

**NH Department of  
Revenue Administration  
FY 2022 / FY 2023 Budget**

House Finance – Division I

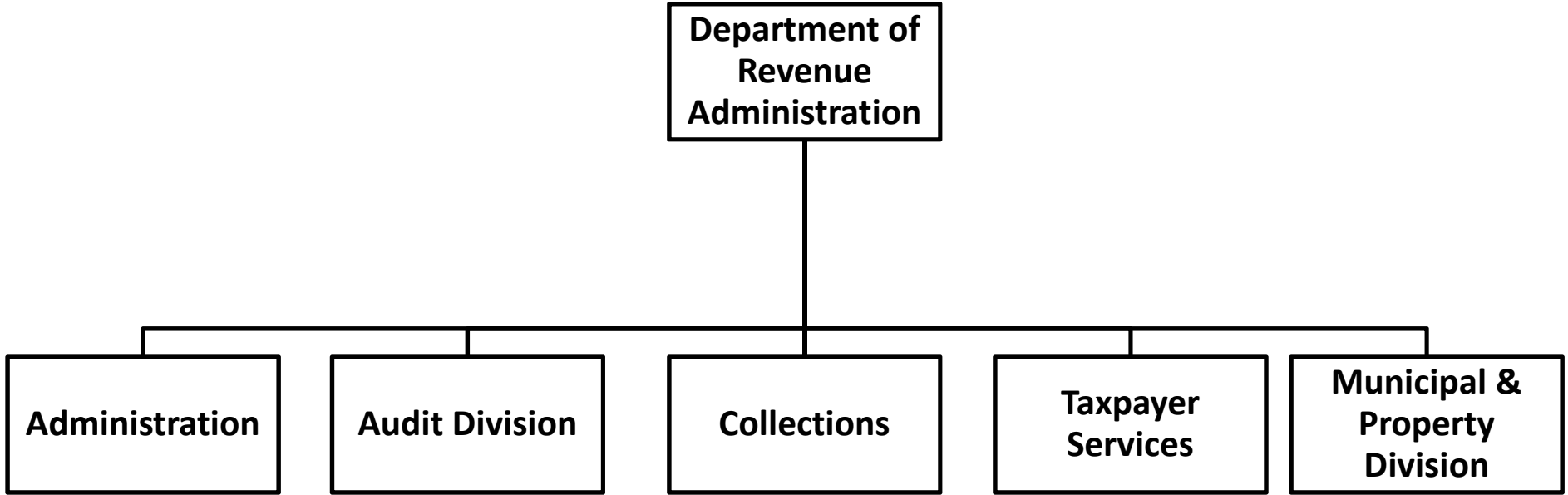
March 10, 2021



# Mission



The mission of the Department of Revenue Administration is to fairly and efficiently administer the tax laws of the State of New Hampshire, collecting the proper amount of taxes due, incurring the least cost to the taxpayers, in a manner that merits the highest degree of public confidence in our integrity. Further, we will provide prompt and constructive assistance to the municipal units of government in matters of budget, finance, and the appraisal of real estate.



## FY 2022 / FY 2023 Agency Budget – The Big Picture

	FY 2021	FY 2022	FY 2023
	Adjusted Authorized	Governor's Recommended	Governor's Recommended
General Funds	\$ 20,542,781	\$ 19,535,689	\$ 20,351,626
<i>(difference from FY 2021 Adj. Auth.)</i>		<i>(1,007,092)</i>	<i>(191,155)</i>
Education Trust Fund	\$ 1,750,000	\$ 800,000	\$ 800,000
<i>(difference from FY 2021 Adj. Auth.)</i>		<i>(950,000)</i>	<i>(950,000)</i>
Agency Income	\$ 630,271	\$ 630,271	\$ 630,271
<i>(difference from FY 2021 Adj. Auth.)</i>		-	-
<b>Total All Funds</b>	<b>\$ 22,923,052</b>	<b>\$ 20,965,960</b>	<b>\$ 21,781,897</b>
<i>(difference from FY 2021 Adj. Auth.)</i>		<i>(1,957,092)</i>	<i>(1,141,155)</i>
		-8.5%	-5.4%
Permanent Classified Positions	122	122	122
Unclassified Positions	35	35	35
<b>Total Number of Full Time Positions</b>	<b>157</b>	<b>157</b>	<b>157</b>

- Current funded position count has decreased from 156 full time classified and unclassified positions in FY21 to 150 positions in FY22 and FY23.
  - Our general fund operating budget is 75% salary and benefits; we're a department of people, not things or programs.
  - All of the positions that we proposed to un-fund are currently vacant.
  - Funding includes the following positions that are currently vacant, but when filled would generate revenue:

Positions	FY 2022	FY 2023
In State Auditor	\$ 75,000	\$ 160,000
In-State Auditor	\$ 75,000	\$ 160,000
Multi-Entity Auditor	\$ 150,000	\$ 600,000
Multi-State Auditor	\$ -	\$ 1,500,000
Collections Supervisor	\$ 400,000	\$ 800,000
<b>Total</b>	<b>\$ 700,000</b>	<b>\$ 3,220,000</b>

## **FY 2022 / FY 2023 Agency Budget Highlights**

- DoIT services and positions are maintained.
  - DoIT efficiency budget costs are steady over the biennium but are reduced by approximately 8.7% compared to FY21.
- Funding for vendors, such as equalization & tax rate setting, and temporary keying services are included.
  - Equalization & tax rate setting contract amount reduced to reflect updated contract pricing (*pg 159, 1116 Municipal & Property Division, class 038 Technology – Software*).
  - Temporary keying services contract amount reduced to reflect actual cost over the past few years (*pg 156, 1080 Taxpayer Services, class 103 Contracts for Op Services*).
- Maintains operational capabilities as we anticipate adjusting resources for Revenue Information Management System (RIMS) project; however RIMS consulting services were eliminated (*pg 153, 7884 Administration, class 038 Technology – Software*).
- Other reductions include out of state travel, employee training and overtime.
- Division Directors, Business Office, and other managers worked hard to budget conservatively and accurately, requesting funds for needs not wants.

## FY 2022 / FY 2023 Agency Budget Highlights

- Low and Moderate Property Tax Relief – RSA 198:57-61
  - Property tax relief program related to the Statewide Education Property Tax, supported by an appropriation from the Education Trust Fund.
  - \$800,000 in both FY22 and FY23 (*pg 163, 1857 Low-Mod Income Hardship Grant, class 083 Hardship Grants*).
  - Funding reflects a decline in total program cost over the past few years:
    - FY18: \$1,243,340
    - FY19: \$1,103,630
    - FY20: \$705,122

## **FY 2022 / FY 2023 Agency Budget Highlights**

- Flood Control – RSA 122:4
  - \$887,000 (\$256,729 general fund and \$630,271 other funds) in FY22 and \$887,000 (\$256,729 general fund and \$630,271 other funds) in FY23 (*pg 160, 3718 Flood Control, class 055 Flood Control*).
  - The Department reimburses cities and towns for lost property taxes resulting from property acquired in the Acquisition of Land by the United States for Navigations and Flood Control.
  - The FY22 and FY23 budget assumes Massachusetts will reimburse their share of 70% of Merrimack River Valley compact as well as 50% of the Connecticut River Valley compact and Connecticut will reimburse their share of 40% of the Connecticut River Valley compact.
  - There is a long history of Massachusetts not paying its obligation timely or sufficiently for the Merrimack River Valley compact, with \$2,991,436 currently outstanding for FY15 through FY20 (payments through FY14 have been settled).
  - Governor is authorized to draw a warrant for the payment of such reimbursements out of money in the treasury not otherwise appropriated.
    - Department estimates requesting a warrant be issued for FY21 for \$616,614.

## **Update on FY 2020 / FY 2021 Budget Priorities**

- Revenue Information Management System (RIMS)
  - DRA received a \$30,160,000 capital appropriation through general funds and other funds to replace the DRA's Tax Information Management System.
  - A contract with Fast Enterprises, LLC was approved by G&C on October 31, 2018 to implement its commercial off-the-shelf software, GenTax, for tax collection and administration with a total cost of \$29,550,000.
  - Rollout 1 went live on October 28, 2019 with the Meals and Rentals Tax, Medicaid Enhancement Tax and Nursing Facility Quality Assessment.
  - Rollout 2 went live on October 5, 2020 with the Business Profits Tax, Business Enterprise Tax, Interest and Dividends Tax and Communication Services Tax.
  - Rollout 3 is on schedule for go live on August 9, 2021 with the Real Estate Transfer Tax, Tobacco Tax, Utility Property Tax, Gravel Tax, Timber Tax, Railroad and Private Car Tax.
  - Rollout 1 and Rollout 2 were very successful and we anticipate a similar outcome for Rollout 3.
  - Current contract includes four years of support and maintenance on the system after Rollout 3, with optional extensions.



## **Update on FY 2020 / FY 2021 Budget Priorities**

- RIMS Health Assessments
  - The DRA's additional prioritized need included \$340,000 in FY20 and FY21 for services to assist DRA with Periodic Project Health Assessments for RIMS to gauge the vendor's performance on the project, the project timeline, and also DRA's progress in adapting to the new system.
  - To date BerryDunn has completed six Project Health Assessments, all of which gave the project an overall score of "5" or "outstanding" with no actions or changes recommended.
- Staffing
  - Final FY2020/FY2021 budget included additional positions in the Audit Division:
    - In-State and Multi-Entity Auditors funded in FY20 and FY21
    - Two Multi-State Auditors funded for half of FY20 (1/1/20) and all of FY21
    - Multi-State Auditor funded in FY21
  - All of these positions remain unfilled.
  - Two Multi-State Auditor positions are unfunded for FY22 and FY23.