

New Hampshire Department of Revenue Administration  
Senate Finance  
April 11, 2023



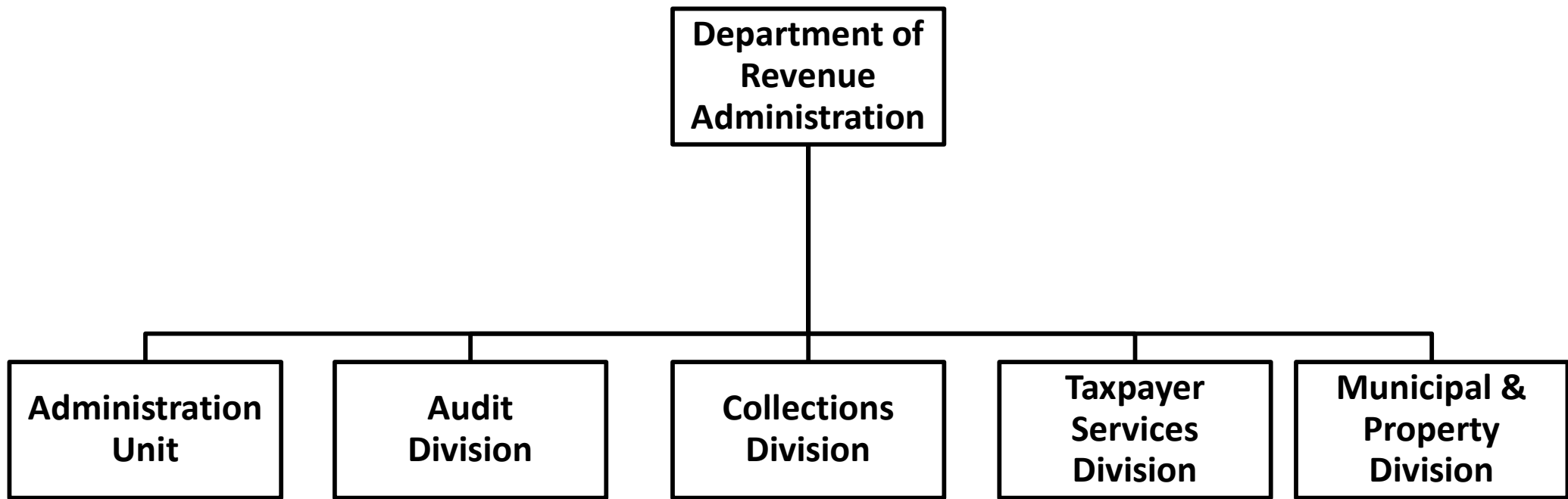
Lindsey M. Stepp, Commissioner  
Ora M. LeMere, Assistant Commissioner  
109 Pleasant Street, Concord, NH 03301  
603-230-5000



# Mission



The mission of the Department of Revenue Administration is to fairly and efficiently administer the tax laws of the State of New Hampshire, collecting the proper amount of taxes due, incurring the least cost to the taxpayers, in a manner that merits the highest degree of public confidence in our integrity. Further, we will provide prompt and constructive assistance to the municipal units of government in matters of budget, finance, and the appraisal of real estate.



# FY 2024 / FY 2025 Agency Budget – The Big Picture

	FY 2022	FY 2023	FY 2024	FY 2025
	Actual Expense	Adjusted Authorized	House	House
<b>General Fund</b>	\$ 17,868,603	\$ 20,668,822	\$ 24,833,226	\$ 25,622,494
<b>Education Trust Fund</b>	\$ 798,226	\$ 800,000	\$ 1,500,000	\$ 1,500,000
<b>Agency Income</b>	\$ 10,526	\$ 630,271	\$ 581,000	\$ 581,000
<b>Total All Funds</b>	\$ 18,677,355	\$ 22,099,093	\$ 26,914,226	\$ 27,703,494
<b>Permanent Classified Positions</b>	121	121	118	118
<b>Unclassified Positions</b>	35	35	35	35
<b>Total Number of Positions</b>	156	156	153	153

- Our general fund operating budget is 75% salary and benefits; we're a department of people, not things or programs.
- Much of the difference between FY 2022 Actual Expense and FY 2023 Adjusted Authorized is due to a vacancy rate of ~15%.

# FY 2024 / FY 2025 Agency Budget Highlights

- Budget request includes sufficient funding for employee training, out of state travel for audits, overtime for peak periods in Taxpayer Services and Collections, maintaining a fleet of state-owned cars for in-state audits and property appraisal work, and postage for DRA communications to taxpayers.
- There are no budget increases for one-time State Workforce Efficiency Enhancement Program (SWEEP) projects.
- Division Directors, Business Office, and other managers worked hard to budget conservatively and accurately, requesting funds for needs not wants.

# FY 2024 / FY 2025 Agency Budget Highlights

- Current position count is reduced to from 156 to 153 full-time classified and unclassified positions, and four part-time positions.
  - FY 2023 budget includes six positions that are unfunded.
    - House FY 2024/FY 2025 budget abolishes three positions that are no longer needed.
    - House FY 2024/FY 2025 budget funds three positions.
      - Two of those positions are revenue generating and would each produce an estimated \$1.5m over the biennium

# FY 2024 / FY 2025 Agency Budget Highlights

	FY 2022	FY 2023	FY 2024	FY 2025
	Actual Expense	Adjusted Authorized	House	House
General Fund	\$ 17,868,603	\$ 20,668,822	\$ 24,833,226	\$ 25,622,494

- General Fund:

- Revenue Information Management System (RIMS) Support

- \$30,160,000 capital appropriation includes hardware maintenance and software licensing through FY 2025, but only includes software maintenance/consulting through the first quarter of FY 2024.
    - Budget includes maintaining consistent level of software maintenance/consulting support through FY 2025:
      - FY 2024 = \$2,332,000
      - FY 2025 = \$2,672,640
    - Budget also includes funding for two DoIT positions that are currently unfunded to prepare for 40-60% of DoIT embedded positions at DRA eligible for retirement during the FY 2024/FY 2025 biennium, and to increase knowledge transfer from RIMS consultants to state employees for the ongoing maintenance of RIMS.

# FY 2024 / FY 2025 Agency Budget Highlights

	FY 2022	FY 2023	FY 2024	FY 2025
	Actual Expense	Adjusted Authorized	House	House
General Fund	\$ 17,868,603	\$ 20,668,822	\$ 24,833,226	\$ 25,622,494

- General Fund (continued):
  - RIMS Debt Service
    - \$30,160,000 capital appropriation was funded as follows:
      - \$6,000,000 general fund
      - \$24,160,000 revenue uplift
    - General fund debt has been satisfied, thus debt service is being moved from Treasury to DRA as this is now considered self-supported debt.
      - FY 2024 = \$1,653,936
      - FY 2025 = \$1,603,205
    - Revenue increases from existing taxes attributable to the implementation of RIMS reached the cap of \$4m in FY 2022.
      - Reminder to pay letters = \$2.3m
      - Use of Federal Tax Information generated = \$1.7m



# FY 2024 / FY 2025 Agency Budget Highlights

	FY 2022	FY 2023	FY 2024	FY 2025
	Actual Expense	Adjusted Authorized	House	House
Education Trust Fund	\$ 798,226	\$ 800,000	\$ 1,500,000	\$ 1,500,000

- Education Trust Fund:
  - Low and Moderate Income Hardship Grants
    - Chapter 95, Laws of 2021 increased the income limitations and the maximum amount of tax relief available for the Low and Moderate Income Property Tax Relief (L&M) program.
    - Change effective for April 1, 2021 property tax year with 5,918 claims issued totaling \$1,403,845, compared to 5,572 claims totaling \$800,000 for the April 1, 2020 year.
    - FY 2023 difference between the appropriation of \$800,000 to actual expense will be covered pursuant to RSA 198:61 where the Governor is authorized to draw a warrant from the Education Trust Fund to satisfy the State’s L&M obligation.
    - Increase in appropriation for FY 2024 and FY 2025 is to sufficiently fund the program pursuant to the 2021 legislative changes.

# FY 2024 / FY 2025 Agency Budget Highlights

	FY 2022	FY 2023	FY 2024	FY 2025
	Actual Expense	Adjusted Authorized	House	House
Agency Income	\$ 10,526	\$ 630,271	\$ 581,000	\$ 581,000

- Agency Income:
  - Flood Control
    - The FY 2024 and FY 2025 budget assumes Massachusetts will reimburse their share of 70% of Merrimack River Valley compact as well as 50% of the Connecticut River Valley compact and Connecticut will reimburse their share of 40% of the Connecticut River Valley compact.
    - There is a long history of Massachusetts not paying its obligation timely or sufficiently for the Merrimack River Valley compact, although the outstanding amounts for FY 2015 through FY 2022 were recently settled and the payment of \$3,477,195.30 has been received.
    - Governor is authorized to draw a warrant for the payment of such reimbursements out of money in the treasury not otherwise appropriated.
      - No payment has been received yet for FY 2023, which was not part of the settlement.

## House Bill 2 – Select Sections

- Sections 84-87, pages 30-31 - I&D repeal
  - I&D tax would be repealed after the 3% rate, for taxable periods beginning after December 31, 2024. The 2% and 1% rates would not become effective.
- Sections 185-186, pages 65-66 - BPT/BET Education Trust Fund (ETF) Transfer
  - BPT and BET would be transferred to the ETF based on a fixed 22.5%, rather than an amount based on the current tax rate.
- Section 340, pages 106-107 - RIMS Debt service
  - Clarification that if RIMS revenue uplift account does not have enough funds to pay the debt service that the Governor is authorized to draw a warrant.