



STATE OF NEW HAMPSHIRE
OFFICE OF THE GOVERNOR

CHRISTOPHER T. SUNUNU
Governor

March 3, 2021

The Honorable Ken Weyler
Chairman
House Finance Committee
State House
Concord, NH 03301

The Honorable Gary Daniels
Chairman
Senate Finance Committee
State House
Concord, NH 03301

The Honorable Mary Jane Wallner
Ranking Member
House Finance Committee
State House
Concord, NH 03301

The Honorable Lou D'Allesandro
Ranking Member
Senate Finance Committee
State House
Concord, NH 03301

Dear Chairmen Weyler, Daniels, and Ranking Members Wallner and D'Allesandro:

The COVID-19 pandemic has brought heightened uncertainty surrounding revenue performance for the current fiscal year and into the next biennium. We have all been following revenue performance each month to best understand how and where the economic impacts of the pandemic continue to be felt.

The revenue estimates for FY21-23 included during the Governor's phase of the budget process were reflective of actual data through January with estimates for the remainder of fiscal year 2021. Now that the Department of Administrative Services (DAS) has released the February *Revenue Focus*, I have enclosed updated revenue estimates reflective of this stronger than forecasted performance in FY21.

As introduced, HB1 assumed that taxes collected by the Department of Revenue Administration (DRA) would be 7 percent below plan for the month of February. The newly released February data show unaudited revenue performance 17 percent above plan for these same taxes—a tremendous improvement that speaks to the robust nature of this economic recovery. Across all tax types, February collections exceeded the official plan by 18.5 percent.

Based on these revised revenues, coupled with updated agency lapse estimates, we continue to reduce our projected draw on the Rainy Day Fund to close out the current biennium. When the

pandemic first arrived this time last year, none of us could have predicted an economic picture as bright as our economic reality today.

The updated revenue data I have attached today point to an additional \$70 million for the general and education trust funds over the next biennium. Having worked closely with agency heads during the Governor's phase, we have compiled a prioritized list of additional needs that would have been funded during the Governor's phase had this revenue been realized prior to February 15th. Please find a list of key areas that I would encourage the House to reintroduce during their phase of the budget process. These areas include:

- Maintain transitional housing services at the Department of Corrections
- Fund existing shared services division positions at the Department of IT
- Fund support for family resource centers through DHHS
- Fund existing civilian positions at the Department of Safety
- Provide a state-match for the Small Business Development Center

As I said when I first presented the budget a few weeks ago, this budget has been built on conservative revenue estimates and likely understates the strength of the economic recovery into the next biennium. The February data bears this point out. I encourage the legislature to consider this strong positive trend in revenue performance as the budget works its way through the process.

Sincerely,



Christopher T. Sununu
Governor

CC: Senator Chuck Morse, President of the Senate
Senator Donna Soucy, Senate Democratic Leader
Representative Sherman Packard, Speaker of the House
Representative Renny Cushing, House Democratic Leader

Encl: Revised Revenue Estimates (1); Remaining Agency Needs (2)