

State Of New Hampshire

Monthly Revenue Focus

Department of Administrative Services

Vicki V. Quiram, Commissioner

Gerard J. Murphy, Comptroller

September
FY 2016

Monthly Revenue Summary

| | <u>FY 16</u> | <u>FY 15</u> | <u>Inc/(Dec)</u> |
|------------------------|----------------|----------------|------------------|
| Gen & Educ | \$223.4 | \$209.7 | \$13.7 |
| Highway | \$20.2 | \$21.5 | \$(1.3) |
| Fish & Game | \$0.6 | \$0.7 | \$(0.1) |

Current Month

| General & Education Funds | <i>FY 16 Actuals</i> | <i>FY 15 Actuals</i> | <i>Inc/(Dec)</i> |
|--|--------------------------|--------------------------|------------------|
| Business Profits Tax | \$63.3 | \$58.1 | \$5.2 |
| Business Enterprise Tax | 40.8 | 36.5 | 4.3 |
| Subtotal Business Taxes | 104.1 | 94.6 | 9.5 |
| Meals & Rentals Tax | 33.7 | 32.3 | 1.4 |
| Tobacco Tax | 18.9 | 21.0 | (2.1) |
| Transfer from Liquor Commission | 10.0 | 9.7 | 0.3 |
| Interest & Dividends Tax | 15.0 | 13.8 | 1.2 |
| Insurance Tax | 2.0 | 1.9 | 0.1 |
| Communications Tax | 4.6 | 5.2 | (0.6) |
| Real Estate Transfer Tax | 13.1 | 11.4 | 1.7 |
| Court Fines & Fees | 1.2 | 1.1 | 0.1 |
| Securities Revenue | 0.4 | 0.6 | (0.2) |
| Utility Consumption Tax | 0.5 | 0.6 | (0.1) |
| Beer Tax | 1.2 | 1.3 | (0.1) |
| Other | 2.3 | 2.5 | (0.2) |
| Transfer from Lottery Commission | 5.4 | 5.5 | (0.1) |
| Transfer from Racing & Charitable Gaming | 0.3 | 0.2 | 0.1 |
| Tobacco Settlement | | | |
| Utility Property Tax | 9.0 | 7.9 | 1.1 |
| State Property Tax | | | |
| Subtotal Traditional Taxes & Transfers | 221.7 | 209.6 | 12.1 |
| Net Medicaid Enhancement Rev Recoveries | 1.7 | 0.1 | 1.6 |
| Total Receipts | \$223.4 | \$209.7 | \$13.7 |

Analysis

This September FY 2016 Monthly Revenue Focus report is an abbreviated version of the Department's traditional revenue report, as there currently is not a monthly revenue plan for the FY 2016 and 2017 biennium. This report compares the activity for the current month and for the fiscal year to date (YTD) with the prior year. Now that there is an adopted budget for the FY 2016-2017 biennium in place, the Department is preparing the monthly revenue plan for FY 2016. The plan should be included on the October Revenue Focus.

Unrestricted revenue for the General and Education Funds received during September totaled \$223.4 million, which was above the prior year by \$13.7 million (6.5%). On a YTD basis through the month of September, unrestricted revenues were \$448.4 million, which was \$27.6 million (6.6%) above the prior year.

Business Taxes for September were \$104.1 million, \$9.5 million (10.0%) above prior year, with collections on a YTD basis being \$9.7 million (7.9%) above prior year. According to the Department of Revenue Administration (DRA), September collections include third quarter estimated tax payments by calendar year businesses, which exceeded third quarter estimates of the prior year as well as second quarter estimates in the current year.

This month's **Meals and Rentals Tax (M&R)** receipts of \$33.7 million came in above prior year by \$1.4 million (4.3%) which results in YTD collections being \$5.8 million (6.6%) above the YTD amount through September of last year. DRA noted that as compared to September of the prior year, food-related collections for the month were up by approximately 4% but lodging-related collections for the month were relatively flat.

Tobacco Tax receipts for September were \$18.9 million, which was \$2.1 million (10.0%) below the same month last year, while YTD collections were still \$2.5 million (4.1%) above prior year. DRA has reported that YTD stamp sales increased by 1% over the same period in FY 2015, and that cash collected on the receivable bond balance accounted for the remainder of the increase over the prior year.

Collections for the **Interest and Dividends Tax** for the month were \$15.0 million, which was \$1.2 million (8.7%) above September of FY 2015, which results in YTD collections being \$1.6 million (10.4%) above those in the prior year. DRA has reported that YTD estimated tax payments for FY 2016 were 10% higher than the same period in FY 2015, coupled with YTD refunds in FY 2016 which decreased by 40% over the same period in FY 2015.

Collections for the **Communications Services Tax** for the month were \$4.6 million, which was \$0.6 million (11.5%) below September of FY 2015, and

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

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Analysis

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resulted in YTD collections being \$1.1 million (7.4%) below those in the prior year. This revenue continues to experience a downward trend.

Real Estate Transfer Taxes for September were \$13.1 million, which were above the same month last year by \$1.7 million (14.9%) and which brought YTD collections \$9.2 million (27.4%) above the same period in the prior year. According to DRA, the number of transactions reported for the month of August (September collections) was up 11.3% over August of last year, and all counties reported an increase in revenue over the same month in FY 2015. The remainder of the increase in collections over the prior year was due to rising real estate values.

Other revenues for September of \$2.3 million were \$0.2 million below prior year, with YTD collections \$1.9 million below prior year primarily due to the fact that the timing of the receipt of certain components of revenue in the prior year was earlier than anticipated.

Utility Property Tax receipts YTD through September were \$0.8 million below the prior year due to the fact that the revenue received during the first two months of FY2015 was related to unplanned tax notice payments. According to DRA, this revenue is expected to remain relatively flat this fiscal year.

Recovery revenue for YTD FY 2016 was up \$1.6 million over the same period in the prior year, primarily due to timing differences in which a similar level of recovery revenue was not recognized until October last year, whereas \$1.7 million was reflected in September this year.

| | RET Analysis (In Millions) | | | | | | | | | | | |
|----------------------------|-------------------------------|------|------|-------|--------|--------|--------|--------|--------|--------|--------|--------|
| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | June |
| FY16 | 14.5 | 15.2 | 13.1 | | | | | | | | | |
| FY15 | 10.2 | 12.0 | 11.4 | 9.7 | 11.6 | 13.4 | 9.0 | 5.8 | 5.0 | 7.9 | 7.8 | 9.5 |
| FY14 | 9.6 | 11.8 | 9.8 | 8.9 | 9.6 | 7.6 | 9.0 | 6.0 | 5.4 | 6.0 | 7.6 | 8.9 |
| Mo over Mo | 4.3 | 3.2 | 1.7 | (9.7) | (11.6) | (13.4) | (9.0) | (5.8) | (5.0) | (7.9) | (7.8) | (9.5) |
| % Mo over Mo | 42% | 27% | 15% | -100% | -100% | -100% | -100% | -100% | -100% | -100% | -100% | -100% |
| YTD change over Prior Year | 4.3 | 7.5 | 9.2 | (0.5) | (12.1) | (25.5) | (34.5) | (40.3) | (45.3) | (53.2) | (61.0) | (70.5) |
| % YTD change | 42% | 34% | 27% | -1% | -22% | -37% | -45% | -48% | -51% | -55% | -59% | -62% |

| | M&R Analysis | | | | | |
|-----------------------------|--------------|-------|------|-------|-------|------|
| | September | | | YTD | | |
| | FY 16 | FY 15 | Diff | FY 16 | FY 15 | Diff |
| Gross Collections | 34.8 | 33.4 | 1.4 | 96.4 | 90.7 | 5.7 |
| Bldg Aid Debt Srvc Transfer | (1.1) | (1.1) | | (3.3) | (3.4) | 0.1 |
| Net Revenue | 33.7 | 32.3 | 1.4 | 93.1 | 87.3 | 5.8 |

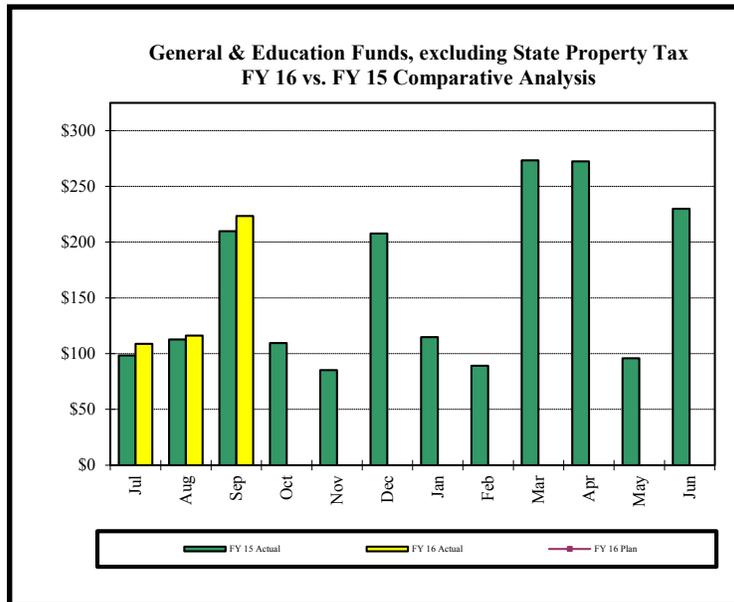
| | Business Tax Refund Analysis | | | | | | | | | | | | |
|-------------------|------------------------------|-------|-------|-------|--------|--------|--------|--------|--------|--------|--------|--------|---------------|
| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | June | September YTD |
| FY16 | 2.4 | 1.0 | 3.3 | | | | | | | | | | 6.7 |
| FY15 | 2.3 | 1.2 | 4.9 | 4.7 | 9.4 | 1.3 | 6.4 | 1.5 | 2.8 | 2.1 | 1.7 | 2.6 | 8.4 |
| FY14 | 2.4 | 2.0 | 2.9 | 4.0 | 12.3 | 3.0 | 3.6 | 5.0 | 0.5 | 3.8 | 1.6 | 1.8 | 7.3 |
| Mo over Mo change | 0.1 | (0.2) | (1.6) | (4.7) | (9.4) | (1.3) | (6.4) | (1.5) | (2.8) | (2.1) | (1.7) | (2.6) | (1.7) |
| YTD change | 0.1 | (0.1) | (1.7) | (6.4) | (15.8) | (17.1) | (23.5) | (25.0) | (27.8) | (29.9) | (31.6) | (34.2) | |

General & Education Funds Comparison to FY 15

Monthly

Year-to-Date

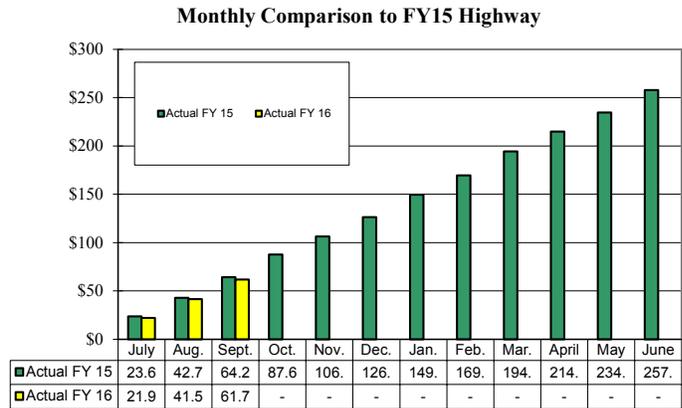
| General & Education Funds | FY 16 Actuals | FY 15 Actuals | Inc/(Dec) | FY 16 Actuals | FY 15 Actuals | Inc/(Dec) | % Change |
|--|------------------|------------------|-----------|------------------|------------------|-----------|----------|
| Business Profits Tax | \$63.3 | \$58.1 | \$5.2 | \$80.4 | \$75.3 | \$5.1 | 6.8% |
| Business Enterprise Tax | 40.8 | 36.5 | 4.3 | 51.9 | 47.3 | 4.6 | 9.7% |
| Subtotal Business Taxes | 104.1 | 94.6 | 9.5 | 132.3 | 122.6 | 9.7 | 7.9% |
| Meals & Rentals Tax | 33.7 | 32.3 | 1.4 | 93.1 | 87.3 | 5.8 | 6.6% |
| Tobacco Tax | 18.9 | 21.0 | (2.1) | 63.7 | 61.2 | 2.5 | 4.1% |
| Transfer from Liquor Commission | 10.0 | 9.7 | 0.3 | 38.5 | 38.4 | 0.1 | 0.3% |
| Interest & Dividends Tax | 15.0 | 13.8 | 1.2 | 17.0 | 15.4 | 1.6 | 10.4% |
| Insurance Tax | 2.0 | 1.9 | 0.1 | 5.2 | 4.5 | 0.7 | 15.6% |
| Communications Tax | 4.6 | 5.2 | (0.6) | 13.8 | 14.9 | (1.1) | -7.4% |
| Real Estate Transfer Tax | 13.1 | 11.4 | 1.7 | 42.8 | 33.6 | 9.2 | 27.4% |
| Court Fines & Fees | 1.2 | 1.1 | 0.1 | 3.5 | 3.4 | 0.1 | 2.9% |
| Securities Revenue | 0.4 | 0.6 | (0.2) | 1.3 | 1.4 | (0.1) | -7.1% |
| Utility Consumption Tax | 0.5 | 0.6 | (0.1) | 1.5 | 1.5 | | 0.0% |
| Beer Tax | 1.2 | 1.3 | (0.1) | 3.9 | 3.9 | | 0.0% |
| Other | 2.3 | 2.5 | (0.2) | 8.6 | 10.5 | (1.9) | -18.1% |
| Transfer from Lottery Commission | 5.4 | 5.5 | (0.1) | 11.7 | 11.7 | | 0.0% |
| Transfer from Racing & Charitable Gaming | 0.3 | 0.2 | 0.1 | 0.6 | 0.4 | 0.2 | 50.0% |
| Tobacco Settlement | | | | | | | |
| Utility Property Tax | 9.0 | 7.9 | 1.1 | 9.1 | 9.9 | (0.8) | -8.1% |
| State Property Tax | | | | | | | |
| Subtotal Traditional Taxes & Transfers | 221.7 | 209.6 | 12.1 | 446.6 | 420.6 | 26.0 | 6.2% |
| Net Medicaid Enhancement Rev | | | | | | | |
| Recoveries | 1.7 | 0.1 | 1.6 | 1.8 | 0.2 | 1.6 | 800.0% |
| Total Receipts | \$223.4 | \$209.7 | \$13.7 | \$448.4 | \$420.8 | \$27.6 | 6.6% |



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

Highway Fund

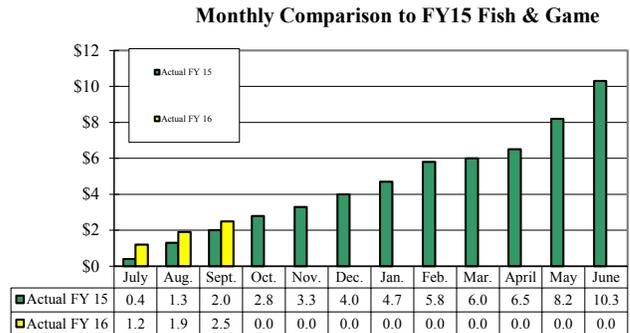
| Revenue Category | FY 16 Actuals | FY 15 Actuals | Inc/(Dec) |
|---------------------------|------------------|------------------|----------------|
| Gasoline Road Toll | \$33.0 | \$32.7 | \$0.3 |
| Miscellaneous | 0.5 | 2.6 | (2.1) |
| Motor Vehicle Fees | | | |
| MV Registrations | 20.8 | 20.1 | 0.7 |
| MV Operators | 1.8 | 3.2 | (1.4) |
| Inspection Station Fees | 1.1 | 1.1 | |
| MV Miscellaneous Fees | 2.5 | 2.5 | |
| Certificate of Title | 2.0 | 2.0 | |
| Total Fees | 28.2 | 28.9 | (0.7) |
| Total | \$61.7 | \$64.2 | \$(2.5) |



According to Road Toll Operations, actual fuel consumption is up approximately 1.33% YTD over the same period last year. Per the Department of Transportation, the decline in Miscellaneous revenue in the Highway fund between FY 2015 and FY 2016 is specific to the payments made by the Turnpike System to the Highway Fund for the section of I-95 purchased by the Turnpike System. These payments are scheduled to be less in FY 2016 than they were in FY 2015, with the final payment to occur in FY 2016.

Fish & Game Fund

| Revenue Category | FY 16 Actuals | FY 15 Actuals | Inc/(Dec) |
|-----------------------------------|------------------|------------------|--------------|
| Fish and Game Licenses | \$2.3 | \$1.8 | \$0.5 |
| Fines and Penalties | | | |
| Miscellaneous Sales | | 0.1 | (0.1) |
| Federal Recoveries Indirect Costs | 0.2 | 0.1 | 0.1 |
| Total | \$2.5 | \$2.0 | \$0.5 |

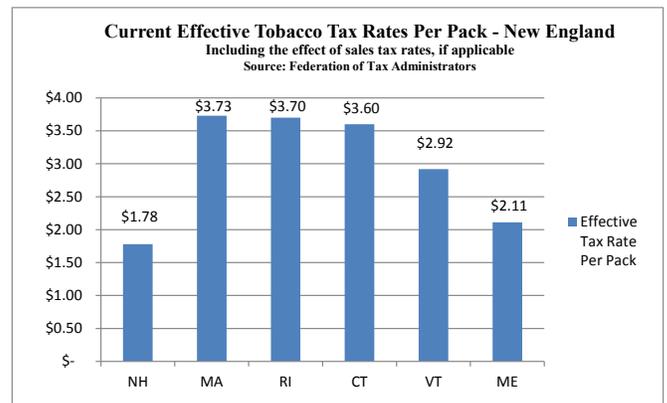


SALES OF CIGARETTE STAMPS

Total sold (calendar month) July through September for each of last five years
(number of stamps, in thousands)

Prepared from data provided by DRA

| | Sales of Stamps | Volume Change | Percent Change |
|------|--------------------|------------------|-------------------|
| 2016 | 32,479 | 308 | 1.0% |
| 2015 | 32,171 | (8,119) | -20.2% |
| 2014 | 40,290 | 8,959 | 28.6% |
| 2013 | 31,331 | (4,260) | -12.0% |
| 2012 | 35,591 | 1,032 | 3.0% |



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