

# State of New Hampshire Treasury

## FY2024 – 2025 Budget Request

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SENATE FINANCE COMMITTEE

APRIL 11, 2023

MONICA MEZZAPELLE, STATE TREASURER

# State of New Hampshire Treasury

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## Mission:

The New Hampshire State Treasury delivers professional financial management services to state government, the legislature, and New Hampshire citizens. The State Treasury will optimize the use of state financial assets and financial obligations while protecting both through the deployment of secure technology, cost-effective and efficient banking practices, a commitment to the prudent management of public funds, and a dedicated and highly-qualified staff.

Organization: 22 positions, five unclassified, and 17 classified positions.

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- Treasury Operations: Treasury is a central service Agency responsible for processing and reconciling deposits and disbursements of the State.
- Office of Investment and Debt Management: The Office is responsible for the management and investment of operating and restricted funds, and trust and custodial accounts. Also responsible for issuing bonds to finance capital appropriations and managing the State's outstanding debt.
- Abandoned Property Division: The Division administers New Hampshire's unclaimed property program by returning property reported and remitted to the State to the rightful owner.
- College Savings & Scholarship Programs: In collaboration with the College Tuition Savings Plan Advisory Commission, the Treasury oversees the New Hampshire's 529 College Savings Plan and three scholarship programs: UNIQUE Annual Allocation Program, UNIQUE Endowment Allocation Program, and Governor's Scholarship Program.

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## Treasury Operations:

- Financial activity previously reported under Treasury Operations has been split into two: Treasury Operations (pg. 193), and Office of Investment and Debt Management (pg. 197).
- RSA 6-B defines the duties of the Office of Inv. and Debt Management. The proposed budget segregates the financial activity of this office from Treasury operations. This change represents internal housekeeping with no additional cost to the State.
- Migration to full DoIT support. Treasury is requesting approval to be able to receive essential IT services from the Department of Information Technology. This change will strengthen the State's and Treasury's IT posture. Additional IT costs were included under Transfers to DoIT. One IT position is being abolished with this change.

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## Office of Investment and Debt Management - Debt Service (pg. 199):

- Outstanding debt continues to decline.
- Debt Service General Fund – Assumed issuance of \$60 million of new General Obligation Bonds
  - Refunding opportunity in FY2021 generated significant savings which were applied in FY2021 and FY2022.
  - Per DRA, DAS, and Treasury’s request, the House agreed to move the debt service class relative to the Revenue Information Management System (RIMS) to DRA’s budget. Pursuant to HB25, laws of 2017, beginning with FY2022, principal and interest on bonds issued to fund the Revenue Information Management System (RIMS) will be paid from the RIMS Account (RSA 21-J:1-b).
- Debt Service for USNH – general funds (pg. 200). Assumed issuance of \$10 million of new General Obligation Bonds.

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## Return of General Fund Deposits: (pg. 195)

- Budget amount of \$2.6 million is included for the first time. Budget amount represents an estimate of the subsequent claims expected to be paid each fiscal year. This request require an amendment to RSA 471-C:31-a, which the House approved.
- Amendment to RSA 471-C:31-a has been included in HB2:

For periods after January 1, 1985, any owner who comes forward to make a claim for assets which have escheated to the state **or counties** may petition ~~the governor and council~~ for payment of those assets. Upon ~~providing~~ **receiving** sufficient proof of the validity of such owner claim and ~~receiving the approval of governor and council~~, the administrator shall pay such claim to the owner in accordance with the provisions of this chapter. ***In the event subsequent claims exceed amounts appropriated in the operating budget, the administrator shall request, with prior approval of the fiscal committee of the general court, that the governor and council authorize additional funding. For funds requested and approved, the governor is authorized to draw a warrant from any money in the treasury not otherwise appropriated.***

## Abandoned Property: (pg. 203)

- No significant changes, except for additional costs required to be DoIT supported.
- One IT position in this accounting unit is being abolished.
- Current expense class includes payments to multi-state audit firms. Audit firms are paid when they return property to the State. Contingent fee ranges from 10.25%-10.50%.

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## Distribution to Municipalities: (pg. 196)

- Meals and Rooms Tax Distribution (RSA 78-A:26). Funding and formula changed with the 2022-2023 budget. HB2, Laws of 2021, created a dedicated fund and these payments no longer impact the general fund. Total M&R Tax Distribution is 30% of gross Meals and Rooms Tax revenue net of the education trust fund portion, and DRA's cost to administer the Meals and Rooms Tax. Budget amounts include a 2% revenue and expense growth assumption, as provided by DRA.
- Treasury reinstated State Revenue Sharing (RSA 31-A). However, the Governor and House Budgets suspended the law in HB2 for the upcoming biennium.

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## College Savings Commission: (pg. 205)

- Budget approved by the College Tuition Savings Plan Advisory Commission.
- UNIQUE Scholarship Programs – Other Funds: Funding comes from the NH Excellence in Higher Education Endowment Trust Fund. No significant changes.
- Governor’s Scholarship Fund – General Funds (pg. 206):
  - 2024-2025 budget includes \$3 million appropriation for each fiscal year.
  - The 2022-2023 budget (HB2) included \$6 million appropriation in fiscal year 2021, but no funding for fiscal years 2022 and 2023.
- Ben Thompson Trust Fund: (pg. 208)
- Quarterly payment of \$7,971.82 to USNH pursuant to Laws of 1909, Ch. 131.

LCHIP Program (pg. 209) and Community Development Block Grant (pg. 192): Pass-thru grants.