

PRELIMINARY ACCRUAL-UNAUDITED

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	\$ 209.7	\$ 184.0	\$ 25.7
Highway	\$ 19.2	\$ 16.4	\$ 2.8
Fish & Game	\$ 1.4	\$ 1.6	\$ (0.2)

Current Month Analysis

General & Education Funds	<i>FY04 Actuals</i>	<i>FY04 Plan</i>	<i>Actual vs. Plan</i>
Business Profits Tax	\$ 32.7	\$ 37.5	\$ (4.8)
Business Enterprise Tax	33.4	24.0	9.4
Subtotal	66.1	61.5	4.6
Meals & Rooms Tax	15.0	15.9	(0.9)
Tobacco Tax	10.1	7.8	2.3
Liquor Sales and Distribution	8.5	10.0	(1.5)
Interest & Dividends Tax	11.3	9.3	2.0
Insurance Tax	16.5	14.8	1.7
Communications Tax	7.1	5.7	1.4
Real Estate Transfer Tax	18.4	12.2	6.2
Estate & Legacy Tax	(5.5)	(1.7)	(3.8)
Court Fines & Fees	0.1	0.6	(0.5)
Securities Revenue	0.4	0.7	(0.3)
Utility Tax	(0.6)	0.5	(1.1)
Board & Care Revenue	1.9	1.5	0.4
Beer Tax	1.1	1.3	(0.2)
Racing Revenue	0.4	0.2	0.2
Flexible Grant	-	-	-
Other	10.7	5.6	5.1
Transfers from Sweepstakes	11.7	11.0	0.7
Tobacco Settlement	-	-	-
Utility Property Tax	2.8	4.7	(1.9)
Property Tax Not Retained Locally	-	-	-
Property Tax Retained Locally	-	-	-
Subtotal	176.0	161.6	14.4
Net Medicaid Enhancement Rev	20.6	22.1	(1.5)
Recoveries	7.7	1.2	6.5
Subtotal	204.3	184.9	19.4
Other Medicaid Enhancement Rev to Fund Net Appropriations	5.4	-	5.4
Total	\$ 209.7	\$ 184.9	\$ 24.8

The revenue basis in this June 2004 Monthly Revenue Focus represents **PRELIMINARY ACCRUAL** for fiscal 2004 and is **UNAUDITED**. As compared to the prior month's report, which reported preliminary cash as of June 30th, the net change in receivables increased revenue by \$4.8 million. Final accrual results will be available at the conclusion of the audit after year-end accounts receivable and other adjustments are analyzed. In doing comparisons to the prior year, the fiscal 2003 results represent final audited amounts.

Consistent with the signs of recovery and growth in the economy, revenue performance was better than anticipated. Fiscal 2004 unrestricted revenue collections for the General and Education funds totaled \$2,163.0 million, which exceeded prior year by \$114.0 million and came in ahead of the original budget by \$49.2 million.

Business Taxes totaled \$409.7 million for the year, which was \$5.9 million ahead of plan and above prior year by \$16.9 million. With interest rates remaining at historic lows, **Interest & Dividends Tax** collections fell short of plan by \$5.2 million.

In October 2004, the State received the second of two \$25 million **Flexible Grant** payments relating to the Federal Jobs and Growth Reconciliation Act of 2003. The initial Flexible Grant payment of \$25 million was recorded as unrestricted revenue in Fiscal 2003. The budget as authorized by Chapter 318 Laws of 2003 included the entire \$50 million as the revenue estimate for the Flexible Grant in FY04 and, therefore, a \$25 million shortfall is being reported.

Minimizing the impact of the I&D and Flexible Grant shortfalls was the strong fiscal year performance from the Real Estate Transfer Tax, Estate & Legacy Tax, and Tobacco Tax. As the result of increasing home prices, sales activity spurred by low interest rates, the effects of Chapter 158:27 Laws of 2001, which repealed the exemption from the **Real Estate Transfer Tax (RET)** for certain business transaction, and targeted audit collections, RET revenue came in \$21.3 million above plan and \$23.6 million above prior year. The **Estate & Legacy Tax (E&L)** benefited from large one-time gains in February, which resulted in YTD collections of \$27.0 million, \$7.6 million above plan. The **Tobacco Tax** continued to benefit from tax advantages over neighboring states with collections for the year exceeding both prior year and plan by \$6.0 million and \$5.2 million, respectively.

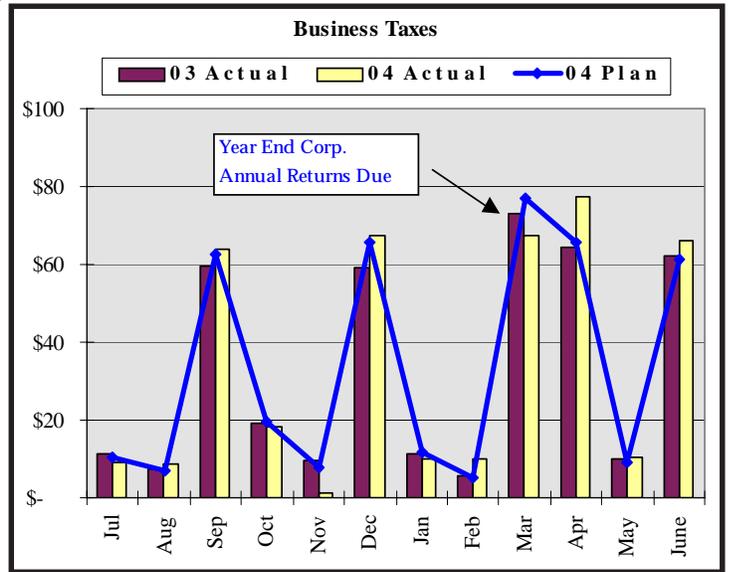
The following is a summary of fiscal year 2004 Net **Medicaid Enhancement Unrestricted Revenue**:

Net Medicaid Enhancement	Amount
Proshare: Corrective Billing for FY 03	\$8.4
Proshare: FY 04 Gross	\$11.4
6% Hospital Tax	\$96.9
Rebates	\$20.4
Expanded Case Mgt and Recoveries	\$2.8
NHH DSH: FY 04	\$33.7
NHH DSH: FY 03 Billing (prior year GAAP Audit Adjustment)	\$2.6
Total Net Medicaid Enhancement	\$176.2

It is anticipated that due to the size and nature of these Medicaid transactions, they will be subject to the year-end audit process and the results of this review will not be known for several months.

YTD Revenue Summary

	FY 04	FY 03	Inc/(Dec)
Gen & Educ	\$ 2163.0	\$ 2049.0	\$ 114.0
Highway	\$ 226.0	\$ 216.7	\$ 9.3
Fish & Game	\$ 9.3	\$ 8.9	\$ 0.4



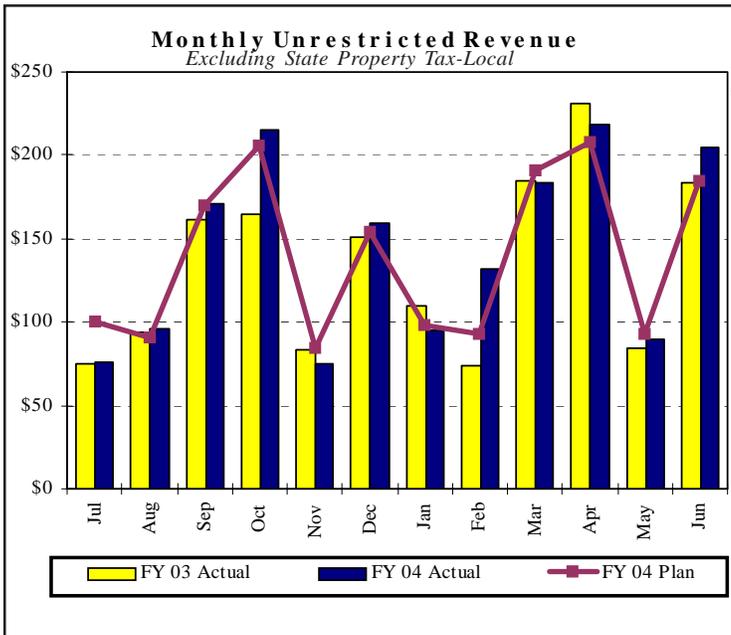
General & Education Funds Comparison to FY 03

General & Education Funds	Monthly			Year-to-Date			% Inc/(Dec)
	FY04 Actuals	FY03 Actuals	Inc/(Dec)	FY04 Actuals	FY03 Actuals	Inc/(Dec)	
Business Profits Tax	\$ 32.7	\$ 27.3	\$ 5.4	\$ 174.5	\$ 174.8	\$ (0.3)	-0.2%
Business Enterprise Tax	33.4	35.0	(1.6)	235.2	218.0	17.2	7.9%
Subtotal	66.1	62.3	3.8	409.7	392.8	16.9	4.3%
Meals & Rooms Tax	15.0	14.4	0.6	184.5	175.4	9.1	5.2%
Tobacco Tax	10.1	9.6	0.5	100.1	94.1	6.0	6.4%
Liquor Sales and Distribution	8.5	6.7	1.8	106.7	99.0	7.7	7.8%
Interest & Dividends Tax	11.3	6.9	4.4	55.8	55.1	0.7	1.3%
Insurance Tax	16.5	14.4	2.1	86.2	82.2	4.0	4.9%
Communications Tax	7.1	4.2	2.9	66.3	62.4	3.9	6.3%
Real Estate Transfer Tax	18.4	10.8	7.6	141.8	118.2	23.6	20.0%
Estate & Legacy Tax	(5.5)	(3.9)	(1.6)	27.0	59.1	(32.1)	-54.3%
Court Fines & Fees	0.1	(1.1)	1.2	24.7	22.1	2.6	11.8%
Securities Revenue	0.4	0.9	(0.5)	26.3	25.8	0.5	1.9%
Utility Tax	(0.6)	1.5	(2.1)	5.1	7.1	(2.0)	-28.2%
Board & Care Revenue	1.9	1.7	0.2	12.4	11.2	1.2	10.7%
Beer Tax	1.1	1.2	(0.1)	12.4	12.3	0.1	0.8%
Racing Revenue	0.4	0.3	0.1	4.0	4.0	-	0.0%
Flexible Grant	-	25.0	(25.0)	25.0	25.0	-	0.0%
Other	10.7	7.5	3.2	57.0	52.6	4.4	8.4%
Transfers from Sweepstakes	11.7	10.8	0.9	71.5	66.6	4.9	7.4%
Tobacco Settlement	-	0.6	(0.6)	41.8	45.9	(4.1)	-8.9%
Utility Property Tax	2.8	4.9	(2.1)	20.2	18.8	1.4	7.4%
Property Tax Not Retained Locally	-	-	-	29.8	32.7	(2.9)	-8.9%
Property Tax Retained Locally	-	-	-	443.4	453.0	(9.6)	-2.1%
Subtotal	176.0	178.7	(2.7)	1,951.7	1,915.4	36.3	1.9%
Net Medicaid Enhancement Rev	20.6	5.3	15.3	155.8	117.0	38.8	33.2%
Recoveries	7.7	-	7.7	20.4	-	20.4	100.0%
Subtotal	204.3	184.0	20.3	2,127.9	2,032.4	95.5	4.7%
Other Medicaid Enhancement Rev to Fund Net Appropriations	5.4	-	5.4	35.1	16.6	18.5	111.4%
Total	\$ 209.7	\$ 184.0	\$ 25.7	\$ 2,163.0	\$ 2,049.0	\$ 114.0	5.6%



Year-to-Date Analysis

General & Education Funds	General		Education		Total		
	Actual	Plan	Actual	Plan	Actual	Plan	Actual vs. Plan
Business Profits Tax	\$ 133.5	\$ 188.3	\$ 41.0	\$ 40.3	\$ 174.5	\$ 228.6	\$ (54.1)
Business Enterprise Tax	118.3	58.4	116.9	116.8	235.2	175.2	60.0
Subtotal	251.8	246.7	157.9	157.1	409.7	403.8	5.9
Meals & Rooms Tax	177.6	176.7	6.9	6.8	184.5	183.5	1.0
Tobacco Tax	71.5	67.5	28.6	27.4	100.1	94.9	5.2
Liquor Sales and Distribution	106.7	108.1	-	-	106.7	108.1	(1.4)
Interest & Dividends Tax	55.8	61.0	-	-	55.8	61.0	(5.2)
Insurance Tax	86.2	82.9	-	-	86.2	82.9	3.3
Communications Tax	66.3	66.5	-	-	66.3	66.5	(0.2)
Real Estate Transfer Tax	94.6	80.3	47.2	40.2	141.8	120.5	21.3
Estate & Legacy Tax	27.0	19.4	-	-	27.0	19.4	7.6
Court Fines & Fees	24.7	25.9	-	-	24.7	25.9	(1.2)
Securities Revenue	26.3	26.7	-	-	26.3	26.7	(0.4)
Utility Tax	5.1	6.1	-	-	5.1	6.1	(1.0)
Board & Care Revenue	12.4	10.8	-	-	12.4	10.8	1.6
Beer Tax	12.4	12.9	-	-	12.4	12.9	(0.5)
Racing Revenue	4.0	3.5	-	-	4.0	3.5	0.5
Flexible Grant	25.0	50.0	-	-	25.0	50.0	(25.0)
Other	57.0	52.9	-	-	57.0	52.9	4.1
Transfers from Sweepstakes	-	-	71.5	69.0	71.5	69.0	2.5
Tobacco Settlement	1.8	-	40.0	39.6	41.8	39.6	2.2
Utility Property Tax	-	-	20.2	19.0	20.2	19.0	1.2
Property Tax Not Retained Locally	-	-	29.8	29.9	29.8	29.9	(0.1)
Property Tax Retained Locally	-	-	443.4	443.4	443.4	443.4	-
Subtotal	1,106.2	1,097.9	845.5	832.4	1,951.7	1,930.3	21.4
Net Medicaid Enhancement Rev	155.8	140.9	-	-	155.8	140.9	14.9
Recoveries	20.4	13.3	-	-	20.4	13.3	7.1
Subtotal	1,282.4	1,252.1	845.5	832.4	2,127.9	2,084.5	43.4
Other Medicaid Enhancement Rev to Fund Net Appropriations	35.1	29.3	-	-	35.1	29.3	5.8
Total	\$ 1,317.5	\$ 1,281.4	\$ 845.5	\$ 832.4	\$ 2,163.0	\$ 2,113.8	\$ 49.2



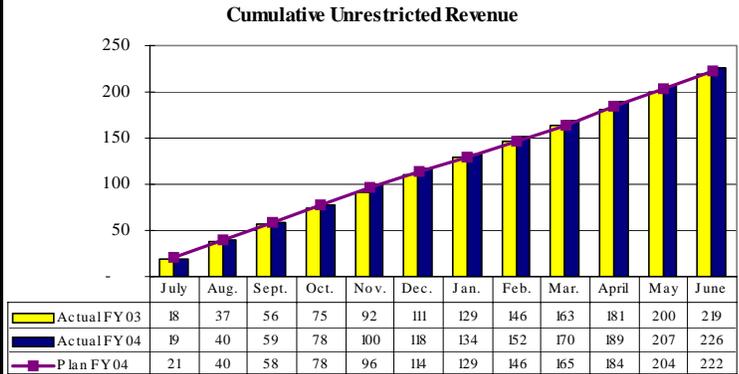
Education Trust Fund Statement of Activity - FY 2004 July 1, 2003 to June 30, 2004 Unaudited Prelim Accrual	
Description	In Millions
Beginning Balance - Surplus	\$ -
Unrestricted Revenue - See above	845.5
Transfers from General Fund Appropriations	62.6
Net Appropriations	
Education Grants & Adm Costs	(894.9)
Ending Balance - Surplus	\$ 13.2



Year-to-Date Analysis

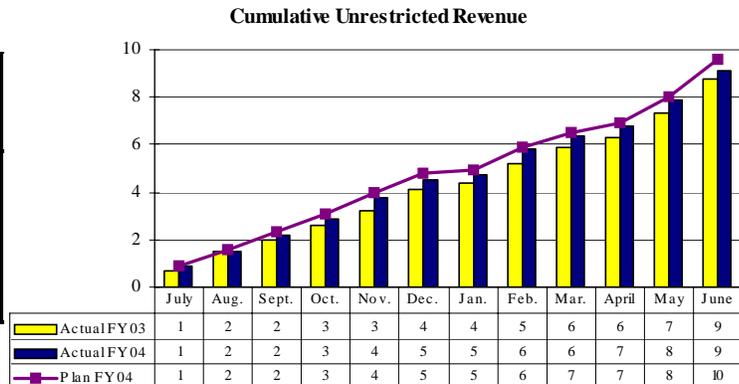
Highway Fund

Revenue Category	FY 04 Actuals	FY 04 Plan	Actual vs. Plan
Gasoline Road Toll	\$ 129.9	\$ 125.1	\$ 4.8
Miscellaneous	6.3	5.5	0.8
Motor Vehicle Fees			
MV Registrations	63.2	64.5	(1.3)
MV Operators	12.8	15.2	(2.4)
Inspection Station Fees	3.8	3.0	0.8
MV Miscellaneous Fees	3.9	5.1	(1.2)
Certificate of Title	6.1	3.5	2.6
Total Fees	89.8	91.3	(1.5)
Total	\$ 226.0	\$ 221.9	\$ 4.1



Fish & Game Fund

Revenue Category	FY 04 Actuals	FY 04 Plan	Actual vs. Plan
Fish and Game Licenses	\$ 8.3	\$ 8.3	\$ -
Fines and Penalties	.1	.1	-
Miscellaneous Sales	.4	.5	(0.1)
Federal Recoveries Indirect Costs	.5	.7	(0.2)
Total	\$ 9.3	\$ 9.6	\$ (0.3)



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