

# New Hampshire Department of Revenue Administration Governor and Council Breakfast

January 23, 2019



Lindsey M. Stepp, Commissioner  
Carolynn J. Lear, Assistant Commissioner

109 Pleasant Street, Concord, NH 03301

603-230-5000



# MISSION

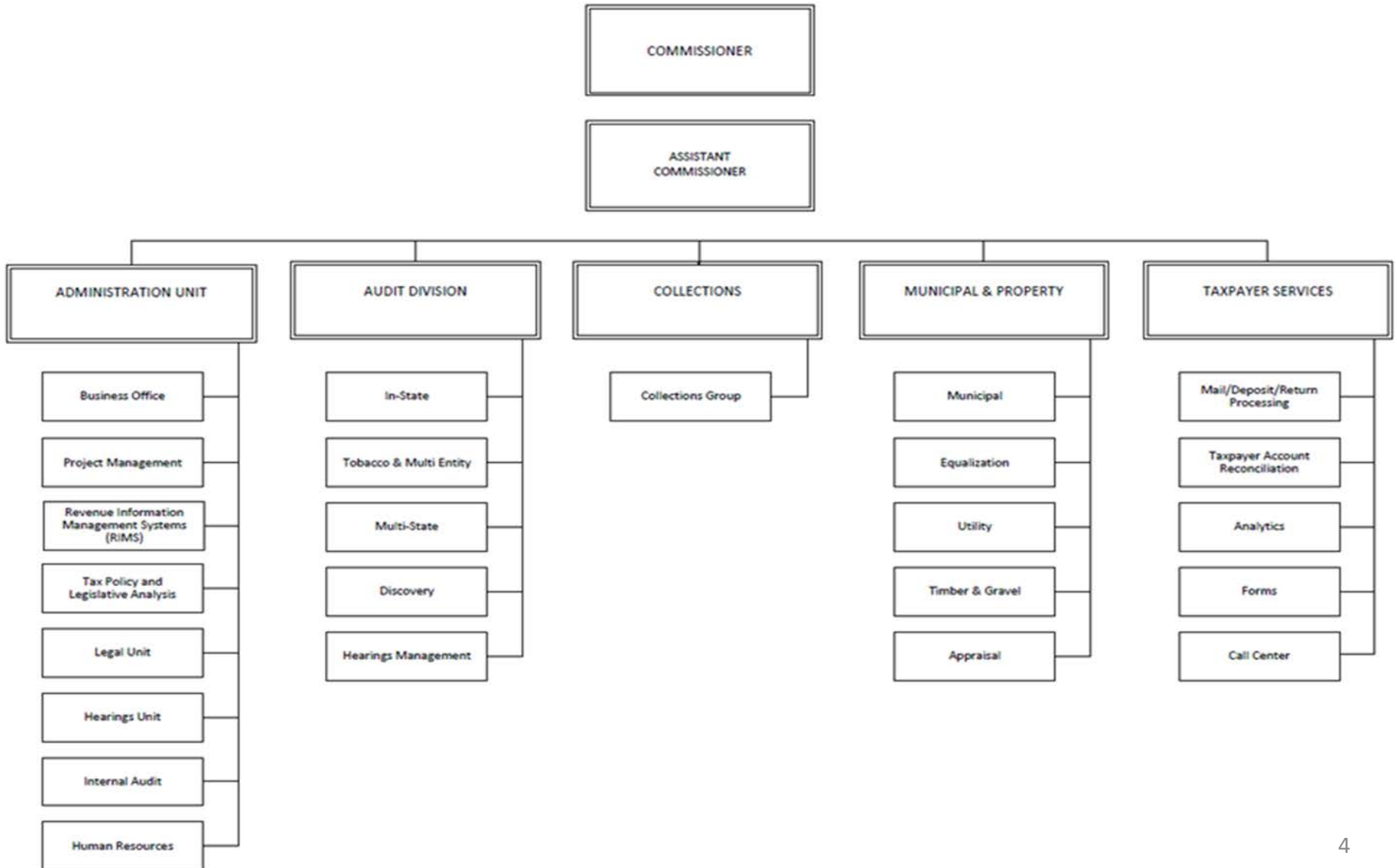
The mission of the Department of Revenue Administration is to fairly and efficiently administer the tax laws of the State of New Hampshire, collecting the proper amount of taxes due, incurring the least cost to the taxpayers, in a manner that merits the highest degree of public confidence in our integrity. 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.



# TAXPAYER INTERACTION

It is the policy of the Department of Revenue Administration to administer the tax laws of the State in a manner that demonstrates efficiency, fairness, and courtesy towards every taxpayer.

# Department of Revenue Administration Organizational Chart



# G&C Items

- Contracts
  - FAST Enterprises LLC
  - Berry Dunn McNeil & Parker LLC
  - Axiomatic
  - Multi-State Tax Commission
  - Federation of Tax Administrators
  - Robert Half International
  - I C Systems Inc.
  - Montagne Communications LLC
  - First Data (via DoIT)
- Unclassified Hires
  - Above Minimum Step

# Revenue Information Management System (RIMS Contracts)

- FAST Enterprises LLC
  - Implementation and support of a commercial off-the-shelf software, GenTax for tax administration.
  - Implementation will consist of three phases, each taking about a year, and the contract will also include support and maintenance of the system for four years after implementation.
  - Total cost for the seven year contract is \$29,550,000.
- Berry Dunn McNeil & Parker LLC
  - In order to help ensure the success of the project, DRA has contracted with BerryDunn to provide periodic health assessments.
  - Health assessments will gauge the vendor's performance on the project, the project timeline, and also DRA's progress in adapting to the new system.
  - Current one year contract for \$339,000 with the option for up to three one year renewals.

# RIMS Project Status

- FAST

- 10 FASTies are already on site, with four more arriving in February and one in March.
- DRA has assigned a full time Project Director to the project along with five subject matter experts from DRA and three from DoIT.
- FAST Appliance was installed at DoIT at the beginning of January and system development meetings begin on January 18.
- Official Agency-Wide Kickoff meeting scheduled for January 24
  - In addition to the RIMS logo already developed, we will be rolling out the name for our e-services portal.

- BerryDunn

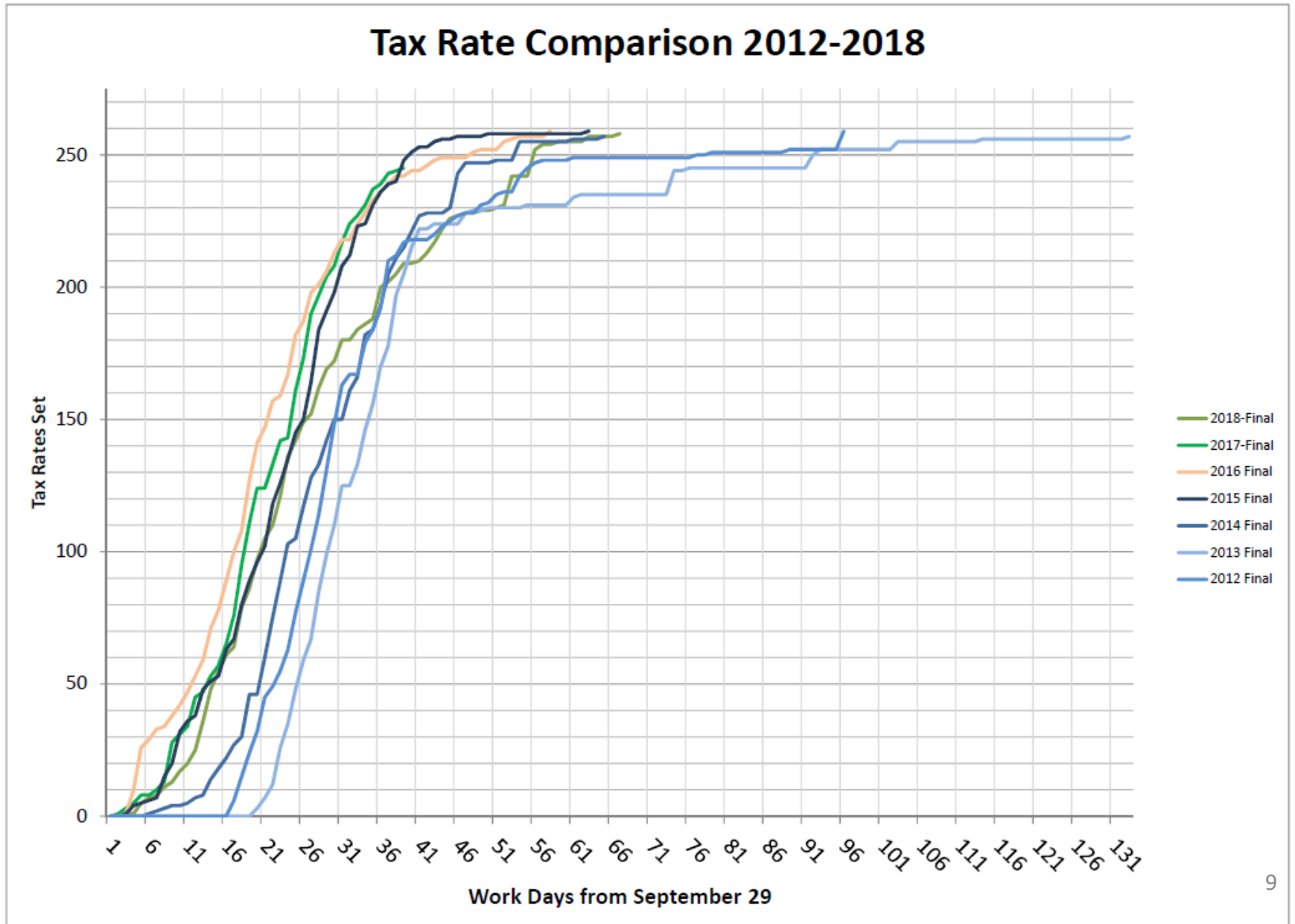
- Project kick off meeting on November 30.
- Initial assessment report card is being developed.

# UNH Technology Transfer Center (T<sup>2</sup>) and Axiomatic Contracts

- Phase 1 – Mosaic Parcel Map Design
  - Contract with T<sup>2</sup> for \$35,683 from November 23, 2009 through April 1, 2010
- Phase 2 – Mosaic Parcel Map and Equalization System
  - Contract with T<sup>2</sup> for \$823,452 from April 14, 2010 through October 2, 2012
- Phase 3 – Tax Rate Setting System
  - Contract with T<sup>2</sup> for \$369,869 from June 19, 2013 through March 18, 2015
  
- Maintenance of Mosaic Parcel Map and Equalization System
  - Contract with T<sup>2</sup> for \$958,460 from July 1, 2013 through June 30, 2015
- Maintenance of Municipal and Property Tax Management System
  - Contract with Axiomatic, LLC for \$815,159 from July 1, 2015 through December 31, 2016
- Maintenance of Municipal and Property Tax Management System
  - Contract with Axiomatic, LLC for \$750,000 from January 1, 2017 through December 31, 2018.
- Maintenance and Further Development of Municipal and Property Tax Management System
  - Contract with Axiomatic, LLC for \$822,168 from January 1, 2019 through December 31, 2020.



# Local Tax Rate Setting





# Taxes Administered by DRA ~ \$2.3B Revenue

<u>Tax Type</u>	<u>Tax Rate</u>	<u>Statute</u>
Business Enterprise Tax	0.6%*	RSA 77-E
Business Profits Tax	7.7%*	RSA 77-A
Communications Services Tax	7.0%	RSA 82-A
Electricity Consumption Tax (Repealed 1/1/19)	\$0.00055/kilowatt hour	RSA 83-E
Interest and Dividends Tax	5.0%	RSA 77
Meals and Rooms Tax	9.0%	RSA 78-A
Medicaid Enhancement Tax	5.4%	RSA 84-A
NFQA/ICFQA	5.5%	RSA 84-C/84-D
Tobacco Tax	\$1.78 per pack/65.03% wholesale price	RSA 78
Taxation of Railroads	Average rate of taxation of other property	RSA 82
Utility Property Tax	\$6.60 per \$1,000 of utility property value	RSA 83-F
Excavation Tax	\$.02 per cubic yard (Local revenue)	RSA 72-B
Real Estate Transfer Tax	\$0.75 per \$100	RSA 78-B
Timber Tax	10% of stumpage value (Local revenue)	RSA 79
Property Tax (Includes SWEPT)	Varies (Local revenue)	RSA 76

## Taxes DRA Does Not Collect

<u>Tax Type</u>	<u>Statute</u>
Insurance Premium Tax	RSA 400-A
Beer Tax	RSA 178
Road Toll (Gas Tax)	RSA 260

\*BET rate reduced to 0.60% and BPT rate reduced to 7.70% for taxable periods ending on or after 12/31/19.

# Tax Revenue - Fiscal Year 2018

<u>Tax Type</u>	<u>Unaudited Revenue</u>
Business Profits Tax	\$482.3M
Business Enterprise Tax	\$298.8M
Subtotal Business Tax	<hr/> \$781.1M
Communications Services Tax	\$43.4M
Electricity Consumption Tax	\$5.9M
Interest and Dividends Tax	\$105.8M
Meals and Rooms Tax	\$331.7M
Medicaid Enhancement Tax	*\$243.0M
NFQA/ICFQA	**\$37.9M
Tobacco Tax	\$211.6M
Taxation of Railroads	**\$0.4M
Utility Property Tax	\$45.2M
Real Estate Transfer Tax	\$149.2M
State Wide Education Property Tax	\$363.1M
<b>TOTAL</b>	<b>\$2.3B</b>

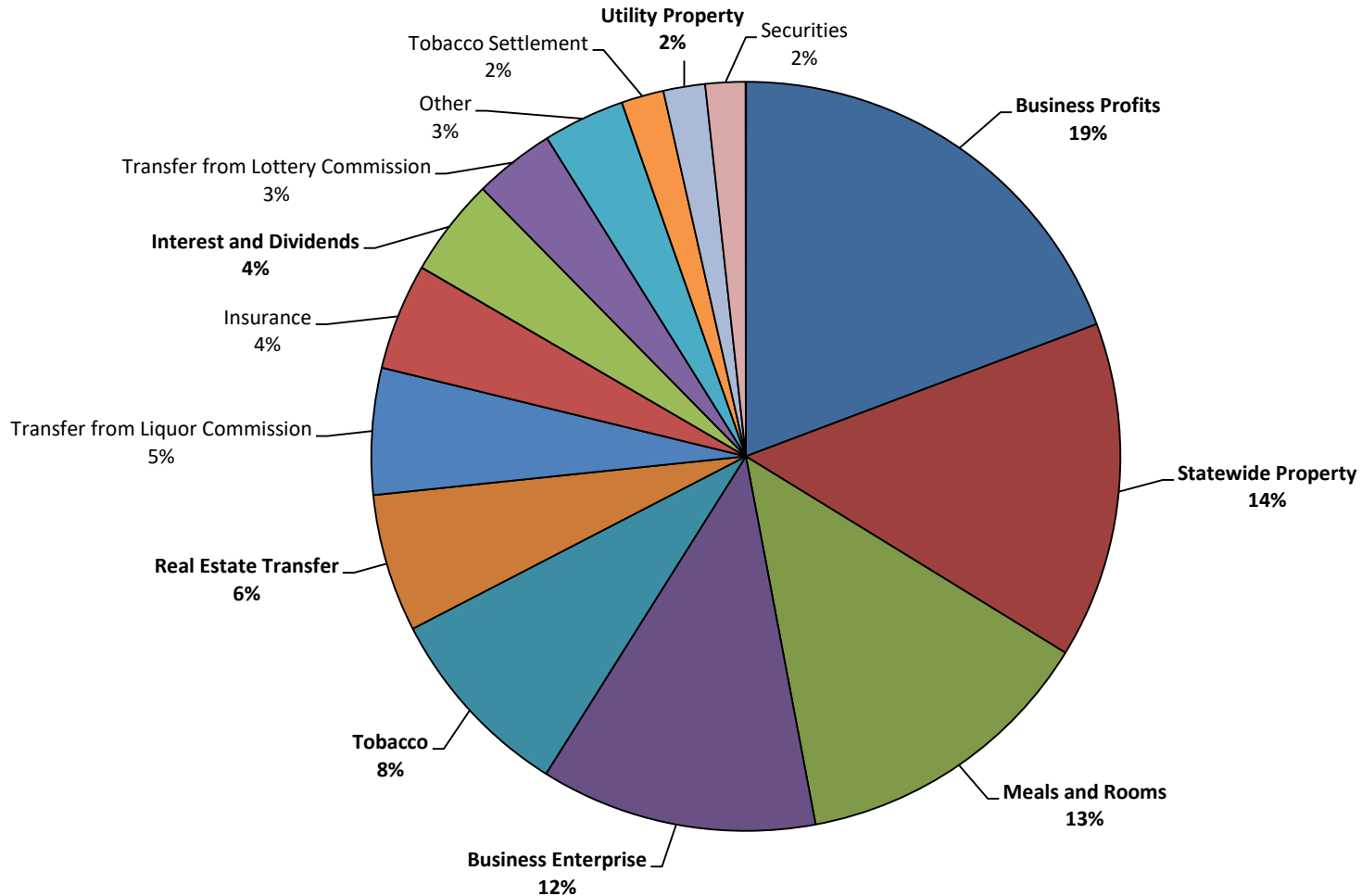
\* FY2018 MET Revenue is Cash Basis, net of Refunds

\*\* FY2018 NFQA & Taxation of Railroads is Unaudited Cash

# Share of Unrestricted Revenues

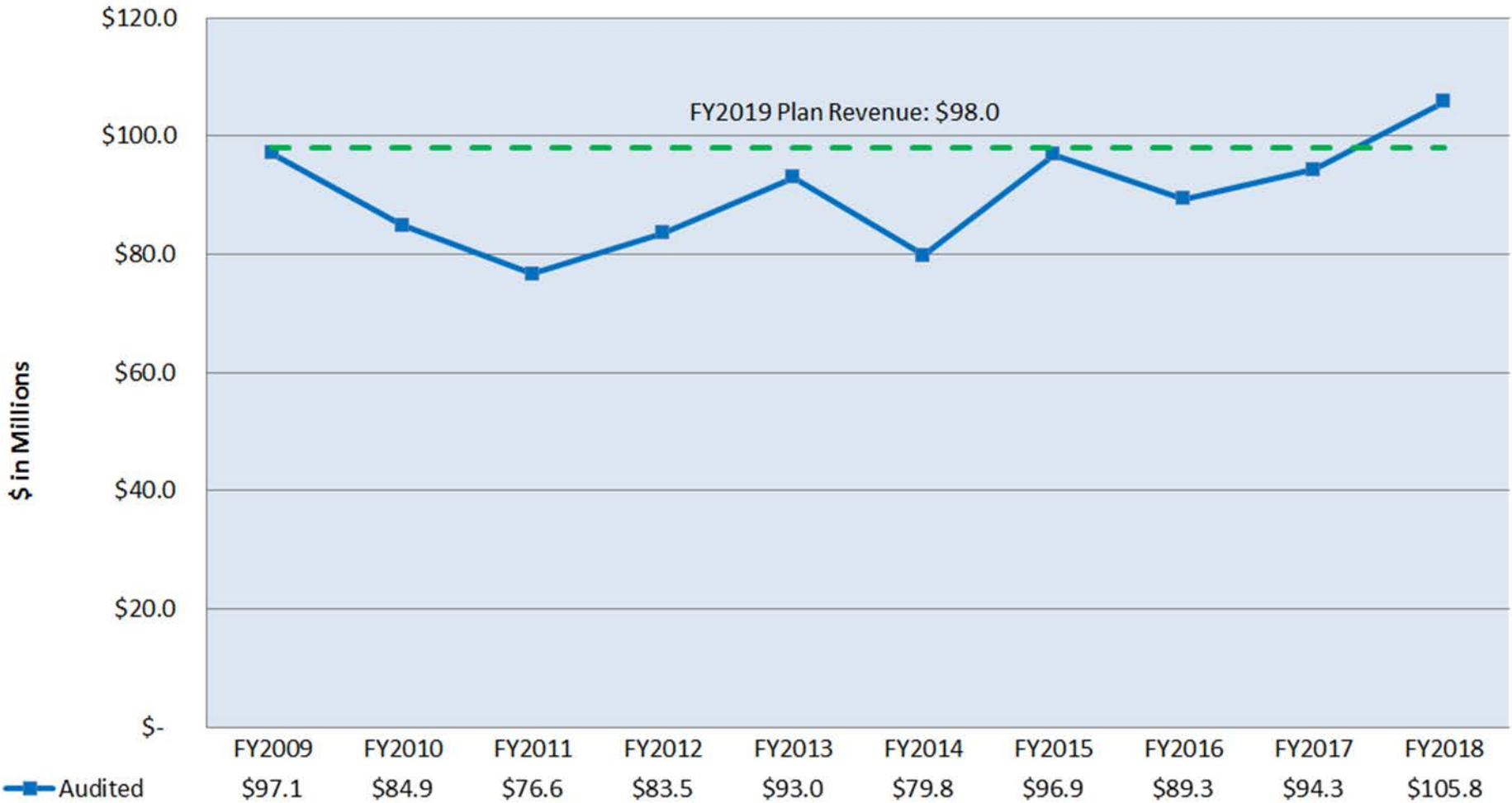
General and Education Funds – Source FY2018 (Audited)

*Note: DRA's statutory responsibilities represent nearly 80% of NH State General and Education Trust Fund Revenue (\$2.0B out of \$2.6B)*



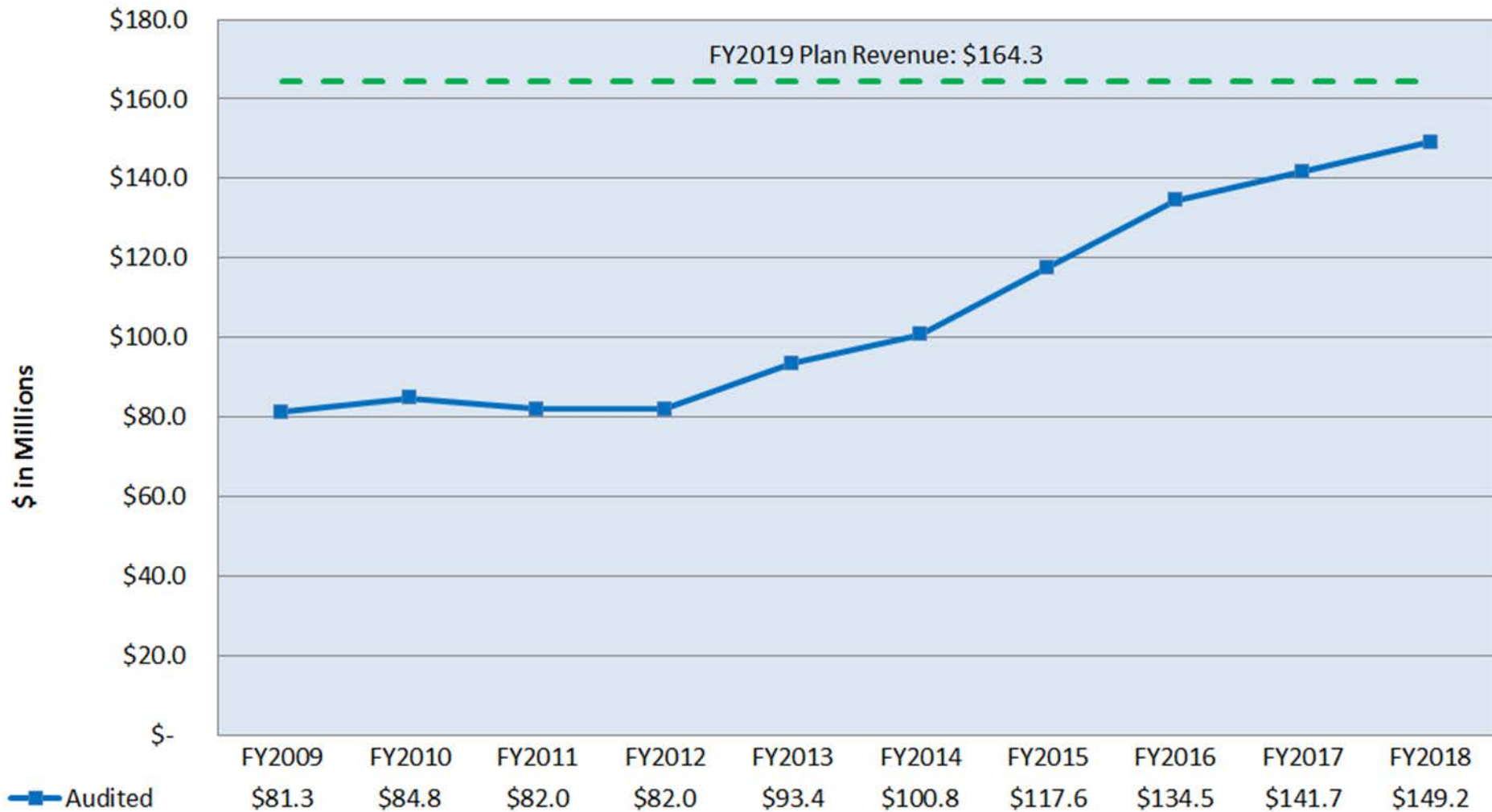
# Interest and Dividends (I&D) Tax

The I&D Tax is assessed at a rate of 5% on the interest and dividend income of individuals, partnerships, and fiduciaries.



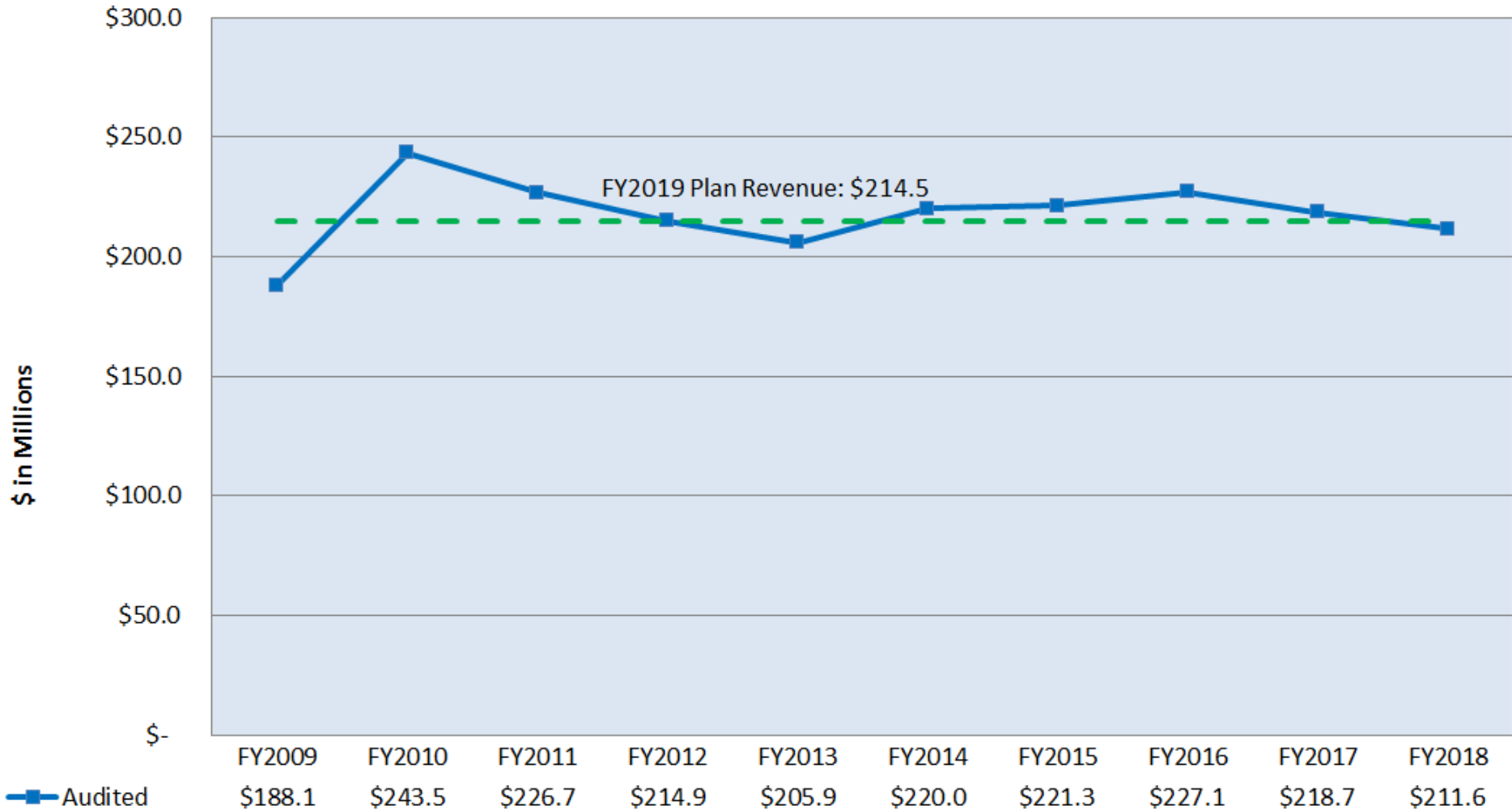
# Real Estate Transfer Tax (RETT)

The RETT is a tax on the transfer, sale or granting of real property at a rate of \$1.50 per \$100 of the price or consideration for the transfer (\$.75 is the obligation of the purchaser and \$.75 is the obligation of the seller).



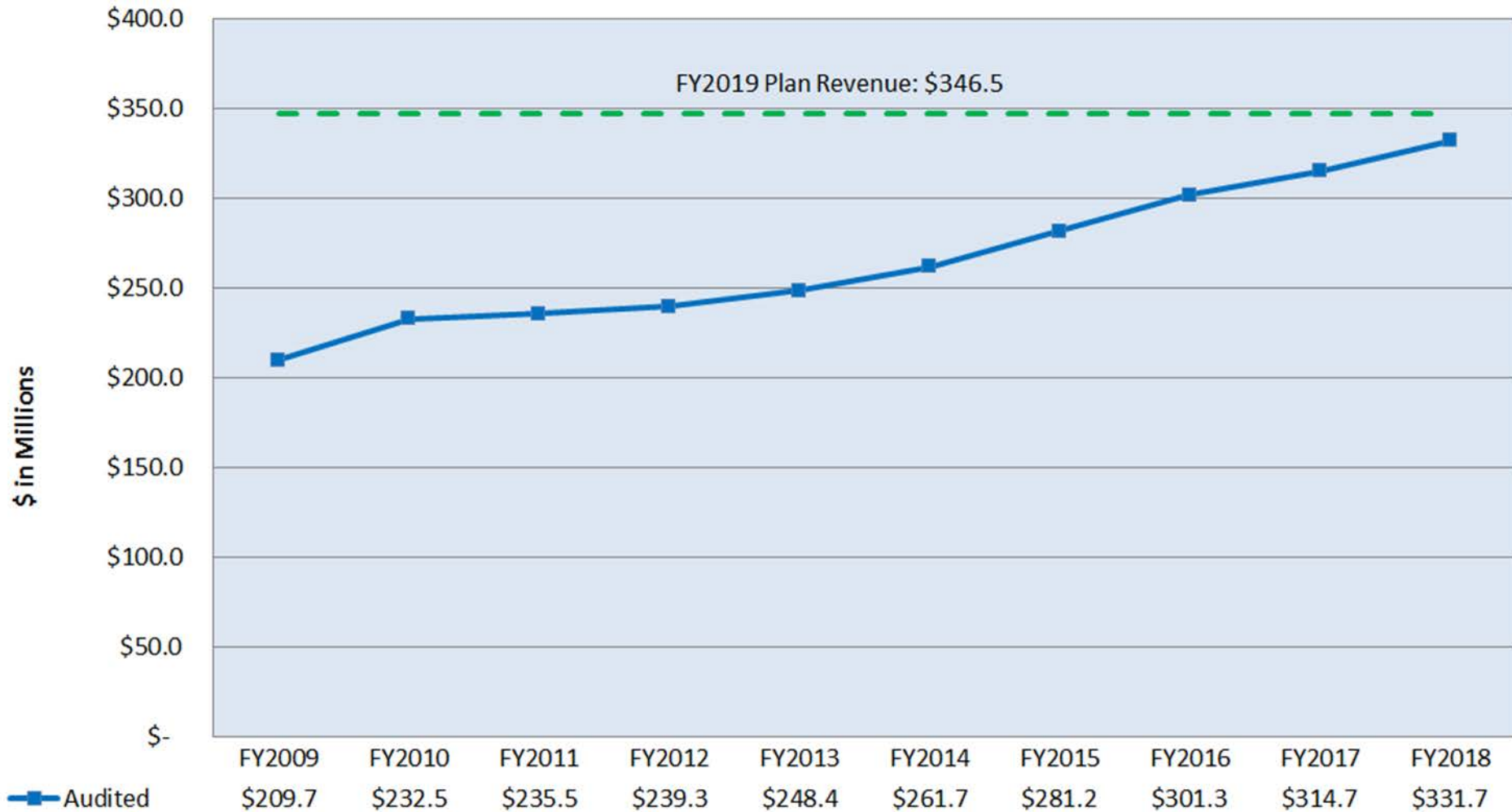
# Tobacco Tax

The Tobacco Tax is levied on each package of cigarettes at a rate of \$1.78 per pack of 20 cigarettes and \$2.23 per pack of 25 cigarettes. The Tobacco Tax is also levied on all Other Tobacco Products (OTP) at a rate of 65.03% of the wholesale sales price.



# Meals and Rentals (M&R) Tax

The M&R Tax is a 9% tax levied on consumers for the purchase of taxable meals, accommodation rentals, and motor vehicle rentals. The tax is collected by the Operator and remitted to the DRA monthly.





# Business Taxes

Business Taxes consist of the Business Enterprise Tax (BET) and the Business Profits Tax (BPT). The BET is assessed on the sum of all compensation paid or accrued, interest paid or accrued, and dividends paid by the business. The BPT is assessed on income from the conduct of business activity within the state.

The BET and BPT rates were recently reduced: BPT from 7.9% to 7.7% and BET from .675% to .60% for taxable periods ending on or after December 31, 2019.

