2025 Economic Briefing

House Ways and Means Committee

State’s Financial Condition, Including Cash, Reserves, Debt, Ratings and Bonding

State of New Hampshire Treasury
Monica Mezzapelle, State Treasurer
January 13, 2025

New Hampshire's Credit Profile

- Healthy Economic Conditions
- Strong Financial Management
- Strong Cash Reserves
- Low Debt Levels

Healthy Economic Indicators

- The state's diverse economy with strong sectors in technology, healthcare, education – including growing bioscience sector – provides resilience against economic downturns.

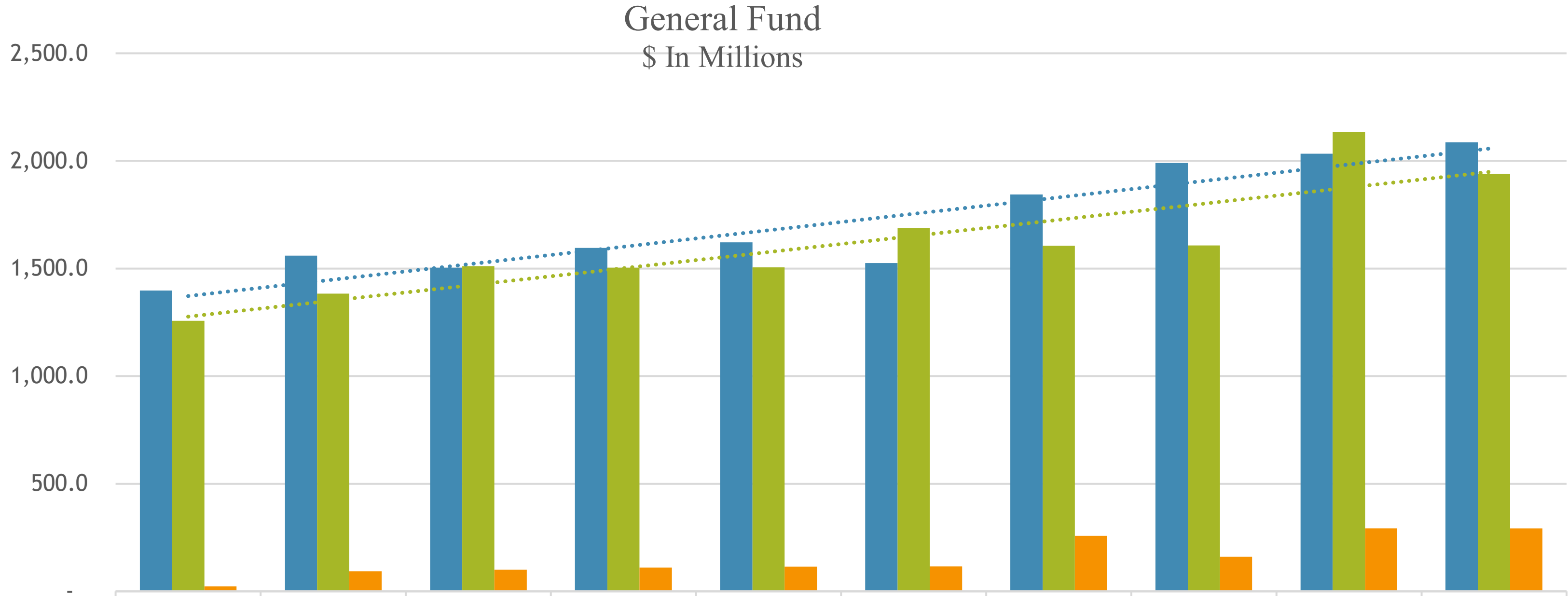
- Favorable population growth enabling better-than-budgeted revenue collections. Population increased 2.3% since 2020 outpacing other New England states.[1] Labor participation to continue to support the state's economy.

- Robust economy with low unemployment rates (2.5% November 2024)[2], a high per capita personal income, and steady economic growth.

(1) U.S. Census Bureau, (2) NH Employment Security

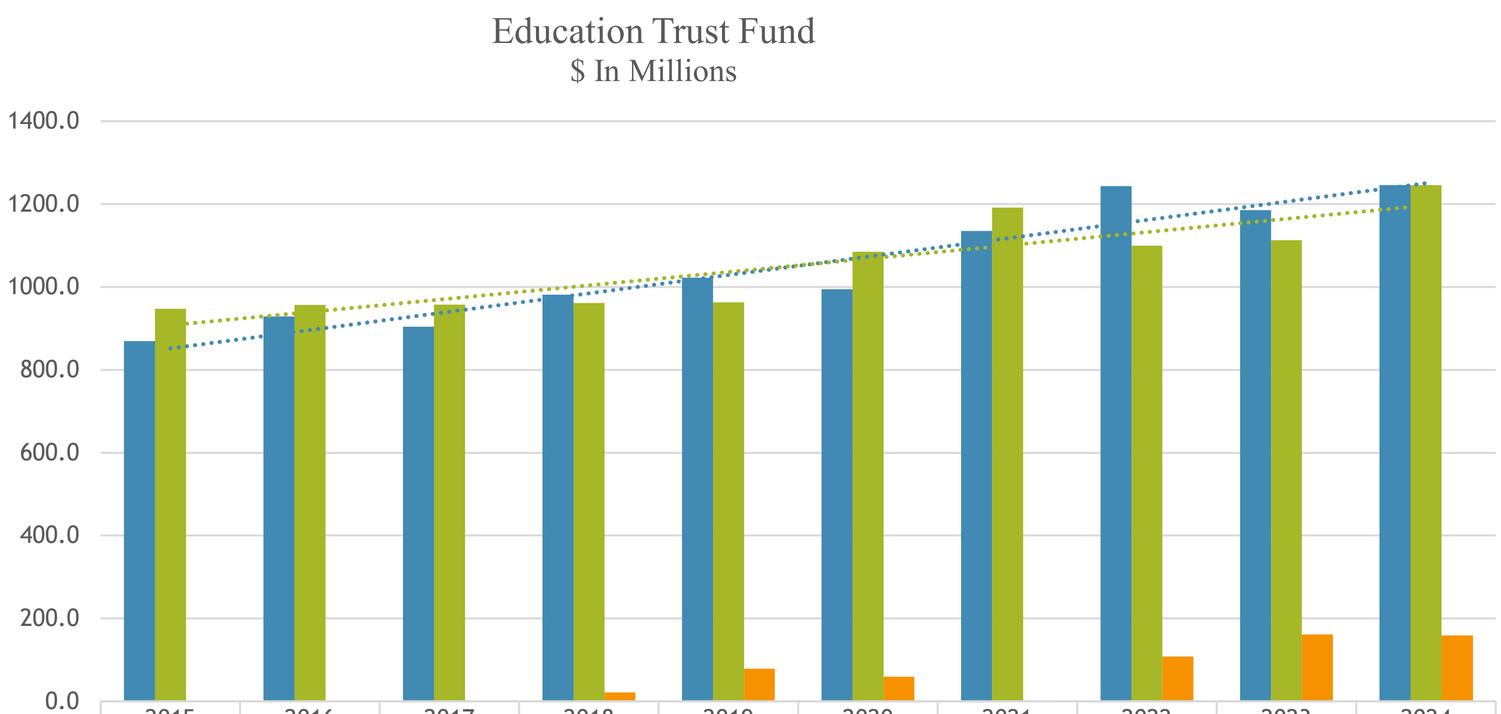
Strong Financial Management

Financial position is strong characterized by balanced budgets, diverse revenue sources, and controlled expenditures. NH has demonstrated fiscal discipline including setting aside reserves for unforeseen circumstances and avoiding excessive borrowing.



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Unrestricted Revenue	1,397.7	1,559.5	1,503.2	1,595.7	1,622.0	1,525.4	1,843.8	1,991.0	2,033.5	2,086.9
Net Appropriations	1,257.6	1,383.8	1,511.2	1,504.1	1,504.8	1,688.1	1,605.7	1,607.2	2,135.8	1,939.6
Rainy Day Account	22.3	93.0	100.0	110.0	115.3	115.5	257.8	159.9	292.5	292.5

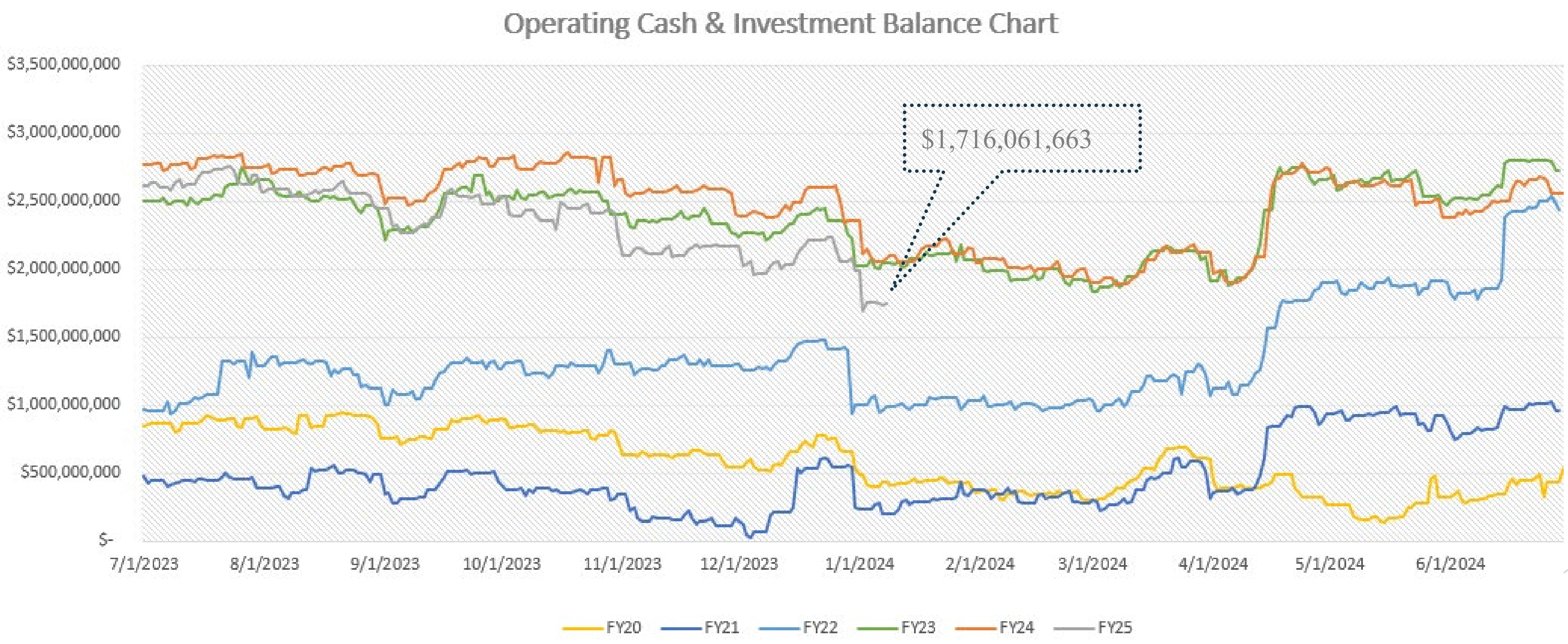
Strong Financial Management (cont.)



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Unrestricted Revenue	869.0	928.8	904.3	981.4	1,022.6	994.7	1,135.4	1,243.4	1,185.0	1,245.1
Net Appropriations	947.6	956.8	957.4	961.6	962.5	1,085.0	1,191.8	1,099.8	1,112.6	1,245.6
Fund Balance	0	0	0	21.4	78.9	59.3	2.2	108.0	161.6	158.9

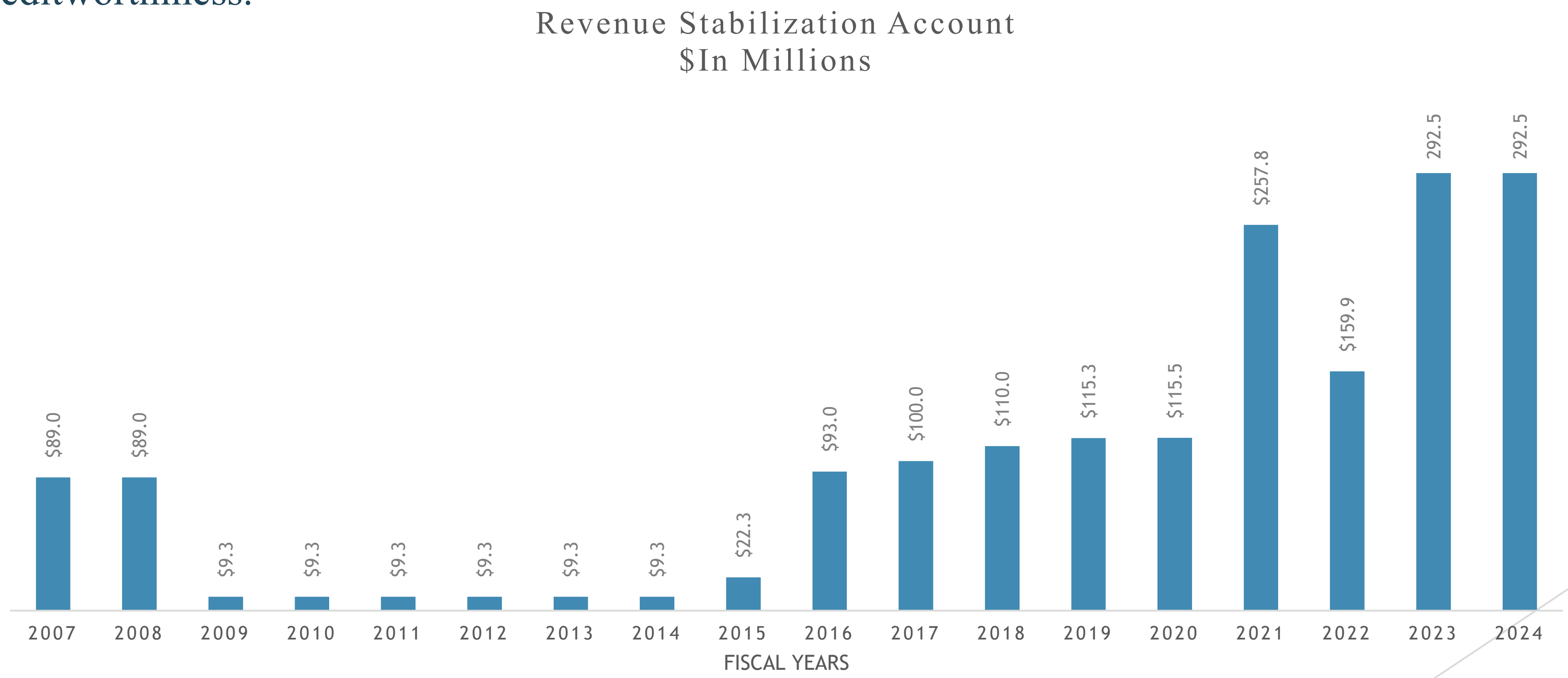
Strong Cash Reserves: Cash Flow

Cash reserves provide immediate liquidity and reflect the State's ability to meet short-term obligations without the need for borrowing.

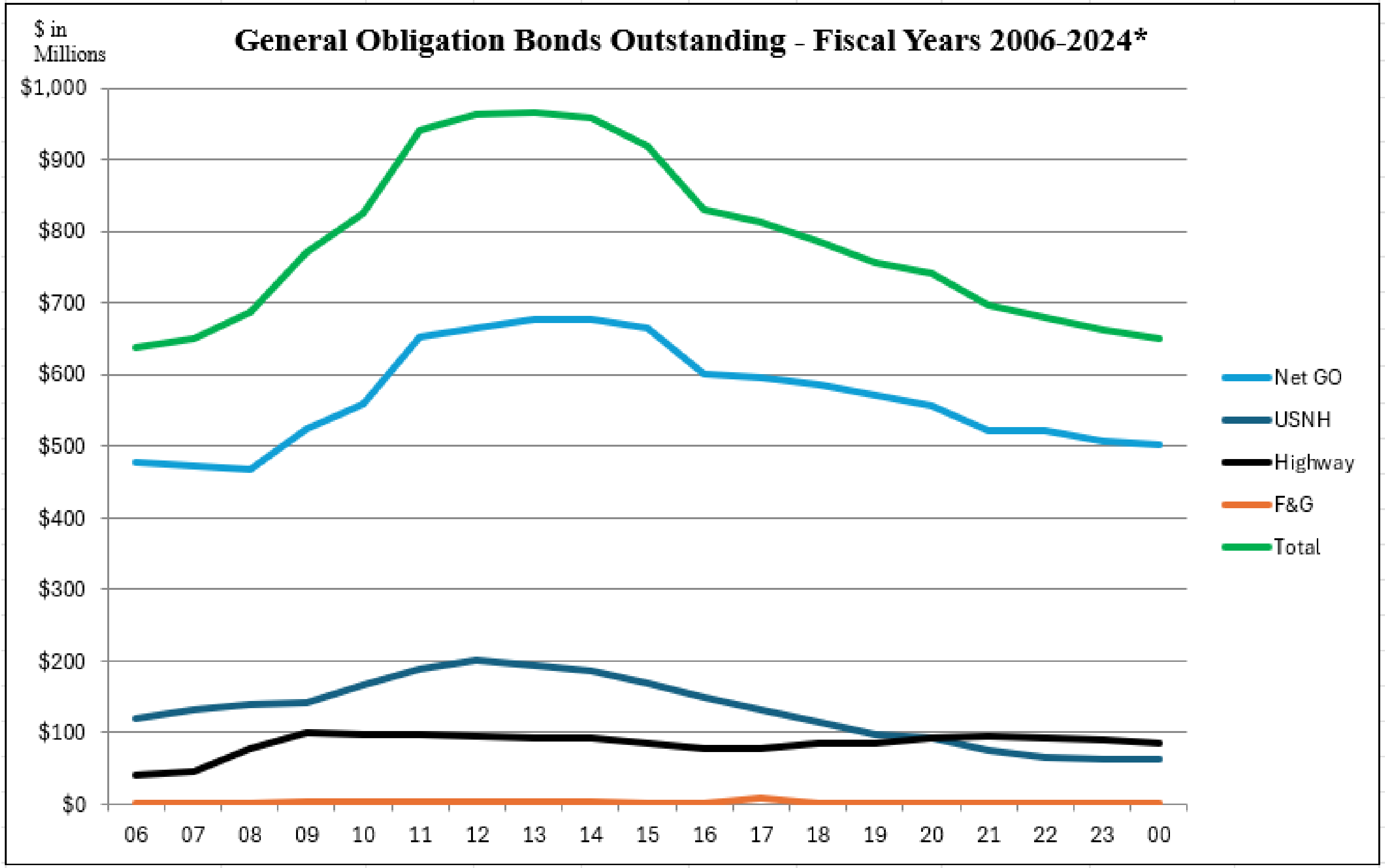


Strong Cash Reserves: Revenue Stabilization Account

A crucial component of the State's financial strategy is the maintenance of a substantial revenue stabilization account. This fund acts as a financial safety net, providing liquidity during economic downturns or unexpected fiscal challenges. A well-funded rainy day fund is key indicator of creditworthiness.



Low Debt Levels



*2006-2023, as reported in State of NH Information Statement. 2024 GO bonds outstanding amounts are unaudited.

By keeping its debt burden manageable, the State ensures that it can meet its obligations without overextending its financial resources.

Low Debt Levels (cont.)

	2024	2025	2026	2027	2028	Moody's Median 2024 [1]
Net General Fund Debt [2]	$ 484.1	$ 525.5	$ 528.9	$ 530.6	$ 533.5	
Total Net Debt to Personal Income	0.4%	0.4%	0.4%	0.4%	0.4%	2%
Total Net Debt Per Capita	$ 344	$ 371	$ 372	$ 371	$ 371	$ 1,189
Net Debt Service to General Fund Revenues [3]	3.8%	4.4%	4.3%	4.3%	4.2%	3.88% [4]

(1) Moody's 2024 medians per *October 7, 2024 Revenue growth and lower ANPLs boost capacity to manage long-term debt report.*

(2) Includes school building aid.

(3) FY 2024 GF revenues (unaudited).

(4) S&P current costs to revenue median for AA+ rated states per *November 20, 2024 States' Median report*.

State’s Credit Ratings

Rating Agency	Rating
Moody’s Investor Service	Aa1, stable outlook
Fitch Ratings	AA+, stable outlook
S&P Global Ratings	AA+, stable outlook

Key Takeaways

- Rainy day fund (revenue stabilization account) is the State's tool to stabilize a potential deficit at the end of the biennium.
- The State may need to implement cost containment measures and make timely budget adjustments in accordance with current revenue expectations.
- Additional bonding authorizations may not significantly impact debt metrics, but will increase fixed costs (debt service).
- Diverse revenue sources should continue to provide adequate protection during fiscal challenges or economic downturns.