

# State Of New Hampshire

## Monthly Revenue Focus

### Department of Administrative Services

Commissioner Linda M. Hodgdon  
Comptroller Edgar R. Carter



### Monthly Revenue Summary

### Analysis (dollars in millions)

|                        | <i>(for month)</i> |             |                  |
|------------------------|--------------------|-------------|------------------|
|                        | <u>FY 11</u>       | <u>Plan</u> | <u>Inc/(Dec)</u> |
| <b>Gen &amp; Educ</b>  | \$ 185.4           | \$ 91.7     | \$ 93.7          |
| <b>Highway</b>         | \$ 24.4            | \$ 23.9     | \$ 0.5           |
| <b>Fish &amp; Game</b> | \$ 1.2             | \$ 1.0      | \$ 0.2           |

**Medicaid Enhancement Taxes** which were planned for and received last year in the month of October, were received this year in November, resulting in monthly variances to plan and the prior year for both months. Historically, taxpayers make these payments in October, but do not file final returns until the following July. The 5.5% tax is paid by certain health care providers based on reportable Net Patient Service Revenue (NPSR). The total of taxes received to date for FY2011 is lower than both plan and prior year. According to the Department of Revenue Administration, this is due to a lower aggregate taxable NPSR estimated by providers. It is not known whether adjustments to amounts paid will be necessary after final amounts are reported.

### Current Month Analysis

The month's **Traditional Taxes and Transfers** exceeded plan by \$3.3 million and prior year by \$4.8 million. On a year to date basis, these revenues exceed plan by \$6.2 million and exceed prior year by \$12.1 million. Detailed analysis of selected year to date revenue performance follows.

| <b>General &amp; Education Funds</b>     | <i>FY 11</i><br><i>Actuals</i> | <i>FY 11</i><br><i>Plan</i> | <i>Actual vs.</i><br><i>Plan</i> | <i>%</i><br><i>Inc/(Dec)</i> |
|--|--------------------------------|-----------------------------|----------------------------------|------------------------------|
| Business Profits Tax                     | \$ 4.1                         | \$ 4.3                      | \$ (0.2)                         | -5%                          |
| Business Enterprise Tax                  | 2.8                            | 2.6                         | 0.2                              | 7.7%                         |
| Subtotal Business Taxes                  | 6.9                            | 6.9                         | -                                | 0.0%                         |
| Meals & Rentals Tax                      | 20.9                           | 20.7                        | 0.2                              | 1.0%                         |
| Tobacco Tax                              | 21.1                           | 17.0                        | 4.1                              | 24.1%                        |
| Transfer from Liquor Commission          | 12.5                           | 13.0                        | (0.5)                            | -3.8%                        |
| Interest & Dividends Tax                 | (0.3)                          | 0.8                         | (1.1)                            | -137.5%                      |
| Insurance Tax                            | 0.9                            | 0.7                         | 0.2                              | 28.6%                        |
| Communications Tax                       | 6.7                            | 6.4                         | 0.3                              | 4.7%                         |
| Real Estate Transfer Tax                 | 6.6                            | 8.4                         | (1.8)                            | -21.4%                       |
| Court Fines & Fees                       | 1.1                            | 1.0                         | 0.1                              | 10.0%                        |
| Securities Revenue                       | 0.3                            | 0.4                         | (0.1)                            | -25.0%                       |
| Utility Consumption Tax                  | 0.5                            | 0.5                         | -                                | 0.0%                         |
| Board & Care Revenue                     | 1.7                            | 1.1                         | 0.6                              | 54.5%                        |
| Beer Tax                                 | 1.0                            | 1.0                         | -                                | 0.0%                         |
| Racing & Games of Chance                 | 0.2                            | 0.2                         | -                                | 0.0%                         |
| Other                                    | 5.4                            | 4.0                         | 1.4                              | 35.0%                        |
| Gambling Winnings Tax                    | 0.2                            | 0.1                         | 0.1                              | 100.0%                       |
| Transfer from Lottery Commission         | 5.8                            | 6.5                         | (0.7)                            | -10.8%                       |
| Transfer from Racing & Charitable Gaming | 0.1                            | 0.1                         | -                                | 0.0%                         |
| Tobacco Settlement                       | -                              | -                           | -                                | -                            |
| Utility Property Tax                     | 0.5                            | -                           | 0.5                              | -                            |
| State Property Tax                       | -                              | -                           | -                                | -                            |
| Subtotal Traditional Taxes & Transfers   | 92.1                           | 88.8                        | 3.3                              | 3.7%                         |
| Net Medicaid Enhancement Revenue         | 91.4                           | -                           | 91.4                             | -                            |
| Recoveries                               | 1.9                            | 2.9                         | (1.0)                            | -34.5%                       |
| Total Receipts                           | \$ 185.4                       | \$ 91.7                     | \$ 93.7                          | 102.2%                       |

On a year to date basis, **Meals and Rentals Tax** continues to track ahead of both plan and prior year. **Business Taxes** this month were equal to plan; however, slightly lower than the prior year.

**Interest and Dividends Tax** revenue and **Real Estate Transfer Tax** revenue for the month were also lower than plan and prior year. On a year to date basis, these taxes remain below plan and below the prior year actual revenue collected.

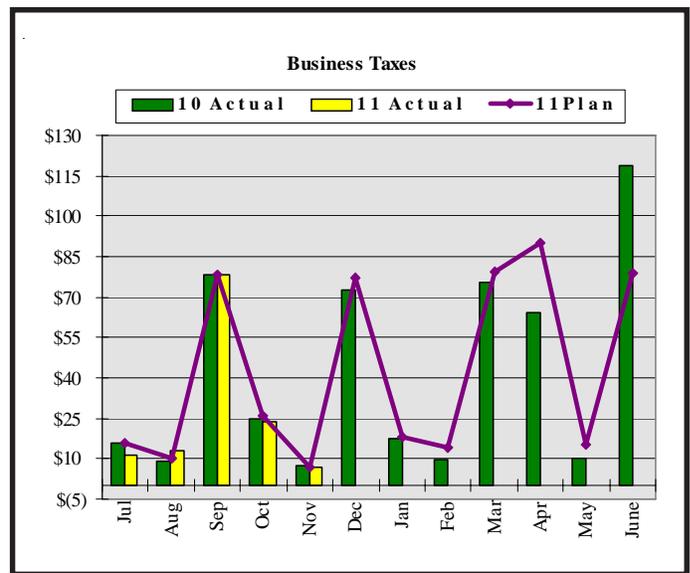
The **Tobacco tax** is collected primarily from two sources. The sale of tobacco stamps which are affixed to each pack of cigarettes offered for sale in New Hampshire and a tax assessed on the wholesale price of other tobacco products (OTP) which is comprised principally of non-premium cigars, loose tobacco and smokeless products. The total tax is performing ahead of plan and prior year partially due to slightly greater than expected OTP sales. OTP sales and the increase in the OTP tax rate effective July 1, 2010, cause revenues of this segment to be ahead of last year by 30.8%. The prior year Tobacco Tax revenue included floor tax receipts as a result of an increase in the cigarette stamp rate, resulting in \$4.6 million of revenue collections in FY2010 which did not recur in FY2011. The net result is that year to date revenues are ahead of both plan and the prior year.

The FY 2011 plan for sales and margins of the **Liquor Commission** anticipated growth and improvement versus the prior year, the full extent of which has not been realized to date. On a year to date basis, this has resulted in a shortfall to plan; however as compared to prior year, net profits have improved on average 4%.

**Other revenues** continue to realize collections earlier in the year than anticipated in the plan as a result of improved revenue collection practices. In addition, the **Lottery Commission** continues to experience lower sales trends of their major products consistent with prior months.

*All funds reported on a cash basis, dollars in millions.*

| RET Analysis<br>(In Millions) |      |       |       |       |       |
|-------------------------------|------|-------|-------|-------|-------|
|                               | Jul  | Aug   | Sep   | Oct   | Nov   |
| FY11                          | 9.6  | 6.9   | 6.6   | 6.7   | 6.6   |
| FY10                          | 9.0  | 8.3   | 7.6   | 8.1   | 7.1   |
| FY09                          | 11.5 | 9.9   | 9.4   | 8.1   | 8.8   |
| Mo over Mo                    | 0.6  | (1.4) | (1.0) | (1.4) | (0.5) |
| % Mo over Mo                  | 7%   | -17%  | -13%  | -17%  | -7%   |
| YTD change over Prior Year    | 0.6  | (0.8) | (1.8) | (3.2) | (3.7) |
| % YTD change                  | 7%   | -5%   | -7%   | -10%  | -9%   |



| Business Tax Refund Analysis |     |       |     |     |       |
|------------------------------|-----|-------|-----|-----|-------|
|                              | Jul | Aug   | Sep | Oct | Nov   |
| FY11                         | 3.4 | 0.9   | 3.5 | 5.2 | 6.1   |
| FY10                         | 1.6 | 1.2   | 2.1 | 3.6 | 6.3   |
| FY09                         | 1.3 | 1.4   | 1.5 | 5.3 | 11.3  |
| Mo over Mo change            | 1.8 | (0.3) | 1.4 | 1.6 | (0.2) |
| YTD change                   | 1.8 | 1.5   | 2.9 | 4.5 | 4.3   |

### General & Education Funds Comparison to FY 10

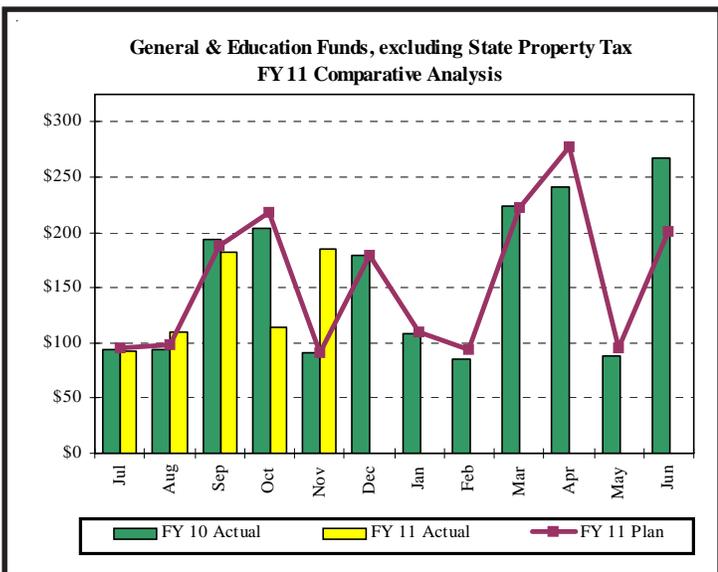
| General & Education Funds                | Monthly       |               |           | Year-to-Date  |               |           | % Inc/(Dec) |
|--|---------------|---------------|-----------|---------------|---------------|-----------|-------------|
|  | FY 11 Actuals | FY 10 Actuals | Inc/(Dec) | FY 11 Actuals | FY 10 Actuals | Inc/(Dec) |             |
| Business Profits Tax                     | \$ 4.1        | \$ 4.6        | \$ (0.5)  | \$ 81.2       | \$ 84.4       | \$ (3.2)  | -3.8%       |
| Business Enterprise Tax                  | 2.8           | 2.7           | 0.1       | 52.0          | 51.3          | 0.7       | 1.4%        |
| Subtotal Business Taxes                  | 6.9           | 7.3           | (0.4)     | 133.2         | 135.7         | (2.5)     | -1.8%       |
| Meals & Rentals Tax                      | 20.9          | 20.5          | 0.4       | 116.3         | 111.5         | 4.8       | 4.3%        |
| Tobacco Tax                              | 21.1          | 18.8          | 2.3       | 105.3         | 105.2         | 0.1       | 0.1%        |
| Transfer from Liquor Commission          | 12.5          | 11.5          | 1.0       | 56.4          | 53.8          | 2.6       | 4.8%        |
| Interest & Dividends Tax                 | (0.3)         | 0.4           | (0.7)     | 16.4          | 19.7          | (3.3)     | -16.8%      |
| Insurance Tax                            | 0.9           | 0.9           | -         | 5.4           | 5.0           | 0.4       | 8.0%        |
| Communications Tax                       | 6.7           | 5.7           | 1.0       | 34.9          | 30.8          | 4.1       | 13.3%       |
| Real Estate Transfer Tax                 | 6.6           | 7.1           | (0.5)     | 36.4          | 40.1          | (3.7)     | -9.2%       |
| Court Fines & Fees                       | 1.1           | 1.4           | (0.3)     | 5.7           | 5.4           | 0.3       | 5.6%        |
| Securities Revenue                       | 0.3           | 0.4           | (0.1)     | 2.4           | 1.8           | 0.6       | 33.3%       |
| Utility Consumption Tax                  | 0.5           | 0.5           | -         | 2.6           | 2.5           | 0.1       | 4.0%        |
| Board & Care Revenue                     | 1.7           | 1.2           | 0.5       | 8.5           | 8.6           | (0.1)     | -1.2%       |
| Beer Tax                                 | 1.0           | 1.0           | -         | 6.1           | 6.0           | 0.1       | 1.7%        |
| Racing & Games of Chance                 | 0.2           | 0.2           | -         | 0.9           | 1.1           | (0.2)     | -18.2%      |
| Other                                    | 5.4           | 3.9           | 1.5       | 21.4          | 11.9          | 9.5       | 79.8%       |
| Gambling Winnings Tax                    | 0.2           | 0.1           | 0.1       | 1.4           | 0.5           | 0.9       | 180.0%      |
| Transfer from Lottery Commission         | 5.8           | 6.3           | (0.5)     | 21.1          | 23.6          | (2.5)     | -10.6%      |
| Transfer from Racing & Charitable Gaming | 0.1           | 0.1           | -         | 0.4           | 0.4           | -         | 0.0%        |
| Tobacco Settlement                       | -             | -             | -         | -             | -             | -         | -           |
| Utility Property Tax                     | 0.5           | -             | 0.5       | 7.6           | 6.7           | 0.9       | 13.4%       |
| State Property Tax                       | -             | -             | -         | -             | -             | -         | -           |
| Subtotal Traditional Taxes & Transfers   | 92.1          | 87.3          | 4.8       | 582.4         | 570.3         | 12.1      | 2.1%        |
| Net Medicaid Enhancement Rev             | 91.4          | -             | 91.4      | 91.5          | 97.8          | (6.3)     | -6.4%       |
| Recoveries                               | 1.9           | 3.1           | (1.2)     | 8.9           | 7.5           | 1.4       | 18.7%       |
| Total Receipts                           | \$ 185.4      | \$ 90.4       | \$ 95.0   | \$ 682.8      | \$ 675.6      | \$ 7.2    | 1.1%        |

All funds reported on a cash basis, dollars in millions.

## General and Education Funds

### Year-to-Date Comparison to Plan

| General & Education Funds                | General         |                 |                 | Education       |                 |                 | Total           |                 |                 | % Inc/(Dec)  |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|--------------|
|  | Actual          | Plan            | Actual vs. Plan | Actual          | Plan            | Actual vs. Plan | Actual          | Plan            | Actual vs. Plan |              |
| Business Profits Tax                     | \$ 67.0         | \$ 69.5         | \$ (2.5)        | \$ 14.2         | \$ 15.2         | \$ (1.0)        | \$ 81.2         | \$ 84.7         | \$ (3.5)        | -4.1%        |
| Business Enterprise Tax                  | 17.9            | 17.0            | 0.9             | 34.1            | 33.7            | 0.4             | 52.0            | 50.7            | 1.3             | 2.6%         |
| Subtotal Business Taxes                  | 84.9            | 86.5            | (1.6)           | 48.3            | 48.9            | (0.6)           | 133.2           | 135.4           | (2.2)           | -1.6%        |
| Meals & Rentals Tax                      | 114.2           | 111.1           | 3.1             | 2.1             | 4.1             | (2.0)           | 116.3           | 115.2           | 1.1             | 1.0%         |
| Tobacco Tax                              | 59.8            | 54.3            | 5.5             | 45.5            | 42.3            | 3.2             | 105.3           | 96.6            | 8.7             | 9.0%         |
| Transfer from Liquor Commission          | 56.4            | 57.7            | (1.3)           | -               | -               | -               | 56.4            | 57.7            | (1.3)           | -2.3%        |
| Interest & Dividends Tax                 | 16.4            | 17.7            | (1.3)           | -               | -               | -               | 16.4            | 17.7            | (1.3)           | -7.3%        |
| Insurance Tax                            | 5.4             | 4.4             | 1.0             | -               | -               | -               | 5.4             | 4.4             | 1.0             | 22.7%        |
| Communications Tax                       | 34.9            | 31.2            | 3.7             | -               | -               | -               | 34.9            | 31.2            | 3.7             | 11.9%        |
| Real Estate Transfer Tax                 | 23.9            | 27.7            | (3.8)           | 12.5            | 14.3            | (1.8)           | 36.4            | 42.0            | (5.6)           | -13.3%       |
| Court Fines & Fees                       | 5.7             | 5.3             | 0.4             | -               | -               | -               | 5.7             | 5.3             | 0.4             | 7.5%         |
| Securities Revenue                       | 2.4             | 2.5             | (0.1)           | -               | -               | -               | 2.4             | 2.5             | (0.1)           | -4.0%        |
| Utility Consumption Tax                  | 2.6             | 2.5             | 0.1             | -               | -               | -               | 2.6             | 2.5             | 0.1             | 4.0%         |
| Board & Care Revenue                     | 8.5             | 7.7             | 0.8             | -               | -               | -               | 8.5             | 7.7             | 0.8             | 10.4%        |
| Beer Tax                                 | 6.1             | 5.9             | 0.2             | -               | -               | -               | 6.1             | 5.9             | 0.2             | 3.4%         |
| Racing & Games of Chance                 | 0.9             | 1.0             | (0.1)           | -               | -               | -               | 0.9             | 1.0             | (0.1)           | -10.0%       |
| Other                                    | 21.4            | 16.5            | 4.9             | -               | -               | -               | 21.4            | 16.5            | 4.9             | 29.7%        |
| Gambling Winnings Tax                    | 1.4             | 0.5             | 0.9             | -               | -               | -               | 1.4             | 0.5             | 0.9             | 180.0%       |
| Transfer from Lottery Commission         | -               | -               | -               | 21.1            | 27.2            | (6.1)           | 21.1            | 27.2            | (6.1)           | -22.4%       |
| Transfer from Racing & Charitable Gaming | -               | -               | -               | 0.4             | 0.4             | -               | 0.4             | 0.4             | -               | 0.0%         |
| Tobacco Settlement                       | -               | -               | -               | -               | -               | -               | -               | -               | -               | -            |
| Utility Property Tax                     | -               | -               | -               | 7.6             | 6.5             | 1.1             | 7.6             | 6.5             | 1.1             | 16.9%        |
| State Property Tax                       | -               | -               | -               | -               | -               | -               | -               | -               | -               | -            |
| Subtotal Traditional Taxes & Transfers   | 444.9           | 432.5           | 12.4            | 137.5           | 143.7           | (6.2)           | 582.4           | 576.2           | 6.2             | 1.1%         |
| Net Medicaid Enhancement Rev             | 91.5            | 108.0           | (16.5)          | -               | -               | -               | 91.5            | 108.0           | (16.5)          | -15.3%       |
| Recoveries                               | 8.9             | 7.0             | 1.9             | -               | -               | -               | 8.9             | 7.0             | 1.9             | 27.1%        |
| <b>Total Receipts</b>                    | <b>\$ 545.3</b> | <b>\$ 547.5</b> | <b>\$ (2.2)</b> | <b>\$ 137.5</b> | <b>\$ 143.7</b> | <b>\$ (6.2)</b> | <b>\$ 682.8</b> | <b>\$ 691.2</b> | <b>\$ (8.4)</b> | <b>-1.2%</b> |



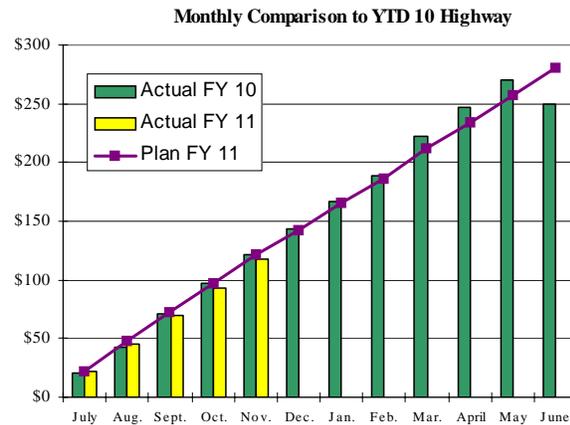
| Education Trust Fund<br>Statement of Activity - FY 2011<br>July 1, 2010 to November 30, 2010 |                   |
|--|-------------------|
| Description  | Amount            |
| <b>Beginning Surplus (Deficit) - unaudited</b>   | \$ -              |
| <b>Unrestricted Revenue - See above</b>  | 137.5             |
| <b>Expenditures</b>  |                   |
| Education Grants & Adm Costs   | (238.6)           |
| <b>Ending Surplus (Deficit) - unaudited</b>  | <b>\$ (101.1)</b> |

*Fiscal 2011 Adequate Education Grant payments of \$594.0 million are paid 20% September 1, 20% November 1, 30% January 1 and 30% April 1. Municipalities receive an additional \$363.0 million of grants through local retention of Statewide Property Tax collections.*



## Highway Fund

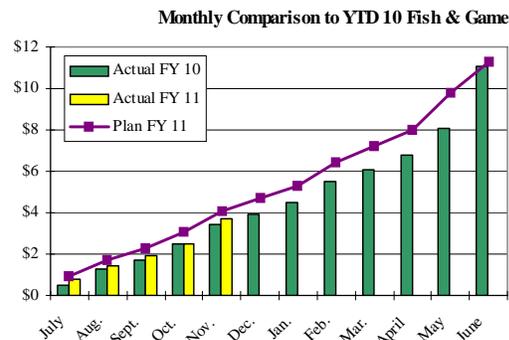
| Revenue Category          | Comparison to Plan |                 |                 |
|---------------------------|--------------------|-----------------|-----------------|
|                           | FY 11 Actuals      | FY 11 Plan      | Actual vs. Plan |
| Gasoline Road Toll        | \$ 54.1            | \$ 54.8         | \$ (0.7)        |
| Miscellaneous             | 9.1                | 10.7            | (1.6)           |
| <b>Motor Vehicle Fees</b> |                    |                 |                 |
| MV Registrations          | 42.6               | 42.5            | 0.1             |
| MV Operators              | 2.3                | 2.6             | (0.3)           |
| Inspection Station Fees   | 1.7                | 1.6             | 0.1             |
| MV Miscellaneous Fees     | 4.7                | 5.7             | (1.0)           |
| Certificate of Title      | 3.1                | 3.4             | (0.3)           |
| <b>Total Fees</b>         | <b>54.4</b>        | <b>55.8</b>     | <b>(1.4)</b>    |
| <b>Total</b>              | <b>\$ 117.6</b>    | <b>\$ 121.3</b> | <b>\$ (3.7)</b> |



According to **Road Toll** Operations, actual fuel consumption is up approximately 1.3% over the same period last year, but is tracking slightly below the estimate.  
 According to the Department of Safety, **Motor Vehicle Miscellaneous** fees are down due to Court Fines tracking below estimate.  
 According to the Department of Transportation the **Miscellaneous** category is below plan due to the timing of both turnpike and federal indirect billings.

## Fish & Game Fund

| Revenue Category                  | Comparison to Plan |               |                 |
|-----------------------------------|--------------------|---------------|-----------------|
|                                   | FY 11 Actuals      | FY 11 Plan    | Actual vs. Plan |
| Fish and Game Licenses            | \$ 2.6             | \$ 3.2        | \$ (0.6)        |
| Fines and Penalties               | 0.1                | 0.1           | -               |
| Miscellaneous Sales               | 0.7                | 0.5           | 0.2             |
| Federal Recoveries Indirect Costs | 0.3                | 0.3           | -               |
| <b>Total</b>                      | <b>\$ 3.7</b>      | <b>\$ 4.1</b> | <b>\$ (0.4)</b> |



All funds reported on a cash basis, dollars in millions.

## Cigarette Tax - Selected States

|                      | State Excise | Sales Tax Rate | Amount of Sales Tax | Total Taxes per Pack | Ave Retail (w/txs) | Tax % of Ave Retail | National Rank in Total Tax |
|----------------------|--------------|----------------|---------------------|----------------------|--------------------|---------------------|----------------------------|
| Nation Low-Missouri  | \$ 0.17      | 4.75%          | \$ 0.17             | \$ 0.34              | \$ 3.80            | 9.0%                | 51st***                    |
| New Hampshire        | \$ 1.78      | 0.00%          | \$ -                | \$ 1.78              | \$ 5.29            | 33.6%               | 16th                       |
| Maine                | \$ 2.00      | 5.00%          | \$ 0.28             | \$ 2.28              | \$ 5.90            | 38.7%               | 11th                       |
| Vermont              | \$ 2.24      | 6.00%          | \$ 0.36             | \$ 2.60              | \$ 6.35            | 40.9%               | 10th                       |
| Massachusetts**      | \$ 2.51      | 6.25%          | \$ 0.41             | \$ 2.92              | \$ 6.92            | 42.2%               | 8th                        |
| Connecticut          | \$ 3.00      | 6.00%          | \$ 0.40             | \$ 3.40              | \$ 7.13            | 47.7%               | 4th                        |
| Rhode Island         | \$ 3.46      | 7.00%          | \$ 0.49             | \$ 3.95              | \$ 7.45            | 53.0%               | 2nd                        |
| Nation High-New York | \$ 4.35      | 4.00%          | \$ 0.34             | \$ 4.69              | \$ 8.79            | 53.3%               | 1st                        |

Source: State Excise And Sales Taxes Per Pack Of Cigarettes, Total Amounts And State Rankings per [www.tobaccofreekids.org](http://www.tobaccofreekids.org)

\*\* Adjusted for post-analysis change in sales tax rate

\*\*\* District of Columbia included as a 'State' in analysis

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