



Highway & General Fund Revenues FY16 – FY20 Actuals / FY21 – FY23 Projections

Senate Ways and Means

Monday, May 3, 2021

Department of Safety - Overview

The vision of the Department of Safety

- To make New Hampshire the safest state in the Nation with the highest quality of life for all.

The mission of the Department of Safety

- To continually enhance the safety, security and quality of life in New Hampshire through professional, collaborative and innovative service to all.

Department of Safety – Organizational Structure

Office of the Commissioner

Division of Administration

Division of Motor Vehicles

Division of State Police

Division of Homeland Security and Emergency Management

Division of Emergency Services and Communications

Division of Fire Standards and Training and EMS

Division of Fire Safety

Department of Safety - Revenue Summary

Significant Highway Fund Revenue Sources – \$248M Unrestricted Gross

- The Division of Motor Vehicles and the Division of Administration serve as the primary collection points for Highway Fund Revenues.
 - Road Toll
 - Motor Vehicle Registrations
 - Motor Vehicle Operators (Driver Licenses)
 - Certificate of Title
 - Inspection Stickers
 - Misc. Motor Vehicle Revenues

Significant General Fund Revenue Sources - \$9M

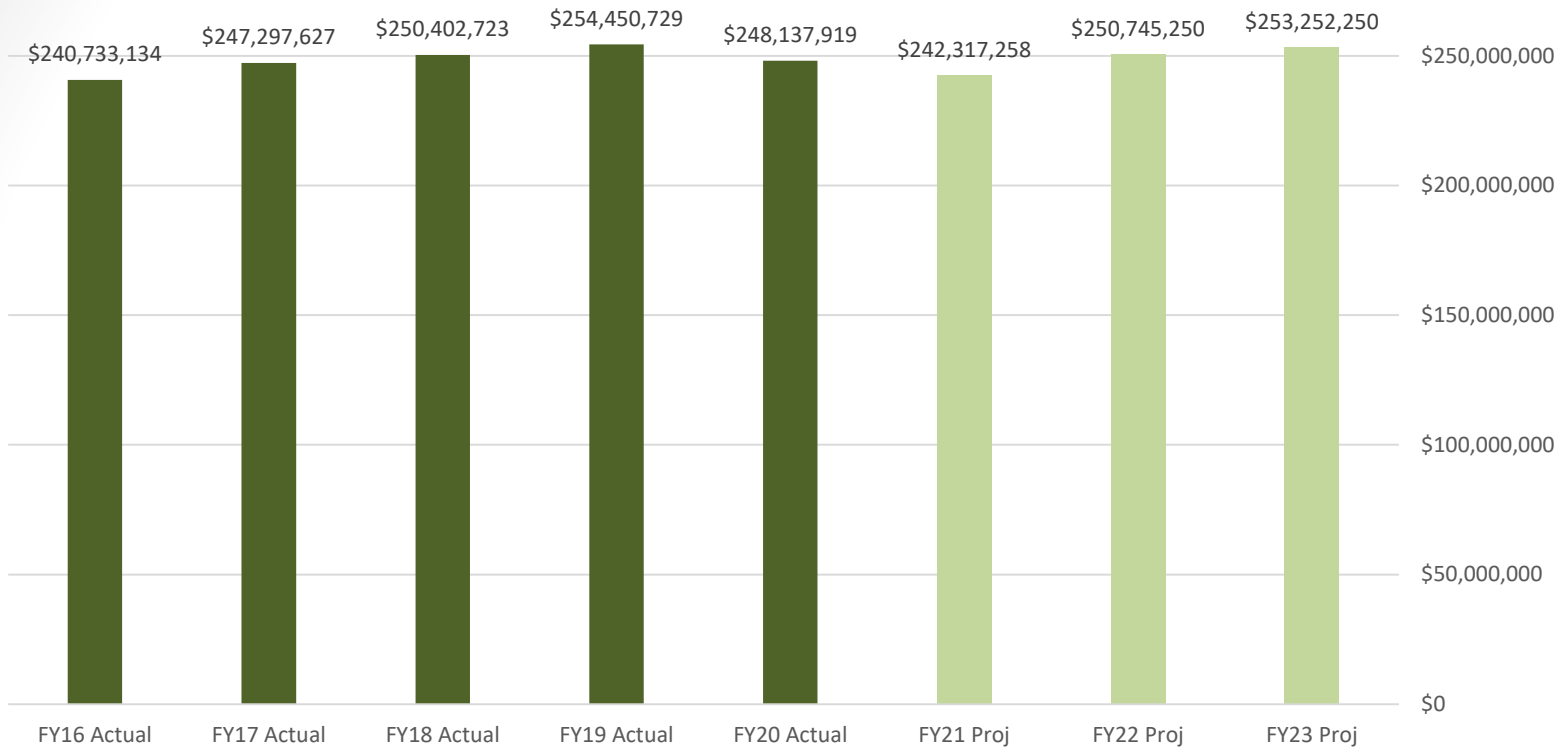
- The Division of Motor Vehicles, Division of Administration, Division of Fire Safety and Division of State Police serve as the primary collection points for General Fund Revenues.
 - Initial License Fee
 - Penalty Assessment
 - Pistol Permits
 - Plumbers & Gas Fitters Licensing Fees
 - Misc. Other Sources

Highway Fund Revenues

FY16 – FY20 Actuals / FY21 – FY23 Projections



Highway Fund Revenue – Unrestricted Gross



Analysis

- FY20 - Collected \$248.1 million in Highway Fund revenue which was \$10.8M (4.2%) less than plan (\$258.9M).
- FY21 - Projecting to collect \$242.3 million in Highway Fund revenue which is \$13.4M (5.2%) less than plan (\$255.7M).
- Highway Funds have only seen modest 1% gains between FY17-FY19.
- COVID-19 has reduced motor fuel consumption and caused changes at the DMV impacting FY20 and FY21 Highway Fund revenues.

Revenue Source

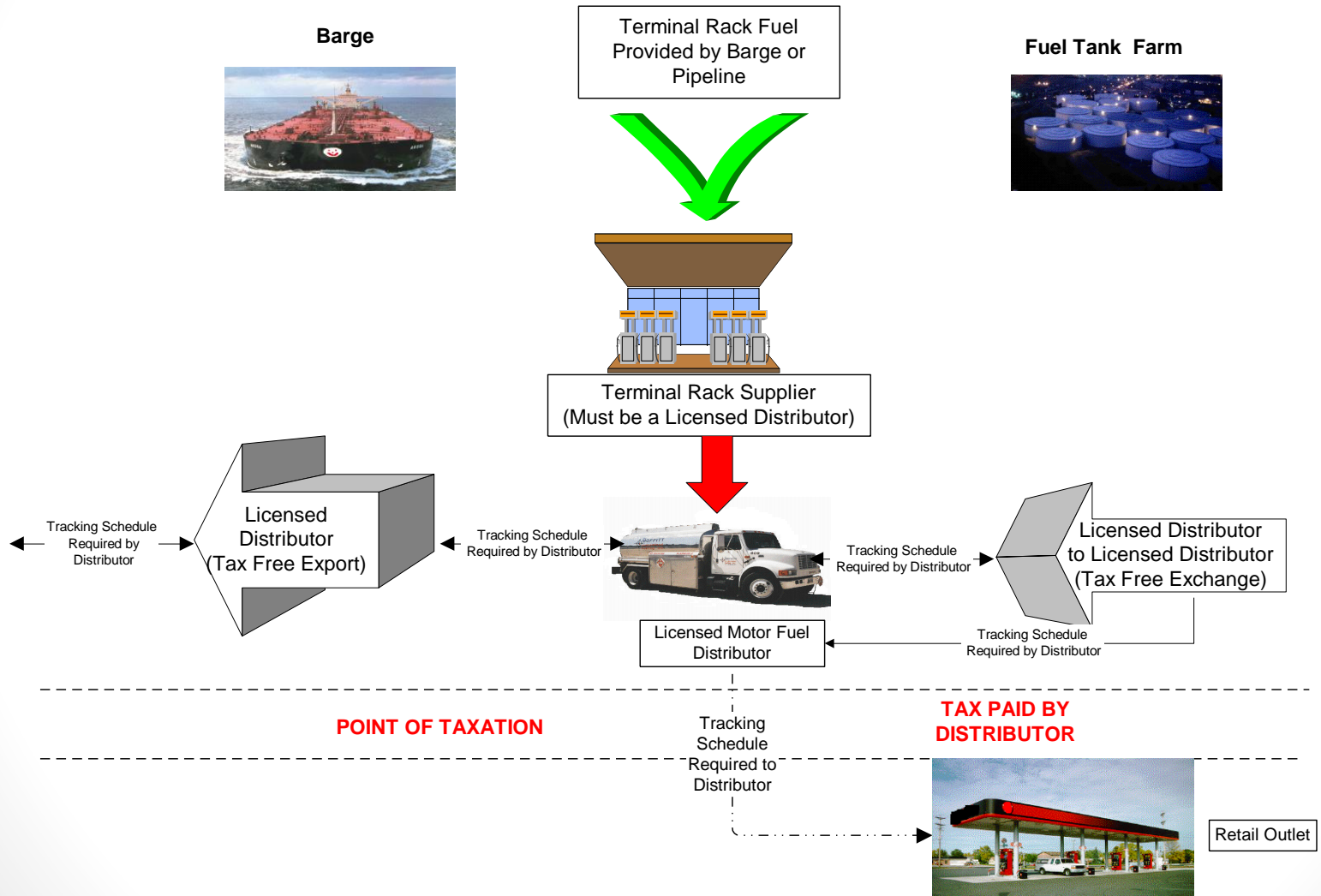
- Highway Fund Revenues are derived from Motor Vehicle related fees including Licenses, Registrations, Violations, and the Road Toll.
- Vehicle specific fees processed through the DMV have not experienced significant declines due to COVID.
- Road Toll fees based on gasoline consumption have been impacted by COVID and will continue to be significantly impacted.

Road Toll – Operations

- The Road Toll Bureau is statutorily responsible for collecting motor fuel tolls (aka the “gas tax”) and enforcing compliance with the Motor Vehicle Road Toll Law through its Field Audit Bureau.
- The Road Toll law is not related to the Toll Booths on the Turnpike System which are operated by the Department of Transportation.
- The Road Toll Bureau administers approximately:
 - 180 Motor Fuel Distributor licensees
 - 70 Motor Fuel Transporter licensees
 - 1,787 International Fuel Tax Agreement (IFTA) licensees
 - 1,900 International Registration Plan (IRP) registrants
 - 246 Oil Discharge and Pollution Control licensees

Road Toll – Point of Taxation

Distributor Tax - Motor Fuel



Factors Impacting Estimates – Road Toll

Changes to behavior in response to the COVID-19 pandemic caused energy demand and supply declines in 2020. Impact in future years remains uncertain.

- Price
 - According to AAA, the average price per gallon in NH on 4/28 is \$2.736/gallon. This is up \$0.885 from last year's average of \$1.851/gallon.
 - US Energy Information Administration (EIA) forecasts motor gasoline prices to average \$2.66/gal for the remainder of 2021.
 - EIA expects crude oil prices to average \$64/b throughout the summer as compared to \$36/b last summer.
- Weather
 - Dry summers and snowy winters help to drive tourism in New Hampshire and result in increased fuel consumption.
 - COVID-19 restrictions, lack of snow, and capacity limitations at Ski Areas put downward pressure on winter fuel consumption.
 - We expect tourism to increase if the weather remains dry.
- Economy
 - Real gross domestic product (GDP) increased at an annual rate of 4.3% for the fourth quarter of 2020. This followed a 33.4% increase in the third quarter of 2020 which offset the 31.4% decrease in the second quarter of 2020.
 - Companies may lock-in cost savings associated with remote work and make these arrangements permanent. This would reduce commuting miles and significantly impact Road Toll revenues.

Unrestricted Road Toll Revenue



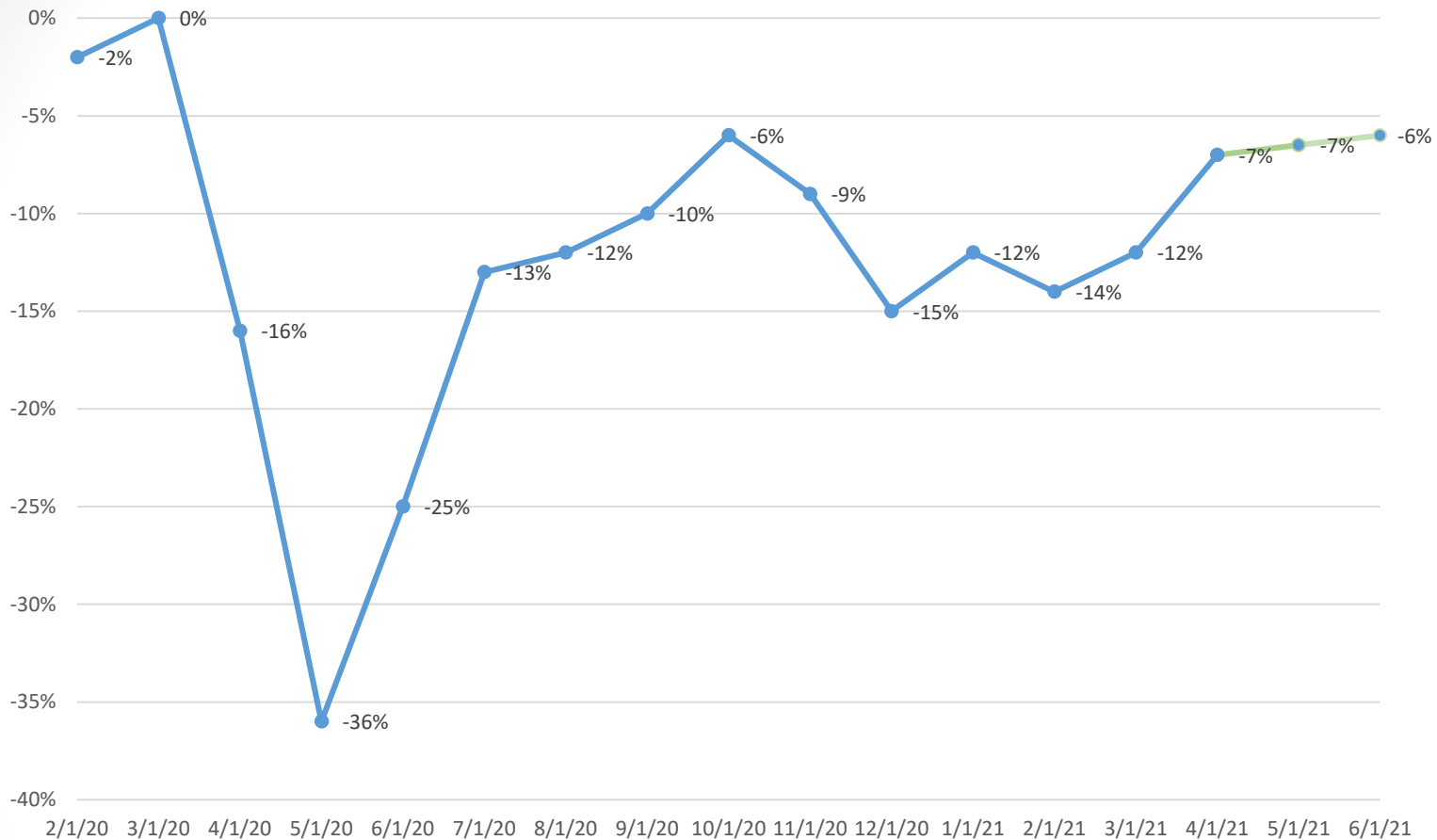
Analysis

- FY20 - Collected \$119.8 million in revenues which was \$10.3M (8.0%) less than plan (\$130.1M).
- FY21 - Projecting to collect \$116.1 million in revenues which is \$16.2M (12.2%) less than plan (\$132.3M).
- FY22/23 projections assume that full recovery in the post-COVID environment will be around 5% of pre-COVID levels due to permanent reductions in commuting.

Road Toll Fees

Per Gallon Fee \$0.222

Unrestricted Road Toll – Monthly % Change



Analysis

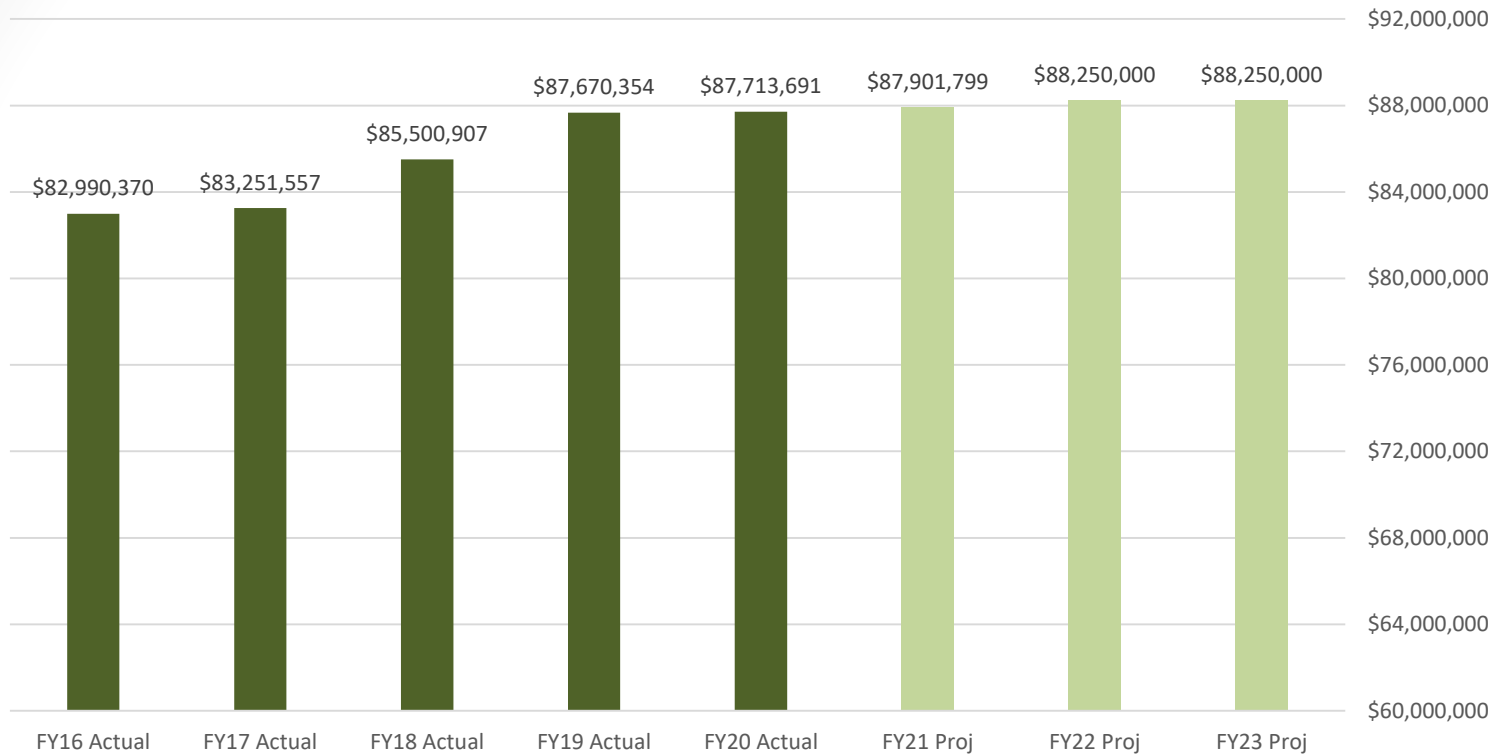
- Original estimates assumed monthly revenues would plateau at 5% of pre-COVID collections. Declines in recovery rates over the last several months have led to delays in recovery.
- FY22 estimated Road Toll Revenue of \$120M assumes -5.75% decline from pre-COVID FY19 amounts.
- FY23 estimated Road Toll Revenue of \$121M assumes -4.5% decline from pre-COVID FY19 amounts.

Factors Impacting Estimates – DMV Fees

DMV related fees have been mostly insulated from significant declines due to COVID-19.

- NH is a predominantly rural State
 - Minimal public transportation options
 - Vehicle use required to obtain goods & services
 - Driver licenses required to operate vehicles
- Economic
 - Vehicle sales have been negatively impacted but shown more resiliency than expected during COVID-19.
 - Boston Consulting Group (BCG) expects demand to continue to increase along with the economic recovery.
- Annual Registration & Inspection Requirements
 - Existing vehicles continue to be inspected and registered.
 - COVID-19 has placed some downward pressure on Registration and Inspection revenues.
- Increased traffic violations
 - Plea by Mail traffic violation revenues declined in FY20 due to COVID-19 restrictions and have only partially recovered in FY21. As traffic volumes increase over time, traffic violations are also expected to increase and return to pre-COVID levels.
- DMV focus on Service Delivery
 - DMV quickly shifted its business model to continue providing services. Online, mail, and drop-off services allowed services to be delivered and fees to be collected.

Motor Vehicle Registration Revenue



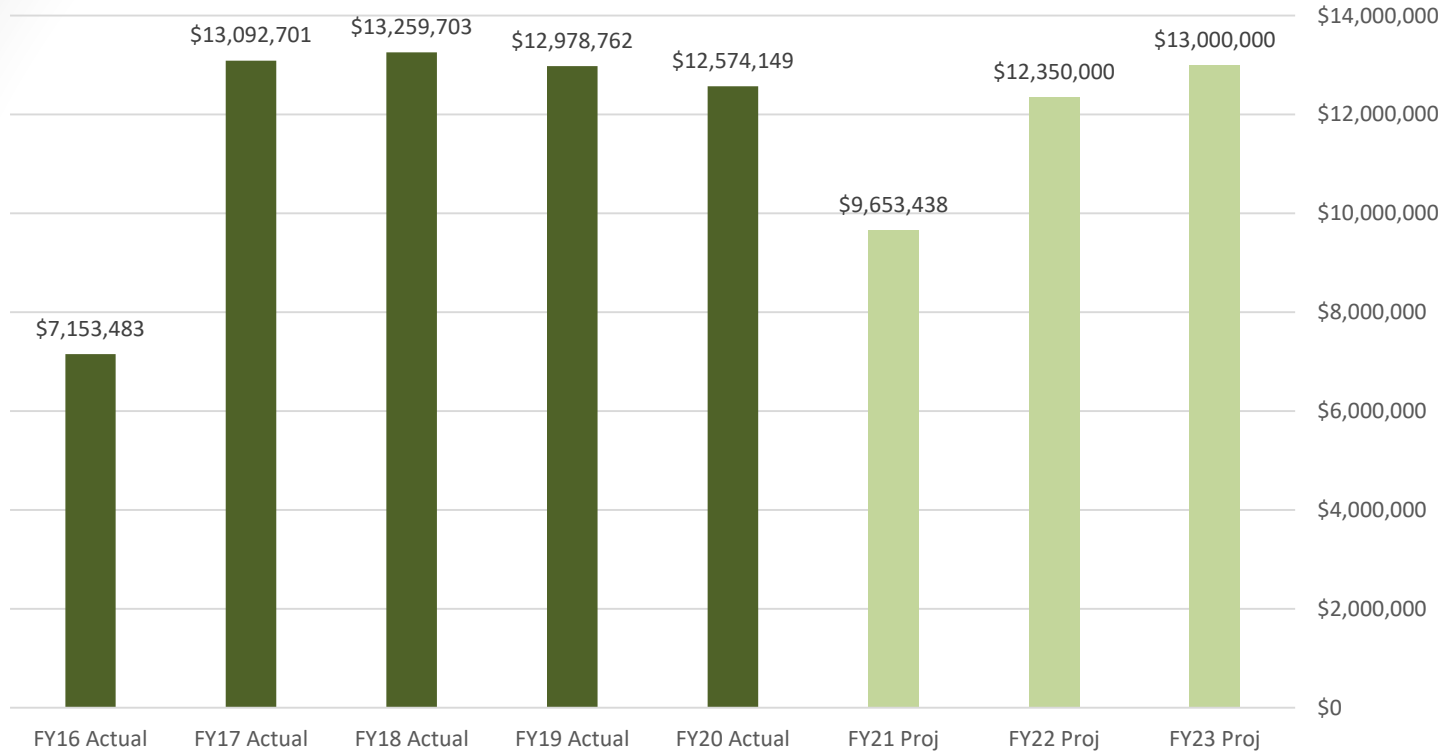
Analysis

- FY20 - Collected \$87.7 million in revenue, which was \$2.6M (3%) more than plan (\$85.1M).
- FY21 - Projecting to collect \$87.9 million in revenue which is \$2.8M (3%) more than plan (\$85.1M).
- Registration revenues remain strong. Projection assumes 5% decrease from pre-COVID levels through the remainder of FY21.
- Registration revenues are expected to remain relatively flat in FY22 and FY23.

Registration Fees

0-3000 lbs	\$31.20
3001-1500 lbs	\$43.20
5001-8000 lbs	\$55.20
8001-73,280 lbs	\$.96 per hundred lbs
73,281-99,000lbs	1) \$.96 per hundred lbs PLUS 2) \$1.44 per hundred in excess of 73,280 lbs

Motor Vehicle Operators Revenue



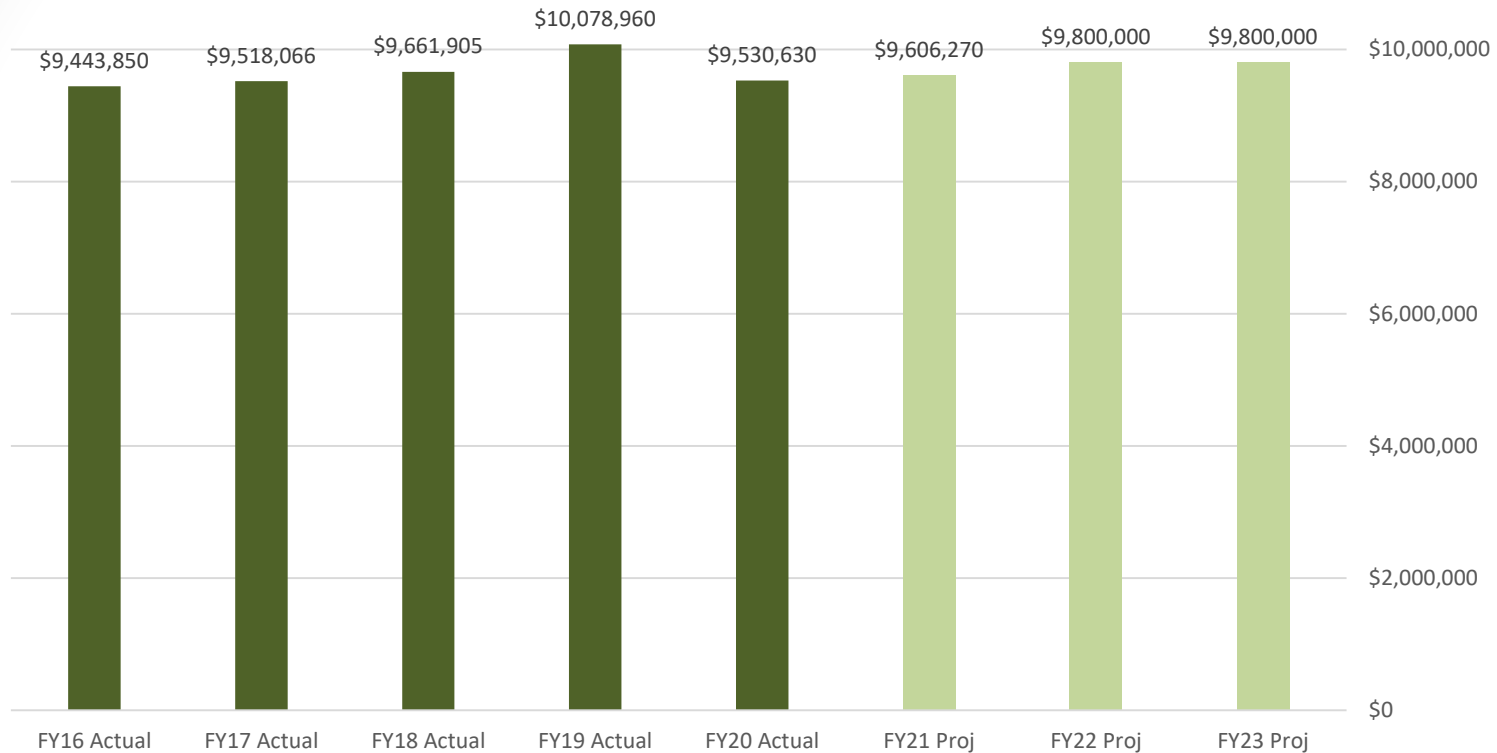
Analysis

- FY20 - Collected \$12.6 million in revenue which was \$726K (5.5%) less than plan (\$13.3M).
- FY21 - Projecting to collect \$9.6 million in revenue which is \$1.1M (13%) more than plan (\$8.5M).
- Projection assumes 28% decrease from pre-COVID levels through the remainder of FY21. This reduction accounts for the planned “dip year”.
- The “dip year” occurs every 5 years due to the change from a 4 year license to a 5 year license. Assuming current trends, the dip year impacts will be resolved after 2035.

License Fees

Operator	\$50
REAL ID	\$60
Commercial	\$60
Motorcycle	\$30
Non-Driver ID	\$10

Motor Vehicle Title Revenue



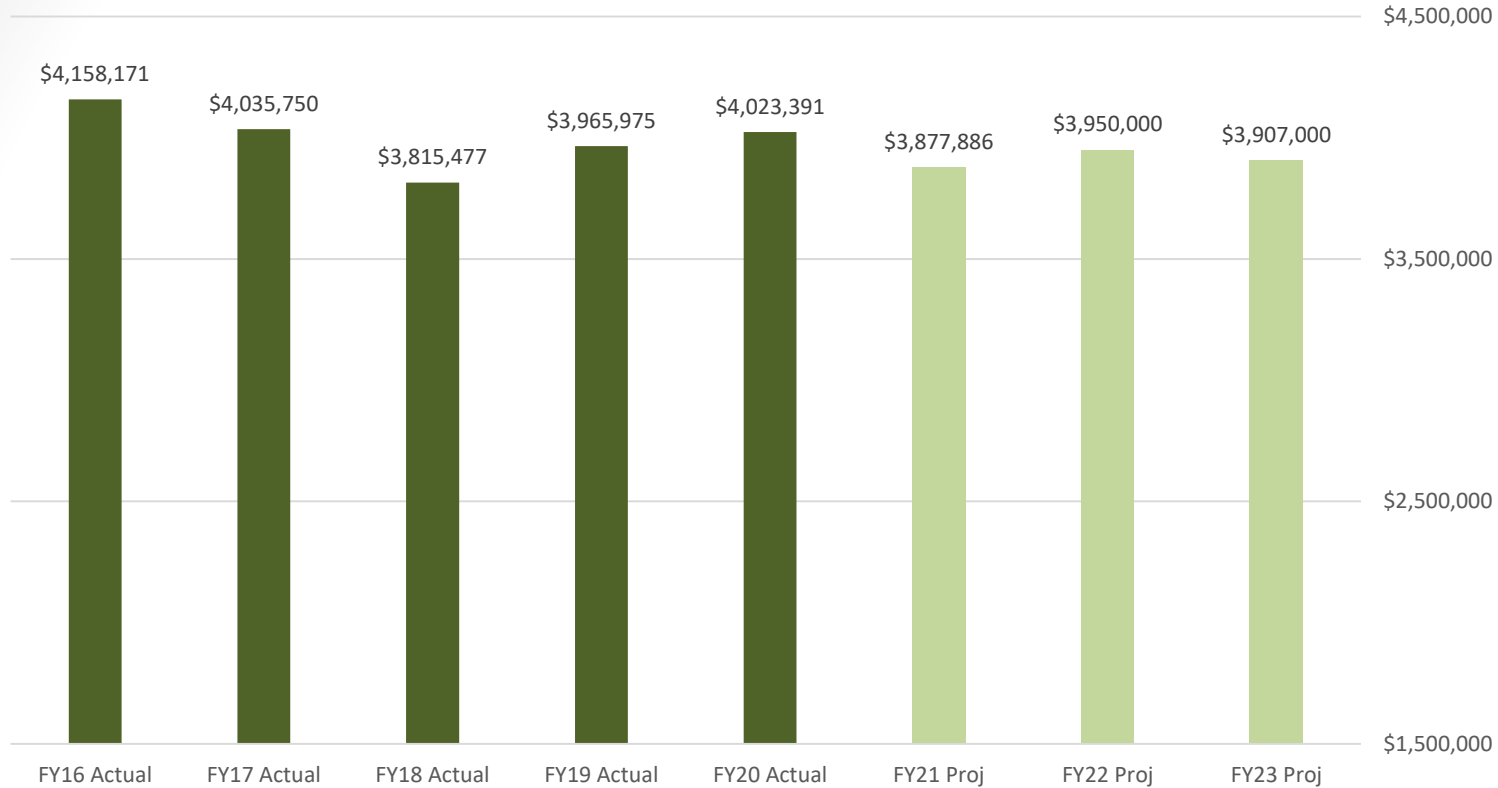
Analysis

Title Fees

- FY20 - Collected \$9.5 million in revenue which was \$169K (1.7%) less than plan (\$9.7M).
- FY21 - Projecting to collect \$9.6 million in revenue which is \$200K (2%) less than plan (\$9.8M).
- FY21 projection assumes 10% decrease through April and 5% decrease in May and June.
- FY22/FY23 projections assume return to pre-COVID levels.

Title Application Fee	\$25
Title Search	\$20
Salvage Title Application Fee	\$10

Motor Vehicle Inspection Revenue



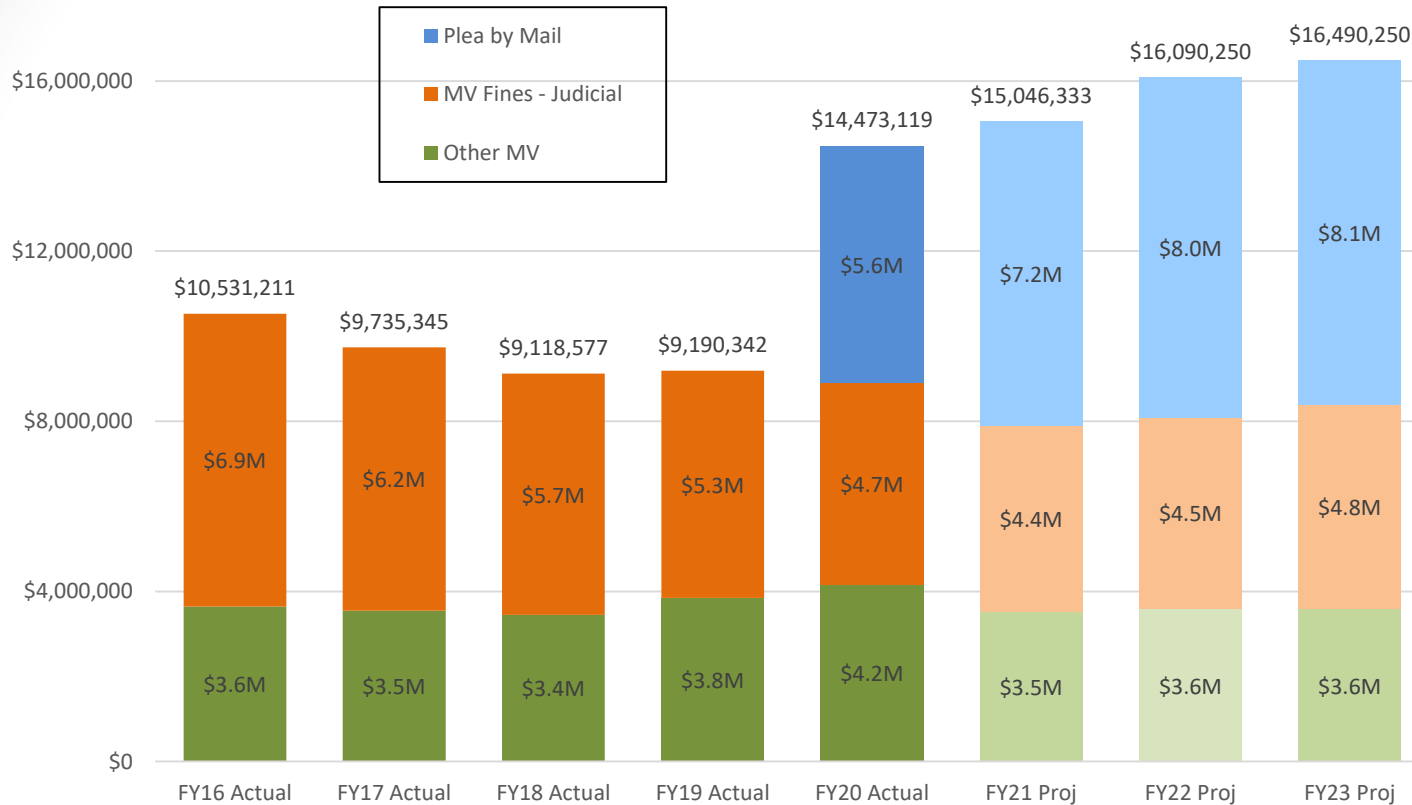
Analysis

- FY 20 - Collected \$4.0 million in revenue which was \$288K (7.7%) more than plan (\$3.7M).
- FY21 - Projecting to collect \$3.9 million in revenue which is \$300K (8.3%) more than plan (\$3.6M).
- COVID-19 has had little impact on Inspection related revenues. FY22/23 projections assumes increase in revenues just below pre-COVID levels.

Inspection Fees

Inspection Sticker Fee	\$3.25
2-Year Station Fee	\$50-\$200

Motor Vehicle Miscellaneous Fees



Analysis

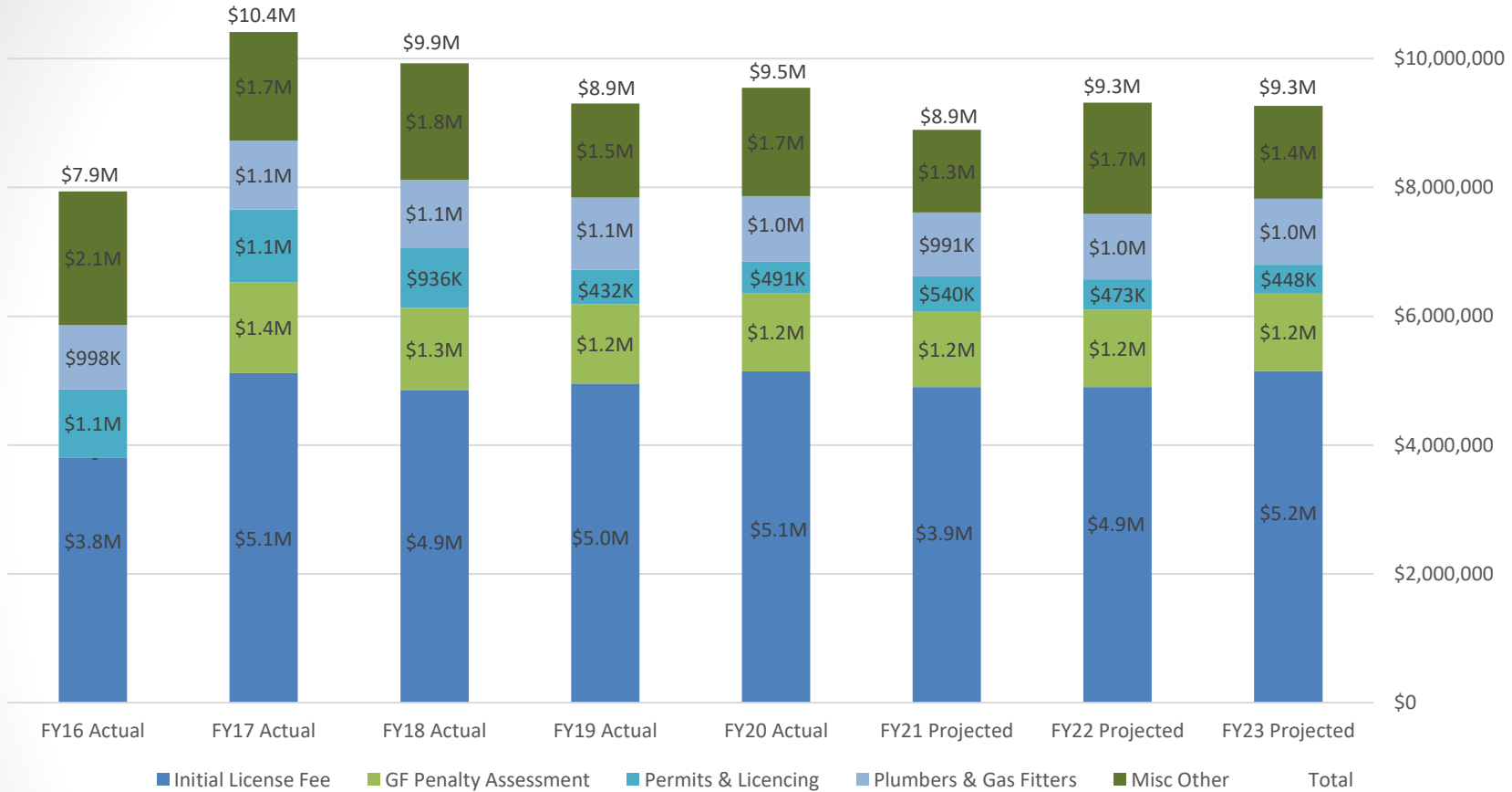
- MV violations are down due to decreases in traffic which has led to declines in payments through Plea By Mail (PBM) and through the Courts. Projections assume continued monthly decreases of between 3%-2% for PBM and 15%-10% for the Courts by year end.
- Plea by Mail (PBM) – Added to the Highway Fund starting in FY20. In FY20 collected \$5.6M which was \$2.8M (33.3%) less than plan (\$8.4M). In FY21 projecting \$7.2M which is \$1.2M (14%) less than plan (\$8.4M). FY22 & FY23 assumes return to near pre-COVID levels.
- MV Fines Judicial (Courts) – In FY20 collected \$4.7M which was \$606K (11.4%) less than plan (\$5.3M). In FY21 projecting \$4.4M which is \$500K (10%) less than plan (\$4.9M). FY22 & FY23 projections assume slow recovery due to ongoing economic concerns.
- Other MV Fees – In FY20 collected \$4.2M which is \$950K (29.6%) more than plan (\$3.2M). In FY21 projecting \$3.6M which is \$400K (12.9%) more than plan (\$3.2M). FY22 and FY23 projections assume recovery to pre-COVID levels.

General Fund Revenues

FY16 – FY20 Actuals / FY21 – FY23 Projections



General Fund Revenue



Analysis

- FY20 - Collected \$9.5 million in revenues which was \$569K (5.6%) less than plan (\$10.1M).
- FY21 - Projecting to collect \$8.9 million in revenues which is \$800K (8.2%) less than plan (\$9.7M).
- FY22 and FY23 General Fund revenues are expected to recover as economy improves and pent-up demand for initial drivers licenses is recognized.

Factors Impacting Estimates – General Funds

General Fund revenues have been somewhat impacted by COVID-19.

- Initial License and Vanity Plate Fees
 - Vanity Plate fee (\$40) / Initial License Fees (\$50/\$60).
 - Revenues negatively impacted due to Driver Education School closures and delays in new driver examinations caused by COVID-19.
 - FY22 and FY23 estimates assume steady economic improvement.
- Penalty Assessment
 - Court levies a penalty assessment of \$2 or 2%, whichever is greater, on each fine or penalty imposed.
 - 66.66% General Fund, 16.67% Victims' Assistance Fund, 16.67% Judicial Branch Information Technology Fund.
 - Penalty assessment collections have not been significantly impacted by COVID-19. FY22 and FY23 are budgeted consistent with historical collections.
- Permits & Licensing
 - Primarily non-resident pistol license fees (\$100). Also includes license fees for detective agencies, security agencies, and explosives handling.
 - Increase in FY20 revenues due to increased demand for non-resident licenses. Revenues expected to continue to decline as demand for non-resident licenses flattens.
- Plumbers & Gas Fitters
 - Fees associated with Mechanical Licensing and inspection fees. Revenues have not been impacted by COVID-19. FY22 and FY23 are budgeted consistent with expected demand.



Steven R. Lavoie, CPA, CGMA
Director of Administration

Scott R. Bryer, CPA, CGMA
Road Toll Bureau Chief