

State Of New Hampshire

Monthly Revenue Focus

Department of Administrative Services

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September
FY 2021



Monthly Revenue Summary

Analysis

	<i>(for month)</i>		
	<u>FY 21 Actual</u>	<u>FY 21 Plan</u>	<u>Actual vs. Plan</u>
Gen & Educ	\$280.8	\$260.8	\$20.0
Highway	\$20.6	\$21.5	(\$0.9)
Fish & Game	\$0.9	\$0.5	\$0.4

Current Month

GENERAL & EDUCATION FUNDS	<i>FY 21 Actuals</i>	<i>FY 21 Plan</i>	<i>Actual vs. Plan</i>
Business Profits Tax	\$98.7	\$79.4	\$19.3
Business Enterprise Tax	46.9	45.9	1.0
Subtotal Business Taxes	145.6	125.3	20.3
Meals & Rentals Tax	34.7	41.6	(6.9)
Tobacco Tax	24.3	18.7	5.6
Transfer from Liquor Commission	13.0	11.0	2.0
Interest & Dividends Tax	19.1	18.3	0.8
Insurance Tax	2.7	2.3	0.4
Communications Tax	3.3	3.5	(0.2)
Real Estate Transfer Tax	13.7	16.5	(2.8)
Court Fines & Fees	1.1	1.1	-
Securities Revenue	0.4	0.3	0.1
Utility Consumption Tax	-	-	-
Beer Tax	1.3	1.4	(0.1)
Other	1.5	3.0	(1.5)
Transfer from Lottery Commission	10.6	8.5	2.1
Tobacco Settlement	-	-	-
Utility Property Tax	9.2	8.9	0.3
State Property Tax	-	-	-
Subtotal Traditional Taxes & Transfers	280.5	260.4	20.1
Recoveries	0.3	0.4	(0.1)
Total Receipts	\$280.8	\$260.8	\$20.0

The monthly revenue focus is prepared on a cash basis of accounting, in order to give readers a general sense as to how cash deposits of unrestricted revenues are tracking throughout the fiscal year. However, in accordance with generally accepted accounting standards, each year the state makes proper adjustments to its cash basis fiscal year totals, in order to present unrestricted revenue results, on a modified accrual basis of accounting. Modified accrual accounting requires the state to recognize collections within sixty days after the close of fiscal year-end in the fiscal period to which they are attributed. This annual adjustment is reflected in the state's annual comprehensive financial report (CAFR). However, due to the COVID-19 pandemic and the impact of the extended federal tax filing deadline on the timing of the collection of state tax revenues, there was a significant increase in the amount of the standard accrual adjustment resulting in an excess of \$30 million which will be reclassified from fiscal year 2021 cash basis revenue to fiscal year 2020 modified accrual revenue in the CAFR released in December 2020. As the sixty day measurement period has now closed, this adjustment is reflected in this month's revenue focus report and will remain throughout the course of fiscal year 2021 reporting.

Unrestricted revenue for the General and Education Funds received for for the month of September totaled \$280.8 million, which was above the plan by \$20.0 million (7.7%) and above the prior year by \$37.0 million (15.2%). Year to date (YTD) unrestricted revenue totaled \$535.0 million, which was above plan by \$37.0 million (7.4%) and above prior year by \$52.8 million (10.9%).

Business Taxes for September totaled \$145.6 million, which were \$20.3 million (16.2%) above plan and \$27.8 million (23.6%) above prior year. YTD business taxes totaled \$195.9 million, which were \$34.9 million (21.7%) above plan and \$39.8 million (25.5%) above prior year. According to the Department of Revenue Administration (DRA), the increase in revenue as compared to the prior year was primarily due to an increase in estimate and extension payments from large multinational corporations, as well as, a decrease in refunds compared to prior year due to closing the refunds system early in preparation of DRA's new Revenue Information Management System (RIMS). As reported in prior month's Revenue Focus, YTD collections are high primarily due to the extended federal filing date of July 15, 2020.

Meals and Rentals Tax (M&R) receipts for September totaled \$34.7 million, which is below to plan by \$6.9 million (16.6%) and below prior year by \$5.5 million (13.7%), and YTD collections were \$29.2 million (24.6%) below plan and \$23.1 million (20.5%) below prior year. According to DRA, September collections (August activity) from taxable meals were down 12.8% while hotels were down 20.5% from the same month last year.

Tobacco Tax receipts for the month were \$24.3 million or \$5.6 million (29.9%) above plan and \$8.8 million (56.8%) above the prior year. YTD receipts of \$68.3 million were \$11.9 million (21.1%) above plan and \$14.7 million (27.4%) above prior year. According to DRA, YTD stamp sales were greater than the prior year by 29.0%. In addition, the bond receivable balance is higher than the prior year by 32.0%.

Transfer from Liquor Commission in September was \$13.0 million or \$2.0 million (18.2%) above plan and above prior year by \$4.3 million (49.4%).

Collections for the **Interest and Dividends Tax** for the month were \$19.1 million, or \$0.8 million (4.4%) above plan and \$2.0 million (11.7%) above the prior year. YTD collections of \$38.3 million were \$17.3 million (82.4%) above plan and \$18.2 million (90.5%) above prior year. According to DRA, the monthly increase in revenue is due to an increase in return, estimate and tax notice payments, as well as, a decrease in refund payments due to closing the refunds system early in preparation of DRA's new Revenue

RET ANALYSIS												
(In Millions)												
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
FY21	14.6	18.4	13.7									
FY20	14.5	18.0	16.0	14.4	20.3	15.3	12.0	9.0	7.5	10.8	10.0	10.7
FY19	15.6	17.5	17.4	12.9	13.9	12.2	12.0	8.1	8.2	9.2	12.1	14.6
Mo over Mo	0.1	0.4	(2.3)	(14.4)	(20.3)	(15.3)	(12.0)	(9.0)	(7.5)	(10.8)	(10.0)	(10.7)
% Mo over Mo	1%	2%	-14%	-100%	-100%	-100%	-100%	-100%	-100%	-100%	-100%	-100%
YTD change over Prior Year	0.1	0.5	(1.8)	(16.2)	(36.5)	(51.8)	(63.8)	(72.8)	(80.3)	(91.1)	(101.1)	(111.8)
% YTD change	1%	2%	-4%	-26%	-44%	-53%	-58%	-61%	-63%	-66%	-68%	-71%

M&R ANALYSIS						
	September			YTD		
	FY 21	FY 20	Diff	FY 21	FY 20	Diff
	Gross Collections	35.4	41.2	(5.8)	91.8	115.7
Bldg Aid Debt Srvc Transfer	(0.7)	(1.0)	0.3	(2.1)	(2.9)	0.8
Net Revenue	34.7	40.2	(5.5)	89.7	112.8	(23.1)

Business Tax Refund Analysis													September
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	YTD
FY21	4.3	2.6	0.9										7.8
FY20*	1.6	2.8	9.0	4.5	7.7	12.5	8.7	5.4	5.4	4.1	2.3	7.8	13.4
FY19	1.7	1.7	6.4	10.1	4.2	8.5	6.2	2.0	3.7	2.8	2.2	3.3	9.8
Mo over Mo change	2.7	(0.2)	(8.1)	(4.5)	(7.7)	(12.5)	(8.7)	(5.4)	(5.4)	(4.1)	(2.3)	(7.8)	-5.6
YTD change	2.7	(0.2)	(8.1)	(4.5)	(7.7)	(12.5)	(8.7)	(5.4)	(5.4)	(4.1)	(2.3)	(7.8)	

*The July FY20 Business Tax refund amount does not include \$16.4 million of anomalous refunds, in order to maintain historical trends.

General & Education Funds Comparison to FY 20

General & Education Funds	Monthly			Year-to-Date			
	FY 21 Actuals	FY 20 Actuals	Inc/(Dec)	FY 21 Actuals	FY 20 Actuals	Inc/(Dec)	% Change
Business Profits Tax	\$98.7	\$72.6	\$26.1	\$132.9	\$96.9	\$36.0	37.2%
Business Enterprise Tax	46.9	45.2	1.7	63.0	59.2	3.8	6.4%
Subtotal Business Taxes	145.6	117.8	27.8	195.9	156.1	39.8	25.5%
Meals & Rentals Tax	34.7	40.2	(5.5)	89.7	112.8	(23.1)	-20.5%
Tobacco Tax	24.3	15.5	8.8	68.3	53.6	14.7	27.4%
Transfer from Liquor Commission	13.0	8.7	4.3	33.3	35.4	(2.1)	-5.9%
Interest & Dividends Tax	19.1	17.1	2.0	38.3	20.1	18.2	90.5%
Insurance Tax	2.7	2.4	0.3	7.1	6.4	0.7	10.9%
Communications Tax	3.3	3.2	0.1	10.1	10.0	0.1	1.0%
Real Estate Transfer Tax	13.7	16.0	(2.3)	46.7	48.5	(1.8)	-3.7%
Court Fines & Fees	1.1	1.1	-	2.9	3.5	(0.6)	-17.1%
Securities Revenue	0.4	0.3	0.1	1.1	1.1	-	0.0%
Utility Consumption Tax	-	-	-	-	-	-	-
Beer Tax	1.3	1.4	(0.1)	4.2	3.9	0.3	7.7%
Other	1.5	4.1	(2.6)	6.5	6.9	(0.4)	-6.0%
Transfer from Lottery Commission	10.6	7.4	3.2	19.1	13.3	5.8	43.6%
Tobacco Settlement	-	-	-	-	-	-	-
Utility Property Tax	9.2	8.2	1.0	11.1	9.6	1.5	15.6%
State Property Tax	-	-	-	-	-	-	-
Subtotal Traditional Taxes & Transfers	280.5	243.4	37.1	534.3	481.2	53.1	11.0%
Recoveries	0.3	0.4	(0.1)	0.7	1.0	(0.3)	-30.8%
Total Receipts	\$280.8	\$243.8	\$37.0	\$535.0	\$482.2	\$52.8	10.9%

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			% Change
	Actual	Plan	Actual vs. Plan	Actual	Plan	Actual vs. Plan	Actual	Plan	Actual vs. Plan	
Business Profits Tax	\$107.0	\$82.7	\$24.3	\$25.9	\$19.3	\$6.6	\$132.9	\$102.0	\$30.9	30.3%
Business Enterprise Tax	10.4	10.1	0.3	52.6	48.9	3.7	63.0	59.0	4.0	6.8%
Subtotal Business Taxes	117.4	92.8	24.6	78.5	68.2	10.3	195.9	161.0	34.9	21.7%
Meals & Rentals Tax	88.1	115.3	(27.2)	1.6	3.6	(2.0)	89.7	118.9	(29.2)	-24.6%
Tobacco Tax	41.1	31.6	9.5	27.2	24.8	2.4	68.3	56.4	11.9	21.1%
Transfer from Liquor Commission	33.3	30.6	2.7	-	-	-	33.3	30.6	2.7	8.8%
Interest & Dividends Tax	38.3	21.0	17.3	-	-	-	38.3	21.0	17.3	82.4%
Insurance Tax	7.1	6.1	1.0	-	-	-	7.1	6.1	1.0	16.4%
Communications Tax	10.1	10.4	(0.3)	-	-	-	10.1	10.4	(0.3)	-2.9%
Real Estate Transfer Tax	29.5	33.4	(3.9)	17.2	17.2	-	46.7	50.6	(3.9)	-7.7%
Court Fines & Fees	2.9	3.1	(0.2)	-	-	-	2.9	3.1	(0.2)	-6.5%
Securities Revenue	1.1	1.2	(0.1)	-	-	-	1.1	1.2	(0.1)	-8.3%
Utility Consumption Tax	-	-	-	-	-	-	-	-	-	0.0%
Beer Tax	4.2	4.0	0.2	-	-	-	4.2	4.0	0.2	5.0%
Other	6.5	7.7	(1.2)	-	-	-	6.5	7.7	(1.2)	-15.8%
Transfer from Lottery Commission	-	-	-	19.1	16.0	3.1	19.1	16.0	3.1	19.4%
Tobacco Settlement	-	-	-	-	-	-	-	-	-	0.0%
Utility Property Tax	-	-	-	11.1	10.1	1.0	11.1	10.1	1.0	9.9%
State Property Tax	-	-	-	-	-	-	-	-	-	-
Subtotal Traditional Taxes & Transfers	379.6	357.2	22.4	154.7	139.9	14.8	534.3	497.1	37.2	7.5%
Recoveries	0.7	0.9	(0.2)	-	-	-	0.7	0.9	(0.2)	-22.2%
Total Receipts	\$380.3	\$358.1	\$22.2	\$154.7	\$139.9	\$14.8	\$535.0	\$498.0	\$37.0	7.4%
Reduction for Anomalous Accruals Attributed to FY20	(23.3)		(23.3)	(7.5)		(7.5)	(30.8)		(30.8)	
Cash Receipts Attributable to FY21	\$357.0	\$358.1	(\$1.1)	\$147.2	\$139.9	\$7.3	\$504.2	\$498.0	\$6.2	1.2%

Anomalous FY20 Accruals Removed from FY21 Cash Basis Above

Each year, an estimated accrual of prior year revenues is included in the Preliminary Accrual Basis Focus, and is offset by the reversal of the prior year's accrual amount of approximately similar amounts. For fiscal year 2020, the actual revenue accrual exceeded the preliminary estimate by \$30 million, as outlined below. This amount should not be included when comparing to fiscal year 2021 Plan amounts.

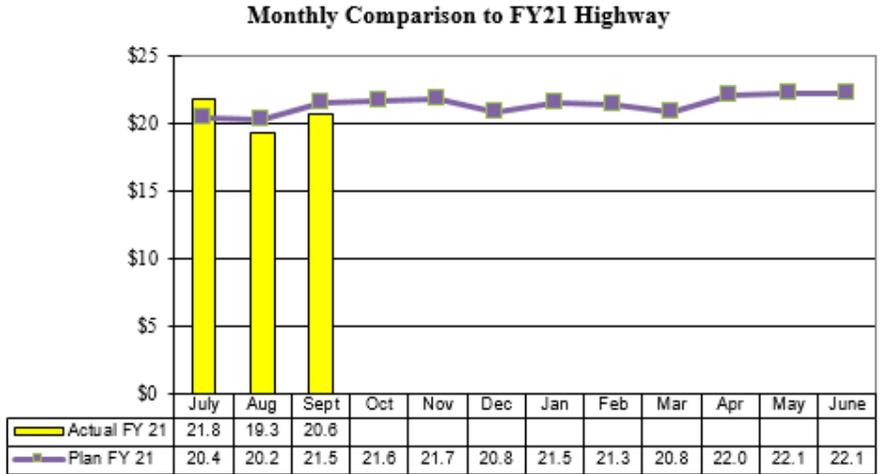
Taxes	Amounts Attributed to and Reported in FY20
Business Tax	18.3
Tobacco	1.3
Real Estate Transfer	0.2
M&R	1.6
Communications	0.2
I&D	9.2
Total Adjustment	\$30.8

Taxes	FY21 Revised (under)/over Plan through YTD Sept.
Business Tax	16.6
Tobacco	10.6
Real Estate Transfer	(4.1)
M&R	(30.8)
Communications	(0.5)
I&D	8.1
All Other	6.3
Revised Actual vs. Plan	\$6.2

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

Highway Fund

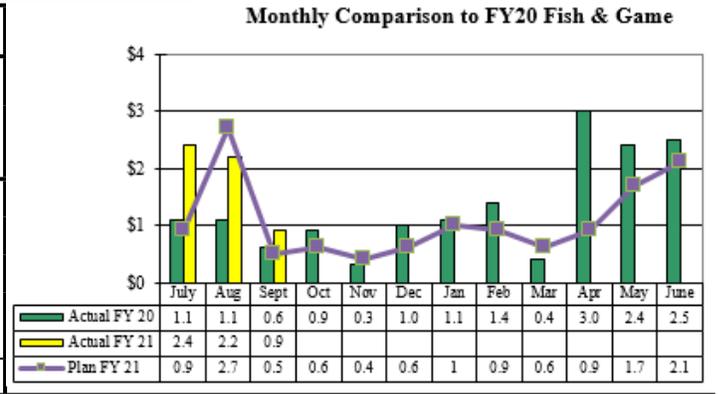
COMPARISON TO PLAN			
Revenue Category	year-to-date		
	FY 21 Actuals	FY 21 Plan	Actual vs. Plan
Gasoline Road Toll	\$30.2	\$35.1	(\$4.9)
Miscellaneous	-	-	-
Motor Vehicle Fees			
MV Registrations	22.2	18.0	4.2
MV Operators	2.6	2.1	0.5
Inspection Station Fees	1.0	0.8	0.2
MV Miscellaneous Fees	3.6	3.9	(0.3)
Certificate of Title	2.1	2.2	(0.1)
Total Fees	31.5	27.0	4.5
Total	\$61.7	\$62.1	(\$0.4)



According to Road Toll Operations, actual fuel consumption is down by approximately -11.57% YTD over the same period last year. Fuel consumption for the month of August 2020 compared to August 2019 was down by approximately -10.43% due to COVID-19. The Highway Fund Plan for FY 2021 represents revenues included within HB3 (Ch. 345, Laws of 2019) and is not adjusted for the removal of \$ 32.2 million of revenue associated with the cost of collection, which is accounted for as a contra account to unrestricted highway fund revenue, per the Committee of Conference Highway Fund Surplus Statement. In prior years, this monthly revenue focus presented highway fund revenue net of cost of collection. The FY 2021 year-to-date revenue, net of \$5.7 million in cost of collections, was \$56.0 million, which compares to \$59.1 million in FY 2020.

Fish & Game Fund

COMPARISON TO PLAN				
Revenue Category	year-to-date			FY 20 Actuals
	FY 21 Actuals	FY 21 Plan	Actual vs. Plan	
Fish and Game Licenses	\$2.8	\$2.3	\$0.5	\$2.6
Fines and Penalties	-	-	-	-
Miscellaneous	2.3	1.8	0.5	0.2
Federal Recoveries	0.4	-	0.4	-
Indirect Costs				
Total	\$5.5	\$4.1	\$1.4	\$2.8



In accordance with HB4 (Ch. 346), Highway Fund transfers to the Fish and Game Fund from the OHRV and Marine unrefunded tolls, per RSA 260:60 and 61, are now accounted for as unrestricted revenue in the Fish and Game Fund. The increase in YTD revenue is due to the Miscellaneous account which contains the Marine Unrefunded Road Toll that was received a month in advance of plan. The additional contributing factor is the internal transfer for federal indirect cost recoveries of approximately \$0.2 million that was recognized in June, but was posted in July.

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SALES OF CIGARETTE STAMPS

Total sold (calendar month) July through September for each of the last 5 yrs
(number of stamps, in thousands)

Prepared from data provided by DRA

	Sales of Stamps	Volume Change	Percent Change
2021	33,966	6,156	22.1%
2020	27,810	(1,864)	-6.3%
2019	29,674	(985)	-3.2%
2018	30,659	(1,003)	-3.2%
2017	31,662	(817)	-2.5%

Information Management System (RIMS). As reported in prior month's Revenue Focus, YTD collections are high primarily due to the extended federal filing date of July 15, 2020.

Real Estate Transfer Taxes for September were \$13.7 million, which were below plan by \$2.8 million (17.0%) and \$2.3 million (14.4%) below prior year. YTD collections were \$3.9 million (7.7%) below plan and \$1.8 million (3.7%) below the prior year. The net decrease in September collections was due to a transfer out of \$5 million to the affordable housing fund established in RSA 204-C:57, in accordance with RSA 78-B:13. According to DRA, the number of transactions reported by the counties for the month of September (August collections) was up 16.0% over the same period last year, while transaction values were up 18.4%.

Other revenues for September of \$1.5 million were \$1.5 million (50.0%) below plan and below prior year by \$2.6 million (63.4%). The variances with the plan were largely due to the timing of interest, indirect cost, and various other revenues coming in lower than plan.