

New Hampshire Department of Revenue Administration  
Overview of New Hampshire Taxes  
House Ways & Means Committee  
January 23, 2023



Lindsey M. Stepp, Commissioner  
Ora LeMere, Assistant Commissioner  
109 Pleasant Street, Concord, NH 03301  
603-230-5000



# MISSION

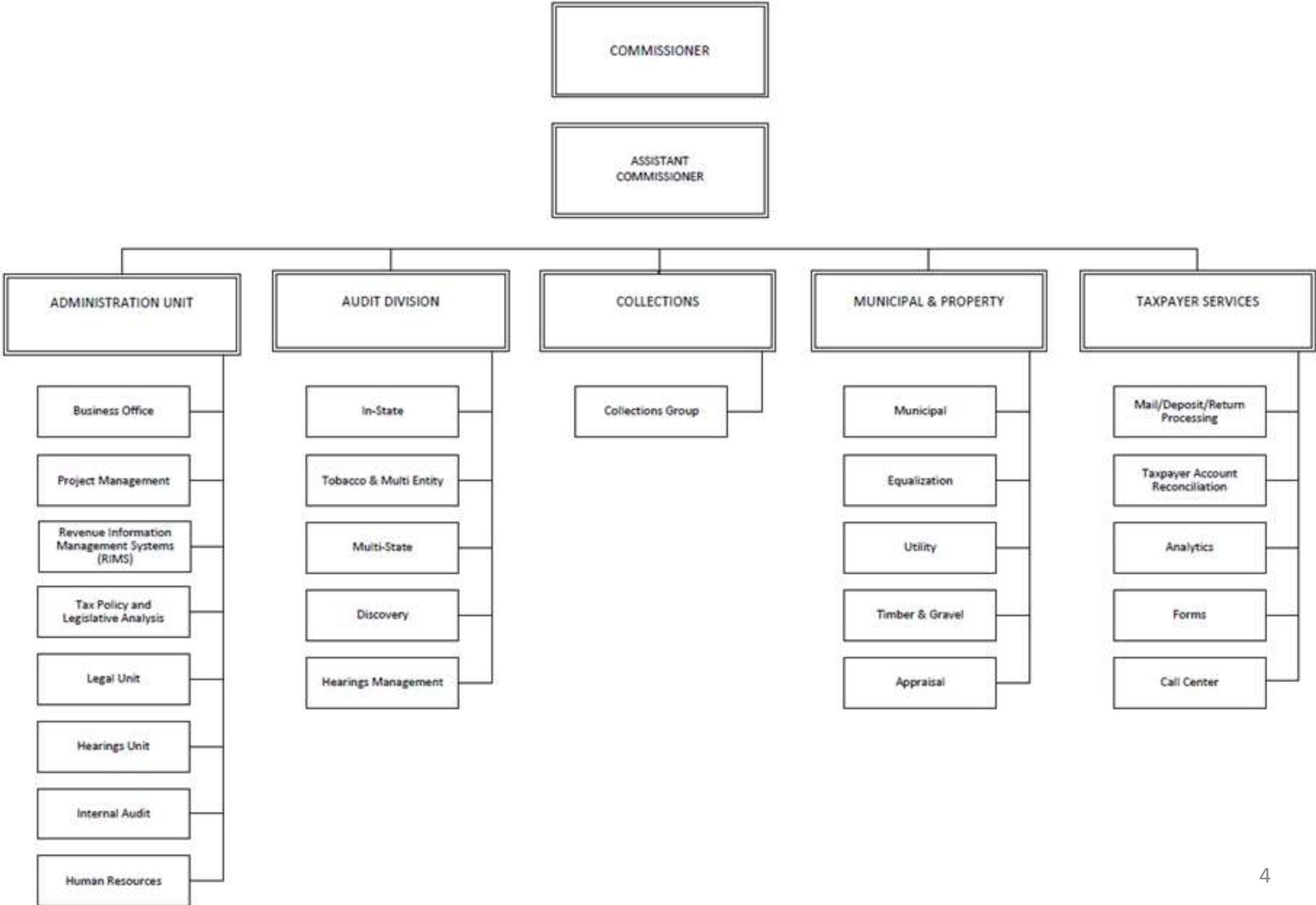
The mission of the Department of Revenue Administration is to fairly and efficiently administer the tax laws of the State of New Hampshire, collecting the proper amount of taxes due, incurring the least cost to the taxpayers, in a manner that merits the highest degree of public confidence in our integrity. 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.



# TAXPAYER INTERACTION

It is the policy of the Department of Revenue Administration to administer the tax laws of the State in a manner that demonstrates efficiency, fairness, and courtesy towards every taxpayer.

# Department of Revenue Administration Organizational Chart



# Tax Policy & Legislative Analysis Group

Keen Meng Wong, Tax Policy Counsel

Lauren O'Sullivan, Senior Financial Analyst

Wendy Metivier, Financial Analyst

- Prepare Fiscal Note Worksheets and Quick Guides for legislation;
- Work with legislators in analyzing tax policy and fiscal impact;
- Attend hearings to assist House and Senate committee deliberation on legislation;
- Testify before House and Senate committees regarding tax policy and fiscal impact;
- Track legislation; and
- Assist in Department rule and form changes as a result of new laws.



# Taxes Administered by DRA ~ \$2.9B Revenue

<u>Tax Type</u>	<u>Current Tax Rate</u>	<u>Statute</u>
Business Enterprise Tax	0.55%	RSA 77-E
Business Profits Tax	7.5%	RSA 77-A
Communications Services Tax	7.0%	RSA 82-A
Interest and Dividends Tax	4.0%	RSA 77
Meals and Rooms Tax	8.5%	RSA 78-A
Medicaid Enhancement Tax	5.4%	RSA 84-A
NFQA	5.5%	RSA 84-C
Tobacco Tax	\$1.78 per pack/65.03% wholesale price	RSA 78
Tobacco Tax – E-Cigarettes	\$0.30 per milliliter/8% wholesale price	RSA 78
Taxation of Railroads	Average rate of taxation of other property	RSA 82
Utility Property Tax	\$6.60 per \$1,000 of utility property value	RSA 83-F
Excavation Tax	\$.02 per cubic yard (Local revenue)	RSA 72-B
Real Estate Transfer Tax	\$0.75 per \$100	RSA 78-B
Timber Tax	10% of stumpage value (Local revenue)	RSA 79
Property Tax (Includes SWEPT)	Varies (Local revenue)	RSA 76

## Taxes DRA Does Not Collect

<u>Tax Type</u>	<u>Statute</u>
Insurance Premium Tax	RSA 400-A
Beer Tax	RSA 178
Road Toll (Gas Tax)	RSA 260

# Tax Revenue - Fiscal Year 2022 (Audited)

<u>Tax Type</u>	<u>Audited Revenue</u>
Business Profits Tax	\$889.1M
Business Enterprise Tax	\$334.9M
Subtotal Business Tax	<hr/> \$1,224.0M
Communications Services Tax	\$29.9M
Interest and Dividends Tax	\$157.5M
Meals and Rooms Tax <sup>1</sup>	\$307.2M
Medicaid Enhancement Tax	*\$285.0M
NFQA	*\$39.9M
Tobacco Tax	\$231.9M
Taxation of Railroads	*\$0.3M
Utility Property Tax	\$43.3M
Real Estate Transfer Tax	\$232.6M
Statewide Education Property Tax	\$363.3M
<b>TOTAL</b>	<b>\$2.9B</b>

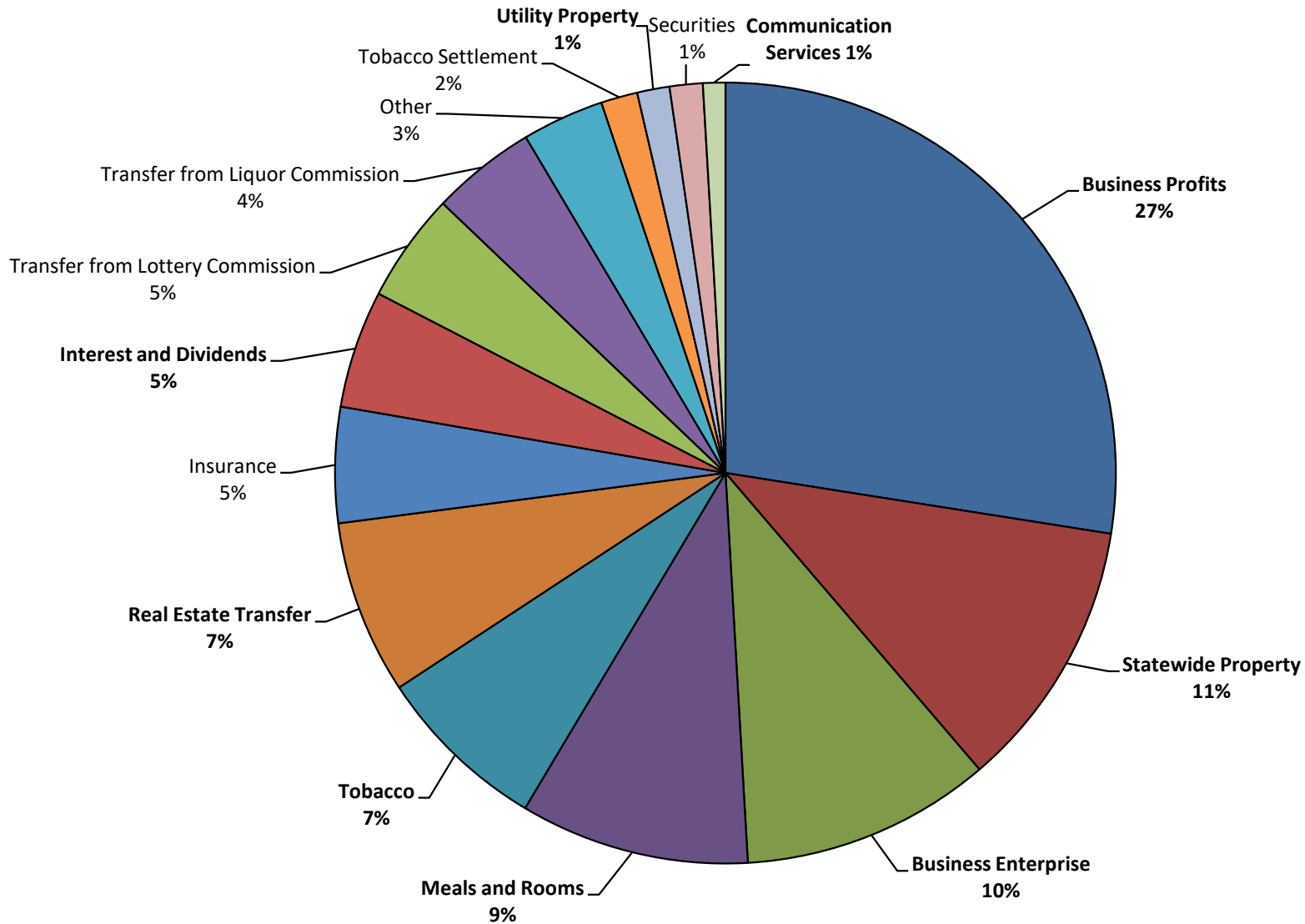
<sup>1</sup> FY2022 is net of \$100.1M Municipal Fund Transfer

\* FY2022 is Unaudited Cash

# Share of Unrestricted Revenues

General and Education Funds – Source FY2022 ACFR (Audited)

*Note: DRA's statutory responsibilities nearly 80.1% of NH State General and Education Trust Fund Revenue (\$2.6B out of \$3.2B)*





# Business Profits Tax (BPT)

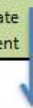
## RSA 77-A

Overview of Tax	When to File/Pay for Calendar Year End
<ul style="list-style-type: none"><li>•7.5% of taxable business profits for taxable periods ending on or after 12/31/23</li><li>•Every enterprise organized for gain or profit carrying on any business activity within the state</li><li>•Gross business income in excess of \$103,000 from all activities (adjusted based on CPI every 2 years), for taxable periods beginning 1/1/23</li></ul>	<ul style="list-style-type: none"><li>•Partnership returns are due March 15</li><li>•Corporate, proprietorship, and fiduciary returns are due April 15</li><li>•7-month extensions to file, with payment, are due by the return due date</li><li>•Estimates equal to 25% of estimated tax liability are due April 15, June 15, September 15 and December 15 if estimated liability exceeds \$200</li></ul>

# Timing of Business Tax Documents Received for Calendar Year Filers Compared to State Fiscal Year 2023

**Calendar Tax Year Filer (92% of filers) = January 1, 2022 to December 31, 2022**

January 2022	February 2022	March 2022	April 2022	May 2022	June 2022	July 2022	August 2022	September 2022	October 2022	November 2022	December 2022
		2021 Returns Due for Partnerships	2021 Returns Due for Corps, Combined Groups, Props, & Fiduciary	2021 Return Due for Non-Profits	2nd 2022 Estimate Payment			3rd 2022 Estimate Payment	2021 Returns on Extension Due for Partnerships	2021 Returns on Extension Due for Corps, Combined Group, Props, & Fiduciary	2021 Returns on Extension Due for Non-Profits
			1st 2022 Estimate Payment								4th 2022 Estimate Payment



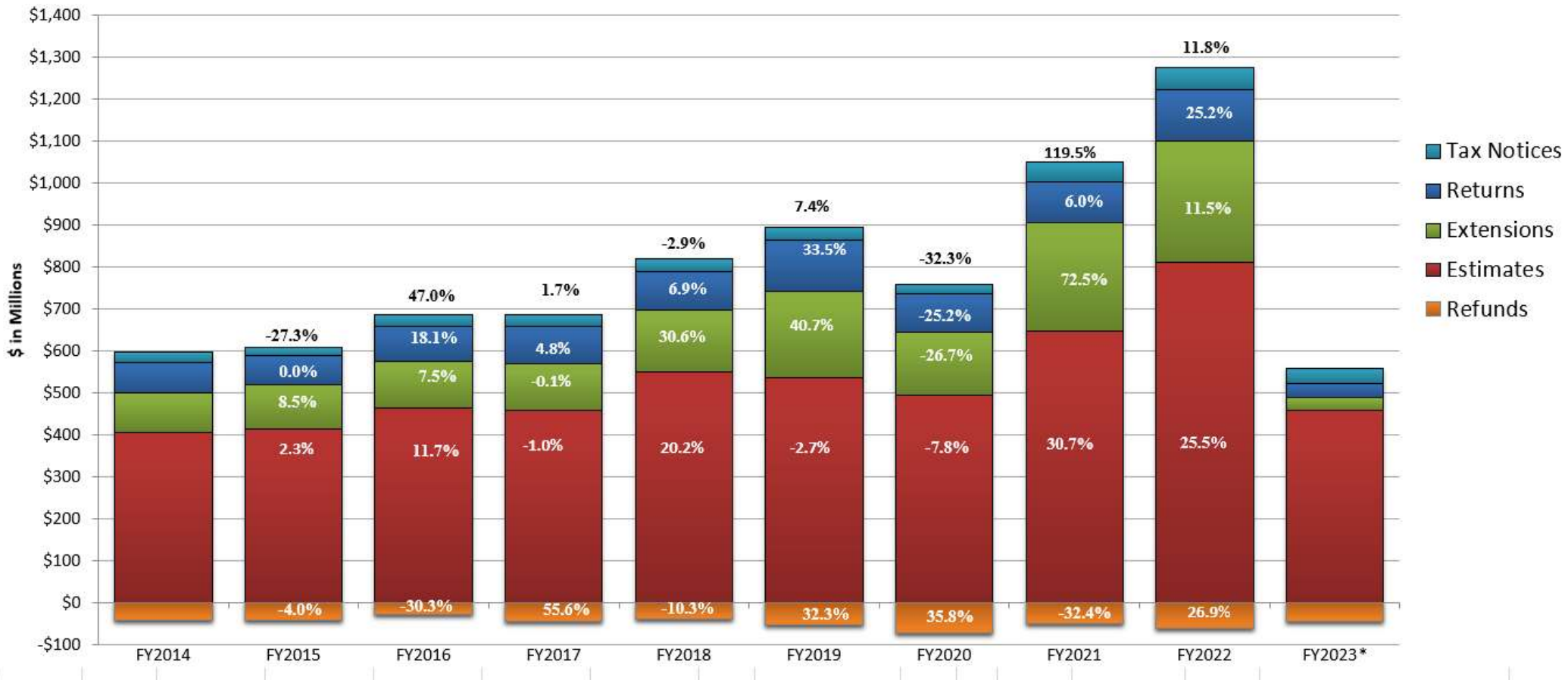
	Estimate Payment
	Return on Extension
	Returns

**Example of How a Calendar Year Filer's Tax Documents Equate to State Fiscal Year 2023**

July 2022	August 2022	September 2022	October 2022	November 2022	December 2022	January 2023	February 2023	March 2023	April 2023	May 2023	June 2023
		3rd 2022 Estimate Payment	2021 Returns on Extension Due for Partnerships	2021 Returns on Extension Due for Corps, Combined Group, Props, & Fiduciary	2021 Returns on Extension Due for Non-Profits			2022 Returns Due for Partnerships	2022 Returns Due for Corps, Combined Group, Props, & Fiduciary	2022 Return Due for Non-Profits	2nd 2023 Estimate Payment
					4th 2022 Estimate Payment				1st 2023 Estimate Payment		

# Historical Business Tax Returns, Estimates, Extensions, Tax Notice Payments and Refunds

Year-Over-Year Change  
(Cash Basis)

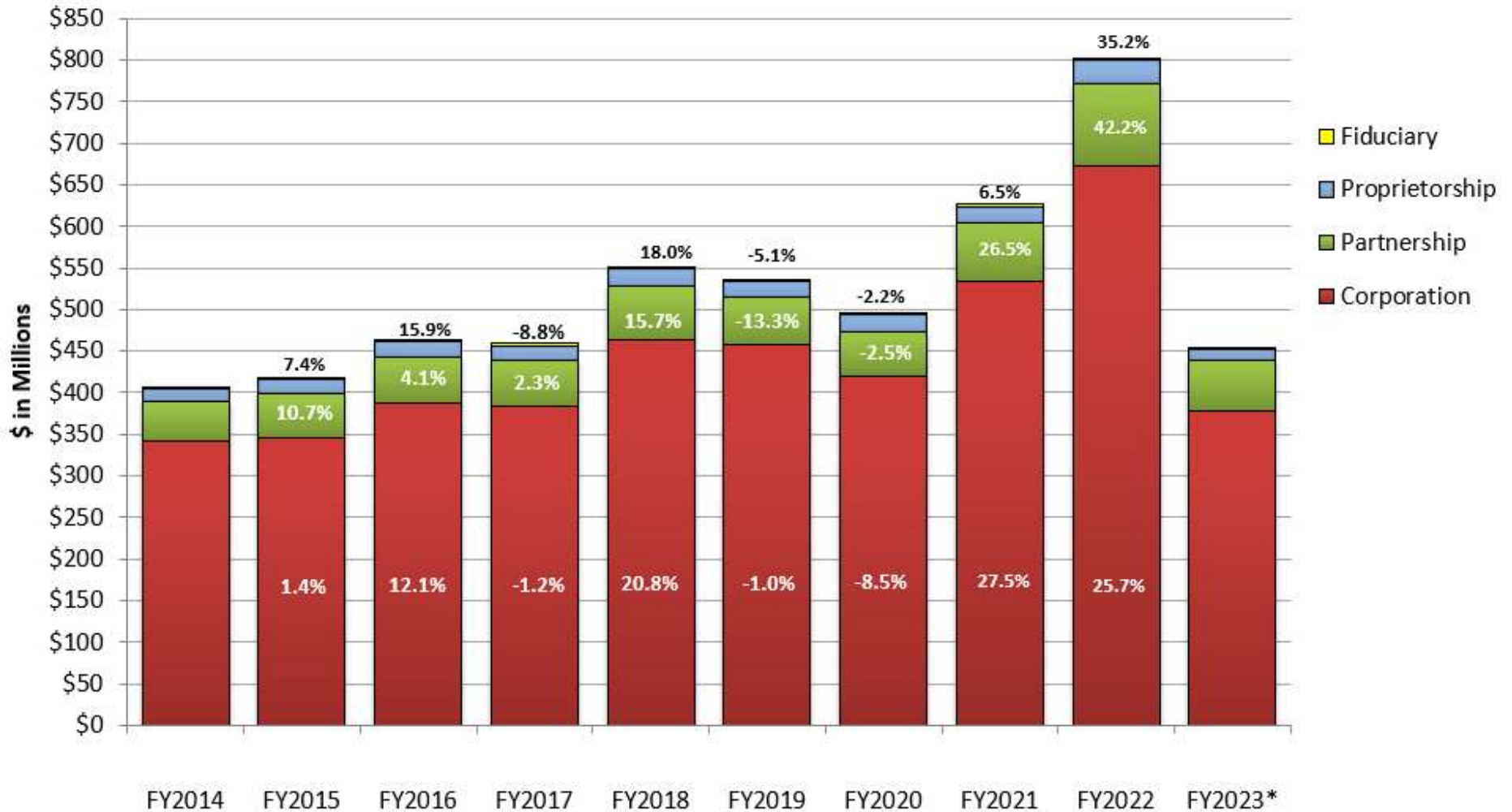


\*FY2023 includes July 2022 – December 2023

# Business Tax Estimate Analysis

Year-Over-Year Change  
(Cash Basis)

Most Business Tax revenue is derived from estimates. The following chart depicts a 10-year history of NH Business Tax estimate revenue by entity type.



\*FY2023 includes July 2022 – December 2023

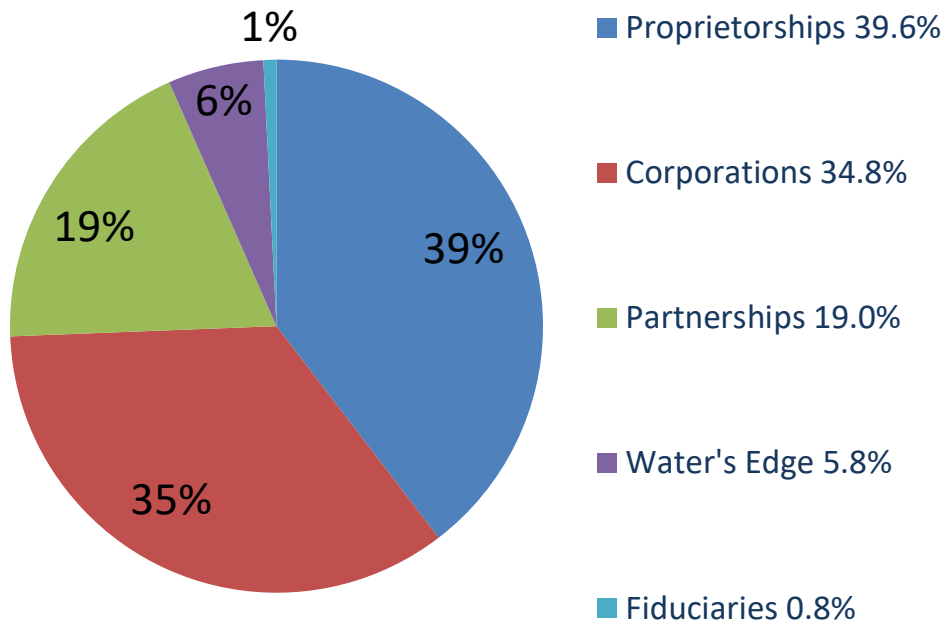
# BPT Taxpayers

For Tax Year 2020

**1.6% of filers pay 80.6% of BPT**

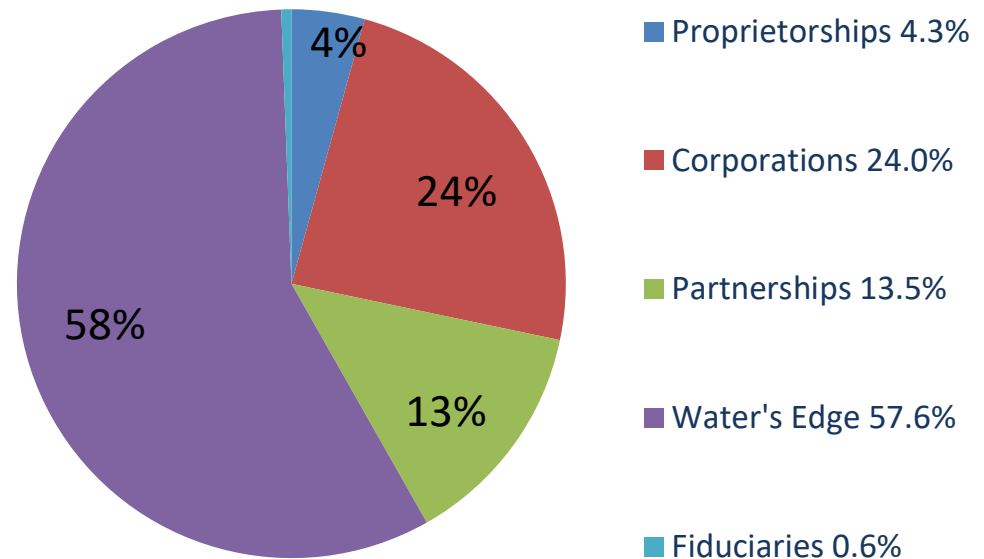
## Entities Filing BPT Tax Returns

Percentage as a whole



## Entities Paying BPT Tax

Percentage as a whole



**Total BPT revenue - \$521,840,781**

# Who Pays the BPT?

## BPT - Tax Year 2020

Business Profits Tax Stats by Tax Year and Amount of Tax Liability				
<i>This Population includes all Corporations, Partnerships, Proprietorships, and any other Entity that Files BS Tax</i>				
DRAFT as of 7/19/2022				
Tax Year 2020 Range in Tax Reported	COUNT	Sum BP TAX	% of POP	% of Tax Liability by POP
\$0	58,861	\$0	75.6%	0.0%
\$1 - \$500	4,605	\$803,279	5.9%	0.2%
\$500 - \$1K	1,902	\$1,387,248	2.5%	0.3%
\$1K - \$10K	8,123	\$31,515,815	10.4%	6.0%
\$10K - \$50K	3,103	\$67,089,182	4.0%	12.9%
\$50K - \$100K	526	\$36,820,316	0.7%	7.1%
\$100K - \$1MIL	644	\$183,927,379	0.8%	35.1%
>\$1MIL	78	\$200,297,562	0.1%	38.4%
Totals:	<b>77,842</b>	<b>\$521,840,781</b>	100.0%	100.0%

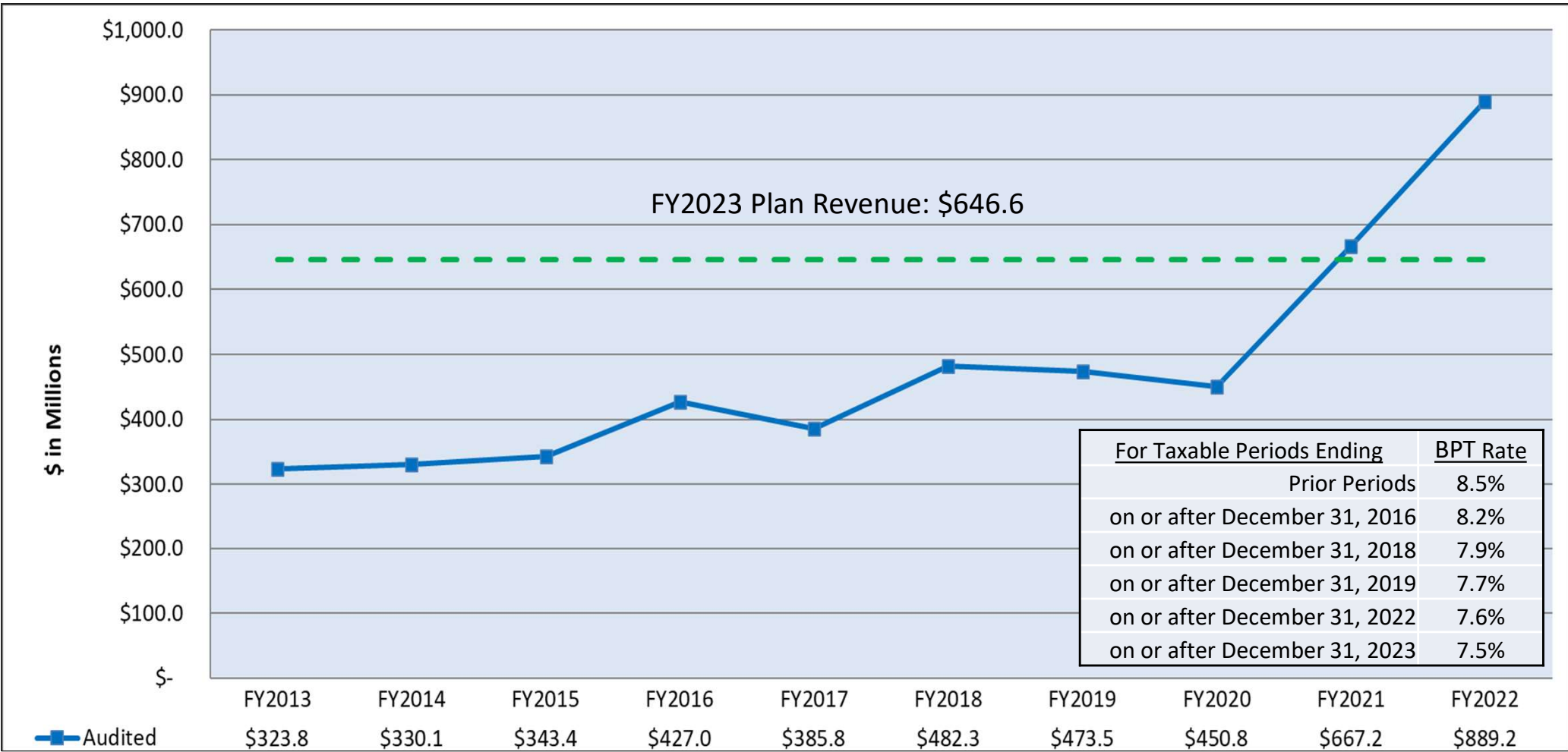
2020	COUNT	Sum BP TAX	% of Total POP	% of Total Tax Liability by POP
Corporations	27,062	\$125,220,830	34.8%	24.0%
Water's Edge	4,517	\$300,574,375	5.8%	57.6%
Partnerships	14,814	\$70,384,998	19.0%	13.5%
Proprietors	30,798	\$22,288,379	39.6%	4.3%
Fiduciaries	651	\$3,372,199	0.8%	0.6%
Totals:	<b>77,842</b>	<b>\$521,840,781</b>	100.0%	100.0%

NOTE: Figures are unaudited and subject to change until all final and amended returns for the Tax Year are filed.



# BPT Revenue 10-Year Trend

Audited Revenue



**Factors Influencing Revenue:** Economy, Federal tax reform, mergers and acquisitions, credits/exemptions, statutory changes

# Business Enterprise Tax (BET)

## RSA 77-E

Overview of Tax	When to File/Pay for Calendar Year End
<ul style="list-style-type: none"><li>•0.55% of the Enterprise Value Tax Base for taxable periods ending on or after 12/31/22</li><li>•Every profit or non-profit enterprise or organization with any business activity inside NH (except 501(c)(3) organizations)</li><li>•Gross business receipts in excess of \$281,000 or Enterprise Value Tax Base greater than \$281,000 (both adjusted based on CPI every 2 years), for taxable periods beginning 1/1/23</li><li>•Credit for BET paid against Business Profits Tax due</li><li>•Carry forward unused credit for 10 years</li></ul>	<ul style="list-style-type: none"><li>•Partnership returns are due March 15</li><li>•Corporate, proprietorship, and fiduciary returns are due April 15</li><li>•Non-profit returns are due May 15</li><li>•7-month extensions to file, with payment, are due by the return due date</li><li>•Estimates equal to 25% of estimated tax liability are due April 15, June 15, September 15 and December 15 if estimated liability exceeds \$260</li></ul>



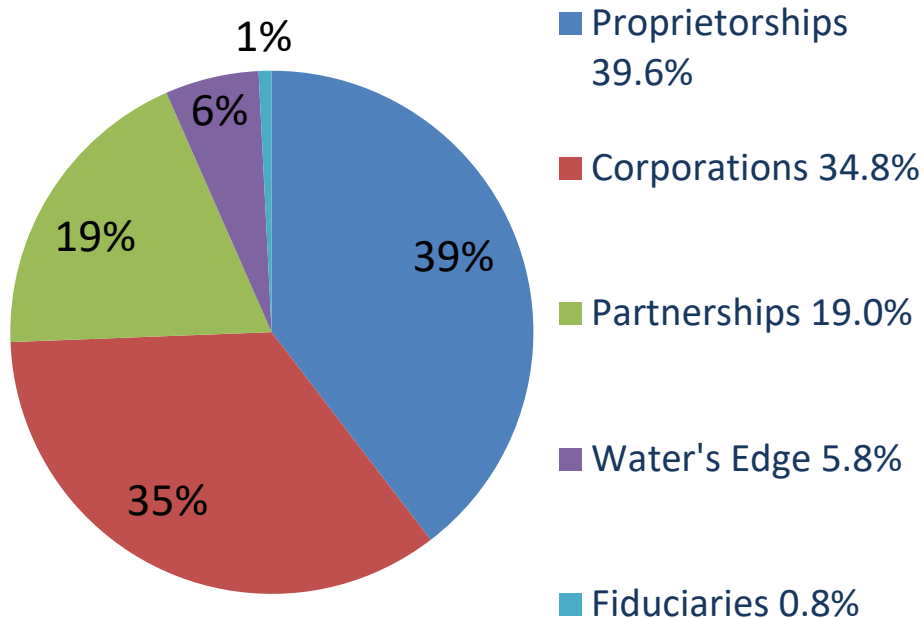
# BET Taxpayers

For Tax Year 2020

**3.7% of filers paid 72.3% of BET**

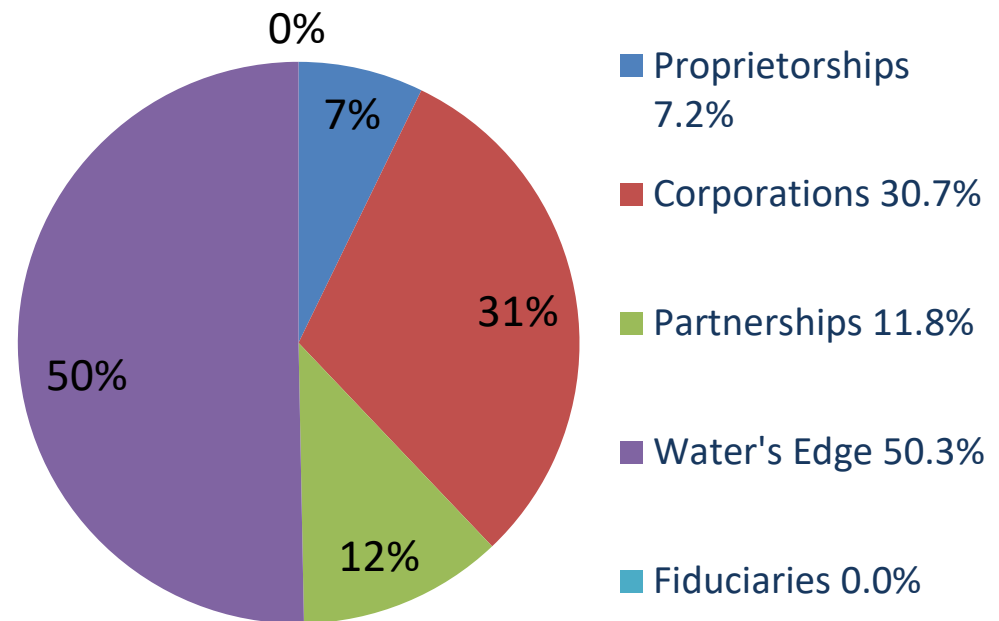
## Entities Filing BET Tax Returns

Percentage as a whole



## Entities Paying BET Tax

Percentage as a whole



**Total BET revenue – \$216,120,487**

# Who Pays the BET?

## BET - Tax Year 2020

<b>Business Enterprise Tax Stats by Tax Year and Amount of Tax Liability</b> <i>This Population includes all Corporations, Partnerships, Proprietorships, and any other Entity that Files BS Tax</i> DRAFT as of 7/19/2022				
Tax Year 2020 Range in Tax Reported	COUNT	Sum BE TAX	% of POP	% of Tax Liability by POP
\$0	37,928	\$0	48.7%	0.0%
\$1 - \$500	10,958	\$2,233,971	14.1%	1.0%
\$500 - \$1K	8,418	\$6,216,677	10.8%	2.9%
\$1K - \$10K	17,638	\$51,644,268	22.7%	23.9%
\$10K - \$50K	2,350	\$48,056,099	3.0%	22.3%
\$50K - \$100K	307	\$21,261,457	0.4%	9.8%
\$100K - \$1MIL	227	\$54,337,654	0.3%	25.1%
>\$1MIL	16	\$32,370,361	0.0%	15.0%
Totals:	<b>77,842</b>	<b>\$216,120,487</b>	100.0%	100.0%

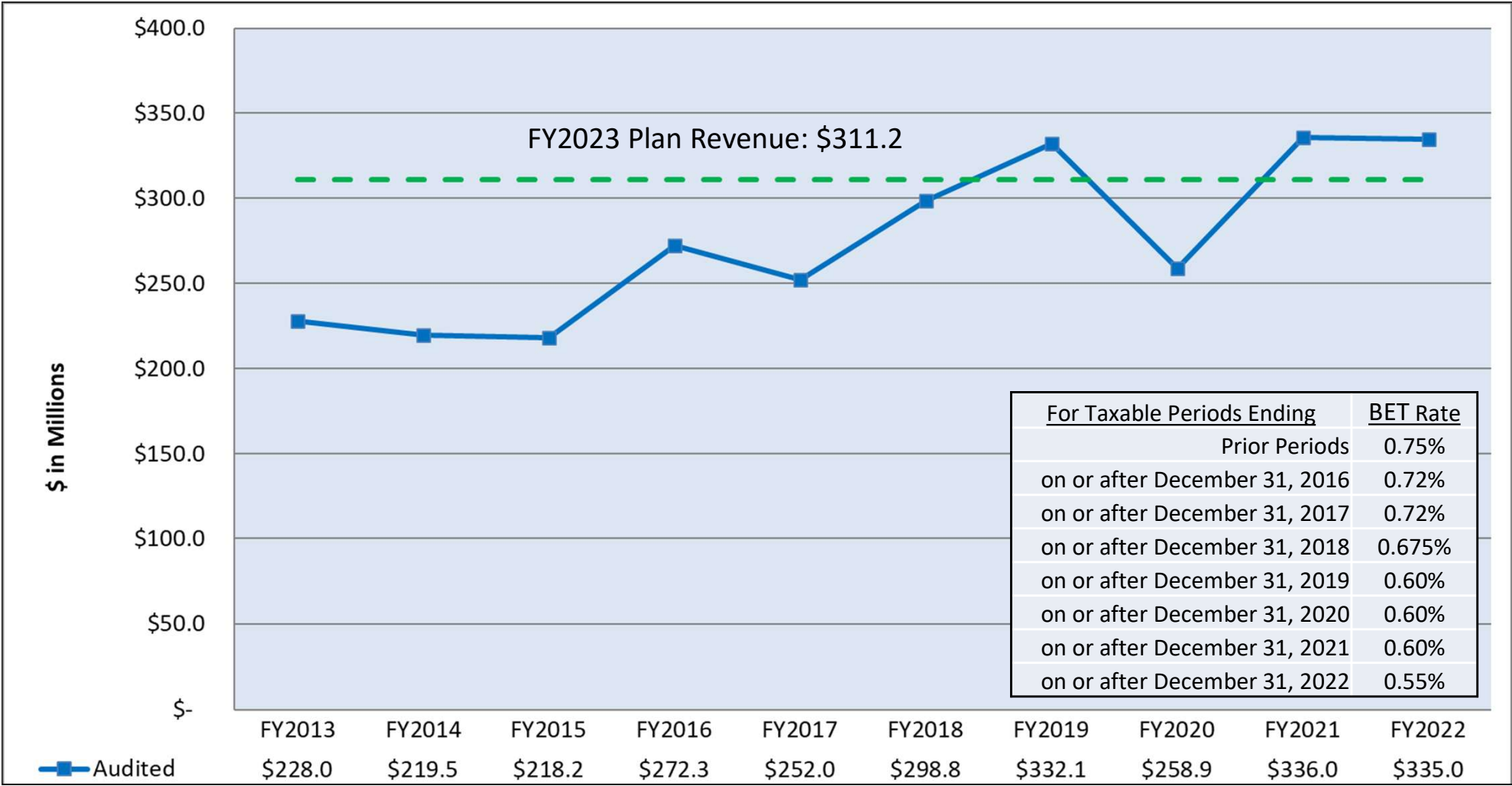
  

2020	COUNT	Sum BE TAX	% of Total POP	% of Total Tax Liability by POP
Corporations	27,062	\$66,443,973	34.8%	30.7%
Water's Edge	4,517	\$108,645,406	5.8%	50.3%
Partnerships	14,814	\$25,443,849	19.0%	11.8%
Proprietors	30,798	\$15,523,509	39.6%	7.2%
Fiduciaries	651	\$63,750	0.8%	0.0%
Totals:	<b>77,842</b>	<b>\$216,120,487</b>	100.0%	100.0%

NOTE: Figures are unaudited and subject to change until all final and amended returns for the Tax Year are filed.

# BET Revenue 10-Year Trend

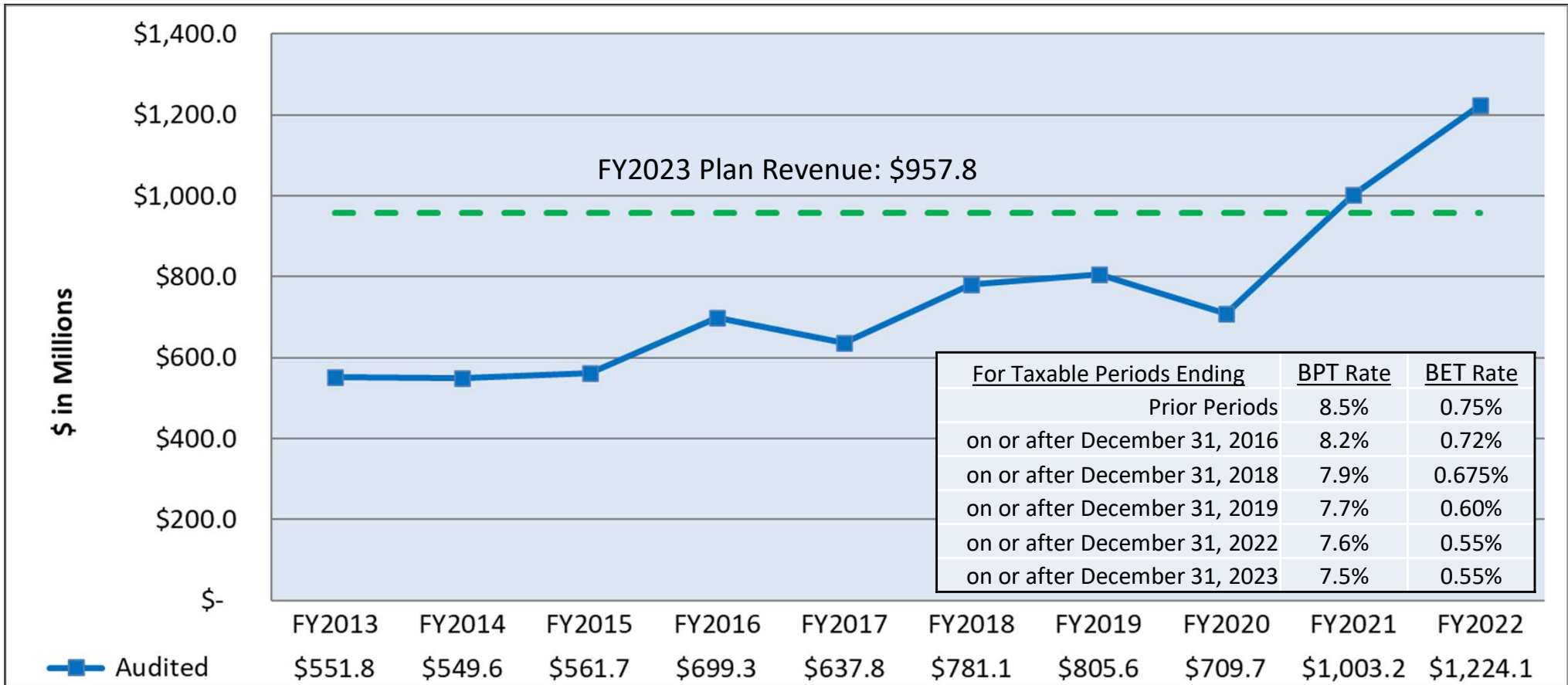
## Audited Revenue



**Factors Influencing Revenue:** Economic cycle, including employment levels and wages, credits and exemptions, statutory changes

# BPT & BET Revenue 10-Year Trend

Audited Revenue



# Business Tax Changes

- Market Based Sourcing for taxable periods ending on or after December 31, 2021
- Cap on credit carryover:
  - 500% of the total tax liability for taxable periods ending on or after December 31, 2022
  - 250% of the total tax liability for taxable periods ending on or after December 31, 2025
  - 100% of the total tax liability for taxable periods ending on or after December 31, 2027
- Single Sales Factor apportionment for taxable periods ending on or after December 31, 2022
- Increase in gross business income BPT filing threshold from \$50,000 to \$92,000 for taxable periods ending on or after December 31, 2022, and adjusted biennially for inflation
  - BPT filing threshold for taxable periods beginning January 1, 2023, is gross business income in excess of \$103,000
- Increase in gross business receipts BET filing threshold from \$220,000 to \$250,000 and enterprise value threshold from \$111,000 to \$250,000 for taxable periods ending on or after December 31, 2022, and adjusted biennially for inflation
  - BET filing threshold for taxable periods beginning January 1, 2023, is gross business receipts in excess of \$281,000 or enterprise value tax base greater than \$281,000
- NOL calculation apportioned only in the year of loss for taxable periods ending on or after December 31, 2022

# Timing of Revenue Impact of Select Business Tax Changes

Change	FY 2022	FY 2023	FY 2024	FY 2024
Market Based Sourcing <i>Tax periods ending 12/31/2021</i>	Estimates = unknown Returns = unknown	Returns on Extension = unknown		
CCO Cap <i>Tax periods ending 12/31/2022 and 12/31/2025</i>	Estimates = forgone revenue	Estimates = forgone revenue Returns = refunds	Returns on Extension = refunds	Estimates = forgone revenue
Single Sales Factor Apportionment <i>Tax periods ending 12/31/2022</i>	Estimates = unknown	Estimates = unknown Returns = unknown	Returns on Extension = unknown	
NOL Calculation <i>Tax periods ending 12/31/2022</i>	Estimates = forgone revenue	Estimates = forgone revenue Returns = forgone revenue	Returns on Extension = forgone revenue	

# Meals and Rooms (Rentals) Tax (M&R)

## RSA 78-A

Overview of Tax	When to File/Pay
<ul style="list-style-type: none"><li>•8.5% on meals, rooms, and motor vehicle rentals</li><li>•Tax is paid by the consumer and collected and remitted by operators of hotels, restaurants, or other businesses providing taxable meals, room rentals, and motor vehicle rentals</li><li>•Operators may retain a commission equal to 3% of taxes due if return and payment are timely filed, they maintain appropriate records, and they file electronically if the prior year's taxable revenue was greater than \$25,000</li></ul>	<ul style="list-style-type: none"><li>•Returns are filed on a monthly basis and are due by the 15<sup>th</sup> day of the month following the taxable period</li><li>•Electronic filing via personal computer, is available</li><li>•A paper return is not required if filing electronically, but operators must retain the Meals and Rooms (Rentals) worksheet</li></ul>



# Meals and Rooms (Rentals)Tax (M&R)

## RSA 78-A

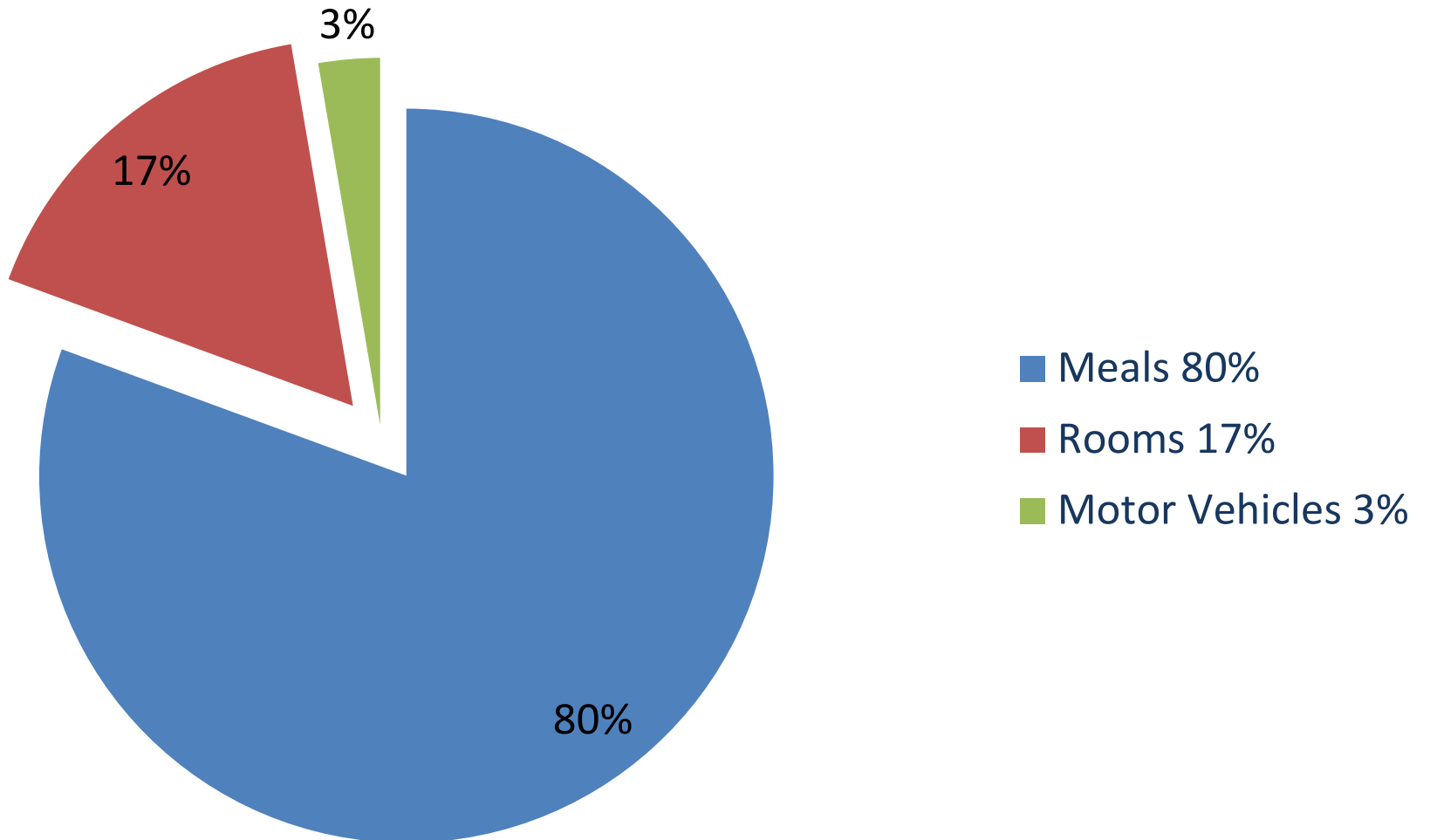
School Building Aid			Municipal Revenue Fund	
<p>•The School Building Aid (SBA) Debt Service is transferred every month in accordance with RSA 78-A:26,I (a). The SBA transfer is the amount necessary to provide payments of principal and interest on the bonds and notes authorized under RSA 198:15-a, II</p>			<p>•Beginning in FY2022, 30% of M&amp;R net revenue from the most recent fiscal year is distributed to cities and towns via the Municipal Revenue Fund</p> <p>•Amounts are transferred on a monthly basis out of the General Fund and into the Municipal Revenue Fund</p> <ul style="list-style-type: none"> <li>•FY 2022 = \$100.1m</li> <li>•FY 2023 = \$121.0m</li> </ul> <p>•Historically, 40% of net M&amp;R revenue was to be distributed to cities and towns, although the amounts were often capped. The amounts below were paid directly out of the General Fund at the end of the Fiscal Year:</p> <ul style="list-style-type: none"> <li>•FY 2013 = \$58.8m</li> <li>•FY 2014 = \$58.8m</li> <li>•FY 2015 = \$63.8m</li> <li>•FY 2016 = \$63.8m</li> <li>•FY 2017 = \$68.8m</li> <li>•FY 2018 = \$68.8m</li> <li>•FY 2019 = \$68.8m</li> <li>•FY 2020 = \$68.8m</li> <li>•FY 2021 = \$68.8m</li> </ul>	
	<b>Monthly Transfers from Gross M&amp;R</b>	<b>FY Total Bond Payments</b>		
FY2010	\$ -	\$ 365,508		
FY2011	\$ 419,185	\$ 5,030,216		
FY2012	\$ 1,214,985	\$ 14,579,816		
FY2013	\$ 1,202,038	\$ 14,424,456		
FY2014	\$ 1,166,713	\$ 14,000,560		
FY2015	\$ 1,131,367	\$ 13,576,401		
FY2016	\$ 1,096,028	\$ 13,152,341		
FY2017	\$ 1,060,697	\$ 12,728,361		
FY2018	\$ 1,025,953	\$ 12,311,441		
FY2019	\$ 991,880	\$ 11,902,560		
FY2020	\$ 957,538	\$ 11,490,451		
FY2021	\$ 692,656	\$ 8,311,872		
FY2022	\$ 672,516	\$ 8,070,192		
<b>FY2023</b>	<b>\$ 585,709</b>	<b>\$ 7,028,512</b>		
FY2024	\$ 568,023	\$ 6,816,272		
FY2025	\$ 549,956	\$ 6,599,472		
FY2026	\$ 531,267	\$ 6,375,200		
FY2027	\$ 511,773	\$ 6,141,280		
FY2028	\$ 491,900	\$ 5,902,800		
FY2029	\$ 471,647	\$ 5,659,760		
FY2030	\$ 317,680	\$ 3,812,160		
		\$ 188,279,630		



# M&R Tax

## Gross Meals & Rentals (M&R) Tax Liability Reported by Activity Type

For FY2018 to FY2022, on average, M&R Tax revenues were composed of:

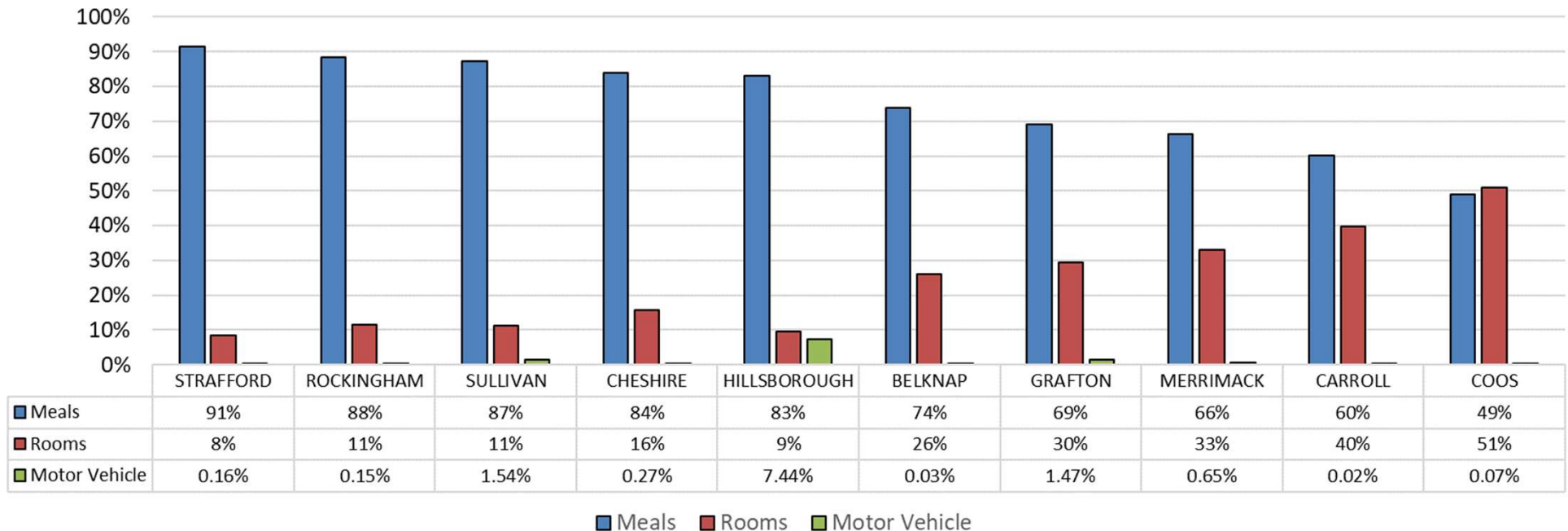


# FY2022 M&R Tax Components By County

\$ in Millions

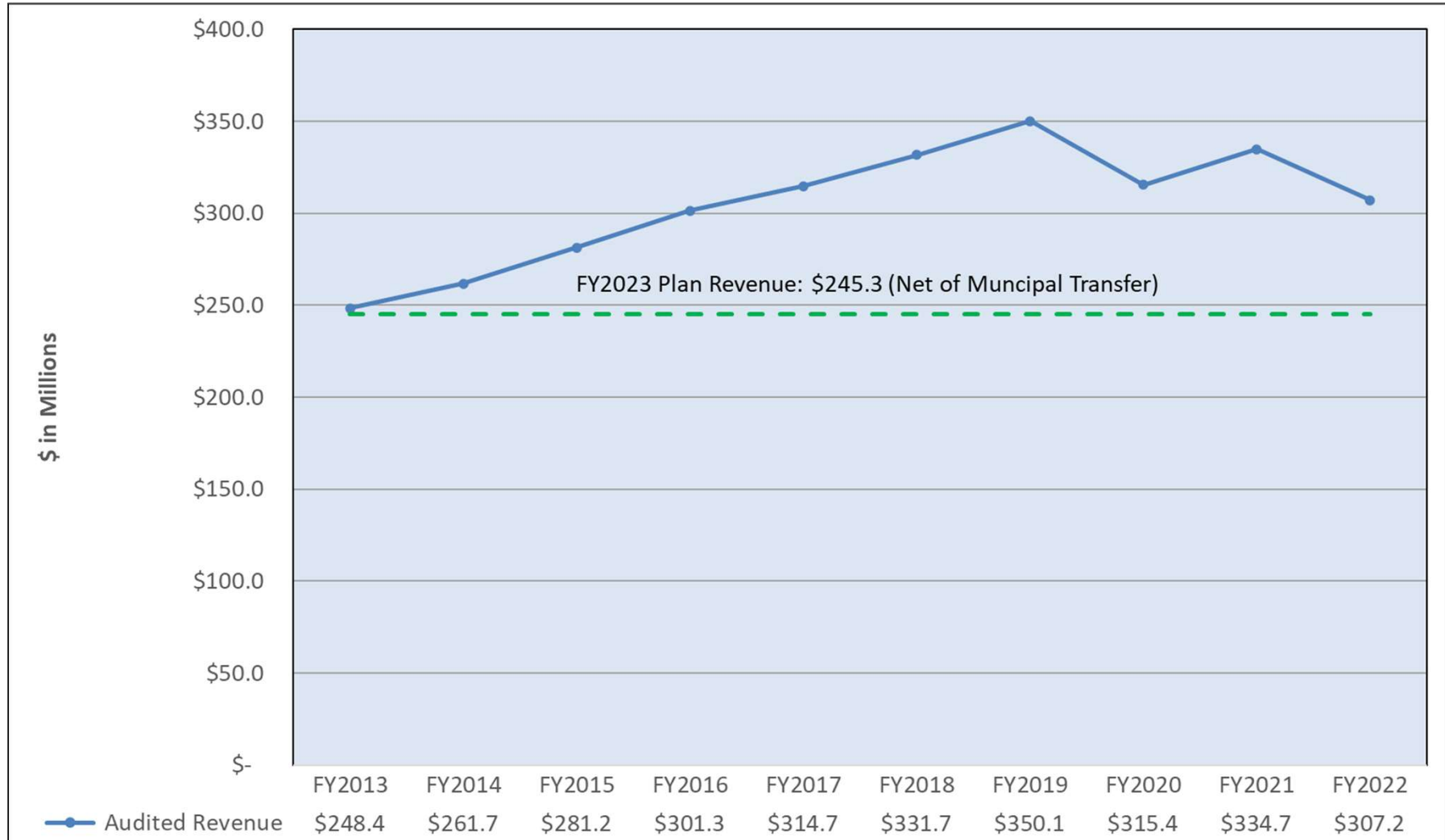
County	ROCKINGHAM	HILLSBOROUGH	MERRIMACK	GRAFTON	CARROLL	STRAFFORD	BELKNAP	COOS	CHESHIRE	SULLIVAN	TOTAL
Tax Due Net of Commissions	\$131.2	\$106.8	\$42.9	\$35.2	\$28.4	\$22.8	\$20.6	\$12.7	\$12.0	\$4.5	\$417.1
% of Statewide	32%	26%	10%	8%	7%	5%	5%	3%	3%	1%	100%

Please note: The Department does not collect information on where M&R Tax revenue was generated. The data in this chart represents the revenue collected by County based on the address from which each Meals & Rentals Operator reports M&R tax. The reporting location is often different than the location where the taxable transaction occurred and where M&R Tax was collected. Many M&R Operators file their returns on a consolidated basis, meaning, the Operator reports the M&R Tax collected from several business locations on a single return.



# M&R Tax Revenue 10-Year Trend\*

## Audited Revenue



**Rate: 9% (FY2013 – 9/30/2021) 8.5% (10/1/2021 – Present)**

**Factors Influencing Revenue: Consumer behavior post pandemic, economic cycle, including low unemployment, weather, travel and tourism**

\*Starting in FY2022, 30% of M&R net income from the most recent fiscal year is distributed to cities and towns. The amount in FY2022 totaled \$100.1M. The amount for FY2023 is \$121.0M.

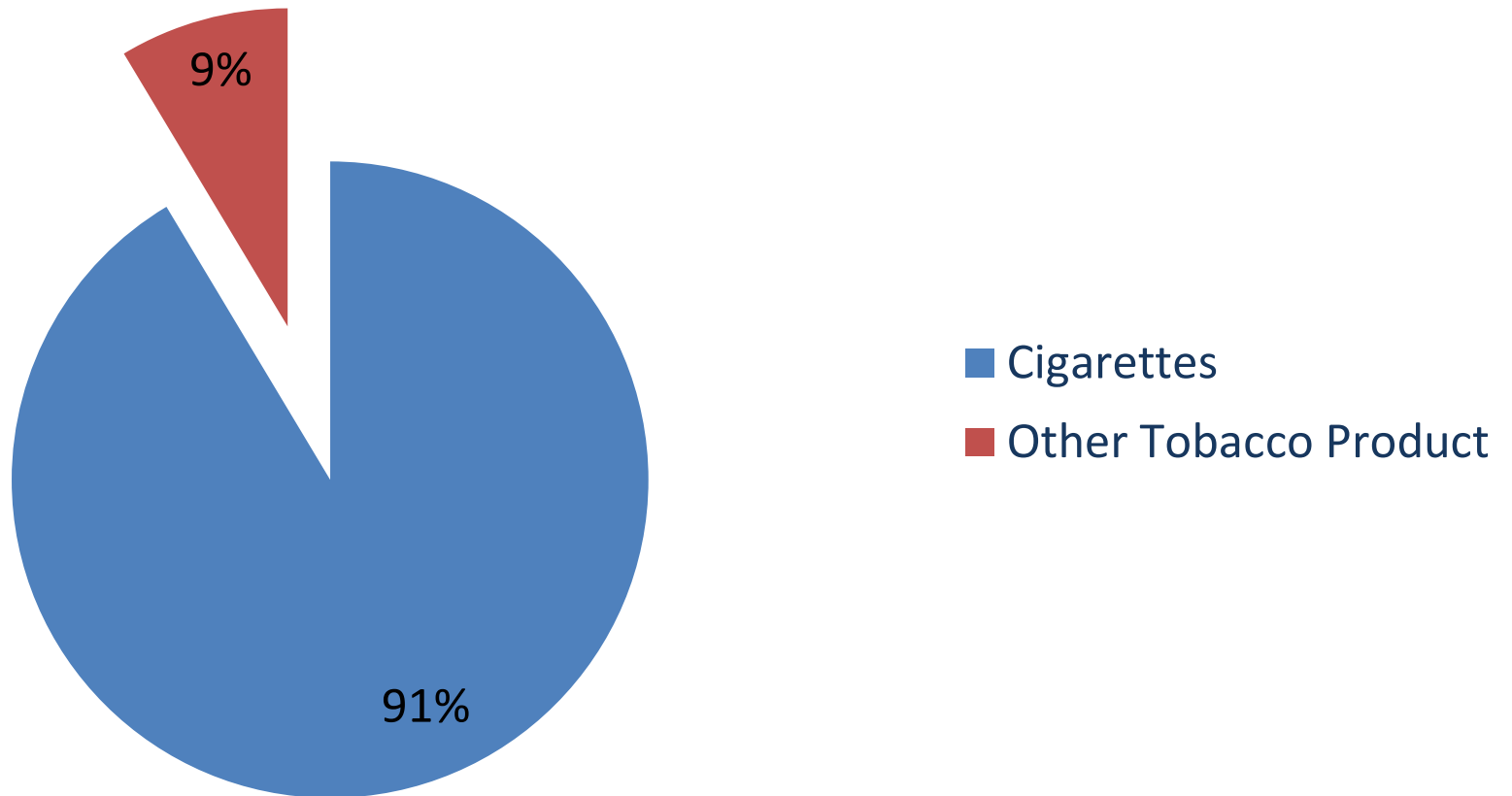
# Tobacco Tax

## RSA 78

Overview of Tax	When to File/Pay
<ul style="list-style-type: none"><li>•\$1.78 per pack of 20 cigarettes, \$2.23 per pack of 25 cigarettes and 65.03% of the wholesale sales price for all other tobacco products (OTP), except e-cigarettes</li><li>•E-cigarette Tax went into effect on January 1, 2020. It is levied on both the closed system and open system and is reported on the OTP return. The closed systems tax rate is \$0.30 per milliliter on the volume of the liquid or other substance containing nicotine in the cartridge or container and the open system is 8% of the wholesales price of the container of liquid or other substance containing nicotine</li><li>•Premium cigars are exempt from taxation</li><li>•Tax on tobacco products is a direct tax upon the consumer at retail, but it is pre-collected and paid by the wholesaler</li><li>•For packages of 20 or 25 cigarettes, payment of tax is evidenced by the wholesaler’s purchase of Tobacco Tax stamps which are affixed to each package</li></ul>	<ul style="list-style-type: none"><li>•For cigarettes sold in packages containing quantities other than 20 or 25 not suitable for stamping and for OTP, the wholesaler must report and pay the tax liability on a monthly basis</li><li>•The return and payment of tax are due on or before the 15<sup>th</sup> day of the month following the end of the reporting period</li><li>•Stamps may be purchased on a bond filed with the Department, which allows for payment to be made within 30 days after the days of purchase</li></ul>

# Tobacco Tax

For FY 2018 to FY 2022, on average, Tobacco Tax revenues were composed of:



## Tobacco Stamp Rates

### FY2013

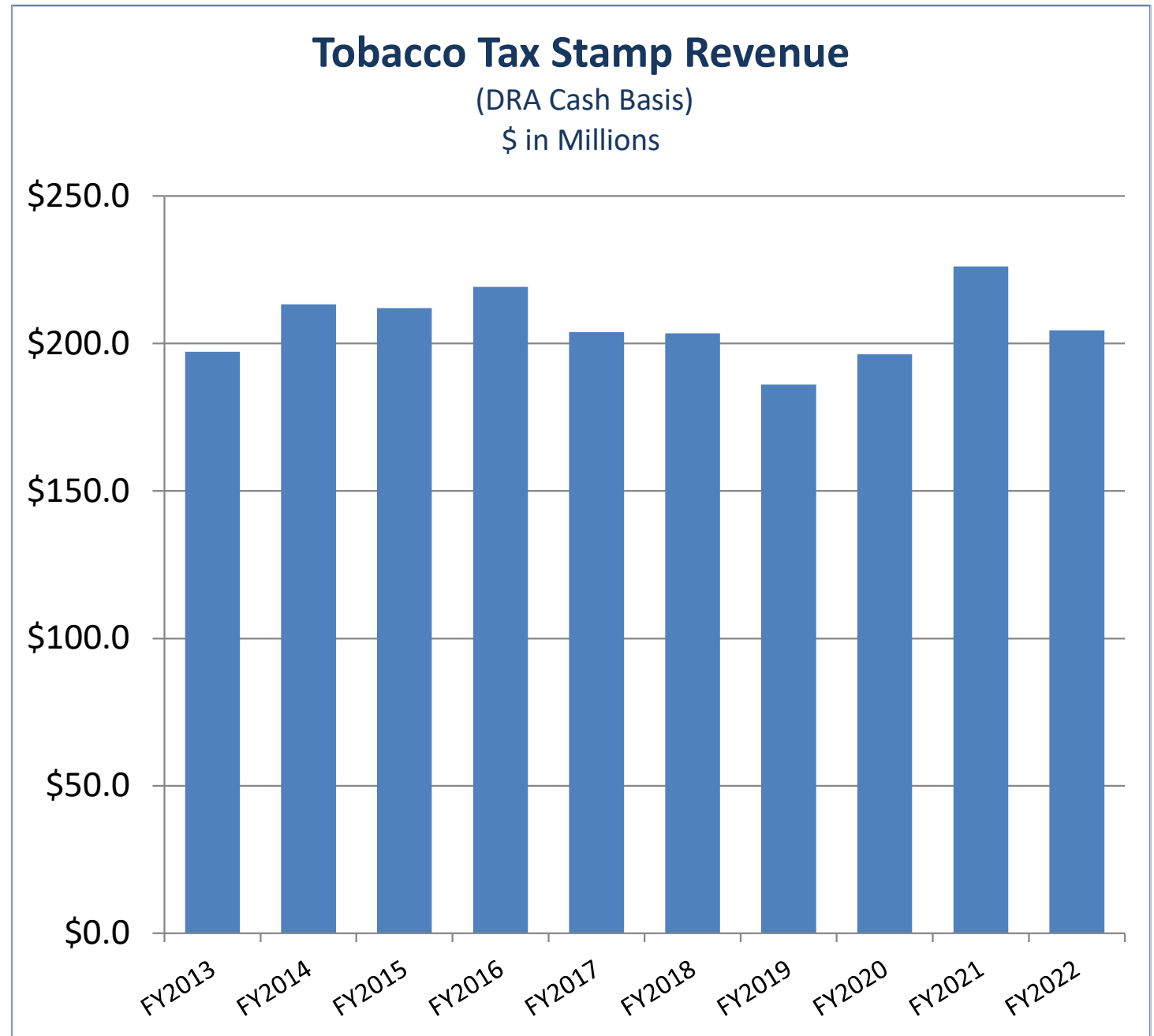
A Stamp Rate = \$2.10

B Stamp Rate = \$1.68

### FY2014 – Current

A Stamp Rate = \$2.23

B/C Stamp Rate = \$1.78



Note: "A" stamps are affixed to cigarette packs containing 25 cigarettes. "B" and "C" stamps are affixed to cigarette packs containing 20 cigarettes.

# Other Tobacco Products (OTP) Tax Revenue

(DRA Cash Basis)

\$ in Millions

## OTP Tax Rates (Wholesale Price)

**FY2012**

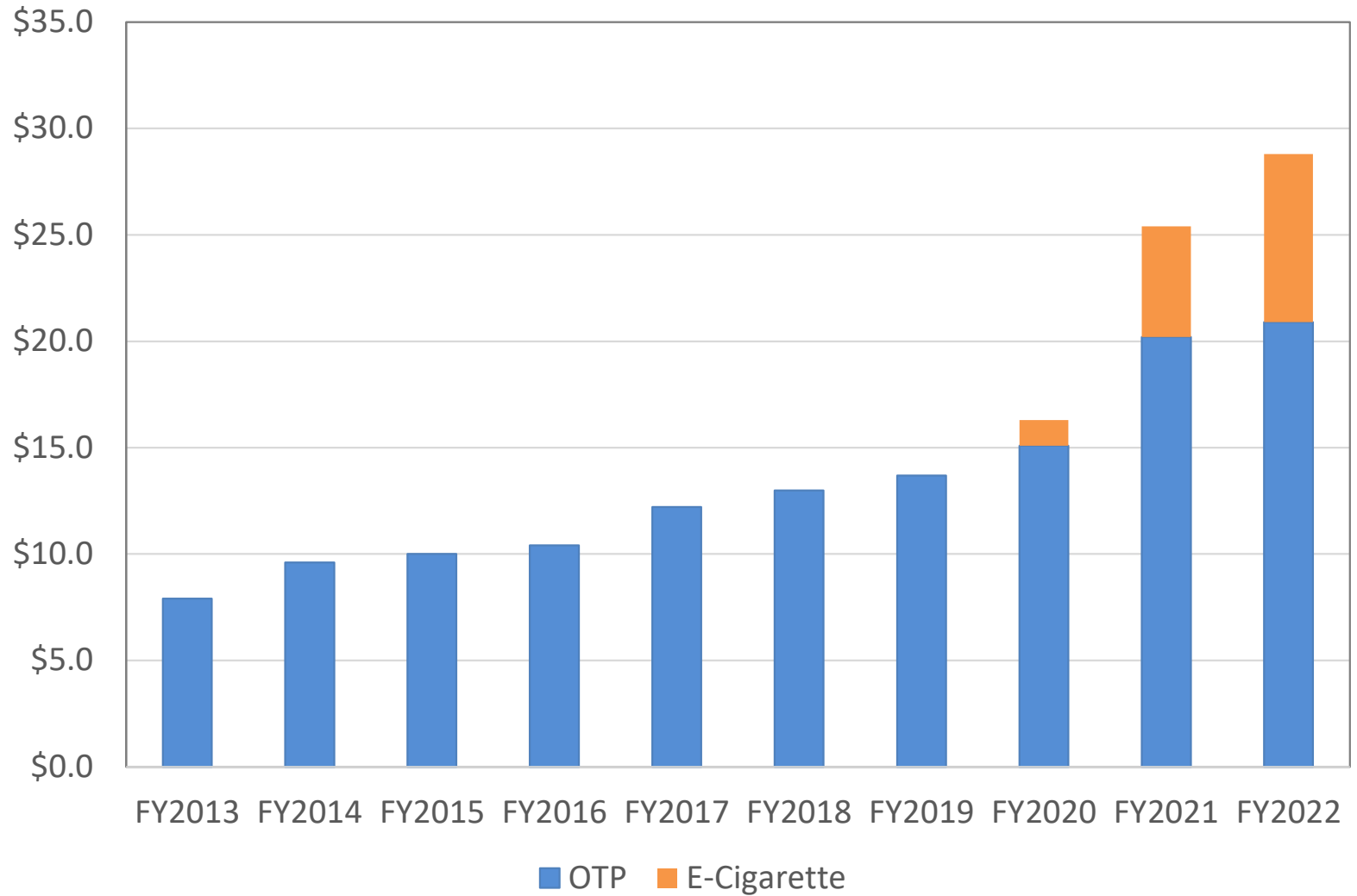
48.00%

**FY2013**

48.00%

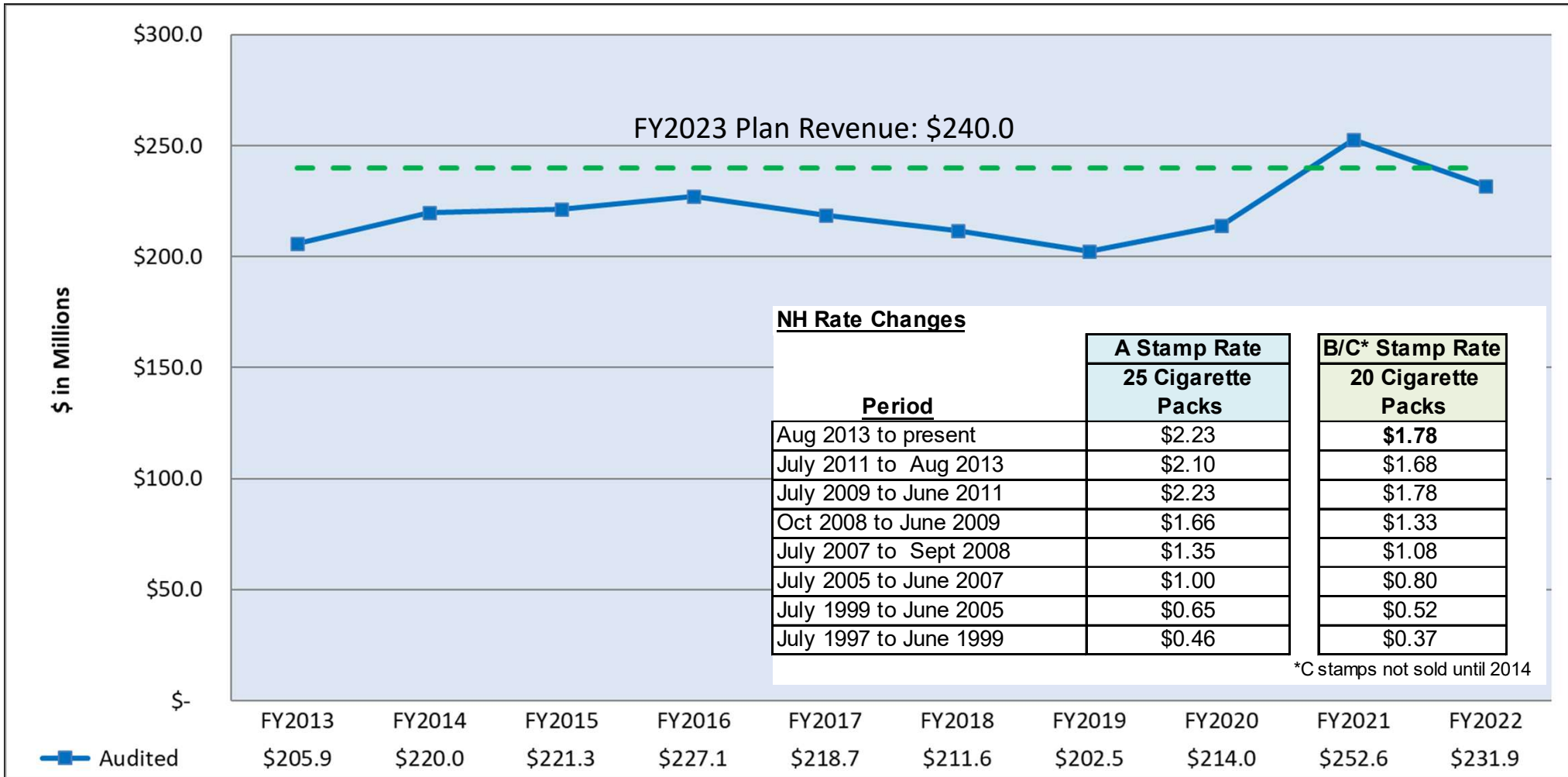
**FY2014 – Current**

65.03%



# Tobacco Tax Revenue 10-Year Trend

## Audited Revenue



**Other Tobacco Products Rate: 65.03% (FY2011); 48.00% (FY2012 – FY2013); 65.03% (FY2014 – Present)**

**E-Cigarette Rate: Closed systems = \$0.30 per milliliter on the volume of the liquid and open systems = 8% of the wholesales price of the container of liquid**

**Factors Influencing Revenue: Cross-border elasticity, e-cigarettes, stamp sale trends, Massachusetts ban on mentholated tobacco products, in effect June 1, 2020, potential federal ban on menthol flavored cigarettes and all characterizing flavors in cigars**



# Tobacco Tax Rates by State

STATE	NEARBY STATE COMPARISON		RANKING OF SMUGGLED CIGARETTES CONSUMED AS A PERCENTAGE OF TOTAL CIGARETTES CONSUMED, 2020
	TAX RATE (¢ per pack)	TAX RATE Rank	
New York (a)	435	2	1
Connecticut	435	2	8
Rhode Island	425	4	10
Massachusetts	351	6	9
Vermont	308	9	27
New Jersey	270	14	35
Maine	200	19	24
New Hampshire	178	26	47

Source: Compiled by FTA from state sources, as of 1/1/2023

(a) Counties and cities may impose an additional tax on a pack of cigarettes in New York City, \$1.50

Source: Tax Foundation, *Cigarette Taxes and Cigarette Smuggling by State*, 2020 Fiscal Fact No. 804, Dec 2022.

New Hampshire has the lowest cigarette tax rate of its surrounding States and has the lowest rate of smuggled cigarettes consumed as a percent of the total consumed within the State (AK, HI, NC, and DC were not included in the study by the Tax Foundation).

# Real Estate Transfer Tax (RETT)

## RSA 78-B

Overview of Tax	When to File/Pay
<ul style="list-style-type: none"> <li>•Tax on the sale, granting, and transfer of real property or interest in real property</li> <li>•Tax is imposed on both the buyer and seller at a rate of \$0.75 per \$100 of the price or consideration for the sale granting or transfer</li> <li>•RETT is paid by buying stamps, which are affixed to the deed, from the Register of Deeds in the county where the property is located</li> <li>•Each Register of Deeds retains 4% of the face value of the stamps sold in the county</li> </ul>	<ul style="list-style-type: none"> <li>•Each buyer and seller must file a Declaration of Consideration and an Inventory of Property Transfer within 30 days</li> <li>•Each Register of Deeds shall remit the taxes collected to the Department on a monthly basis</li> <li>•In Real Estate Holding Company transactions, the tax is remitted directly to the Department</li> </ul>

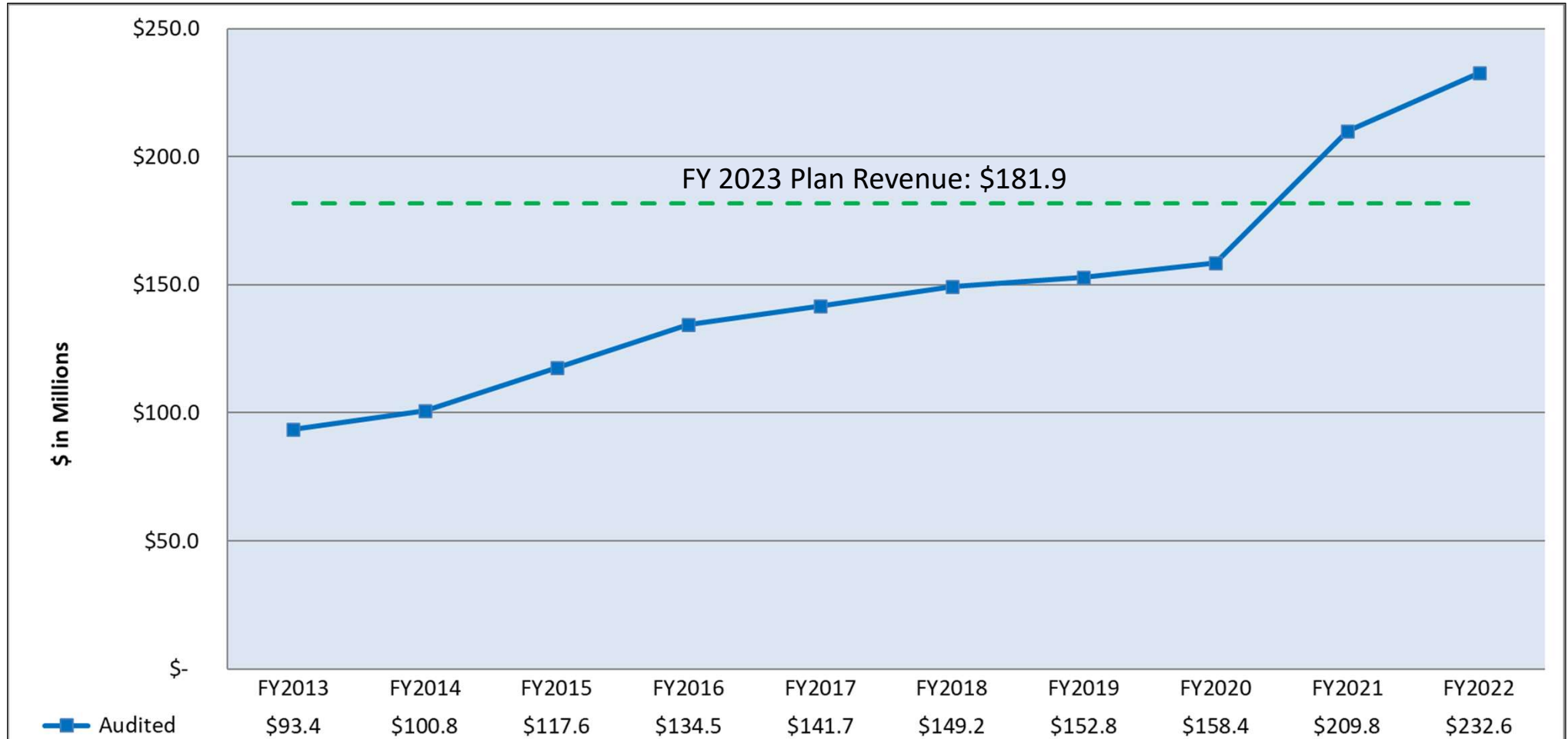
# RETT Taxpayers

For FY2022, the average monthly percent of transactions and average monthly percent of total revenue received by county:

<u>County</u>	<u>Count of Transactions</u>	<u>Share of Transactions</u>	<u>Amount of Tax (\$ in Millions)</u>	<u>Share of Tax</u>
BELKNAP	2,371	6.7%	\$ 14.8	6.4%
CARROLL	2,622	7.4%	\$ 15.9	6.8%
CHESHIRE	1,991	5.6%	\$ 9.0	3.9%
COOS	1,411	4.0%	\$ 4.3	1.8%
GRAFTON	3,374	9.5%	\$ 16.3	7.0%
HILLSBOROUGH	8,520	24.0%	\$ 62.6	26.9%
MERRIMACK	3,669	10.3%	\$ 20.6	8.9%
ROCKINGHAM	7,332	20.5%	\$ 65.6	28.2%
STRAFFORD	2,901	8.2%	\$ 18.2	7.8%
SULLIVAN	1,358	3.8%	\$ 5.3	2.3%
TOTAL	35,549	100.0%	\$232.6	100.0%

# RETT Revenue 10-Year Trend

## Audited Revenue



**Rate:** \$1.50 per \$100 of the price or consideration for the transfer (\$.75 is the obligation of the purchaser and \$.75 is the obligation of the seller)

**Factors Influencing Revenue:** Economic trends and cycles, interest rates, property values, available inventory, affordability, buyer demand

# Interest and Dividends Tax (I&D)

## RSA 77

Overview of Tax	When to File/Pay for Calendar Year End
<ul style="list-style-type: none"><li>•4% on interest and dividends income for taxable periods ending on or after 12/31/23</li><li>•All New Hampshire residents, fiduciaries, LLCs, partnerships and associations with income from interest and dividends</li><li>•Threshold of \$2,400 annually (\$4,800 for joint filers) with a \$1,200 exemption for residents age 65 or older, blind, or disabled before their 65<sup>th</sup> birthday</li></ul>	<ul style="list-style-type: none"><li>•Returns are due April 15</li><li>•7-month extensions to file, with payment, are due by the return due date</li><li>•Estimates equal to 25% of estimated tax liability are due April 15, June 15, September 15 and January 15 (of the subsequent year) if estimated liability exceeds \$500</li></ul>

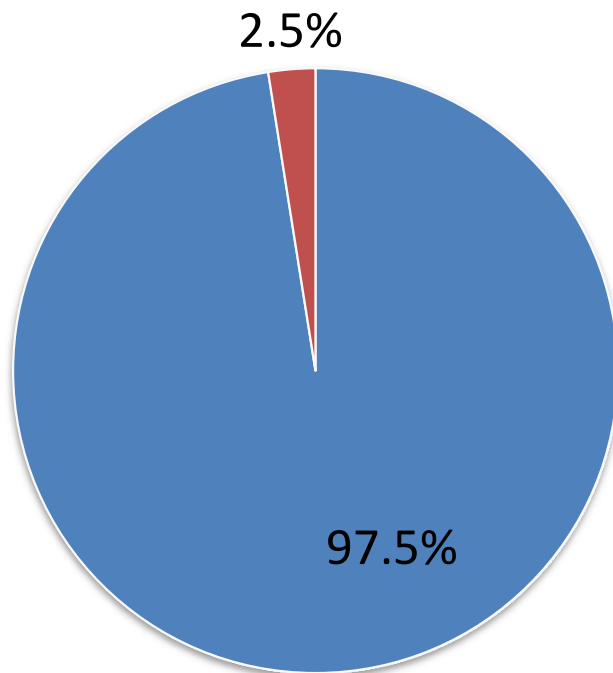
# I&D Taxpayers

## For Tax Year 2020

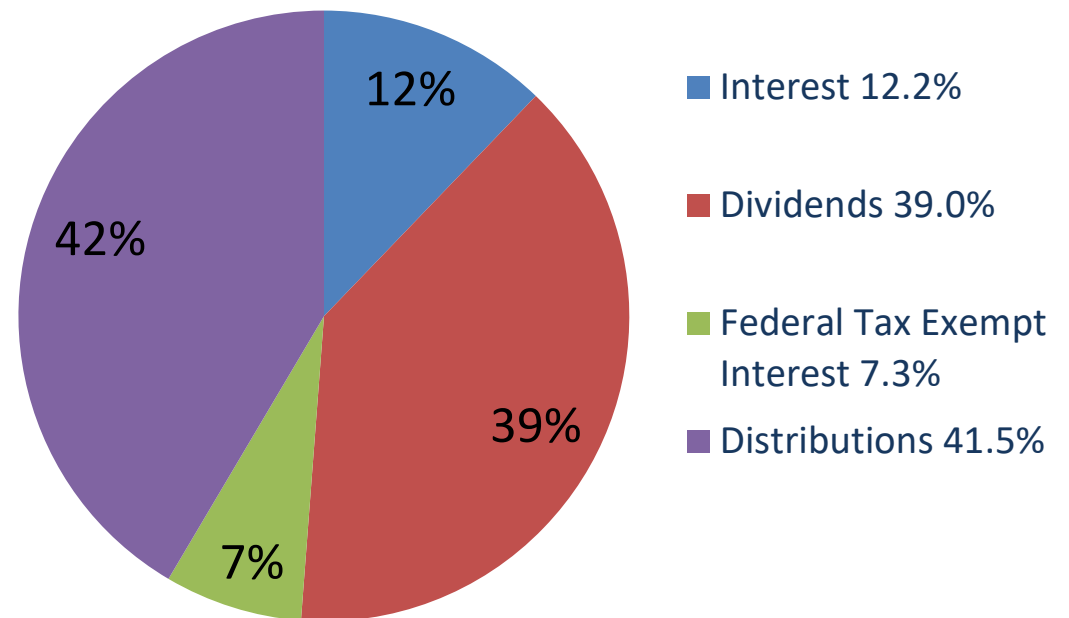
Gross I&D Income From All Data Sources as Reported by Taxpayers

### Entities Filing Interest and Dividends Tax

- Individuals & Joint 97.5%
- Partnerships & Estates 2.5%



### Interest and Dividends Tax Breakdown

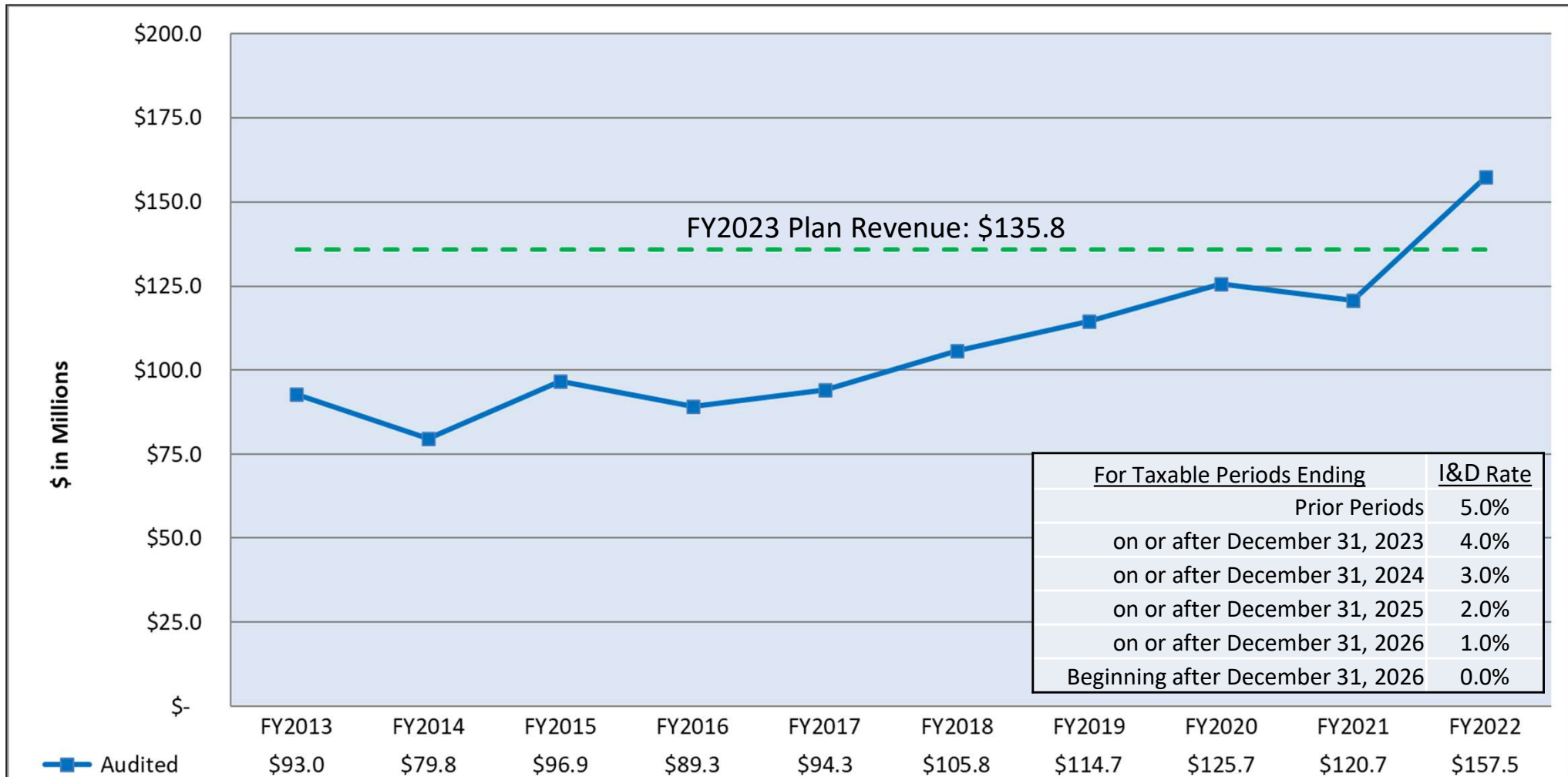


Entities filing I&D Tax Returns are 97.5% Individuals & Joint and 2.5% Partnerships & Estates



# I&D Tax Revenue 10-Year Trend

## Audited Revenue



**Factors Influencing Revenue:** Economy, stock market performance, interest rates, federal tax reform, money in the bank, makeup of how I&D is paid over time, phase out of I&D tax



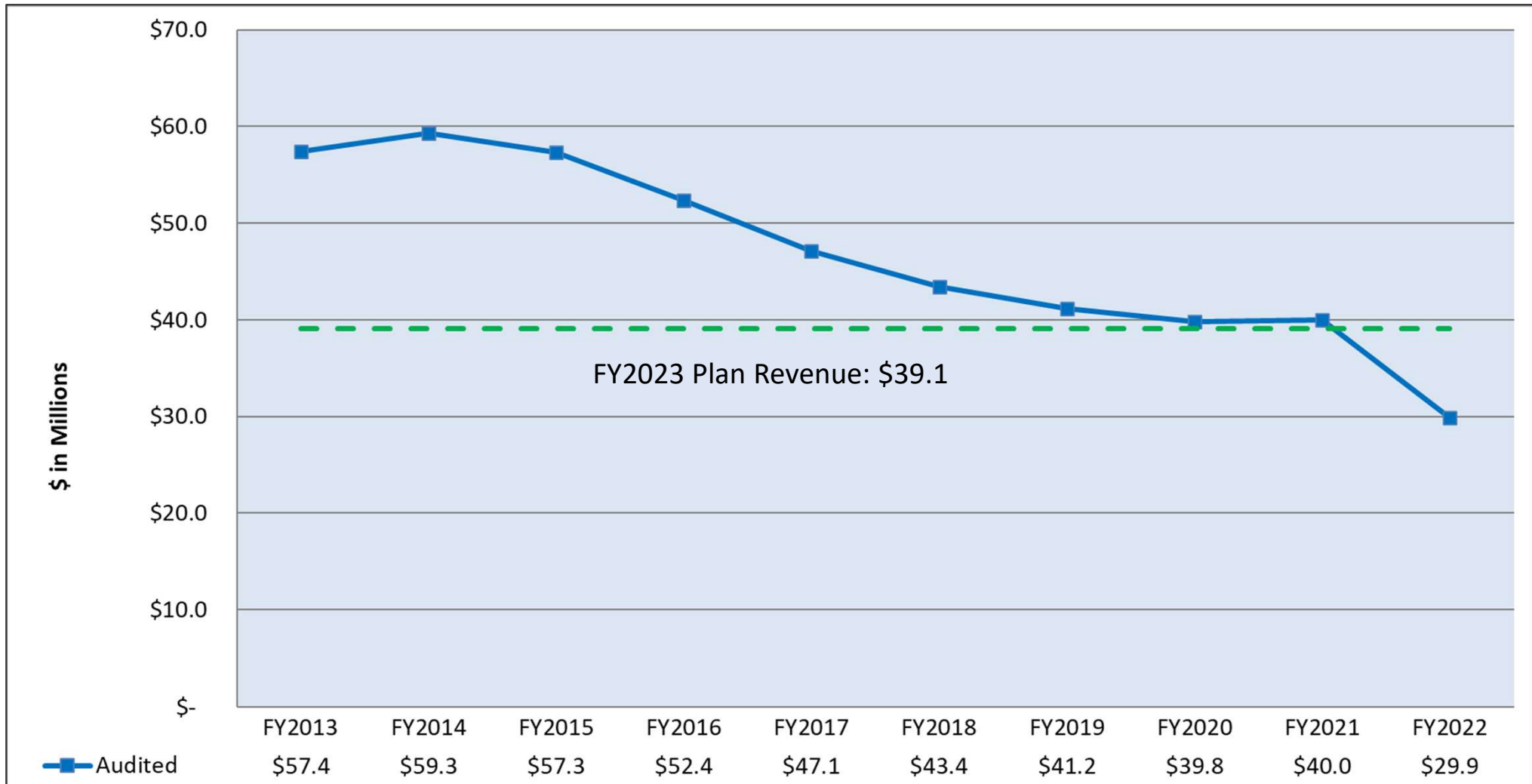
# Communications Services Tax (CST)

## RSA 82-A

Overview of Tax	When to File/Pay
<ul style="list-style-type: none"><li>•7% on all two-way communications services</li><li>•Tax is paid by the consumer and collected by two-way communications services providers</li><li>•All two-way communications services providers are responsible for collecting and remitting the tax from the consumer and filing a return</li></ul>	<ul style="list-style-type: none"><li>•Returns are filed on a monthly basis and are due by the 15<sup>th</sup> day of the following month</li><li>•If the liability under \$100 per month, returns are filed quarterly and are due by the 15<sup>th</sup> day of the month following the quarter</li><li>•Estimates are required if the tax liability is over \$10,000 per month and the payment equal to 90% of the actual tax collected is due by the 15<sup>th</sup> day of the month during which the liability is incurred</li></ul>

# CST Revenue 10-Year Trend

## Audited Revenue



**Rate: 7%**

**Factors Influencing Revenue:** 2012 exclusion of charges for internet access, decrease in landlines, modern pricing and purchasing trends for wireless communications, VoIP and video conferencing

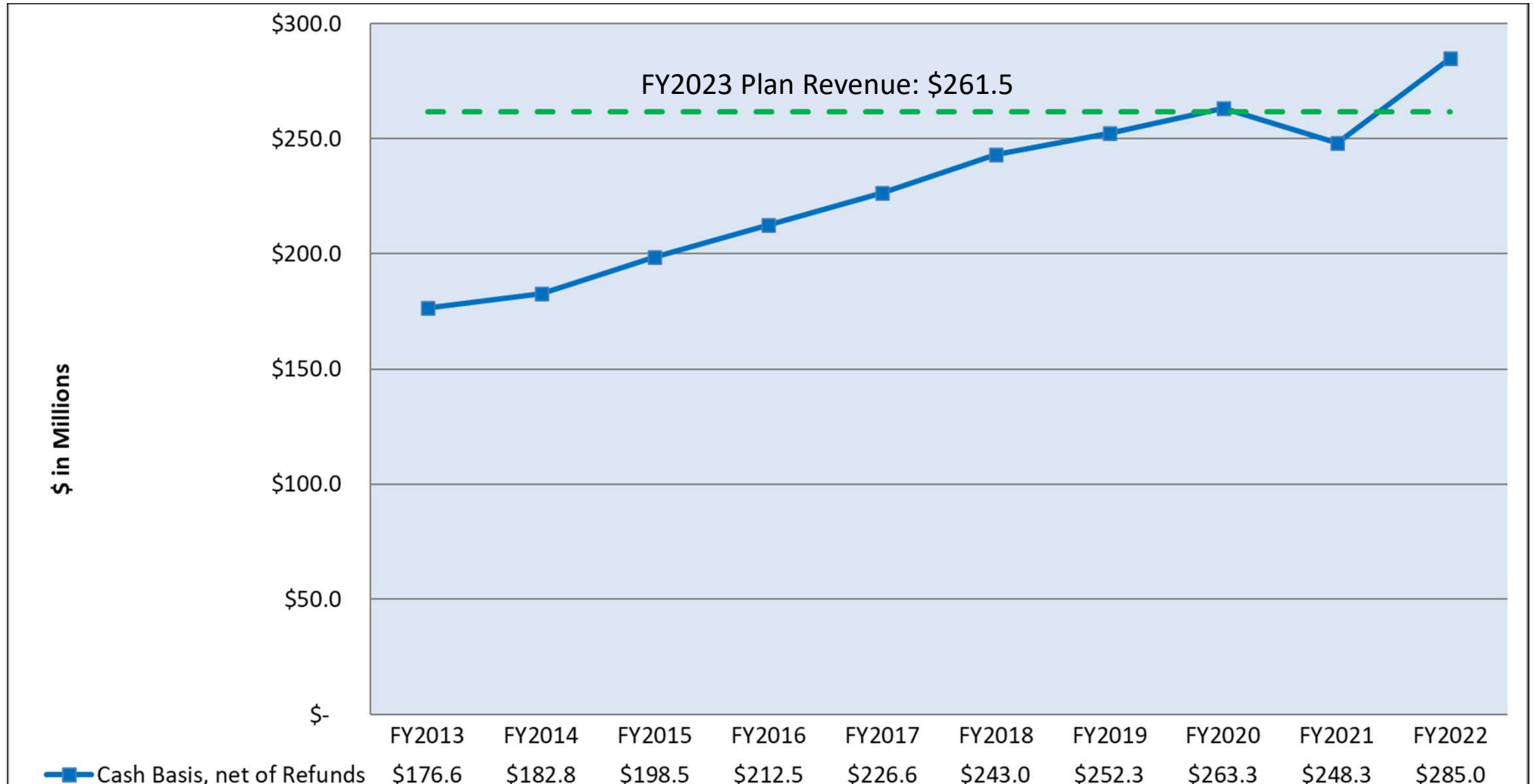
# Medicaid Enhancement Tax (MET)

## RSA 84-A

Overview of Tax	When to File/Pay
<ul style="list-style-type: none"><li>•5.4% tax upon the “net patient services revenue” of hospitals</li><li>•Tax is paid by general hospitals that provide inpatient and outpatient hospital services, but not including government facilities</li><li>•The tax period for MET is a 12-month period beginning July 1 and ending June 30 and the tax due is based upon each hospital’s fiscal year ending during the calendar year in which the taxable period begins</li></ul>	<ul style="list-style-type: none"><li>•Each hospital must file a nonbinding estimate on or before January 15<sup>th</sup> of its projected tax payment</li><li>•Each hospital is required to pay 100% of its MET due and payable for the tax period no later than April 15<sup>th</sup></li><li>•Every hospital shall file a return by April 15<sup>th</sup> in the taxable period</li></ul>

# MET Revenue Historical Trend

Cash Basis, net of Refunds



**Rate: 5.5% (FY2013), 5.45% (FY2016), 5.4% (FY2017 – Present)**

**Factors Influencing Revenue: Hospital service utilization**

# DRA Role In MET Administration

- Hospitals file a non-binding estimate of their projected tax payment on January 15<sup>th</sup> with DRA. DRA notifies the NH Department of Health and Human Services (DHHS) of the estimated MET payment.
- 100% of the MET owed is due to DRA on or before April 15<sup>th</sup>. MET revenue is deposited directly into the uncompensated care and Medicaid fund established by RSA 167:64.
- The Commissioner of DHHS is responsible for expending funds in accordance with RSA 167:64 (disproportionate share hospital payments and other Medicaid expenditures).
- DRA is authorized to audit MET returns and collect unpaid MET.

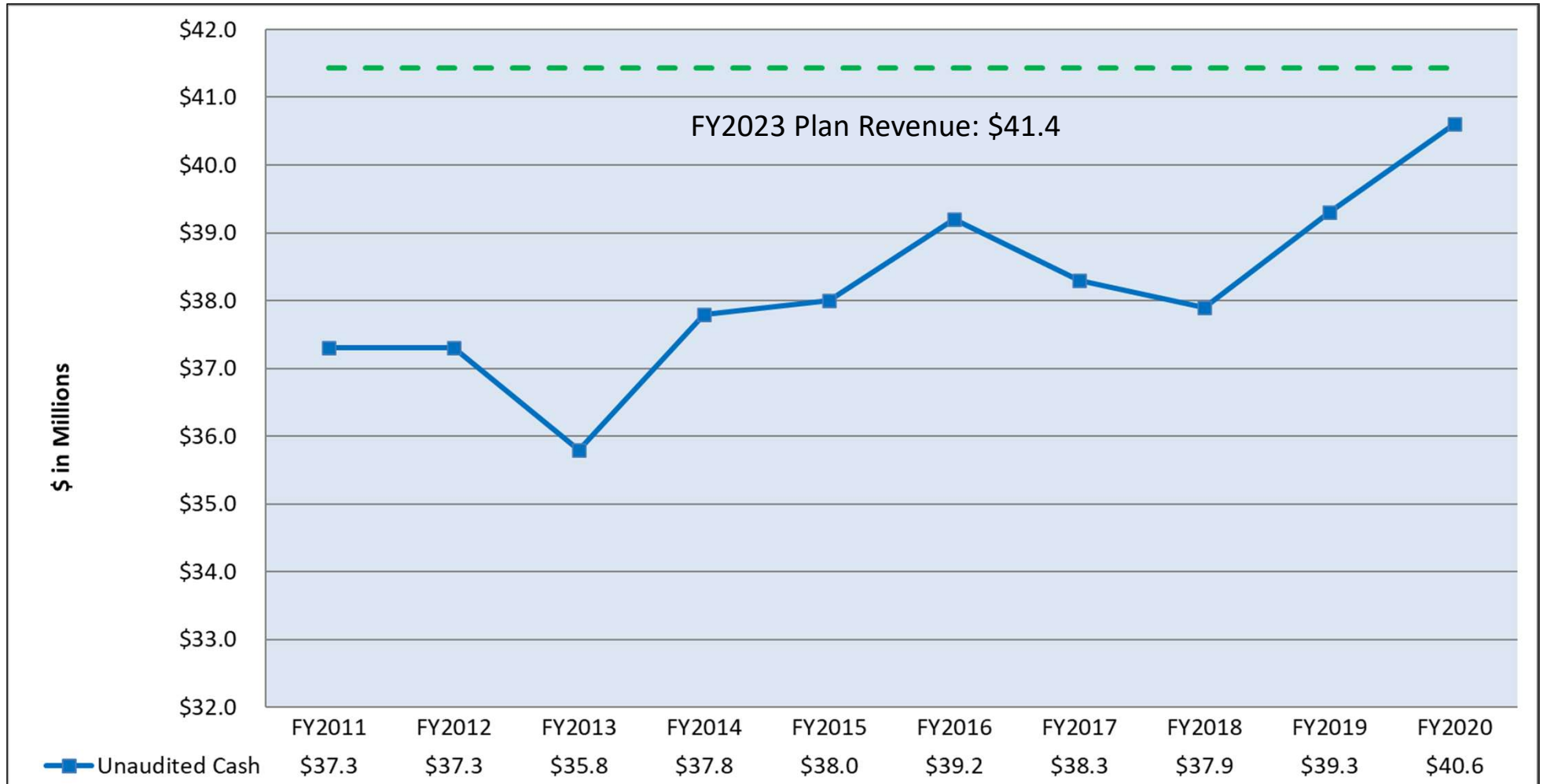
# Nursing Facility Quality Assessment (NFQA)

RSA 84-C

Overview of Tax	When to File/Pay
<ul style="list-style-type: none"><li>•5.5% tax upon the “net patient services revenue” on all nursing facilities on the basis of patient days in each facility</li><li>•The assessment is paid by nursing facilities as well as facilities licensed as a specialty hospital and certified to receive federal reimbursement as a nursing facility</li><li>•The assessment period for NFQA is a 3-month period beginning July 1, October 1, January 1 and April 1 of each year</li></ul>	<ul style="list-style-type: none"><li>•Every facility shall file a return by the 10<sup>th</sup> day of the month following the expiration of the assessment period (January 10, April 10, July 10 and October 10)</li><li>•Each facility is required to pay 100% of its NFQA due and payable for the assessment period no later than the 15<sup>th</sup> day of the month following the assessment period (January 15, April 15, July 15 and October 15)</li><li>•No penalty or interest is imposed for failure to make a payment of the assessment due if such payment is made by electronic funds transfer on or before the last day of the month in which payment is due</li></ul>

# NFQA Revenue 10-Year Trend

## Unaudited Cash



**Rate: 5.5%**

**Factors Influencing Revenue: Nursing home utilization**

# DRA Role In NFQA Administration

- Nursing facilities file their NFQA return quarterly on the 10<sup>th</sup> of January, April, July, and October for the prior 3-month “assessment period” with both the DRA and DHHS.
- Nursing facilities pay the NFQA quarterly on the 15<sup>th</sup> of January, April, July, and October for the prior 3-month “assessment period” by electronic funds transfer.
- NFQA revenue is deposited directly in the Nursing Facility Trust Fund established by RSA 151-E:14.
- The Commissioner of DHHS is responsible for expending funds in accordance with RSA 151-E:15:
  - “The moneys in the fund shall be used to eliminate or reduce to the maximum extent possible the difference between the allowable Medicaid costs, derived from the nursing facility Medicaid acuity rate setting system, which nursing facilities incur in providing care to Medicaid residents, and the amount which the state has budgeted in order to fund that care.”
- DRA is authorized to audit NFQA returns and collect unpaid NFQA.



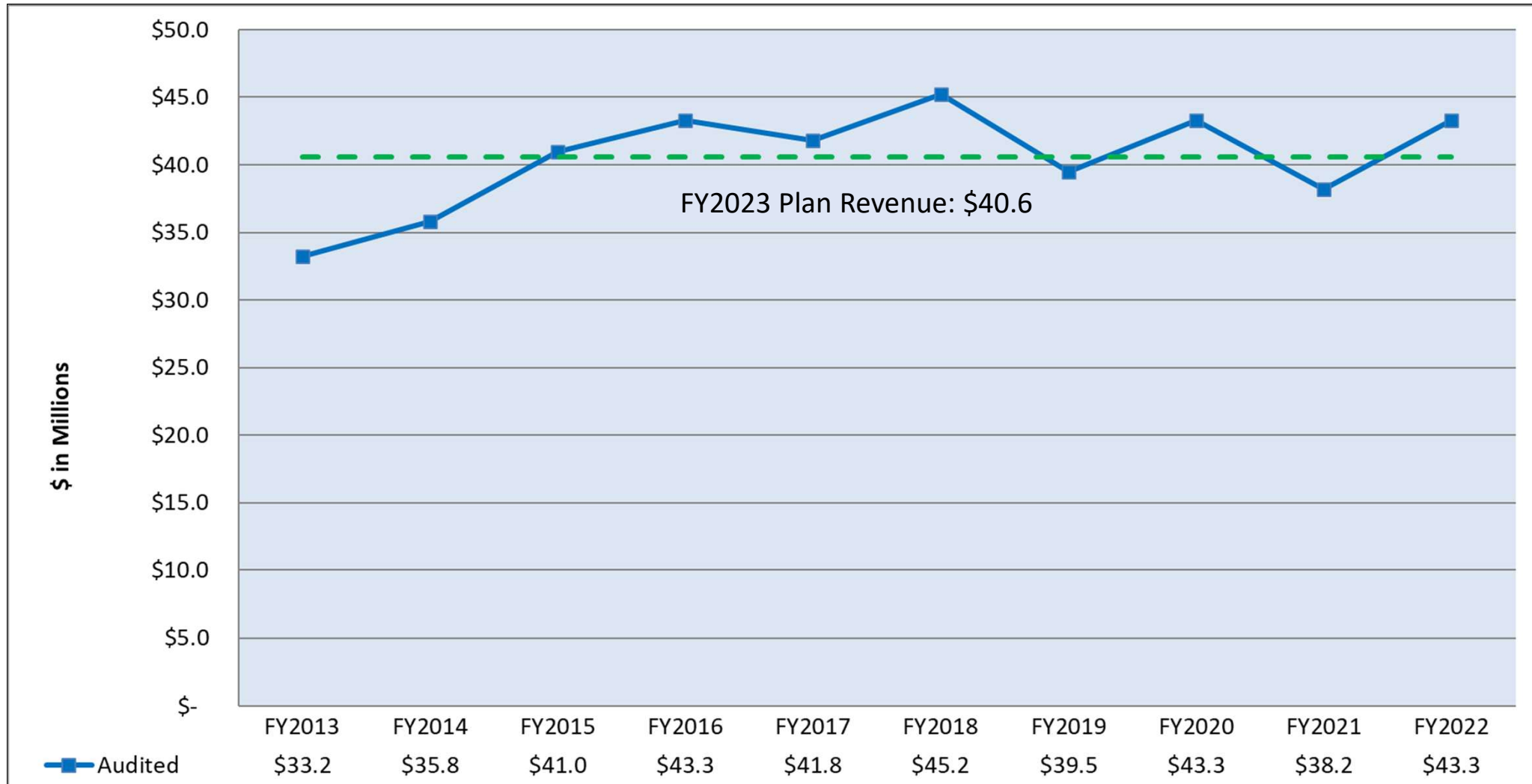
# Utility Property Tax (UPT)

## RSA 83-F

Overview of Tax	When to File/Pay
<ul style="list-style-type: none"><li>•Tax rate is \$6.60 per \$1,000 of value of utility property as defined by RSA 83-F</li><li>•Tax is on the value of the utility property as determined by the Department on December 1 of each year for the value as of the previous April 1</li></ul>	<ul style="list-style-type: none"><li>•On or before May 1 of each year the company shall file a form detailing the company's actual financial operating performance since April 1 of the prior year</li><li>•Final payment is due on or before January 15</li><li>•Estimates equal to 25% of estimated tax liability are due April 15, June 15, September 15 and December 15</li></ul>

# UPT Revenue 10-Year Trend

## Audited Revenue



**Rate: \$6.60 per \$1,000 of value**

**Factors Influencing Revenue: Development of new renewable energy facilities, valuation of utility property, energy pricing (supply and demand)**

# Railroad Tax

## RSA 82

Overview of Tax	When to File/Pay
<ul style="list-style-type: none"><li>•Every railroad, railway, express, and every parlor, sleeping or dining car company, or other company owning any cars operated for profit on any NH railroad</li><li>•Tax is on the market value of the property's full and true value as of April 1 of each year and is imposed at the average rate of taxation at that time upon other property throughout the State</li><li>•Property values and average rate of taxation are determined by the Department</li><li>•Railroad "property" applies to both railroad companies and private rail cars operated for profit on any railroad in NH</li><li>•¼ of the tax paid by the railroad corporation to municipalities. Each town shall receive its share according to the fraction resulting when the trackage owned by the corporation and located in the town is compared to the total trackage owned by the corporation in the state</li><li>•¼ of the tax paid by the railroad corporation to the special railroad fund established by RSA 226:68</li></ul>	<ul style="list-style-type: none"><li>•On or before May 1 of each year the company shall file a form detailing the company's actual financial operating performance since the prior April 1 of the preceding year</li><li>•Payment is due within 30 days from the date of the Notice of Value and Tax Bill (typically due December 15)</li><li>•Estimates equal to 25% of estimated tax liability are due April 15, June 15, September 15 and December 15 if estimated liability exceeds \$200</li><li>•\$448,083 tax revenue collected in FY2022 (unaudited), with \$165,429 distributed to municipalities and special railroad fund</li></ul>

# Local Property Taxes

## RSA 76

Statewide Education Property Tax	Local Property Taxes
<ul style="list-style-type: none"> <li>•Tax is assessed and collected by the municipalities to be retained for use by their local school districts</li>   <li>•Tax is assessed to everyone owning real property in the state, except those paying the Railroad Tax and the Utility Property Tax</li>   <li>•The Department sets the tax rate at a level sufficient to generate revenue of \$363,000,000</li>   <li>•The rate shall be set to the nearest ½ cent necessary to generate the revenue required</li> </ul>	<ul style="list-style-type: none"> <li>•Property taxes, based upon local assessed valuations, are administered and collected by the individual cities and towns</li>   <li>•Most property taxes collected are based on the market value of the property at its highest and best use</li>   <li>•Exemptions, credits and deferrals include the elderly and blind exemptions and deferrals, veterans tax credit, disability exemption, exemption for improvements to assist persons with disabilities and exemption for wind-powered, solar and wood heating energy systems</li> </ul>

# Excavation (Gravel) Tax

## RSA 72-B

Overview of Tax	When to File/Pay
<ul style="list-style-type: none"><li>•Tax rate is \$0.02 per cubic yard of earth, as defined in RSA 155-E:1, I, excavated, with certain exceptions</li><li>•Tax is assessed by, and payable to, the local assessing officials</li><li>•The Department is responsible for administering and enforcing the tax including educating municipal officials, having the authority to check on the volumes indicated on the report of excavated material, reporting violations to local and state officials and entering any lands that may have an excavation</li></ul>	<ul style="list-style-type: none"><li>•A Notice of Intent to Excavate, along with a \$100 administration and enforcement fee, must be filed with the Department prior to excavation and at the beginning of each tax year (April 1) for excavation in progress or not yet completed</li><li>•Owner must report all earth excavated within 30 days of completion, local assessing official must assess the excavation tax within 30 days after receipt of report and owner must pay tax within 30 days after tax bill is mailed by tax collector</li></ul>

# Timber Tax

## RSA 79

Overview of Tax	When to File/Pay
<ul style="list-style-type: none"><li>•Tax rate is 10 percent of the stumpage value at the time of cutting</li><li>•Tax is assessed by, and payable to, the local assessing officials</li><li>•The Department is responsible for administering and enforcing the tax including entering land for which there may be a timber operation, reviewing any records in conjunction with a timber operation, stopping any operation in violation and reporting violations to local authorities</li></ul>	<ul style="list-style-type: none"><li>•A Notice of Intent to Cut must be filed with the municipal assessing officials, with a copy to the owner, logger and Department, at the beginning of each tax year (April 1) or prior to commencing each cutting operation</li><li>•Owner must report all wood or timber cut within 30 days of completion, local assessing official must assess the tax within 30 days after receipt of report and owner must pay tax within 30 days after tax bill is mailed by tax collector</li></ul>

# Timing of DRA Revenues

<u>Business</u>	<u>% of Money</u>
July	2.6%
August	1.9%
September	16.3%
October	2.9%
November	3.1%
December	16.1%
January	4.2%
February	2.2%
March	13.2%
April	19.4%
May	3.2%
June	14.9%

<u>M&amp;R</u>	<u>% of Money</u>
July	9.0%
August	10.9%
September	11.4%
October	9.2%
November	9.3%
December	7.3%
January	7.2%
February	7.1%
March	7.5%
April	6.8%
May	6.4%
June	7.8%

<u>Tobacco</u>	<u>% of Money</u>
July	8.9%
August	9.5%
September	8.1%
October	8.6%
November	7.9%
December	8.4%
January	7.6%
February	6.5%
March	8.0%
April	8.6%
May	7.6%
June	10.5%

<u>I&amp;D</u>	<u>% of Money</u>
July	2.7%
August	1.4%
September	14.0%
October	5.6%
November	1.3%
December	2.7%
January	13.2%
February	1.0%
March	4.3%
April	32.8%
May	4.6%
June	16.4%

<u>RETT</u>	<u>% of Money</u>
July	8.6%
August	10.2%
September	8.8%
October	8.4%
November	10.9%
December	9.4%
January	10.3%
February	5.7%
March	5.5%
April	6.9%
May	7.1%
June	8.1%

## Quarterly

<u>Business</u>	<u>% of Money</u>
Quarter 1	21%
Quarter 2	22%
Quarter 3	20%
Quarter 4	38%

<u>M&amp;R</u>	<u>% of Money</u>
Quarter 1	31%
Quarter 2	26%
Quarter 3	22%
Quarter 4	21%

<u>Tobacco</u>	<u>% of Money</u>
Quarter 1	27%
Quarter 2	25%
Quarter 3	22%
Quarter 4	27%

<u>I&amp;D</u>	<u>% of Money</u>
Quarter 1	18%
Quarter 2	10%
Quarter 3	18%
Quarter 4	54%

<u>RETT</u>	<u>% of Money</u>
Quarter 1	28%
Quarter 2	29%
Quarter 3	22%
Quarter 4	22%

## Biannually

<u>Business</u>	<u>% of Money</u>
1st Half	43%
2nd Half	57%

<u>M&amp;R</u>	<u>% of Money</u>
1st Half	57%
2nd Half	43%

<u>Tobacco</u>	<u>% of Money</u>
1st Half	51%
2nd Half	49%

<u>I&amp;D</u>	<u>% of Money</u>
1st Half	28%
2nd Half	72%

<u>RETT</u>	<u>% of Money</u>
1st Half	56%
2nd Half	44%

\* Average based on FY2020-2022 from DAS Revenue Focus. Adjustments have been made for anomalies and due date changes

# Resources

- **Annual Report** – Comprehensive information about the DRA and historical revenue data. Visit the DRA Publications and Presentations – Reports webpage at [www.revenue.nh.gov/publications/reports](http://www.revenue.nh.gov/publications/reports).
- **Transparency Page** – Comprehensive revenue data for the most recent fiscal year as well as 10-year historical data presented in graphic form. Visit the DRA website at [www.revenue.nh.gov/transparency](http://www.revenue.nh.gov/transparency).
- **Daily Revenue Updates** – Provided every business day for the second half of each month. Let us know if you would like to be added to the distribution list. Also located on the Transparency webpage above.
- **Tax Expenditure Report** – Annual analysis of tax expenditures. Located on the DRA Publications and Presentations – Reports webpage above.
- **DRA Listserv** – Receive notifications regarding important information from the DRA. Subscribe through the e-News Subscribe button on the DRA's website at [www.revenue.nh.gov](http://www.revenue.nh.gov).



# Revenue Estimating Overview

The DRA develops revenue estimates as well as estimated growth rates for major tax types. These estimates are based on currently available data and DRA experience and are subject to change at any time.

## FY 2023 Scenarios:

Options	Estimate Scenarios	Description
1	FY23 Plan	State of NH FY23 Revenue Plan for the General & Education Trust Funds combined
2	Sustaining % Versus Plan	Actual revenue from the first six months of FY23 plus sustaining % versus Plan for the last six months of FY23
3	Year-Over-Year Growth	Actual revenue from the first six months of FY23 plus sustaining % versus prior year for the last six months of FY22
4	Actual with Plan	Actual revenue from the first six months of FY23 with Plan revenue for the last six months of FY23
5	Actual with Prior Year	Actual revenue from the first six months of FY23 with actual prior year revenue for the last six months of FY22

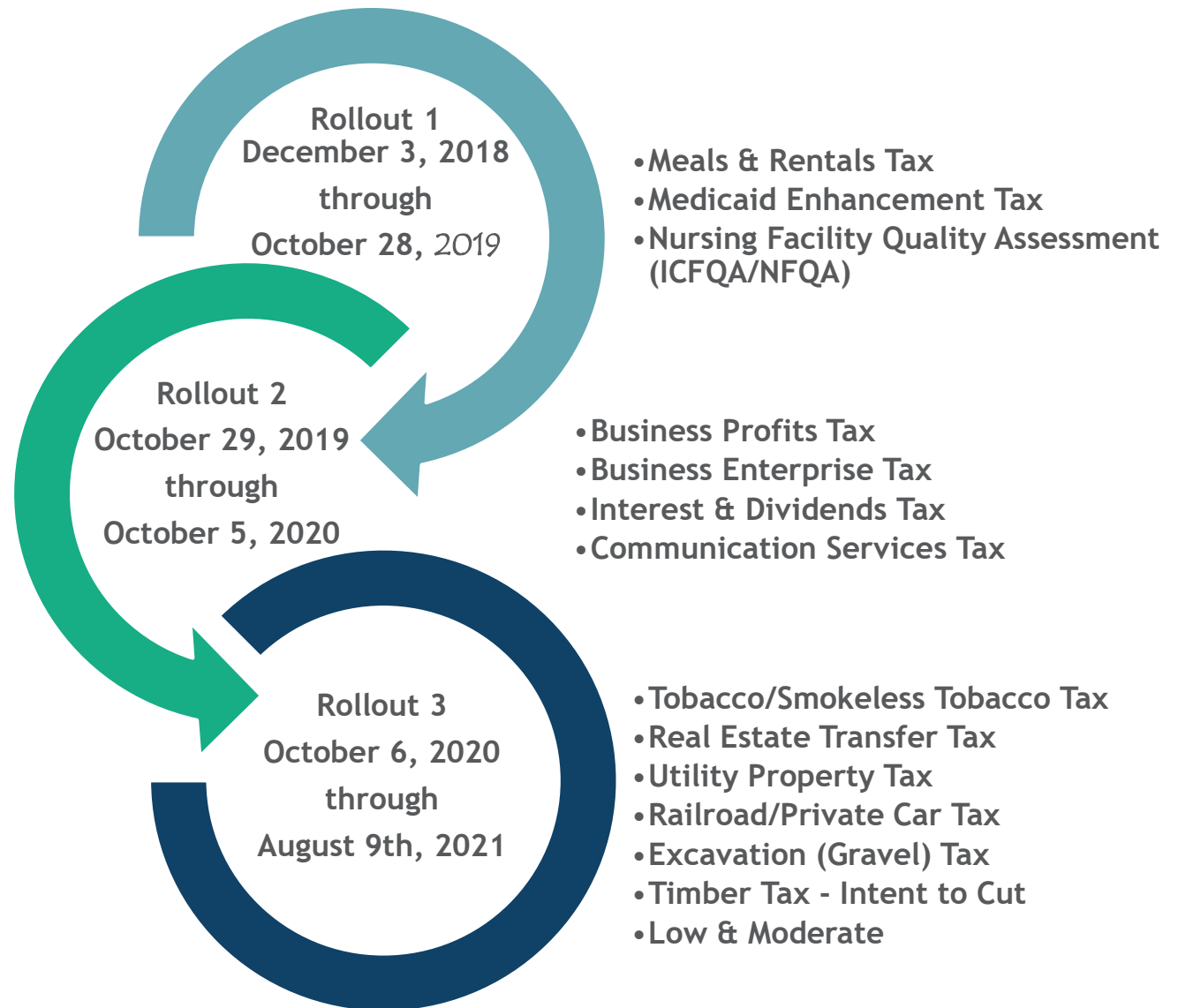
## FY 2024 and FY 2025:

- Year over year growth rates
- Impact of current law
- Surplus statement will account for pending legislation

## Revenue Information Management System (RIMS)

- ▶ The DRA received a \$30,160,000 capital appropriation through general funds and other funds to replace the DRA's Tax Information Management System (TIMS).
- ▶ TIMS, which was implemented in 1990, was obsolete and limited in its functionality, impacting the reliability, usefulness, and security of taxpayer data.
- ▶ RIMS is used by taxpayers, practitioners, and DRA staff.
- ▶ RIMS was implemented by DRA, in partnership with DoIT, and is a complete backend technology system, housing and consolidating all taxpayer data.
- ▶ FAST Enterprises LLC was selected through a request for proposal process to implement and support their commercial off-the-shelf software, GenTax for tax administration.
- ▶ Implementation consisted of three phases, each taking about a year, and the contract also included support and maintenance of the system for four years after implementation.
- ▶ Total cost for the seven-year contract is \$29,550,000.

# Three Rollouts





Username

Password

**Log in**

[Forgot Password?](#)

Don't have a username?  
**Create One**

🔍 Type in a keyword to narrow your choices



### Registration and Applications

Register or apply to file and pay your taxes with the DRA

- > Register a New Taxpayer
- > Apply for a Meals and Rentals Tax License
- > Apply for a Tobacco Tax License
- > Apply for a Communications Services Tax Registration Number



### Payments

Make an online payment

- > Pay a Voucher Received From the Department
- > Make a Payment
- > Apply for a Payment Plan



### Real Estate Transfers

Submit documents related to a transfer in real estate or transfer of interest in real estate

- > File a Declaration of Consideration
- > File a Declaration of Consideration for Holding Companies
- > File an Inventory of Property Transfer



### Taxpayer Reference

Find previous submissions or anonymously report tax fraud

- > Find a Submission
- > Report Tax Fraud



### Businesses and Individuals

Submit filings for businesses and individuals

- > Submit a Certification Request
- > Submit an S Corporation Information Report
- > File a Consumer Tobacco Products Tax Return
- > Upload a Power of Attorney PDF



### Reporting

Find information on Meals and Rentals or Tobacco Tax Licenses and Modernized e-File Vendors

- > Look Up a Meals and Rentals Tax License
- > Look Up a Tobacco Tax License
- > View Additions/Deletions to Tobacco Tax Licenses
- > View the Modernized e-File Vendor Matrix

# RIMS Revenue Uplift

During the 2017 Legislative Session, the State's Capital Budget (HB 25, Chapter 228, Section 1, XIX) appropriated \$30.16 million to the Department of Revenue Administration (DRA) for the establishment of a new back-end technology system to process, house, and consolidate all taxpayer data (Revenue Information Management System or RIMS) and a new front-end taxpayer portal (Granite Tax Connect or GTC) to facilitate efficient tax administration. \$24.16 million of the total appropriation for the project was financed through the issuance of bonds, which pursuant to RSA 21-J:1-b, are to be paid from a non-lapsing revenue information management system account. The revenue information management system account shall be funded with the yearly transfer of revenue increases from existing taxes attributable to RIMS in an amount not greater than \$4 million each fiscal year, beginning the fiscal year ending June 30, 2020 and ending when total deposits equal \$40 million.

# RIMS Revenue Uplift

To date DRA has transferred the following amounts to the RIMS Account:

- FY 2020 = \$0.0m
- FY 2021 = \$2.2m
- FY 2022 = \$4.0m

For FY 2022, revenue uplift was identified from M&R, I&D, BPT and BET through reminder to pay letters and the use of Federal Tax Information as follows:

Tax Type	Total Revenue Increase	% of Total	FY 2022 Revenue Increase
<b>Meals &amp; Rentals Tax</b>	\$180,051.06	3.4%	\$134,864.96
<b>Interest &amp; Dividends Tax</b>	\$1,305,172.09	24.4%	\$977,622.59
<b>Business Profits Tax</b>	\$2,702,330.31	50.6%	\$2,024,146.23
<b>Business Enterprise Tax</b>	\$1,152,634.46	21.6%	\$863,366.22
<b>TOTAL:</b>	<b>\$5,340,187.92</b>	<b>100%</b>	<b>\$4,000,000.00</b>