

New Hampshire Department of Revenue Administration
Senate Finance Committee
April 22, 2019



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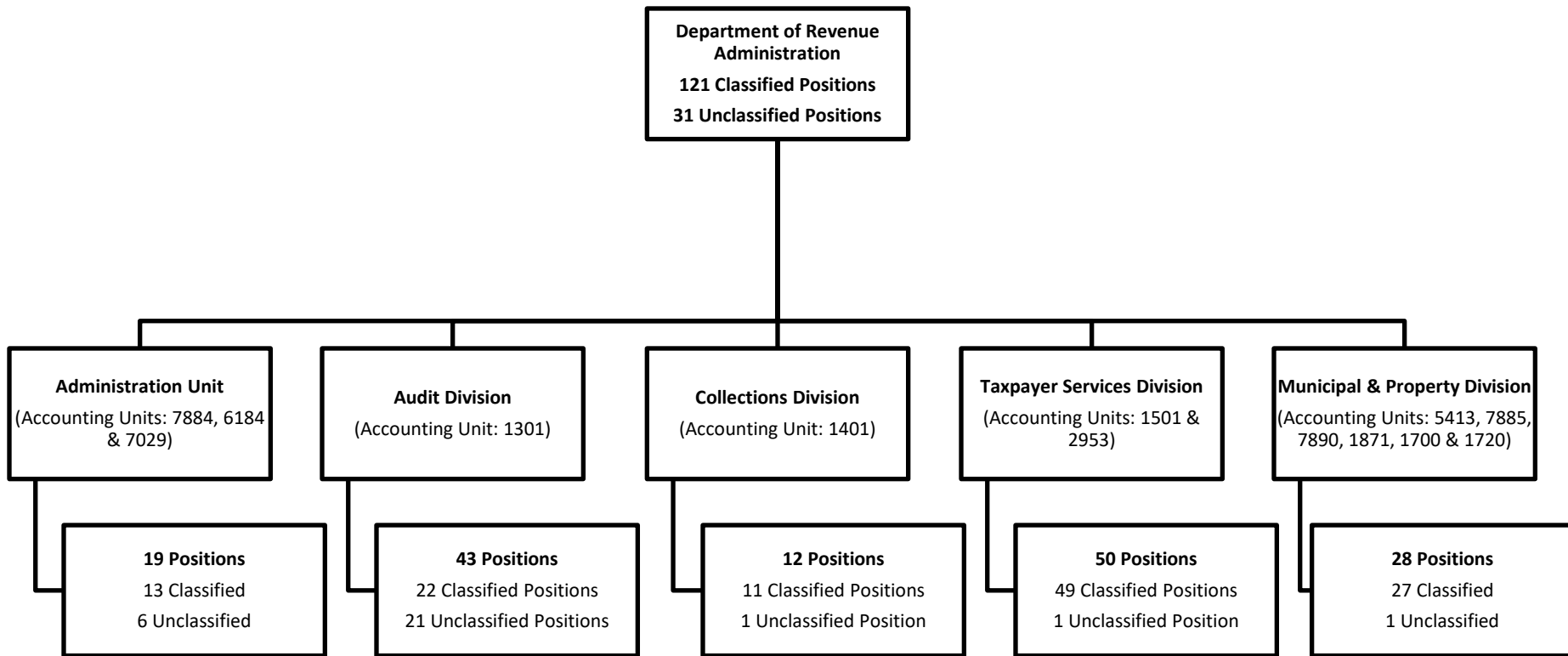


MISSION STATEMENT

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.

Department of Revenue Administration FY2018/FY2019 Organizational Chart

152 Authorized Full Time Positions



FY 2020 / FY 2021 Agency Budget – The Big Picture

	FY 2018	FY 2019	FY 2020		FY 2021	
	Actual Expense	Adjusted Authorized	Agency	Governor/House	Agency	Governor/House
Efficiency Budget			\$ 21,448,367.00	\$ 21,448,367.00	\$ 21,546,859.00	\$ 21,546,859.00
Additional Positions (Tax Field Auditor I, Multi-Entity Auditor)				\$ 162,163.00		\$ 170,992.00
Class 028 Transfers to General Services (Rent/Maintenance Fund)				\$ 624,241.00		\$ 633,669.00
Class 211 - Property and Casualty Insurance				\$ (1,059.00)		\$ (1,088.00)
Changes in Class 060 - Benefits				\$ (142,910.00)		\$ (151,868.00)
Changes in Class 027 - Transfer to DoIT				\$ (18,245.00)		\$ (19,427.00)
Prioritized Needs			\$ 511,232.00	\$ 496,900.00	\$ 456,011.00	\$ 455,300.00
Total All Funds	\$ 18,161,444.00	\$ 21,450,365.00	\$ 21,959,599.00	\$ 22,569,457.00	\$ 22,002,870.00	\$ 22,634,437.00
Permanent Classified Positions	121	121		122		122
Unclassified Positions	31	31		32		32
Total Number of Positions	152	152		154		154

- DRA's general fund operating budget is approximately 70% salary and benefits; therefore, the majority of increased spend from FY 2018 actual through FY 2021 budget is due to increases in employee salary and benefit costs.
- Non-salary and benefit cost fluctuations are noted on the following slides for each of the accounting units.

FY 2020 / FY 2021 Budget Highlights by Accounting Unit

- Administration – 7884

	FY2018	FY 2019	FY 2020	FY 2021
	Actual Expense	Adjusted Authorized	Governor/House	Governor/House
Total All Funds	\$ 4,512,016.00	\$ 5,193,619.00	\$ 6,563,495.00	\$ 6,440,074.00
Permanent Classified Positions	12	12	13	13
Unclassified Positions	6	6	6	6
Total Number of Positions	18	18	19	19

- 020 Current Expense – increase in FY 2020 for bi-annual purchase of Tobacco Tax Stamps.
- 028 Transfers to General Services – prior to FY 2020 DRA did not pay rent to the Department of Administrative Services for the use of our state-owned building. This is a new line to reflect these charges along with DRA’s contribution to the maintenance fund established in HB 2.
- 030 Equipment – increase in FY 2020 for the purchase of a new truck for timber and gravel appraisal and a new all wheel drive vehicle for Collections and Audit travel.
- 038 Technology – Software - \$340,000 for a prioritized need for Periodic Health Assessments of the Revenue Information Management System (RIMS) project.
- 066 Employee Training/080 Out-of-State Travel – increase in FY 2020 for additional staff to attend Federation of Tax Administrators conferences.
- 070 In-State Travel – increase in FY 2020 to promote DRA and the RIMS initiative around the state.
- Positions – changes to the position counts are the result of reorganization of positions within the DRA, there are no new positions added.

FY 2020 / FY 2021 Budget Highlights by Accounting Unit

- Administration – 7884 (continued)

	FY2018	FY 2019	FY 2020	FY 2021
	Actual Expense	Adjusted Authorized	Governor/House	Governor/House
Total All Funds	\$ 4,512,016.00	\$ 5,193,619.00	\$ 6,563,495.00	\$ 6,440,074.00
Permanent Classified Positions	12	12	13	13
Unclassified Positions	6	6	6	6
Total Number of Positions	18	18	19	19

- 027 Transfers to DoIT

- Approximately 76% of class 027 is made up of Direct Salaries and Benefits for DoIT employees at DRA and IT for DRA expenses.
- Includes funding for four DRA-specific prioritized needs: hardware maintenance for second document scanner, upgrade of Modernized eFile SQL server database, annual subscription for US Postal Service database and geographic information system license (ESRI).
- Increase in Direct and Shared Current Expenses.
- Increase in Direct Technology – Hardware in FY 2020 for Network Hardware Replacement.
- Increase in Direct Technology – Software in FY 2020 and FY 2021 due to standard increases in maintenance costs.
- Increase in Direct Out-of-State Travel for Federation of Tax Administrators conferences.
- Anticipated equipment refreshes including 19 desktops and 6 laptops in each year of the biennium.

FY 2020 / FY 2021 Budget Highlights by Accounting Unit (continued)

- Workers Compensation – 7029

	FY2018	FY 2019	FY 2020	FY 2021
	Actual Expense	Adjusted Authorized	Governor/House	Governor/House
Total All Funds	\$ 196.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00
Permanent Classified Positions	-	-	-	-
Unclassified Positions	-	-	-	-
Total Number of Positions	-	-	-	-

- Unemployment Compensation – 6184

	FY2018	FY 2019	FY 2020	FY 2021
	Actual Expense	Adjusted Authorized	Governor/House	Governor/House
Total All Funds	\$ 8,086.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00
Permanent Classified Positions	-	-	-	-
Unclassified Positions	-	-	-	-
Total Number of Positions	-	-	-	-

FY 2020 / FY 2021 Budget Highlights by Accounting Unit (continued)

- Taxpayer Services – 1080

	FY2018	FY 2019	FY 2020	FY 2021
	Actual Expense	Adjusted Authorized	Governor/House	Governor/House
Total All Funds	\$ 3,643,675.00	\$ 4,375,961.00	\$ 3,939,104.00	\$ 4,020,202.00
Permanent Classified Positions	52	52	49	49
Unclassified Positions	1	1	1	1
Total Number of Positions	53	53	50	50

- 018 Overtime – decrease in FY 2020/FY 2021 due to the addition of a second document scanner and anticipated greater efficiencies with RIMS.
- 022 Rents/Leases – increase due to cost of leased copiers.
- 030 Equipment – one-time purchase of a second document scanner in FY 2019.
- 050 Personal Services Temp – additional funding in FY 2020 and FY 2021 for a part-time mail clerk.
- Positions – changes to the position counts are the result of reorganization of positions within the DRA, there are no new positions added.

FY 2020 / FY 2021 Budget Highlights by Accounting Unit (continued)

- Audit Division – 1301

	FY2018	FY 2019	FY 2020	FY 2021
	Actual Expense	Adjusted Authorized	Governor/House	Governor/House
Total All Funds	\$ 4,204,555.00	\$ 4,770,002.00	\$ 5,137,821.00	\$ 5,237,864.00
Permanent Classified Positions	18	18	22	22
Unclassified Positions	22	22	23	23
Total Number of Positions	40	40	45	45

- 022 Rents/Leases – increase due to cost of leased copiers.
- 070 In-State Travel – decrease in FY 2020 and FY 2021 due to use of DRA-owned cars.
- 080 Out-of-State Travel – increase in FY 2020 due to additional Multi-Entity Auditor and the need to travel in pairs for training.
- Positions – changes to the position counts are the result of reorganization of positions within the DRA as well as two new positions: Tax Field Auditor I and Multi-Entity Auditor.
 - See attached cost and revenue estimates for additional positions.

FY 2020 / FY 2021 Budget Highlights by Accounting Unit (continued)

- Collection Division – 1401

	FY2018	FY 2019	FY 2020	FY 2021
	Actual Expense	Adjusted Authorized	Governor/House	Governor/House
Total All Funds	\$ 855,797.00	\$ 1,002,972.00	\$ 1,001,849.00	\$ 1,010,832.00
Permanent Classified Positions	11	11	11	11
Unclassified Positions	1	1	1	1
Total Number of Positions	12	12	12	12

- 018 Overtime – increase in overtime in FY 2020/FY 2021 for the review of licenses at events (fairs, festivals, farmer’s markets, etc.) that occur outside of normal business hours.
- 020 Current Expenses – increase in FY 2020 partially due to additional taxpayer outreach in the form of printed materials for the RIMS project.
- 066 Employee Training– increase in FY 2020 to allow for employees to attend collections-specific training opportunities.
- Positions – no changes to position count.

FY 2020 / FY 2021 Budget Highlights by Accounting Unit (continued)

- Appraisal Services – 5413

	FY2018	FY 2019	FY 2020	FY 2021
	Actual Expense	Adjusted Authorized	Governor/House	Governor/House
Total All Funds	\$ 2,071,480.00	\$ 2,538,845.00	\$ 2,418,781.00	\$ 2,403,445.00
Permanent Classified Positions	21	21	20	20
Unclassified Positions	1	1	1	1
Total Number of Positions	22	22	21	21

- 020 Current Expenses – adjustment in FY 2021 to reflect appropriation closer to anticipated actual spend.
- 022 Rents/Leases – increase due to cost of leased copiers.
- 024 Maintenance Other Than Building/038 Technology - Software – appropriation for technology maintenance contract moved to class 038 Technology - Software.
- 066 Employee Training – account added to appropriately reflect training costs.
- 070 In-State Travel/080 Out-of-State Travel – accounts added to appropriately reflect travel costs.
- Positions – changes to the position counts are the result of reorganization of positions within the DRA, there are no new positions added.

FY 2020 / FY 2021 Budget Highlights by Accounting Unit (continued)

- **Municipal Services – 7885**

	FY2018	FY 2019	FY 2020	FY 2021
	Actual Expense	Adjusted Authorized	Governor/House	Governor/House
Total All Funds	\$ 485,460.00	\$ 532,665.00	\$ 542,898.00	\$ 550,705.00
Permanent Classified Positions	5	5	5	5
Unclassified Positions	-	-	-	-
Total Number of Positions	5	5	5	5

- 020 Current Expenses – adjustment in FY 2021 to reflect appropriation closer to anticipated actual spend.
- 066 Employee Training – account added to appropriately reflect training costs.
- Positions – no changes to position count.

FY 2020 / FY 2021 Budget Highlights by Accounting Unit (continued)

- Flood Control – 3718

	FY2018	FY 2019	FY 2020	FY 2021
	Actual Expense	Adjusted Authorized	Governor/House	Governor/House
Agency Income	\$ 16,366.00	\$ 624,015.00	\$ 627,135.00	\$ 630,271.00
General Fund	\$ 828,505.00	\$ 242,235.00	\$ 259,865.00	\$ 256,729.00
Total All Funds	\$ 844,871.00	\$ 866,250.00	\$ 887,000.00	\$ 887,000.00

- The FY 2020 and FY 2021 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, with \$1,992,884 currently outstanding for FY 2015, FY 2016, FY 2017 and FY 2018 (payments through FY14 have been settled).
- Governor is authorized to draw a warrant for the payment of such reimbursements out of money in the treasury not otherwise appropriated.
 - Department estimates requesting a warrant be issued for FY 2019 for \$613,494.

FY 2020 / FY 2021 Budget Highlights by Accounting Unit (continued)

- Excavation – 7890

	FY2018	FY 2019	FY 2020	FY 2021
	Actual Expense	Adjusted Authorized	Governor/House	Governor/House
Total All Funds	\$ 111,405.00	\$ 119,790.00	\$ 120,877.00	\$ 122,533.00
Permanent Classified Positions	1	1	1	1
Unclassified Positions	-	-	-	-
Total Number of Positions	1	1	1	1

- Salary and Benefits – FY 2020 and FY 2021 reflect the salary and benefits for one employee.
- Positions – no changes to position count.

- Land Taxes Lost – 1120

	FY2018	FY 2019	FY 2020	FY 2021
	Actual Expense	Adjusted Authorized	Governor/House	Governor/House
Total All Funds	\$ 85,844.00	\$ 90,000.00	\$ 96,500.00	\$ 96,500.00
Permanent Classified Positions	-	-	-	-
Unclassified Positions	-	-	-	-
Total Number of Positions	-	-	-	-

- 020 Current Expenses/033 Land Acquisitions & Easement – appropriation moved to the proper class and in FY 2020 reflects current use acreage values and tax rates.

FY 2020 / FY 2021 Budget Highlights by Accounting Unit (continued)

- **Low and Moderate Income Hardship Grants – 1857**

	FY2018	FY 2019	FY 2020	FY 2021
	Actual Expense	Adjusted Authorized	Governor/House	Governor/House
Total All Funds	\$ 1,243,340.00	\$ 1,850,000.00	\$ 1,750,000.00	\$ 1,750,000.00
Permanent Classified Positions	-	-	-	-
Unclassified Positions	-	-	-	-
Total Number of Positions	-	-	-	-

- 083 Hardship Grants – decrease in FY 2020/FY 2021 due to drop in relief claims received in recent years.

- **Timber Tax Administration – 1871**

	FY2018	FY 2019	FY 2020	FY 2021
	Actual Expense	Adjusted Authorized	Governor/House	Governor/House
Total All Funds	\$ 90,238.00	\$ 97,133.00	\$ 97,665.00	\$ 101,599.00
Permanent Classified Positions	1	1	1	1
Unclassified Positions	-	-	-	-
Total Number of Positions	1	1	1	1

- Salary and Benefits – FY 2020 and FY 2021 reflect the salary and benefits for one employee.
- Positions – no changes to position count.

FY 2020 / FY 2021 Budget Highlights by Accounting Unit (continued)

- Current Use Board – 1700

	FY2018	FY 2019	FY 2020	FY 2021
	Actual Expense	Adjusted Authorized	Governor/House	Governor/House
Total All Funds	\$ 957.00	\$ 2,744.00	\$ 2,825.00	\$ 2,903.00
Permanent Classified Positions	-	-	-	-
Unclassified Positions	-	-	-	-
Total Number of Positions	-	-	-	-

- Assessing Standards Board – 1720

	FY2018	FY 2019	FY 2020	FY 2021
	Actual Expense	Adjusted Authorized	Governor/House	Governor/House
Total All Funds	\$ 3,524.00	\$ 5,384.00	\$ 5,642.00	\$ 5,780.00
Permanent Classified Positions	-	-	-	-
Unclassified Positions	-	-	-	-
Total Number of Positions	-	-	-	-

- Appropriations for Administratively Attached Boards reflect amounts for per diem rates and in-state travel reimbursement for attending board meetings.

House Bill 2 – Select Sections

- Section 40 – Building Maintenance Fund
 - Deposits into this fund are included in Class 028 – Transfers to General Services in the amount of \$39,648 in FY 2020 and FY 2021.
- Section 55 – Meals and Room Tax Distribution to Cities and Towns
 - Distribution to cities and towns for the FY 2020/FY 2021 biennium is capped at the amount of the FY 2019 distribution, which is capped at the FY 2017 distribution of \$68,805,057.
- Sections 90 – 91 – RIMS Account
 - Allows for revenue uplift deposits to begin in FY 2020, instead of FY 2022.
 - Ensures that the account is sufficiently funded to cover the non-general fund debt service.
 - Clarifies that the first \$6 million of debt plus interest will be paid by the general fund, with the remaining \$24,160,000 of debt plus interest funded by the RIMS account.
- Sections 107 – 108 – Electronic Cigarettes
 - Expands the definition of “tobacco products” under the Tobacco Tax statute to include electronic cigarettes.
 - No additional appropriations are necessary to administer this change.
- Section 212 – Coos County Job Creation Tax Credit Extended
 - No additional appropriations are necessary to administer this change.
- Sections 213 – 216 – Business Tax Rates
 - No additional appropriations are necessary to administer this change.
- Sections 242 – 256 – I&D and Capital Gains
 - No additional appropriations are necessary to administer this change.