

Office of Legislative Budget Assistant

Presentation to the

**House and Senate Ways and Means and Finance Committees Joint
Economic and Fiscal Orientation**

January 7, 2013

- 1) The Office of Legislative Budget Assistant
- 2) An FY 2013 Snapshot – Combined General Fund and Education Trust Fund
- 3) Temporary Suspensions for the FY 2012-2013 biennium
- 4) Pending Tax and Fee Changes (Not Yet Effective)

LBAO		
01/06/13		
FY13 Snapshot		
Combined General Fund and Education Trust Fund		
Row	Description	FY 2013
1		
2	Projected Surplus/(Deficit)	
3	Audited FY12 Surplus/(Deficit)	13,836
4	Estimated Surplus/(Deficit)	13,836
5		
6	Projected Revenue Over/(Under)	
7	Non-MET revenue v. 12/31/13 plan	10,508
8	Securities Revenue early receipt (plan 1/31/13)	10,349
9	FY12 MET collected in FY13	2,864
10	FY13 MET shortfall v. 12/31/13 plan	(36,821)
11	Estimated Revenue	(13,100)
12		
13	Other Events	
14	DSH settlement	(17,904)
15	Care Management delay	(9,000)
16	Medicaid to Schools federal audit	(2,500)
17	Supreme Court judgement (Chase Home for Children, et al)	0
18	Bel-Air settlement	0
19	Other DH&HS Surplus/(Deficit)	25,714
20	Shortfall in projected savings from Retirement Reform	(6,900)
21	Charter Schools Tuition - additional appropriation	(5,381)
22	Judicial Branch - additional appropriation	(1,708)
23	Department of Justice - additional appropriation	(600)
24	FEMA Disaster state match (state 12.5% to locals)	(3,643)
25	Professional Firefighters, et al v. Hodgdon (DAS)	0
26	Legislative Specials, unbudgeted appropriations, lapses	(3,820)
27	Subtotal - Other Events	(25,742)
28		
29	Total Estimated Surplus/(Deficit)	(25,006)
30		
31	Rainy Day Fund Balance	9,312
32		
33	Net Surplus/(Deficit) AFTER Rainy Day Fund	(15,694)

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**Temporary Suspensions for the FY 2012-13 biennium.
General Fund Amounts**

Law	Description	FY 2012	FY 2013	Explanation
Chapter 224:1, Laws of 2011	Meals and Rooms Tax Distribution to Municipalities	\$ (5,000,000)	\$ (5,000,000)	Capped meals and rooms distribution to cities and towns for the FY 2012-13 biennium for each year at the FY 2011 amount (\$58.8M). Statute requires annual increase of distribution to municipalities in an amount of 75% of increase in tax revenue or \$5M, whichever is less.
Chapter 224:1, Laws of 2011	Distribution of Rooms and Meals Tax; Division of Travel and Tourism Development.	?	?	Notwithstanding any other provision of law, for the biennium ending June 30, 2013, the state treasurer shall suspend the distribution of net income pursuant to RSA 78-A:26, II(a)(2) credited to the department of resources and economic development, division of travel and tourism development.
Chapter 224:2, Laws of 2011	Revenue Sharing	\$ (25,200,000)	\$ (25,200,000)	Suspended revenue sharing payments to municipalities for FY 2012-13 biennium. This was last paid in FY 2009 (\$25.2M).
Chapter 224:3, Laws of 2011	LCHIP / Recording Surcharge	\$ (3,431,125)	\$ (3,431,125)	Appropriated only \$120,000 per year in FY 2012-13 biennium to LCHIP from recording surcharge revenue.
Chapter 224:123, Laws of 2011	UNIQUE Endowment Allocation Program	\$ (10,000,000)	\$ (11,350,000)	Suspended all but \$500K in UNIQUE program fee revenue from going to scholarships for the FY 2012-13 biennium and had it go to USNH and CCSNH (70/30 split). Savings achieved by supplanting this fee revenue in the USNH and CCSNH budget in place of general fund appropriations.
Chapter 224:214, Laws of 2011	Vital Records Improvement Fund	\$ (400,000)	\$ (400,000)	During each year of the FY 2012-13 biennium, \$400,000 in revenue from the vital records improvement fund was diverted to the general fund.
Chapter 286:1, Laws of 2012	Flood Control	\$ (500,000)	\$ (500,000)	Repealed 122:4, II effective July 1, 2013. RSA 122:4, II removed responsibility from the State of NH from paying the State of MA's share of flood control payments to NH towns. During the FY 2012-13 biennium NH was not required to make these payments, but will in FY 2014-15 under current statute.
Chapter 224:9, Laws of 2011	Direct Graduate Medical Education	(439,000)	(439,000)	Suspends direct GME payments to teaching hospitals.
Chapter 224:10, Laws of 2011	Indirect Graduate Medical Education	(1,031,000)	(1,064,000)	Suspends indirect GME payments to teaching hospitals.
Chapter 224:13, Laws of 2011	Suspension of Catastrophic Aid Payment to Hospitals	(1,345,000)	(1,372,000)	Suspended of Catastrophic Aid Payment to Hospitals for the biennium.
Chapter 224:18 & 19, Laws of 2011	Discrimination Prohibited; Eligibility for Services.	?	?	224:18 Adds language to RSA 135-C:13 for community mental health centers to prioritize services and makes access to services contingent on the availability of appropriations. 224:19 restores the previous language which has no contingency effective July 1, 2013.

Temporary Suspensions for the FY 2012-13 biennium.				
General Fund Amounts				
Law	Description	FY 2012	FY 2013	Explanation
Chapter 224:20, Laws of 2011	Mental Health Low Utilizers and Prior Authorization	?	?	Maintains a limit on benefits of \$4,000 per person per year for adults with low service utilization of community mental health services. Limit has been in place since fiscal year 2006.
Chapter 224:22, Laws of 2011	County Payment of Funds for Persons Eligible to Receive Nursing Home Services; Additional Credit.	2,498,000	2,547,000	Provides an additional credit against the county share of long term care costs to "hold them harmless" for the reduction in Medicaid Quality Incentive (MQIP) payments. (See Chp. 224:48 below - biennial change)
Chapter 224:25, Laws of 2011	224:25 Department of Health and Human Services; Division for Children, Youth and Families.	(1,428,000)	(1,471,000)	Provides that rates paid for services, placements and programs shall be the rates in effect on June 30, 2011 notwithstanding any other law or administrative rule. (Same issue as the Chase Home case)
Chapter 224:33, Laws of 2011	Suspension; Department of Health and Human Services; Bureau of Developmental Services; Full Funding of Wait List.	(5,623,550)	(15,374,484)	RSA 171-A:1-a shall be suspended for the biennium ending June 30, 2013. (RSA 171-A:1-a-II : Beginning with the fiscal year ending June 30, 2010, and thereafter, the department of health and human services shall incorporate the cost of fully funding services to eligible persons, in accordance with the requirements of paragraph I, and as otherwise required under RSA 171-A, and the legislature shall appropriate sufficient funds to meet such costs and requirements.)
Chapter 224:48, Laws of 2011	Quality Assessment Expenditures; State Expenditures for Long-Term Care Services.	(8,437,629)	(8,606,381)	For the biennium ending June 30, 2013, notwithstanding the provisions of RSA 151-E:14 and RSA 151-E:15-a, 25 percent of the receipts from the nursing facility quality assessment under RSA 84-C:3 and the ICF quality assessment under RSA 84-D:3 shall be deposited as restricted revenue in accounts of the department of health and human services and shall be used in support of long-term care services and not for any other purpose. (See Chp. 224:22 above)
Chapter 224:93, Laws of 2011	Liquor Commission; Liquor Revenues to Alcohol Abuse Prevention and Treatment Fund Suspended.	(5,567,000)	(5,753,000)	Notwithstanding RSA 176:16, III, for the biennium ending June 30, 2013, all gross revenue derived by the liquor commission from the sale of liquor and related products, or from license fees, shall be deposited into the liquor commission fund. Amounts are the difference between the agency request and the final budget. The formula in RSA 176:16, III has been suspended since 2003.
Chapter 224:109, Laws of 2011	State Budget; Allocation of Gross Appropriations from Highway Fund; Suspension of Allocation to Department of Safety.			No direct financial impact.

Temporary Suspensions for the FY 2012-13 biennium.				
General Fund Amounts				
Law	Description	FY 2012	FY 2013	Explanation
Chapter 224:278, Laws of 2011	Foster Grandparent Program	(53,802)	(53,898)	The reimbursements for the foster grandparent program through the senior volunteer grant program established in RSA 161-F:40 are hereby suspended for the biennium ending June 30, 2013.
Chapter 224:295, Laws of 2011	Family Support Services.			RSA 126-G, relative to family support services, is hereby suspended for the biennium ending June 30, 2013. Budget was reduced, but some appropriation was made - program not really suspended.
Chapter 224:296, Laws of 2011	Funding for Alzheimer's Disease. Suspension.	(320,825)	(321,265)	Notwithstanding any provision of law to the contrary, the department of health and human services shall suspend funding for the Alzheimer's disease and related disorders (ADRD) program for the biennium ending June 30, 2013.
Chapter 224:296, Laws of 2011	Congregate Housing and Congregate Services. Suspension	(736,868)	(736,954)	Congregate services provided pursuant to RSA 161-F:37 and congregare housing provided under the Medicaid waiver pursuant to RSA 151-E are hereby suspended for the biennium ending June 30, 2013.
TOTALS:		(67,015,799)	(78,526,107)	

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**State of New Hampshire
Pending Tax and Fee Changes (Not Yet Effective)
(Impact in Millions)**

Chapter #	Bill #	Brief Description	Effective Date	FY	Fund	FY14	FY15	Additional Comments
2011 Session								
Ch. 224, L'11	HB 2	Trailer Bill						
		BPT Net Operating Loss Carryover increased from \$1M to \$10M (effective FY14)	07/01/13	FY14	GF/ETF		See Ch. 71, L'12 Below	DRA Agency Budget Request estimates. See Ch. 71, L'12 Below
Ch. 225, L'11	HB 187	Extension of Carryforward Periods for BET credit against the BPT from (5 years to 10 years)	07/01/14	FY15	GF/ETF	NA	(8.00)	DRA Agency Budget Request estimates.
2012 Session								
Ch. 14, L'12	HB 1302	Amends the penalty for underpayment of estimated taxes, by changing the term "taxable year" to "taxable period" and includes the definition of the term "taxable period"	12/31/12	FY13	GF/ETF	Indeterminable	Indeterminable	Minimal decrease in revenue.
Ch. 71, L'12	HB 242	BPT Net Operating Loss Carryover Increase Effective Date Changed from July 1, 2013 to January 1, 2013	01/01/13	FY13	GF/ETF	(20.00)	(20.00)	See Ch. 224, L'11 above.
Ch. 116, L'12	HB 518	Changes the prospective repeal date for the BPT research and development (R&D) tax credit from July 1, 2013 to July 1, 2015.	08/04/12	FY14	GF/ETF	(1.00)	(1.00)	R&D credit was set to expire in FY14, bill extends expiration of credit to FY16.
Ch. 279, L'12	HB 1418	Increases the BET Threshold from \$150,000 to \$200,000, increase the BET base from \$75,000 to \$100,000, and increase the requirement for an estimated payment from a total BET liability of \$200 or more to \$260 or more.	12/31/13	FY14	GF/ETF	(3.00)	(3.00)	DRA Agency Budget Request estimates.
Ch. 286, L'12	SB 326	Amends I&D statute so the tax is not applied to trusts, and is instead applied to New Hampshire resident individuals who are beneficiaries of trusts.	12/31/13	FY14	GF	Indeterminable	Indeterminable	According to DRA, maximum revenue loss is estimated at \$4.5M based on actual I&D taxes paid by trusts during tax year 2010
Ch. 287, L'12	SB372	Establishes an Education Credit against the BPT	01/01/13	FY13	GF/ETF	(2.00)	(2.00)	DRA Agency Budget Request estimates.
Total Revenue Decreases (before indeterminable impacts)						(26.00)	(34.00)	

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