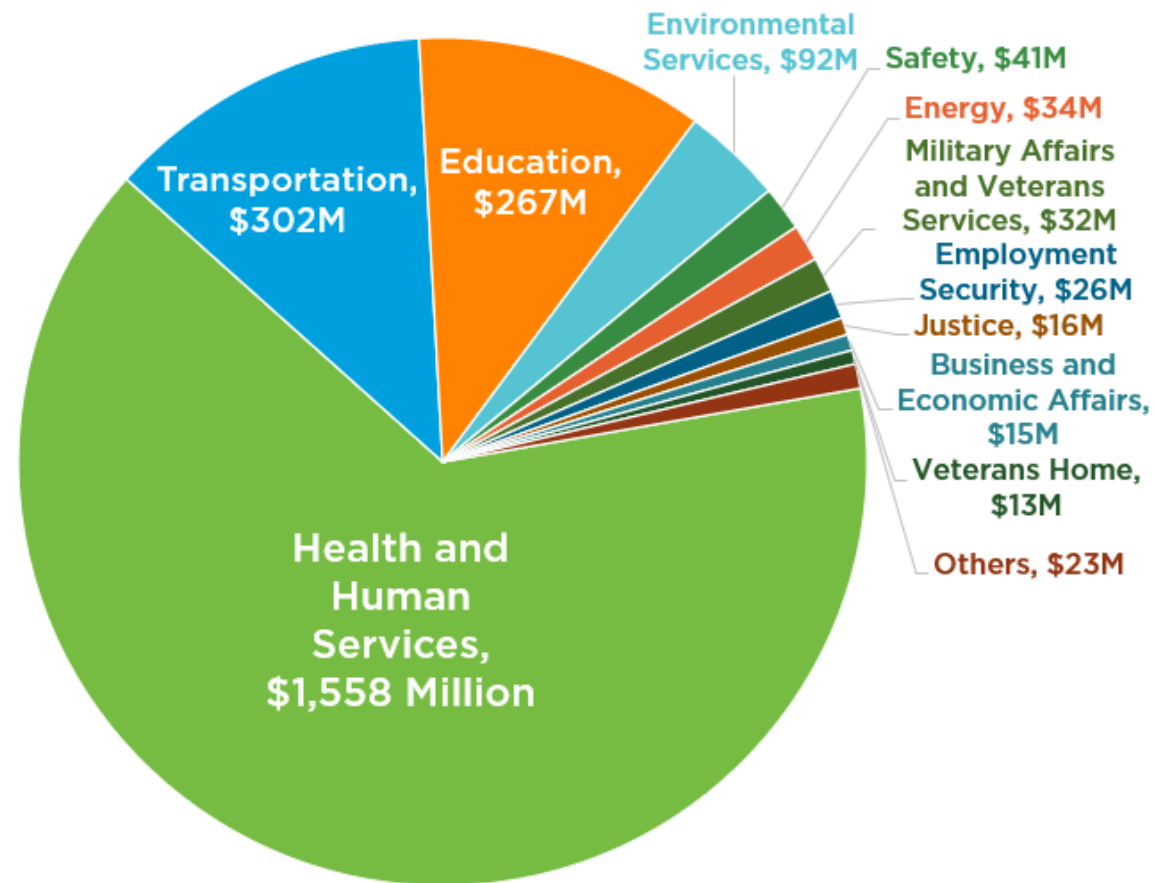
State Budget - State Fiscal Year 2025 Adjusted Authorized - February 2025



Source: Governor's Operating Budget Proposal - February 2025

FEDERAL FUNDS FLOW TO MOST STATE AGENCIES TO SUPPORT SERVICES

FEDERAL FUNDS IN THE NEW HAMPSHIRE STATE
BUDGET BY STATE AGENCY, SFY 2025

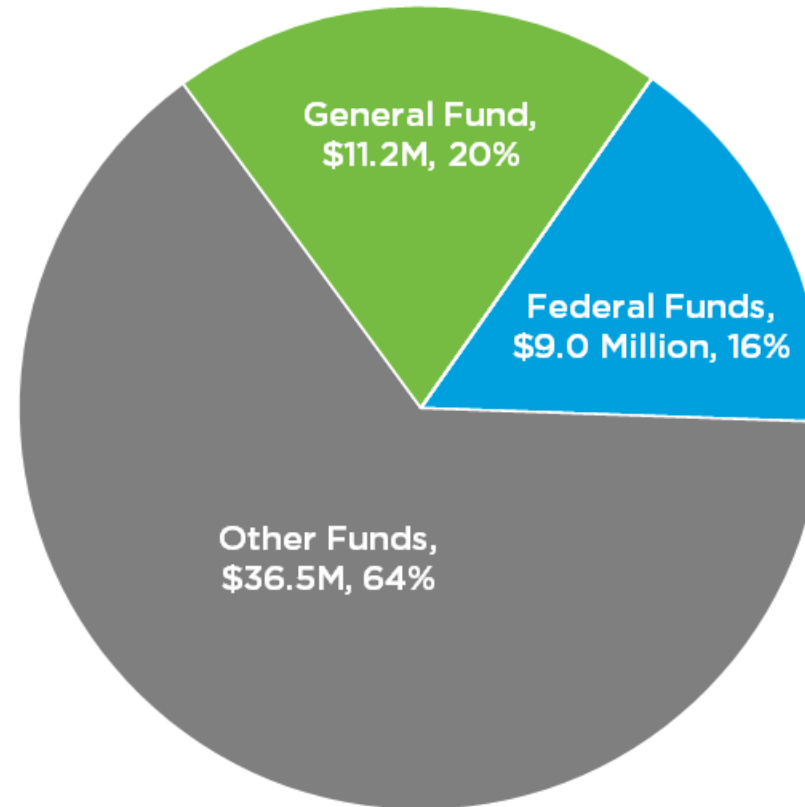


Source: Chapter 106, Laws of 2023

DEPARTMENT OF NATURAL AND CULTURAL RESOURCES

DEPARTMENT OF NATURAL AND CULTURAL RESOURCES SOURCES OF FUNDS

State Budget - State Fiscal Year 2025 Adjusted Authorized - February 2025

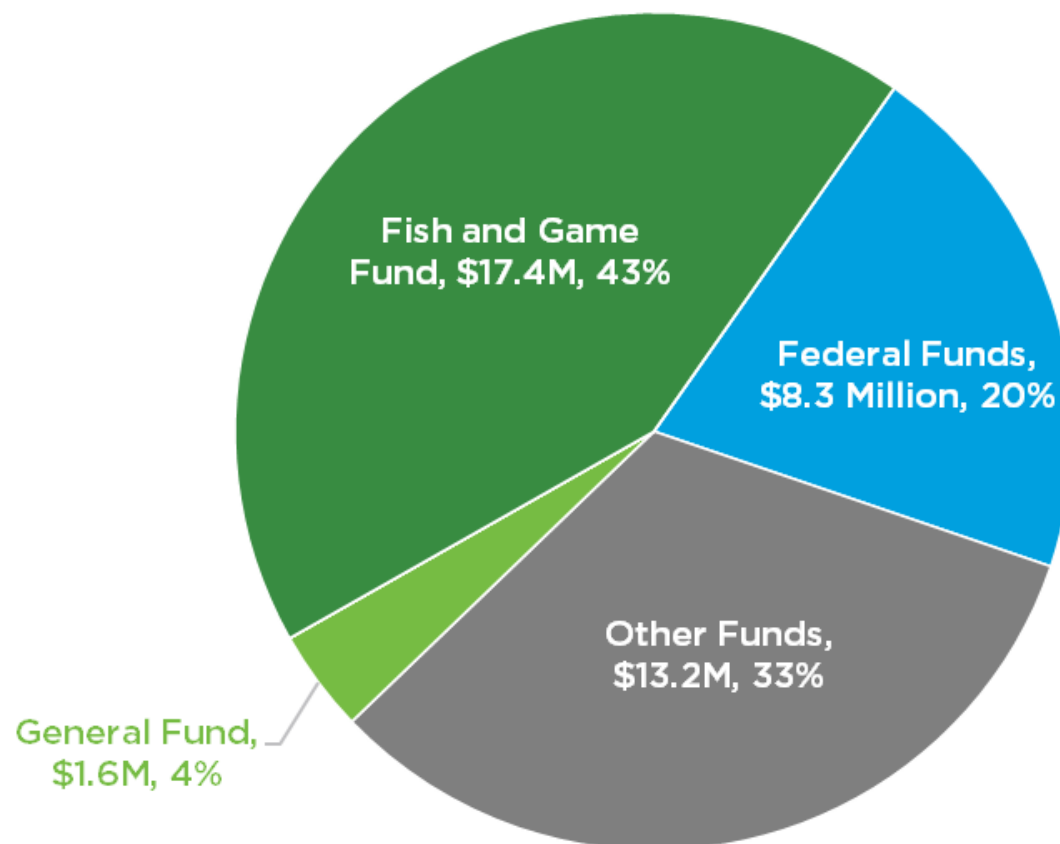


Source: Governor's Operating Budget Proposal - February 2025

FISH AND GAME DEPARTMENT

FISH AND GAME DEPARTMENT SOURCES OF FUNDS

State Budget - State Fiscal Year 2025 Adjusted Authorized - February 2025

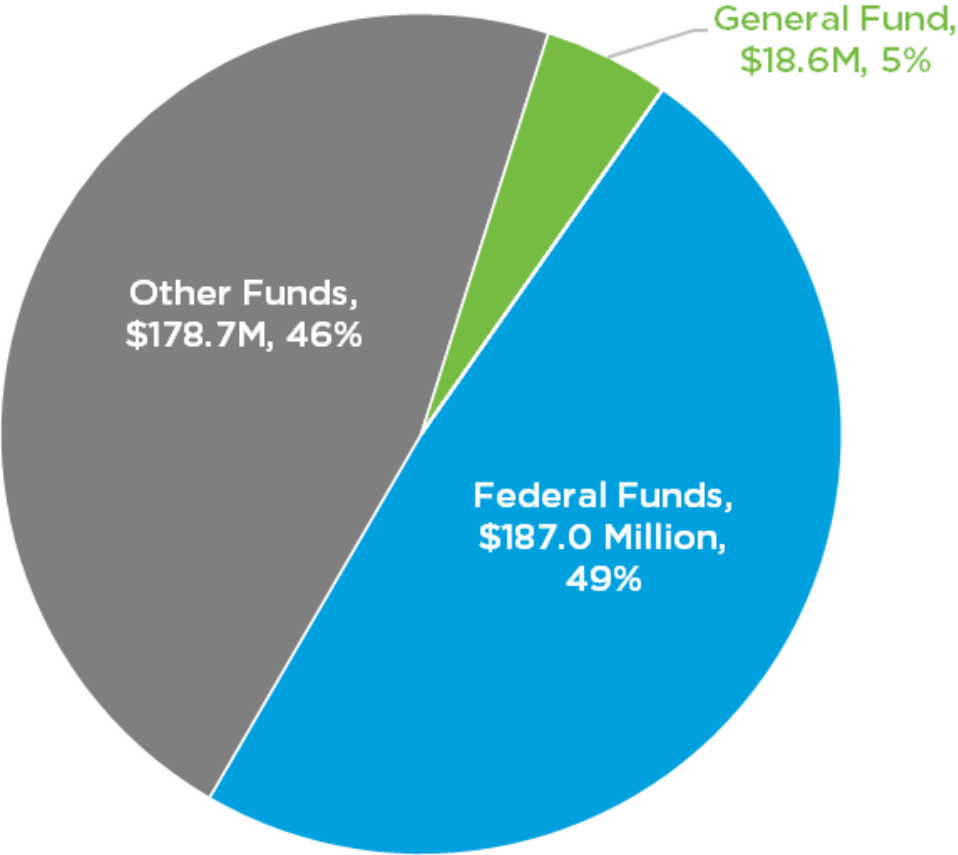


Source: Governor's Operating Budget Proposal - February 2025

DEPARTMENT OF ENVIRONMENTAL SERVICES

DEPARTMENT OF ENVIRONMENTAL SERVICES SOURCES OF FUNDS

State Budget - State Fiscal Year 2025 Adjusted Authorized - February 2025

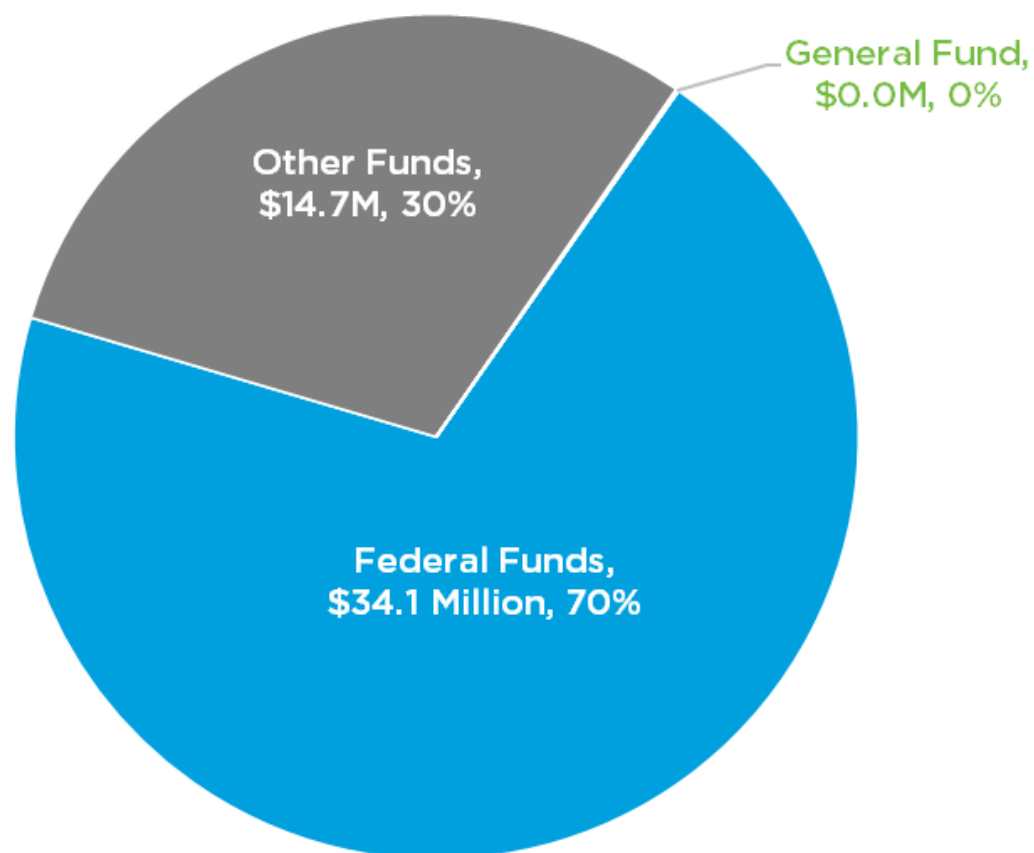


Source: Governor's Operating Budget Proposal - February 2025

DEPARTMENT OF ENERGY

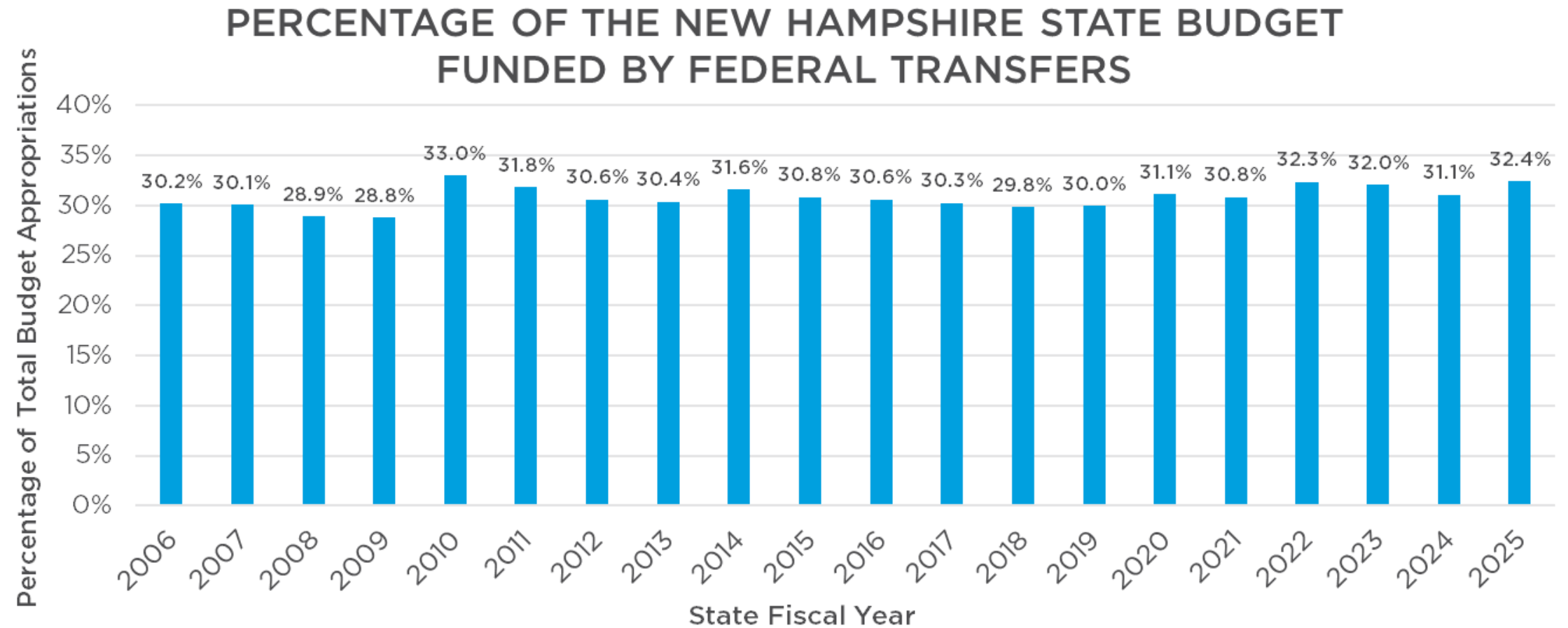
DEPARTMENT OF ENERGY SOURCES OF FUNDS

State Budget - State Fiscal Year 2025 Adjusted Authorized - February 2025



Source: Governor's Operating Budget Proposal - February 2025

RELIANCE ON FEDERAL FUNDS IS NOT NEW OR UNIQUE TO NEW HAMPSHIRE'S BUDGET



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.

Source: New Hampshire Office of Legislative Budget Assistant

WHICH FEDERAL PROGRAMS PROVIDE FUNDING?

- State Budget does not always specify, also some programs are clearly labeled even if not separated in budget totals
- Working with State agencies can provide insights
- Analyzing based on federal data may be helpful:
 - <https://www.usaspending.gov/>
 - Allows you to search obligations or payments by time period awarded and by recipient, including by recipient geography
 - Possible to download and sort these files by State agency recipient
 - Federal data in flux

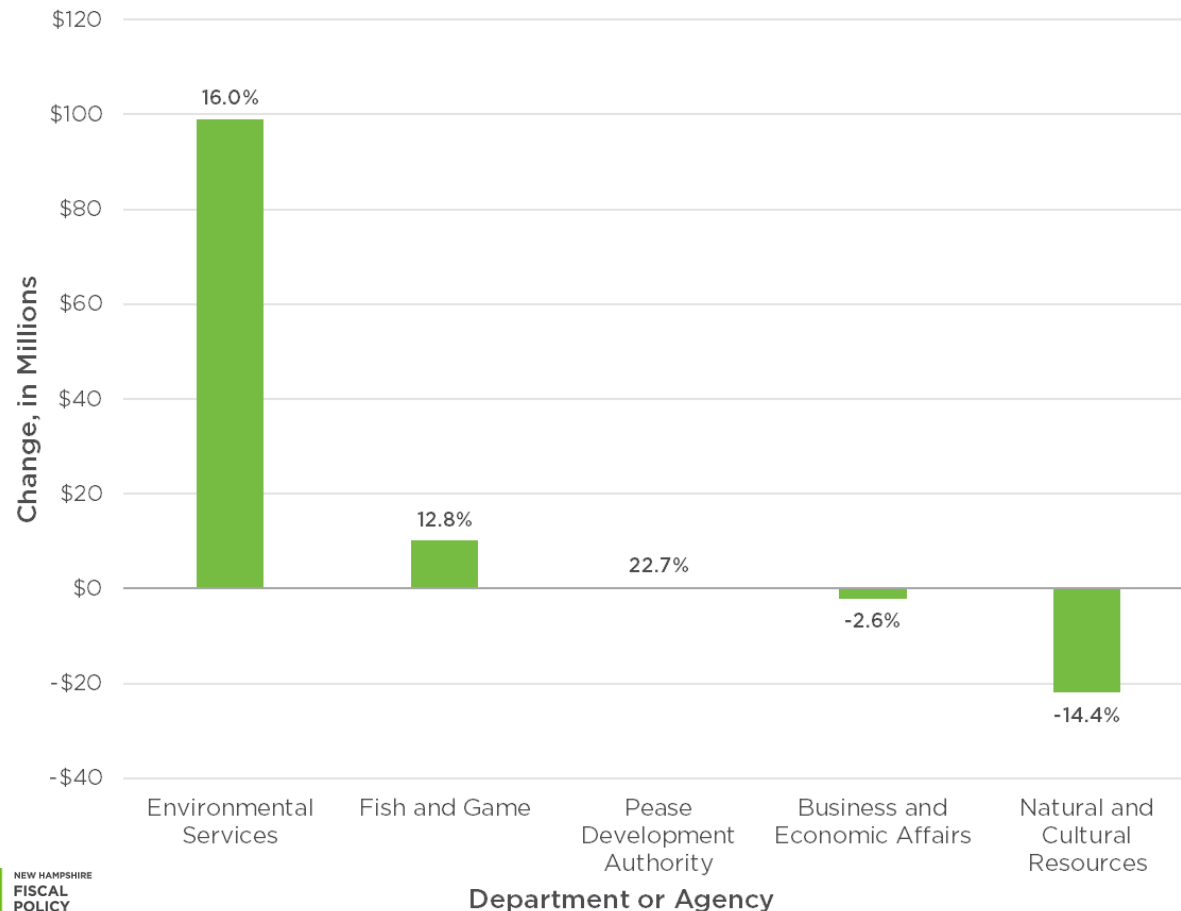
QUESTIONS ABOUT SOURCE FUNDS BY AGENCY?

PROPOSED CHANGES TO THE RESOURCE PROTECTION AND DEVELOPMENT CATEGORY IN THE GOVERNOR'S BUDGET PROPOSAL

MORE FUNDING KEPT ON-BUDGET FOR DEPARTMENT OF ENVIRONMENTAL SERVICES

CHANGES BY DEPARTMENT WITHIN THE CATEGORY OF RESOURCE PROTECTION AND DEVELOPMENT

Changes from Current SFYs 2024-2025 Budget as Enacted to the Governor's SFYs 2026-2027 Proposal

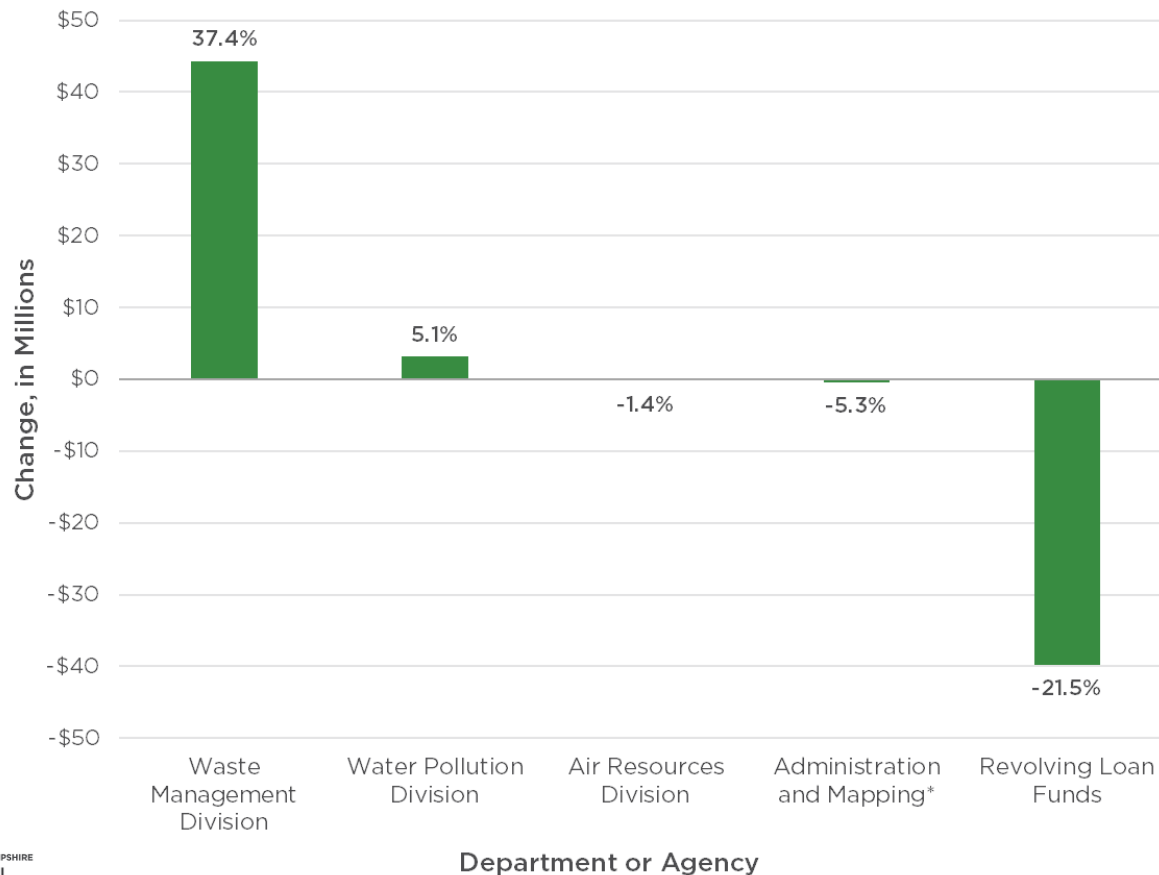


- Some Environmental Services clean water and drinking water funds moved off-budget by legislature, Governor's proposal includes them
- Travel and Tourism Development funding increase at the Department of Business and Economic Affairs, but less one-time funding for housing initiatives
- One-time appropriation for Cannon Mountain Aerial Tramway not repeated for the Department of Natural and Cultural Resources

WASTE MANAGEMENT SPENDING DRIVES ONE-YEAR INCREASE IN ENV. SERVICES

FUNDING CHANGES WITHIN THE DEPARTMENT OF ENVIRONMENTAL SERVICES

Changes from Adjusted Authorized SFY 2025 Budget and the Governor's SFY 2026 Proposal



Note: *Includes the "Dept. Environmental Services" activity unit and the Connecticut River Valley Commission
Sources: Governor's Executive Budget Summary, February 2025

- Waste Management Division increase appears largely due to reimbursements from the Drinking Water and Groundwater Trust Fund, totaling \$55.3 million in SFY 2026
- Reduction in revolving loans due to lower expected expenditures in Clean Water State Revolving Fund loans from the federal Infrastructure Investment and Jobs Act
- Repeals planned \$30 million investment for municipal wastewater infrastructure projects previously appropriated for the SFYs 2026-2027 biennium

ENVIRONMENTAL POLICY CHANGES

- Establishes a Solid Waste Facility Site Evaluation Committee, with approval required for non-municipal facilities accepting over 100,000 tons of waste per year, establishes fees, public hearing process, and timelines for decisions
- Significant adjustments to Department of Environmental Services fees for dredging and terrain alteration, including adjustments for inflation
- Eliminates a sewage system fee, a water system monitoring fee, and a requirement for powerboats to have invasive species decals
- Defines boathouses, alters Wetlands, Water, Air Resources, and Waste Management Councils membership characteristics, and involvement of several statewide organizations in approval and consultation processes
- Permitting process changes relative to endangered species:
 - Shifts the primary point of contact for State departments seeking endangered species information and impact consultation to the Department of Environmental Services from the Fish and Game Department or the Department of Natural and Cultural Resources
 - Establishes interagency fees to support review processes and places time limits

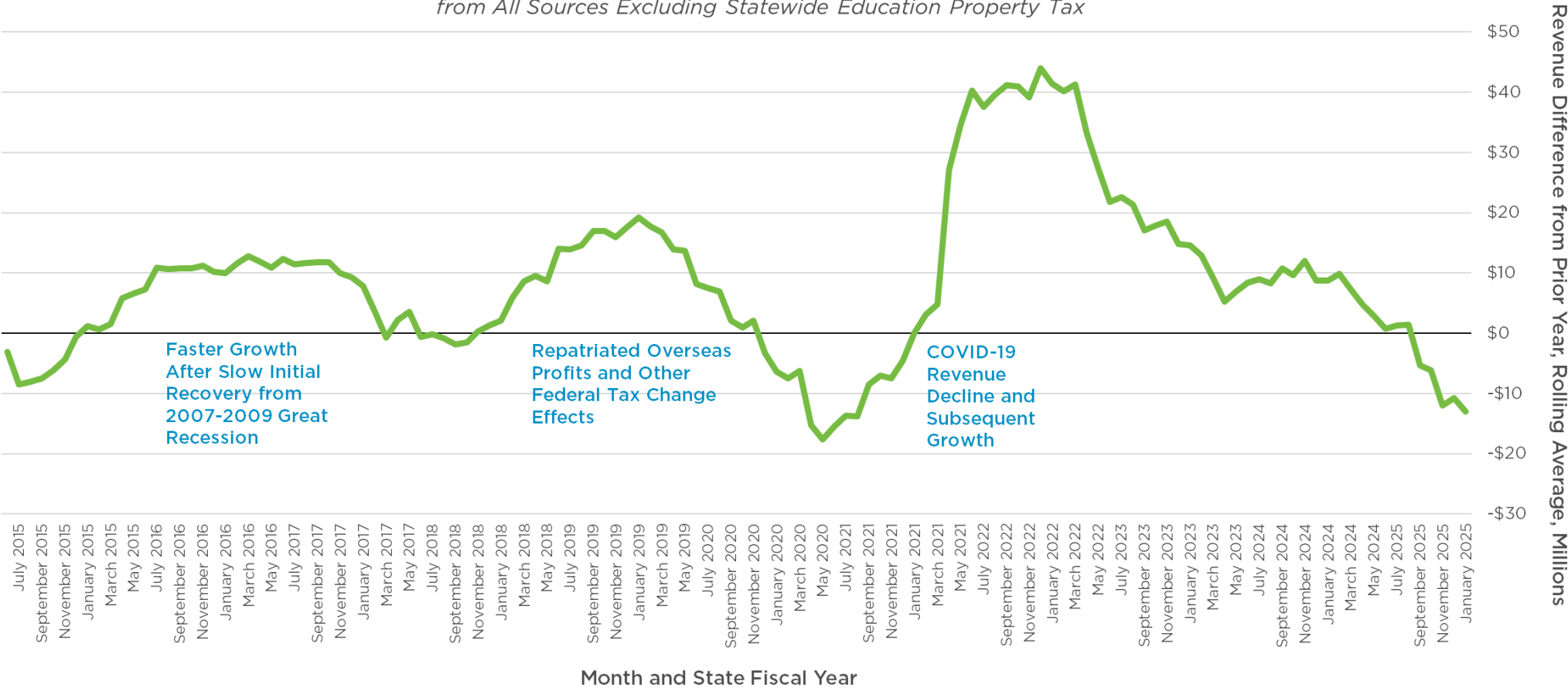
QUESTIONS ABOUT THE GOVERNOR'S BUDGET PROPOSAL?

CURRENT CONDITIONS THIS BUDGET CYCLE

STATE REVENUES LOWER THAN LAST YEAR AFTER PERIOD OF SUBSTANTIAL GROWTH

DIFFERENCES OVER TIME IN NEW HAMPSHIRE COMBINED 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 Excluding Statewide Education Property Tax*



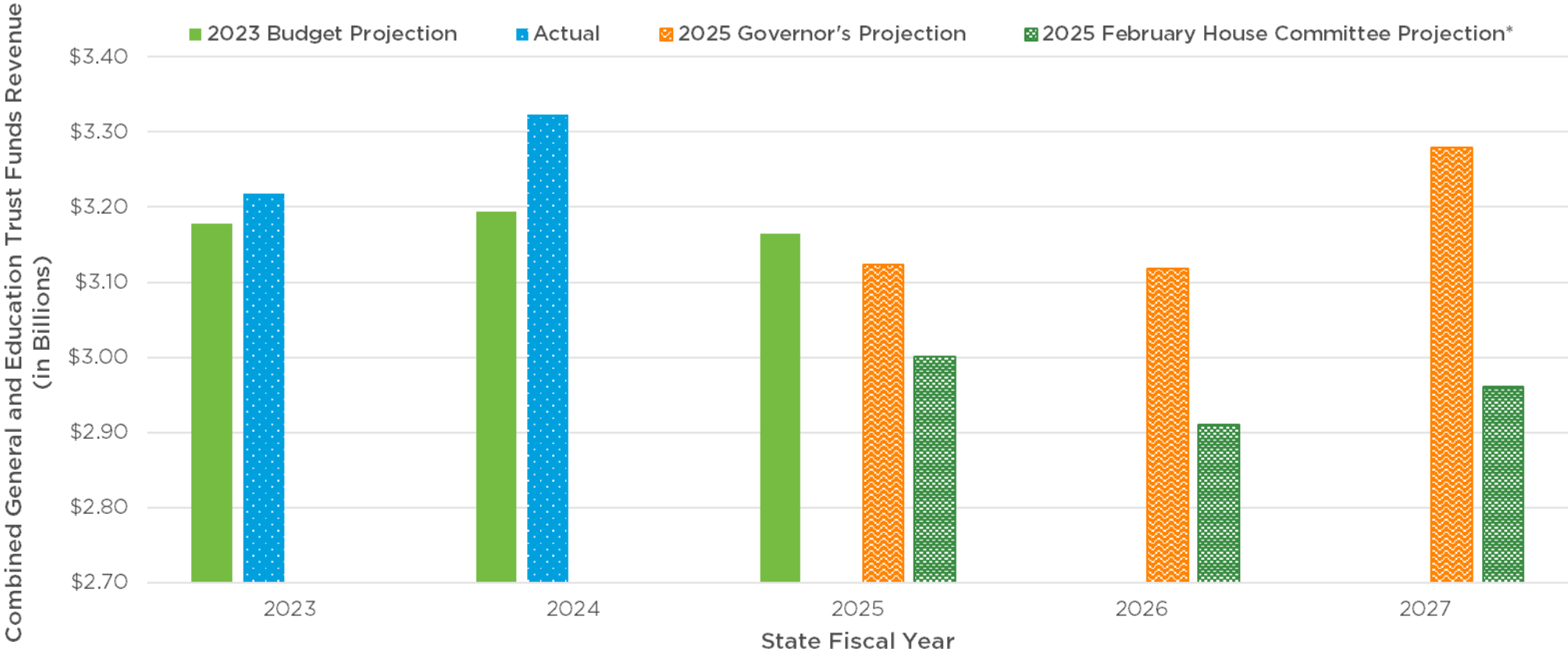
Note: Medicaid Enhancement Tax excluded from historical data. Statewide Education Property Tax excluded due to tax targeting a certain amount collected.
Sources: New Hampshire Department of Administrative Services, Monthly Revenue Focus Reports

FISCAL CONSTRAINTS AND LOOMING QUESTIONS

- Interest and Dividends Tax (\$184 million to General Fund, or 8.8 percent of General Fund revenues, last fiscal year) repealed effective January 2025
- State will earn less interest on cash holdings due to smaller cash reserves
- Youth Development Center settlements: paid \$127 million in 242 settled claims as of December 2024, \$792 million pending in 606 filed claims, claims period open until June 2025; \$160 million to settle claims appropriated previously, outlays capped at \$75 million per year
- Court cases associated with the Youth Development Center and children in the care of the State could generate substantial liabilities
- Decisions related to education funding from the State Supreme Court; second-largest State expenditure, small changes can lead to large funding commitments
- Construction of a new State prison for men, potentially \$500-\$600 million, annual bond payments may be substantial
- Changes to federal funding to the State for operations, with about one in three dollars to fund State services coming from the federal government

GOVERNOR'S PROJECTIONS EXPECT ROBUST 2027, HOUSE FORECASTERS LESS OPTIMISTIC

STATE REVENUE PROJECTIONS AND ACTUAL REVENUES
New Hampshire Combined General and Education Trust Funds



*Projection from the New Hampshire House Ways and Means Committee on February 12, 2025.

Sources: New Hampshire Department of Administrative Services, Annual Comprehensive Financial Report, SFY 2023 and June SFY 2024 Preliminary Accrual; Governor's Budget Executive Summary, February 2025; New Hampshire Office of Legislative Budget Assistant, House Ways & Means Revenue Estimate Worksheets, February 12, 2025

WHERE CAN KEY STATE BUDGET DOCUMENTS AND MORE INFORMATION BE ACCESSED?

KEY WEBSITES...AND SUBSCRIBE!

- Office of Legislative Budget Assistant for gateway to posted documents during legislative phases:
https://gc.nh.gov/lba/budget/fy2026_2027_budget.aspx
- Department of Administrative Services also has Governor's and agency budget requests: <https://www.das.nh.gov/budget/index.aspx>
- Learn more at nhfpi.org, specifically via our weekly newsletter:
<https://nhfpi.org/subscribe>
- Sign up for our State Budget webinar series:
<https://nhfpi.org/events/examining-the-state-budget-2025-webinar-series/>



QUESTIONS AND ANSWERS