

State Of New Hampshire

Monthly Revenue Focus

Department of Administrative Services

Commissioner Donald S. Hill



Monthly Revenue Summary

	<u>FY 04</u>	<u>FY 03</u>	<u>Inc/(Dec)</u>
Gen & Educ	\$ 627.4	\$ 637.5	\$ (10.1)
Highway	\$ 17.9	\$ 17.1	\$.8
Fish & Game	\$.6	\$.7	\$ (.1)

Current Month Analysis

General & Education Funds	<i>FY04 Actuals</i>	<i>FY04 Plan</i>	<i>Actual vs. Plan</i>
Business Profits Tax	\$ 33.8	\$ 49.2	\$ (15.4)
Business Enterprise Tax	33.7	\$ 27.9	5.8
Subtotal	67.5	77.1	(9.6)
Meals & Rooms Tax	13.6	13.1	0.5
Tobacco Tax	9.1	7.2	1.9
Liquor Sales and Distribution	7.9	7.6	0.3
Interest & Dividends Tax	1.4	1.8	(0.4)
Insurance Tax	24.7	20.9	3.8
Communications Tax	5.1	5.5	(0.4)
Real Estate Transfer Tax	7.4	6.4	1.0
Estate & Legacy Tax	0.7	1.8	(1.1)
Court Fines & Fees	2.5	2.3	0.2
Securities Revenue	1.7	3.1	(1.4)
Utility Tax	0.5	0.5	-
Board & Care Revenue	0.8	0.8	-
Beer Tax	0.7	0.8	(0.1)
Racing Revenue	0.4	0.3	0.1
Flexible Grant	-	-	-
Other	4.7	4.4	0.3
Transfers from Sweepstakes	4.9	5.8	(0.9)
Tobacco Settlement	-	-	-
Utility Property Tax	0.5	-	0.5
Property Tax Not Retained Locally	29.4	29.9	(0.5)
Property Tax Retained Locally	443.4	443.4	-
Subtotal	626.9	632.7	(5.8)
Net Medicaid Enhancement Rev	0.1	0.1	-
Recoveries	0.4	1.2	(0.8)
Subtotal	627.4	634.0	(6.6)
Other Medicaid Enhancement Rev to Fund Net Appropriations	-	-	-
Total	\$ 627.4	\$ 634.0	\$ (6.6)

Unrestricted revenue for the General and Education Funds for March totaled \$627.4 million, which was below the plan by \$6.6 million and below prior year by \$10.1 million. Year to date revenue totaled \$1,645.3 million, which was above both the plan and prior year by \$16.9 million and \$95.3 million, respectively.

Prior to March, **Business Tax** collections were tracking closely with plan. However, in March, collections totaled \$67.5 million, which was below plan by \$9.6 million and prior year by \$5.4 million. Calendar year corporate entities are required to file their returns and pay their tax liability from the previous year by March 15th. Even though the payment is due, many large taxpayers file seven-month extensions and their exact liability won't be known for several months. The shortfall this month raises concerns for April's performance because:

- Non-corporate taxpayer returns are due annually April 15; and
- First quarter estimated payments are due April 15.

The extent of the shortfall will not be fully understood until March and April activity is further analyzed.

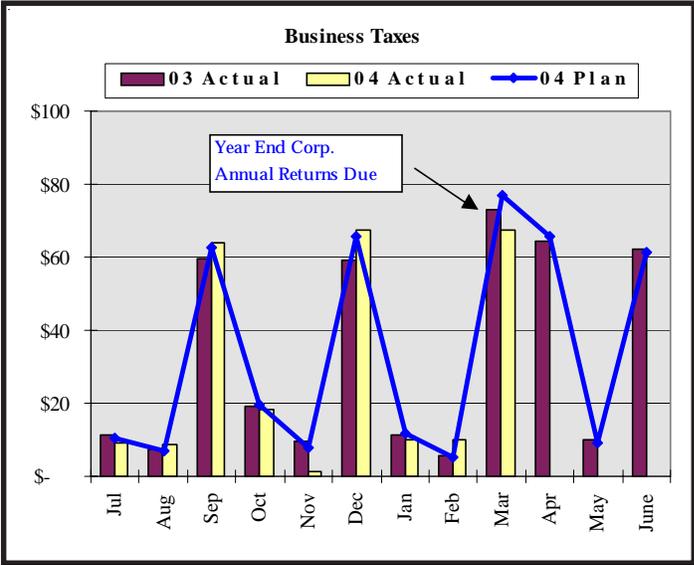
The **Interest & Dividends Tax** continued to fall short of expectations with March and year to date revenue coming in below plan by \$0.4 million and \$5.5 million, respectively. April is the next significant month for I&D collections since annual returns and first quarter estimates are due. April's collections generate approximately 37% of the total revenue for the year. During March, the state began to process I&D tax refunds per the November 25, 2002 court decision in the action of *Smith, et al. v. Department of Revenue Administration*. The court decision ordered the state to refund taxes paid, during 1989 through 1994, on interest & dividends tax payments relating to income from out of state instruments only. During March, \$1.1 million of the estimated \$3.0 million in refunds were returned to taxpayers. These transactions are recorded as expenditures and are not netted against revenue.

The **Insurance Premium Tax** is equal to 2% of premiums on policies that insure risks within the state. First quarter estimates and final returns are due March 15. Revenue from March totaled \$24.7 million, \$3.8 million above estimates and \$2.9 million above prior year. Year to date collections were \$67.9 million, \$2.3 million above plan and \$3.0 million above prior year. The positive performance was the result of double-digit growth from the smaller insurance lines including Commercial P&C. However, this growth was offset by smaller collections generated from the medical sector. Medical premiums experienced double-digit growth in previous years but only increased by 2% in calendar year 2003. This lower growth in the medical sector is due to consumers seeking lower cost alternatives to the high cost of medical insurance. For example, the State moved into a self-insurance environment effective October 1, 2003.

The **State Property Tax** collected by the state and the portion retained locally (totaling \$472.8 million) were recorded during March, along with the final adequacy grant payment. As can be seen on page 3, the cash balance in the **Education Trust Fund** was a negative \$120.9 million.

YTD Revenue Summary

	FY 04	FY 03	Inc/(Dec)
Gen & Educ	\$1,645.3	\$ 1,550.0	\$ 95.3
Highway	\$ 169.5	\$ 163.0	\$ 6.5
Fish & Game	\$ 6.4	\$ 5.9	\$.5

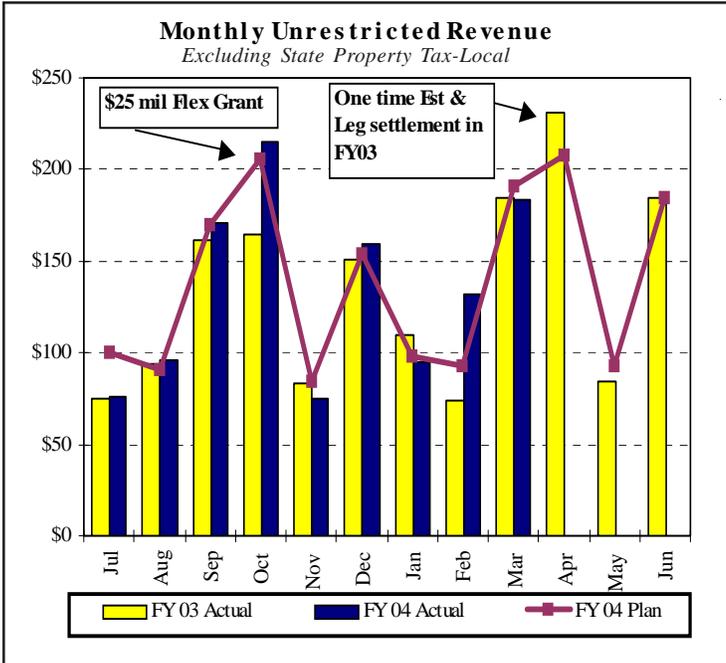


General & Education Funds Comparison to FY 03

General & Education Funds	Monthly			Year-to-Date			
	FY04 Actuals	FY03 Actuals	Inc/(Dec)	FY04 Actuals	FY03 Actuals	Inc/(Dec)	% Inc/(Dec)
Business Profits Tax	\$ 33.8	\$ 42.8	\$ (9.0)	\$ 104.7	\$ 112.8	\$ (8.1)	-7.2%
Business Enterprise Tax	33.7	30.1	3.6	151.2	143.3	7.9	5.5%
Subtotal	67.5	72.9	(5.4)	255.9	256.1	(0.2)	-0.1%
Meals & Rooms Tax	13.6	12.5	1.1	143.1	136.3	6.8	5.0%
Tobacco Tax	9.1	6.4	2.7	75.5	68.3	7.2	10.5%
Liquor Sales and Distribution	7.9	7.0	0.9	82.7	76.9	5.8	7.5%
Interest & Dividends Tax	1.4	1.4	-	23.7	27.9	(4.2)	-15.1%
Insurance Tax	24.7	21.8	2.9	67.9	64.9	3.0	4.6%
Communications Tax	5.1	5.5	(0.4)	48.4	47.4	1.0	2.1%
Real Estate Transfer Tax	7.4	5.7	1.7	102.3	91.4	10.9	11.9%
Estate & Legacy Tax	0.7	3.0	(2.3)	30.6	39.0	(8.4)	-21.5%
Court Fines & Fees	2.5	1.5	1.0	20.4	19.7	0.7	3.6%
Securities Revenue	1.7	2.6	(0.9)	11.1	12.0	(0.9)	-7.5%
Utility Tax	0.5	0.5	-	4.6	4.5	0.1	2.2%
Board & Care Revenue	0.8	1.0	(0.2)	9.0	7.3	1.7	23.3%
Beer Tax	0.7	0.7	-	9.4	9.3	0.1	1.1%
Racing Revenue	0.4	0.3	0.1	3.0	3.0	-	0.0%
Flexible Grant	-	-	-	25.0	-	25.0	100.0%
Other	4.7	4.0	0.7	39.2	37.3	1.9	5.1%
Transfers from Sweepstakes	4.9	4.7	0.2	50.2	44.1	6.1	13.8%
Tobacco Settlement	-	-	-	0.4	11.2	(10.8)	100.0%
Utility Property Tax	0.5	0.5	-	12.9	9.8	3.1	31.6%
Property Tax Not Retained Locally	29.4	32.5	(3.1)	29.7	32.7	(3.0)	-9.2%
Property Tax Retained Locally	443.4	453.0	(9.6)	443.4	453.0	(9.6)	-2.1%
Subtotal	626.9	637.5	(10.6)	1,488.4	1,452.1	36.3	2.5%
Net Medicaid Enhancement Rev	0.1	-	0.1	126.5	87.8	38.7	44.1%
Recoveries	0.4	-	0.4	9.2	-	9.2	100.0%
Subtotal	627.4	637.5	(10.1)	1,624.1	1,539.9	84.2	5.5%
Other Medicaid Enhancement Rev to Fund Net Appropriations	-	-	-	21.2	10.1	11.1	109.9%
Total	\$ 627.4	\$ 637.5	\$ (10.1)	\$ 1,645.3	\$ 1,550.0	\$ 95.3	6.1%

Year-to-Date Analysis

General & Education Funds	General		Education		Total		
	Actual	Plan	Actual	Plan	Actual	Plan	Actual vs. Plan
Business Profits Tax	\$ 74.4	\$ 117.1	\$ 30.3	\$ 30.3	\$ 104.7	\$ 147.4	\$ (42.7)
Business Enterprise Tax	63.6	32.2	87.6	87.6	151.2	119.8	31.4
Subtotal	138.0	149.3	117.9	117.9	255.9	267.2	(11.3)
Meals & Rooms Tax	137.6	136.2	5.5	5.2	143.1	141.4	1.7
Tobacco Tax	53.8	50.7	21.7	20.7	75.5	71.4	4.1
Liquor Sales and Distribution	82.7	82.2	-	-	82.7	82.2	.5
Interest & Dividends Tax	23.7	29.2	-	-	23.7	29.2	(5.5)
Insurance Tax	67.9	65.6	-	-	67.9	65.6	2.3
Communications Tax	48.4	49.8	-	-	48.4	49.8	(1.4)
Real Estate Transfer Tax	68.2	60.3	34.1	30.3	102.3	90.6	11.7
Estate & Legacy Tax	30.6	18.0	-	-	30.6	18.0	12.6
Court Fines & Fees	20.4	20.9	-	-	20.4	20.9	(0.5)
Securities Revenue	11.1	13.1	-	-	11.1	13.1	(2.0)
Utility Tax	4.6	4.6	-	-	4.6	4.6	-
Board & Care Revenue	9.0	7.3	-	-	9.0	7.3	1.7
Beer Tax	9.4	9.7	-	-	9.4	9.7	(0.3)
Racing Revenue	3.0	2.7	-	-	3.0	2.7	0.3
Flexible Grant	25.0	50.0	-	-	25.0	50.0	(25.0)
Other	39.2	39.9	-	-	39.2	39.9	(0.7)
Transfers from Sweepstakes	-	-	50.2	46.4	50.2	46.4	3.8
Tobacco Settlement	-	-	0.4	-	0.4	-	0.4
Utility Property Tax	-	-	12.9	9.6	12.9	9.6	3.3
Property Tax Not Retained Locally	-	-	29.7	29.9	29.7	29.9	(0.2)
Property Tax Retained Locally	-	-	443.4	443.4	443.4	443.4	-
Subtotal	772.6	789.5	715.8	703.4	1,488.4	1,492.9	(4.5)
Net Medicaid Enhancement Rev	126.5	107.5	-	-	126.5	107.5	19.0
Recoveries	9.2	9.7	-	-	9.2	9.7	(0.5)
Subtotal	908.3	906.7	715.8	703.4	1,624.1	1,610.1	14.0
Other Medicaid Enhancement Rev to Fund Net Appropriations	21.2	18.3	-	-	21.2	18.3	2.9
Total	\$ 929.5	\$ 925.0	\$ 715.8	\$ 703.4	\$ 1,645.3	\$ 1,628.4	\$ 16.9



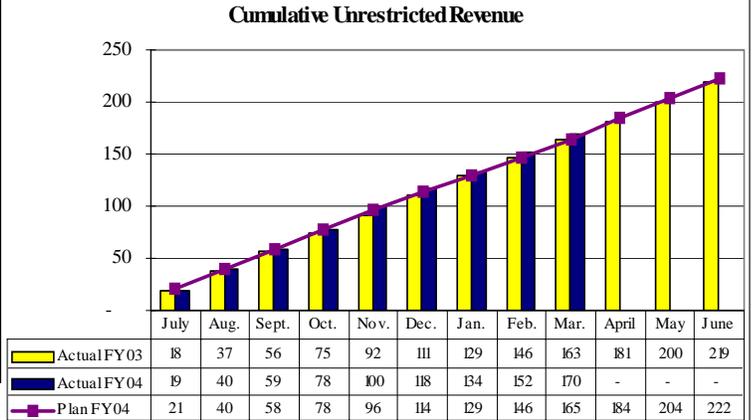
Education Trust Fund Statement of Activity - FY 2004 July 1, 2003 to March 31, 2004	
Description	In Millions
Beginning Balance	\$ 8.0
Unrestricted Revenue - See above	715.8
Transfers from General Fund Appropriations	57.6
Expenditures	
Education Grants & Adm Costs	(902.3)
Ending Balance	\$ (120.9)



Year-to-Date Analysis

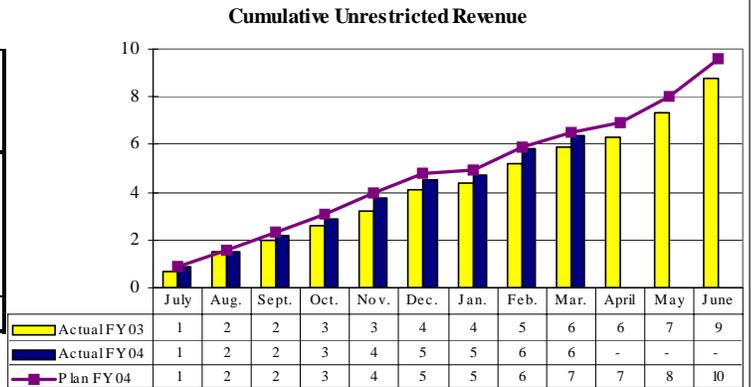
Highway Fund

<i>Revenue Category</i>	<i>FY 04 Actuals</i>	<i>FY 04 Plan</i>	<i>Actual vs. Plan</i>
Gasoline Road Toll	\$ 97.4	\$ 93.3	\$ 4.1
Miscellaneous	4.9	4.0	0.9
Motor Vehicle Fees			
MV Registrations	47.9	47.6	0.3
MV Operators	9.4	11.3	(1.9)
Inspection Station Fees	2.7	2.1	0.6
MV Miscellaneous Fees	3.0	3.8	(0.8)
Certificate of Title	4.2	2.4	1.8
Total Fees	67.2	67.2	-
Total	\$ 169.5	\$ 164.5	\$ 5.0



Fish & Game Fund

<i>Revenue Category</i>	<i>FY 04 Actuals</i>	<i>FY 04 Plan</i>	<i>Actual vs. Plan</i>
Fish and Game Licenses	\$ 5.7	\$ 5.6	\$ 0.1
Fines and Penalties	.1	.1	-
Miscellaneous Sales	.2	.3	(0.1)
Federal Recoveries Indirect Costs	.4	.5	(0.1)
Total	\$ 6.4	\$ 6.5	\$ (0.1)



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