

New Hampshire Department of Revenue Administration
Senate Finance
April 15, 2025



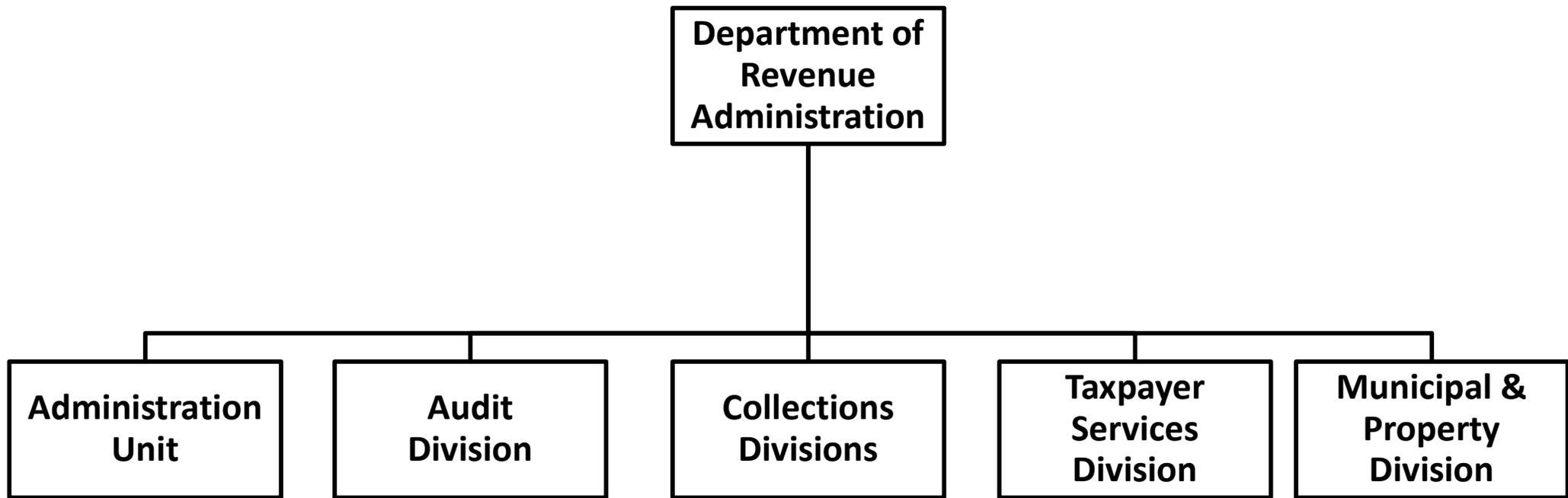
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Mission



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 2026/ FY 2027 Agency Budget – The Big Picture

	FY2024	FY2025	FY2026	FY2027
	Actual Expense	Adjusted Authorized	House	House
General Fund	\$ 19,688,545	\$ 25,636,058	\$ 24,202,655	\$ 24,683,734
Education Trust Fund	\$ 1,128,479	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000
Agency Income	\$ 1,907,417	\$ 2,184,205	\$ 2,981,000	\$ 2,911,000
Total All Funds	\$ 22,724,441	\$ 29,320,263	\$ 28,683,655	\$ 29,094,734
Permanent Classified Positions	118	118	118	118
Unclassified Positions	35	35	35	35
Total Number of Positions	153	153	153	153

- Difference between FY 2024 Actual Expense and FY 2025 Adjusted Authorized is largely due to a vacancy rate of 16.5% at the end of FY 2024.
- Increase from FY 2024 to FY 2026/FY 2027 is primarily due to the operationalizing of Revenue Information Management System (RIMS) support and maintenance expenses.

FY 2026 / FY 2027 Agency Budget Highlights

- Our general fund operating budget is 70% salary and benefits; we're a department of people, not things or programs.
- No general funds are used to replace previously received ARPA funds.
 - DRA received ARPA funds for three upgrades of existing technology.
 - Upgrades did not result in any new or increased support and maintenance costs.
- Division Directors, Business Office, and other managers worked hard to budget conservatively and accurately, requesting funds for needs not wants.

FY 2026 / FY 2027 Agency Budget Highlights

	FY2024	FY2025	FY2026	FY2027
	Actual Expense	Adjusted Authorized	House	House
General Fund	\$ 19,688,545	\$ 25,636,058	\$ 24,202,655	\$ 24,683,734

- **General Fund:**

- Current full-time funded position count is reduced to 129 classified and unclassified positions.
 - Unfunded positions include nine tax auditors, nine tax examiners, two administrators, two appraisers, one paralegal and one statistician.
 - All of the positions unfunded are currently vacant.
- Reductions also include current expenses, out of state travel, training, and equipment.

FY 2026 / FY 2027 Agency Budget Highlights

- General Fund (continued):
 - RIMS Support
 - \$30,160,000 capital appropriation included hardware maintenance and software licensing through FY 2025, and software maintenance/consulting through the first quarter of FY 2024.
 - Budget includes the full operationalizing of capital expenses for software licensing and maintenance services, as well as a migration to a cloud-based environment:
 - FY 2026 = \$2,825,000
 - FY 2027 = \$2,911,000

FY 2026 / FY 2027 Agency Budget Highlights

	FY2024	FY2025	FY2026	FY2027
	Actual Expense	Adjusted Authorized	House	House
Education Trust Fund	\$ 1,128,479	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000

- **Education Trust Fund:**

- **Low and Moderate Income Hardship Grants**

- Chapter 95, Laws of 2021 increased the income limitations and the maximum amount of tax relief available for the Low and Moderate Income Property Tax Relief (L&M) program.
 - Increase in appropriation for FY 2024 and FY 2025 is to sufficiently fund the program pursuant to the 2021 legislative changes.
 - Claim year 2023, corresponding with property tax period beginning April 1st issued 5,811 claims totaling \$1,146,860.

FY 2026 / FY 2027 Agency Budget Highlights

	FY2024	FY2025	FY2026	FY2027
	Actual Expense	Adjusted Authorized	House	House
Agency Income	\$ 1,907,417	\$ 2,184,205	\$ 2,981,000	\$ 2,911,000

- Agency Income:
 - Flood Control
 - The FY 2026 and FY 2027 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
 - Payment of \$3,477,195.30 for FY 2015 through FY 2022 settlement was received.
 - Payment of \$997,279 for FY 2022-2023 was received.
 - Total due for FY 2024 and FY 2025 is \$928,203 – no payments have been received.

FY 2026 / FY 2027 Agency Budget Highlights

- Agency Income (continued):
 - RIMS Debt Service
 - \$30,160,000 capital appropriation was funded as follows:
 - \$6,000,000 general fund
 - \$24,160,000 revenue uplift
 - Revenue increases from existing taxes attributable to the implementation of RIMS reached \$14.5m in FY 2024.
 - Reminder to pay letters = \$5.4m
 - Use of Federal Tax Information generated = \$7.1m
 - Automated Payment Plans = \$1.9m
 - The maximum amount of \$4m was transferred from the General Fund to support the RIMS Debt Service.
 - RIMS Debt Service payment from RIMS Uplift Revolving Fund.
 - FY 2026 = \$2,400,000
 - FY 2027 = \$2,330,000

House Bill 2 – Select Sections

- Section 169 – Unfunded Positions; Authorization
 - Executive agencies may fill unfunded positions if the total expenditures do not exceed the appropriation for personnel and benefits.
- Sections 177 – 180 – Distribution of Funds
 - 30% of revenue produced by the following taxes are to be deposited into the Education Trust Fund:
 - Business Profits Tax
 - Business Enterprise Tax
 - Tobacco Tax
 - Real Estate Transfer Tax
- Section 257 – Tax on Meals and Rooms; Disposition of Revenue
 - Amount of Meals and Rooms Tax revenue deposited into the Municipal Revenue Transfer Fund for distribution shall be \$137,000,000 for FY 2026 and FY 2027.
- DRA can effectuate these changes with no additional costs.