NEW ISSUE – Book Entry Only

Ratings: Fitch Ratings: AA+
Moody's: Aa1
S&P: AA
(See "RATINGS")

In the opinion of Locke Lord LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Bonds will not be included in computing the alternative minimum taxable income of individuals. Under existing law, interest on the Bonds is exempt from the New Hampshire personal income tax on interest and dividends. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX EXEMPTION" and Appendix A herein.

$59,030,000
STATE OF NEW HAMPSHIRE
GENERAL OBLIGATION CAPITAL IMPROVEMENT BONDS
2022 SERIES A

Dated: Date of Delivery **Due:** as shown on the inside cover hereof

The Bonds will be issued as fully registered bonds, registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"). Purchases of beneficial interests in the Bonds will be made in book-entry form (without certificates) in the denomination of $5,000 or any integral multiple thereof. (See "THE BONDS--Book-Entry Only System" herein.)

Interest on the Bonds will be payable semiannually on March 1 and September 1 of each year, commencing September 1, 2022, until maturity. The Bonds are subject to redemption prior to maturity as provided herein.

The Bonds are offered when, as and if issued by the State, subject to receipt of the final approving opinion of Locke Lord LLP, Boston, Massachusetts, Bond Counsel, and to certain other conditions referred to in the Official Notice of Sale. Public Resources Advisory Group has acted as Financial Advisor to the State with respect to the Bonds. Delivery of the Bonds to DTC or its custodial agent is expected on or about March 24, 2022.

March 10, 2022

$59,030,000
STATE OF NEW HAMPSHIRE
General Obligation
Capital Improvement Bonds
2022 Series A

Due March 1	Principal Amount	Interest Rate	Yield	CUSIP* 644682	Due March 1	Principal Amount	Interest Rate	Yield	CUSIP* 644682
2023	$3,545,000	5.00%	0.95%	7F7	2033	$2,360,000	5.00%	1.97%†	7R1
2024	3,545,000	5.00	1.22	7G5	2034	2,360,000	5.00	2.02†	7S9
2025	3,545,000	5.00	1.34	7H3	2035	2,360,000	5.00	2.06†	7T7
2026	3,545,000	5.00	1.45	7J9	2036	2,360,000	5.00	2.10†	7U4
2027	3,545,000	5.00	1.53	7K6	2037	2,360,000	5.00	2.12†	7V2
2028	3,545,000	5.00	1.60	7L4	2038	2,360,000	5.00	2.15†	7W0
2029	3,540,000	5.00	1.68	7M2	2039	2,360,000	5.00	2.18†	7X8
2030	3,540,000	5.00	1.77	7N0	2040	2,360,000	4.00	2.35†	7Y6
2031	3,540,000	5.00	1.82	7P5	2041	2,360,000	4.00	2.37†	7Z3
2032	3,540,000	5.00	1.90	7Q3	2042	2,360,000	4.00	2.39†	8A7

---

*CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services ("CGS") is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. Copyright© 2020 CUSIP Global Services. All rights reserved. CUSIP® numbers herein are provided by CGS. CUSIP® numbers are provided for convenience of reference only. They are not intended to create a database and do not serve in any way as a substitute for the CGS database. The State is not responsible for the selection or the correctness of the CUSIP® numbers printed herein. CUSIP® numbers assigned to securities may be changed during the term of such securities based on a number of factors, including, but not limited to, the refunding or defeasance of such securities or the use of secondary market financial products. The State has not agreed to, and there is no duty or obligation to, update this Official Statement to reflect any change or correction in the CUSIP® numbers set forth above.

† Priced at the stated yield to the March 1, 2032 optional redemption date at a redemption price of 100%. See "THE BONDS—Redemption Provisions—Optional Redemption" herein.

No dealer, broker, salesperson or other person has been authorized by the State of New Hampshire to give any information or to make any representations with respect to the State or the Bonds, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the State of New Hampshire. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make an offer, solicitation or sale. This Official Statement is not to be construed as a contract or agreement between the State of New Hampshire and the purchasers or owners of any of the Bonds. The information and expressions of opinion in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement or any sale made under it will, under any circumstances, create any implication that there has been no change in the affairs of the State of New Hampshire since the date of this Official Statement.

This Official Statement contains forecasts, projections and estimates that are based on current expectations. In light of the important factors that may materially affect the financial condition of the State of New Hampshire generally and other economic and financial matters, the inclusion in this Official Statement of such forecasts, projections and estimates should not be regarded as a representation by the State that such forecasts, projections and estimates will occur. Such forecasts, projections and estimates are not intended as representations of fact or guarantees of results.

This Official Statement also contains certain forward-looking statements that are subject to a variety of risks and uncertainties that could cause actual results to differ from the projected results, including without limitation general economic and business conditions, conditions in the financial markets, the financial condition of the State of New Hampshire and various state agencies and authorities, receipt of federal grants, litigation, arbitration, force majeure events and various other factors that are beyond the control of the State and its various agencies and authorities. Because of the inability to predict all factors that may affect future decisions, actions, events or financial circumstances, what actually happens may be different from what is set forth in such forward-looking statements. Forward-looking statements are indicated by use of such words as “may,” “will,” “should,” “intends,” “expects,” “believes,” “anticipates,” “estimates” and other similar words.

All quotations from and summaries and explanations of provisions of law and documents herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinion and not as representations of fact. This Official Statement speaks as of its date except where specifically noted otherwise and is subject to change without notice. Neither the delivery of this Official Statement, any sale made hereunder, nor any filing of this Official Statement shall under any circumstances create an implication that there has been no change in the affairs of the State of New Hampshire since the date of this Official Statement or imply that any information herein is accurate or complete as of any later date.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

TABLE OF CONTENTS

PART I: INFORMATION CONCERNING THE BONDS

Statement pursuant to New Hampshire Revised Statutes Annotated 421-B:20:

In making an investment decision investors must rely on their own examination of the issuer and the terms of the offering, including the merits and risks involved. These securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense.

STATE OF NEW HAMPSHIRE

Governor
Christopher T. Sununu

Executive Council
Joseph D. Kenney
Cinde Warmington
Janet Stevens
Theodore L. Gatsas
David K. Wheeler

State Treasurer
Monica I. Mezzapelle

Secretary Of State
David M. Scanlan

Attorney General
John M. Formella

Commissioner of Administrative Services
Charles M. Arlinghaus

Comptroller
Dana M. Call

Budget Director
Vacant

BOND COUNSEL
Locke Lord LLP
111 Huntington Avenue
Boston, Massachusetts 02199-7613

FINANCIAL ADVISOR
Public Resources Advisory Group
39 Broadway, Suite 1210
New York, New York 10006

[This Page Intentionally Left Blank]

OFFICIAL STATEMENT

OF

THE STATE OF NEW HAMPSHIRE

$59,030,000
GENERAL OBLIGATION CAPITAL IMPROVEMENT BONDS
2022 Series A

PART I: INFORMATION CONCERNING THE BONDS

This Official Statement, including the cover page, is provided for the purpose of presenting certain information relating to the State of New Hampshire (the "State") in connection with the sale of $59,030,000 aggregate principal amount of its General Obligation Capital Improvement Bonds, 2022 Series A (the "Bonds").

This Official Statement consists of two parts: Part I (including the cover and Appendices A, B and C) and Part II, the State's Information Statement dated March 10, 2022 (the "Information Statement"). The Information Statement will be provided to the Municipal Securities Rulemaking Board ("MSRB") for purposes of SEC Rule 15c2-12. The Information Statement incorporates by reference as Exhibit A the State's audited financial statements for fiscal year 2021, which have been provided to the MSRB. All information contained in this Official Statement and the Information Statement pertaining to fiscal year 2022 or later is preliminary, unaudited and subject to change.

THE BONDS

Description of the Bonds

The Bonds will be dated their date of delivery and will bear interest (calculated on a 30/360 day basis) and will be payable semiannually on March 1 and September 1 of each year, commencing September 1, 2022, until maturity. The record date with respect to each payment of interest shall be the fifteenth day of the month preceding such interest payment date; provided that if such date is not a business day, the record date shall be the next succeeding business day. The Bonds will mature on the dates and in the principal amounts and bear interest at the rates shown on the inside cover page of this Official Statement.

The Bonds are being issued only as fully registered Bonds and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of beneficial interests in the Bonds will be made in book-entry form, in the denomination of $5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in Bonds purchased. So long as DTC or its nominee, Cede & Co., is the Bondowner, payments of principal and interest will be made directly to such Bondowner. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participants, as more fully described herein. (See "Book-Entry Only System" herein.)

Redemption Provisions

Optional Redemption.

The Bonds maturing on and before March 1, 2032 are not subject to redemption prior to maturity. The Bonds maturing after March 1, 2032 are subject to redemption at the option of the State on and after March 1, 2032, in whole or in part at any time, with maturities to be designated by the State (and by lot within a maturity as described below), at the price of the par amount of bonds to be redeemed, plus accrued interest to the redemption date.

Selection of Bonds to be Redeemed in a Partial Redemption.

If less than all of the Bonds of a particular maturity and bearing interest at a particular interest rate are called for redemption, the applicable Bonds within such maturity to be redeemed will be selected by DTC or any successor securities depository pursuant to its rules and procedures or, if the book-entry system is discontinued, will be selected by the State by lot or in any customary manner as the State in its discretion may determine.

Notice of Redemption.

So long as DTC is the registered owner of the Bonds, notice of any redemption of Bonds prior to their maturities, specifying the Bonds (or the portions thereof) to be redeemed shall be mailed to DTC not more than 60 days nor less than 30 days prior to the redemption date. Any failure on the part of DTC to notify the DTC Participants of the redemption or failure on the part of the DTC Participants or of a nominee of a Beneficial Owner (having received notice from a DTC Participant or otherwise) to notify the Beneficial Owner shall not affect the validity of the redemption. The redemption notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to effect the redemption, in a separate account established by the State for such purpose no later than the redemption date, or that the State may rescind such notice at any time prior to the scheduled redemption date if the State Treasurer delivers a notice thereof to the registered owner of the Bonds. The redemption notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded, and the failure of the State to make funds available in whole or in part on or before the redemption date shall not constitute a default. Notice of redemption having been given as aforesaid, and sufficient moneys deposited with The Bank of New York Mellon Trust Company, N.A., or its successor, as Paying Agent (the “Paying Agent”) for redemption, the Bonds called for redemption shall become due and payable on the redemption date, and from and after such date, such Bonds shall cease to bear interest.

Security for the Bonds

In the opinion of Bond Counsel, the Bonds when duly issued will constitute valid general obligations of the State and the full faith and credit of the State will be pledged for the punctual payment of the principal of and interest on the Bonds.

Each Bond when duly issued and paid for will constitute a contract between the State and the owner of the Bond. While the doctrine of sovereign immunity (the sovereign right of a state not to be sued without its consent) applies to the State, the Legislature has conferred jurisdiction on the Superior Court to enter judgment against the State founded upon any express or implied contract. The Supreme Court of New Hampshire has stated that that statutory provision constitutes a waiver of the State’s right of sovereign immunity in such a case. Although a bond of the State constitutes a contract with the owner of the bond, the State Supreme Court has not considered the issue of sovereign immunity in a case expressly involving the enforceability of a bond. Under State law, the Attorney General of the State is directed to present any claim founded upon a judgment against the State to the department or agency which entered into the contract for payment from available appropriations or, if such appropriations are insufficient, to present the claim to the Legislature. Payment of a claim against the State for which available appropriated funds are insufficient would require appropriation by the Legislature. Enforcement of a claim for payment of principal of or interest on the Bonds may also be subject to the provisions of federal or State statutes, if any, hereafter enacted extending the time for payment or imposing other constraints upon enforcement, insofar as those provisions may be constitutionally applied.

The State Constitution provides that the public charges of government may be raised by taxation upon polls, estates and other classes of property including franchises and property when passing by will or inheritance, and authorizes the Legislature to impose and levy proportional and reasonable assessments, rates and taxes upon all the inhabitants of, and residents within, the State and upon all property within the State.

Authorization and Purpose

The Bonds are being issued pursuant to a vote of the Governor and Council under Chapter 6-A of the New Hampshire Revised Statutes Annotated (“RSA”) and certain other laws of the State. Proceeds from the sale of the Bonds are expected to be used to finance all or a portion of the costs of various capital projects of the State, and to pay issuance costs of the Bonds.

Book-Entry Only System

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued in fully-registered form registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One-fully registered certificate will be issued for each maturity of each series of the Bonds, each in the aggregate principal amount of such maturity and series, and each such certificate will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at **www.dtcc.com** and **www.dtc.org**.

Purchases of securities deposited with DTC must be made by or through Direct Participants, which will receive a credit for such securities on DTC's records. The ownership interest of each actual purchaser of each security deposited with DTC ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in securities deposited with DTC are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in securities deposited with DTC, except in the event that use of the book-entry system for such securities is discontinued.

To facilitate subsequent transfers, all securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the securities deposited with it; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds of a particular series and maturity and bearing interest at a particular rate are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such series and maturity and interest rate to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to securities deposited with it unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of such securities or its paying agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on securities deposited with DTC will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the issuer of such securities or its paying agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the issuer of such securities or its paying agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer of such securities or its paying agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to securities held by it at any time by giving reasonable notice to the issuer of such securities or its paying agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered to Beneficial Owners.

The State may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to Beneficial Owners.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the State believes to be reliable, but the State takes no responsibility for the accuracy thereof.

TAX EXEMPTION

In the opinion of Locke Lord LLP, Bond Counsel to the State ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Bond Counsel is of the further opinion that interest on the Bonds will not be included in computing the alternative minimum taxable income of Bondholders who are individuals. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

The Code imposes various requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. Failure to comply with these requirements may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The State has covenanted to comply with such requirements to ensure that interest on the Bonds will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these requirements.

Bond Counsel is also of the opinion that, under existing law, interest on the Bonds is exempt from the New Hampshire personal income tax on interest and dividends. Bond Counsel expresses no opinion regarding any other New Hampshire tax consequences arising with respect to the Bonds. Bond Counsel also has not opined as to the taxability of the Bonds or the income therefrom under the laws of any state other than New Hampshire. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix A hereto.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and is exempt from the New Hampshire personal income tax on interest and dividends. For this purpose, the issue price of a maturity of the Bonds is the reasonably expected initial offering price or the first price at which a substantial amount of such maturity of the Bonds is sold to the public, as applicable. The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial Owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase such Bonds in the original offering to the public at the reasonably expected initial offering price to the public, the first price at which a substantial amount of such Bonds is sold to the public or, if applicable, a combination thereof.

Bonds purchased, whether at original issuance or otherwise, for an amount greater than the stated principal amount to be paid at maturity of such Bonds, or, in some cases, at the earlier redemption date of such Bonds ("Premium Bonds"), will be treated as having amortizable bond premium for federal income tax purposes and for purposes of the New Hampshire personal income tax on interest and dividends. No deduction is allowable for the amortizable bond premium in the case of obligations, such as the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a Beneficial Owner's basis in a Premium Bond will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from the New Hampshire personal income tax on interest and dividends, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect a Beneficial Owner's federal or state tax liability. The nature and extent of all such other tax consequences will depend upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income, deduction or exclusion. Bond Counsel expresses no opinion regarding any such other tax consequences, and Beneficial Owners should consult with their own tax advisors with respect to such consequences.

Risk of Future Legislative Changes and/or Court Decisions

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the New Hampshire legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax status of interest on the Bonds or the market value or marketability of the Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Bonds from gross income for federal or state income tax purposes for all or certain taxpayers. Additionally, Bondholders should be aware that future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the interest on the Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Bonds may be affected and the ability of Bondholders to sell their Bonds in the secondary market may be reduced. The Bonds are not subject to special mandatory redemption, and the interest rates on the Bonds are not subject to adjustment, in the event of any such change in the tax treatment of interest on the Bonds.

Investors should consult their own financial and tax advisors to analyze the importance of these risks.

COMPETITIVE SALE OF THE BONDS

After competitive bidding on March 10, 2022, the Bonds were awarded to a group of underwriters managed by Morgan Stanley & Co. LLC (the "Underwriters"). The Underwriters have supplied the information as to the public offering yields or prices of the Bonds set forth on the inside cover hereof. The Underwriters have informed the State that if all of the Bonds are resold to the public at those yields or prices, they anticipate the total Underwriters' compensation to be $137,654.42. The Underwriters may change the public offering yields or prices from time to time.

Morgan Stanley & Co. LLC, an underwriter of the Bonds, has entered into a distribution agreement with its affiliate, Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

LEGAL MATTERS

Legal matters incident to the authorization and sale of the Bonds are subject to the approval of Locke Lord LLP, Boston, Massachusetts, Bond Counsel. A proposed form of the approving opinion of Locke Lord LLP is set forth in Appendix A. The opinion will be dated the date of the issuance of the Bonds and will speak only as of that date.

FINANCIAL ADVISOR

Public Resources Advisory Group has acted as financial advisor to the State with respect to the issuance of the Bonds.

RATINGS

Fitch Ratings, Moody's Investors Service, Inc. and S&P Global Ratings, a division of S&P Global, Inc. ("S&P") have assigned the Bonds the ratings of AA+ (outlook stable), Aa1 (outlook stable), and AA (outlook positive), respectively. An explanation of the significance of each such rating may be obtained from the rating agency furnishing the same. There is no assurance that those ratings will be maintained for any given period of time or that they may not be lowered or withdrawn entirely by the rating agencies, or any of them, if in their or its judgment circumstances so warrant. Any such downward change in or withdrawal of any of the ratings may have an adverse effect on the market price of the Bonds.

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (the "Rule"), the State will covenant for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the State (the "Annual Report"), by not later than 270 days after the end of each fiscal year and to provide notices of the occurrence of certain enumerated events. The covenants will be contained in a Continuing Disclosure Certificate, the proposed form of which is provided in Appendix B. The Certificate will be executed by the signers of the Bonds, and incorporated by reference in the Bonds.

The State is not aware of any failure to comply in any material respect with any of its previous undertakings with respect to the Rule in the previous five years. It should be noted that the State did not timely file notice of the incurrence of a financial obligation in December 2020 until January 29, 2021.

The State has adopted written policies to ensure that continuing disclosure filings will be made with EMMA in a timely fashion.

MISCELLANEOUS

Any provisions of the constitution or laws of the State and of other documents set forth or referred to in this Official Statement are only summarized and such summaries do not purport to be complete statements of any of such provisions. Only the actual text of such provisions can be relied upon for completeness and accuracy.

This Official Statement contains certain forward-looking statements that are subject to a variety of risks and uncertainties that could cause actual results to differ from the projected results, including without limitation general economic and business conditions, conditions in the financial markets, the financial condition of the State and various state agencies and authorities, receipt of federal grants, litigation, arbitration, force majeure events and various other factors that are beyond the control of the State and its various agencies and authorities. Because of the inability to predict all factors that may affect future decisions, actions, events or financial circumstances, what actually happens may be different from what is set forth in such forward-looking statements. Forward-looking statements are indicated by use of such words as "may," "will," "should," "intends," "expects," "believes," "anticipates," "estimates" and other.

All estimates and assumptions in this Official Statement have been made on the best information available and are believed to be reliable, but no representations whatsoever are made that such estimates and assumptions are correct. So far as any statements in this Official Statement involve any matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact. The various tables may not add due to rounding of figures.

The State has prepared the prospective financial information set forth in this Official Statement in connection with its budgeting and appropriations processes. This prospective financial information was not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information, but, in the view of the State, was prepared on a reasonable basis, reflects the best currently available estimates and judgments, and presents, to the best knowledge and belief of the offices of the State identified in this Official Statement as the sources of such information, the currently expected course of action and the currently expected future budgeted revenues and expenditures of the State. However, this information is not fact and should not be relied upon as being necessarily indicative of future results, and readers of this Official Statement are cautioned not to place undue reliance on the prospective financial information.

Neither the State's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

The information, estimates and assumptions and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale made pursuant to this Official Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the State or its agencies, authorities or political subdivisions since the date of this Official Statement, except as expressly stated.

STATE OF NEW HAMPSHIRE

By: *_/s/Monica I. Mezzapelle_*
State Treasurer

March 10, 2022

[THIS PAGE INTENTIONALLY LEFT BLANK]

PROPOSED FORM OF OPINION OF BOND COUNSEL

Locke Lord LLP

111 Huntington Avenue
Boston, MA 02199
Telephone: 617-239-0100
Fax: 617-227-4420
www.lockelord.com

The Honorable Monica I. Mezzapelle
State Treasurer
State House Annex
Concord, New Hampshire 03301

$59,030,000
State of New Hampshire
General Obligation
Capital Improvement Bonds, 2022 Series A
Dated Date of Delivery

We have acted as Bond Counsel to the State of New Hampshire (the "State") in connection with the issuance by the State of the above-referenced bonds (the "Bonds"). In such capacity, we have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon representations and covenants of the State contained in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on this examination, we are of the opinion, under existing law, as follows:

1. The Bonds are valid and binding general obligations of the State, and the full faith and credit of the State are pledged for the punctual payment of the principal of and interest on the Bonds.

2. The interest on the Bonds is exempt from the New Hampshire personal income tax on interest and dividends. We express no opinion regarding any other New Hampshire tax consequences arising with respect to the Bonds or any tax consequences arising with respect to the Bonds under the laws of any state other than New Hampshire.

3. Interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes. In addition, interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. In rendering the opinions set forth in this paragraph, we have assumed compliance by the State with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The State has covenanted to comply with all such requirements. Failure by the State to comply with certain of such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

This opinion is expressed as of the date hereof, and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances or changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason.

The rights of the holders of the Bonds and the enforceability of the Bonds may be subject to insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

LOCKE LORD LLP

PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the State of New Hampshire (the "State") in connection with the issuance of its $59,030,000 General Obligation Capital Improvement Bonds, 2022 Series A (the "Bonds"), dated their date of delivery. The State covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the State for the benefit of the Owners of the Bonds and in order to assist the Participating Underwriters in complying with the Rule.

SECTION 2. Definitions. For purposes of this Disclosure Certificate the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the State pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board as established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Certificate. Filing information relating to the MSRB is set forth in Exhibit A attached hereto.

"Owners of the Bonds" shall mean the registered owners, including beneficial owners, of the Bonds.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The State shall, not later than 270 days after the end of each fiscal year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the State may be submitted when available separately from the balance of the Annual Report.

(b) If the State is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the State shall send a timely notice to the MSRB in substantially the form attached as Exhibit B.

SECTION 4. Content of Annual Reports. The State's Annual Report shall contain or incorporate by reference the following:

(a) quantitative information for the preceding fiscal year of the type presented in the State's Information Statement dated March 10, 2022 with respect to the Bonds regarding (i) the revenues and expenditures of the State relating to its General Fund and Education Fund, (ii) capital expenditures, (iii) fund balances, (iv) revenue information, (v) indebtedness of the State, and (vi) pension and OPEB obligations of the State, and

(b) the most recently available audited financial statements of the State, prepared in accordance with generally accepted accounting principles.

If audited financial statements for the preceding fiscal year are not available when the Annual Report is submitted, the Annual Report will include unaudited financial statements for the preceding fiscal year and audited financial statements for such fiscal year shall be submitted when available.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements for debt issues of the State or related public entities, which (i) are available to the public on the MSRB internet website or (ii) have been filed with the Securities and Exchange Commission. The State shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) The State shall give notice, in accordance with subsection 5(b) below, of the occurrence of any of the following events with respect to the Bonds:

1. principal and interest payment delinquencies;

2. non-payment related defaults, if material;

3. unscheduled draws on the debt service reserves reflecting financial difficulties;

4. unscheduled draws on the credit enhancements reflecting financial difficulties;

5. substitution of the credit or liquidity providers or their failure to perform;

6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determination of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

7. modifications to rights of Bondholders, if material;

8. (i) bond calls, if material, and (ii) tender offers;

9. defeasances;

10. release, substitution or sale of property securing repayment of the Bonds, if material;

11. rating changes;

12. bankruptcy, insolvency, receivership or similar event of the State;[*]

13. the consummation of a merger, consolidation, or acquisition involving the State or the sale of all or substantially all of the assets of the State, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

14. appointment of a successor or additional trustee or the change of name of a trustee, if material;

---

[*]As noted in the Rule, this event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for the State in a proceeding under the U.S. Bankruptcy Code or in any proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the State, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the State.

15. incurrence of a financial obligation of the State, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the State, any of which affect Bondholders, if material;† and

16. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the State, any of which reflect financial difficulties.†

(b) Upon the occurrence of a Listed Event described in subsections (a)(2), (7), (8)(i), (10), (13), (14) or (15), the State shall as soon as possible determine if such event is material under applicable federal securities laws.

(c) Upon the occurrence of a Listed Event described in subsections (a)(1), (3), (4), (5), (6), (8)(ii), (9), (11) or (12), and in the event the State determines that the occurrence of a Listed Event described in subsections (a)(2), (7), (8)(i), (10), (13), (14) or (15) is material under applicable federal securities laws, the State shall, in a timely manner not in excess of ten (10) business days after the occurrence of the event, file a notice of such occurrence with the MSRB.

SECTION 6. Transmission of Information and Notices. Unless otherwise required by law, all notices, documents and information provided to the MSRB shall be provided in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The State's obligations under this Disclosure Certificate shall terminate upon the legal defeasance in accordance with the terms of the Bonds, prior redemption or payment in full of all of the Bonds.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the State may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived if such amendment or waiver is permitted by the Rule, as evidenced by an opinion of counsel expert in federal securities law (which may also include bond counsel to the State), to the effect that such amendment or waiver would not cause the Disclosure Certificate to violate the Rule. The first Annual Report filed after enactment of any amendment to or waiver of this Disclosure Certificate shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of information being provided in the Annual Report.

If the amendment provides for a change in the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the State to meet its obligations. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in the accounting principles shall be sent to the MSRB.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the State from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the State chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the State shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

† For purposes of event numbers (15) and (16) in Section 5(a) of the Disclosure Certificate, the term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "financial obligation" excludes municipal securities for which a final official statement has been provided to the MSRB consistent with the Rule.

SECTION 10. Default. In the event of a failure of the State to comply with any provision of this Disclosure Certificate any Owner of the Bonds may seek a court order for specific performance by the State of its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not constitute a default with respect to the Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the State to comply with this Disclosure Certificate shall be an action for specific performance of the State's obligations hereunder and not for money damages in any amount.

SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Owners of the Bonds from time to time, and shall create no rights in any other person or entity.

Date: March 24, 2022

STATE OF NEW HAMPSHIRE

By:____
State Treasurer

____
Governor

[EXHIBIT A: Filing Information for the MSRB – to be attached**]**

[EXHIBIT B: Form of Notice of Failure to File Annual Report – to be attached**]**

OFFICIAL NOTICE OF SALE

$58,320,000*
STATE OF NEW HAMPSHIRE
GENERAL OBLIGATION CAPITAL IMPROVEMENT BONDS
2022 Series A

Notice is hereby given that electronic bids will be received until 11:15 A.M. (local Concord, New Hampshire time) on March 10, 2022 by Monica I. Mezzapelle, State Treasurer of the State of New Hampshire, for the purchase of $58,320,000* State of New Hampshire General Obligation Capital Improvement Bonds, 2022 Series A (the "Bonds").

Description of the Bonds

The Bonds will be issued only as fully registered bonds in book-entry form. The Bonds will be dated their date of delivery and will be issued in denominations of $5,000 or any integral multiple thereof. Interest on the Bonds will be calculated on a 30/360 day basis and will be payable semi-annually on March 1 and September 1, commencing September 1, 2022.

Principal on the Bonds will be paid on March 1 in the following years and amounts:

Year	Principal Amount(1)(2)	Year	Principal Amount(1)(2)
2023	$3,505,000	2033	$2,330,000
2024	3,505,000	2034	2,330,000
2025	3,505,000	2035	2,330,000
2026	3,505,000	2036	2,330,000
2027	3,500,000	2037	2,330,000
2028	3,500,000	2038	2,330,000
2029	3,500,000	2039	2,330,000
2030	3,500,000	2040	2,330,000
2031	3,500,000	2041	2,330,000
2032	3,500,000	2042	2,330,000

(1) Preliminary; subject to change.
(2) May represent mandatory sinking fund redemption amount or stated maturity if Term Bonds (as defined herein) are specified.

Authorization and Security

The Bonds will be general obligations of the State of New Hampshire and the full faith and credit of the State will be pledged for the punctual payment of the principal and interest on the Bonds. The Bonds are being issued pursuant to a vote of the Governor and Council under Chapter 6-A of the New Hampshire Revised Statutes Annotated and various other laws.

Optional Redemption

The Bonds maturing on or before March 1, 2032 are not subject to redemption prior to maturity. The Bonds maturing after March 1, 2032 are subject to redemption at the option of the State on and after March 1, 2032, in whole or in part at any time, with maturities to be designated by the State (and by lot within a maturity as described below), at the price of the par amount of bonds to be redeemed, plus accrued interest to the redemption date.

*Preliminary, subject to change.

Mandatory Redemption

The prospective bidder may designate two or more consecutive serial maturities of Bonds as one or more term bonds (each, a "Term Bond"). Any such Term Bond shall be subject to mandatory redemption commencing on March 1 of the first year which has been combined to form such Term Bond and continuing on March 1 in each year thereafter until the stated maturity date of that Term Bond. The amount of Bonds to be redeemed in any year by mandatory sinking fund redemption shall be redeemed at par and selected as provided below from among the Bonds of the same maturity. The State may credit against any mandatory redemption requirement Term Bonds of the maturity then subject to redemption which have been purchased and canceled by the State or have been redeemed and not theretofore applied as a credit against any mandatory redemption requirement.

Selection of Bonds To Be Redeemed in Partial Redemption

In the event of a partial redemption of any maturity of the Bonds, the identity of the beneficial owners whose beneficial interests in the Bonds will be redeemed and the amount of any such redemption will be determined by DTC and its participants by lot in such manner as DTC and its participants deem appropriate.

Notice of Redemption

So long as DTC is the registered owner of the Bonds, notice of any redemption of the Bonds prior to their maturities, specifying the Bonds (or the portions thereof) to be redeemed shall be mailed to DTC not more than 60 days nor less than 30 days prior to the redemption date. Any failure on the part of DTC to notify the DTC Participants of the redemption or failure on the part of the DTC Participants or of a nominee of a Beneficial Owner (having received notice from a DTC Participant or otherwise) to notify the Beneficial Owner shall not affect the validity of the redemption. The redemption notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to effect the redemption, in a separate account established by the State for such purpose no later than the redemption date, or that the State may rescind such notice at any time prior to the scheduled redemption date if the State Treasurer delivers a notice thereof to the registered owner of the Bonds. The redemption notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded, and the failure of the State to make funds available in whole or in part on or before the redemption date shall not constitute a default. Notice of redemption having been given as aforesaid, and sufficient moneys deposited with The Bank of New York Mellon Trust Company, N.A., or its successor, as Paying Agent (the "Paying Agent") for redemption, the Bonds called for redemption shall become due and payable on the redemption date, and from and after such date, such Bonds shall cease to bear interest.

Book-Entry Only

Initially, one bond certificate for each maturity will be issued to The Depository Trust Company, New York, New York ("DTC") or its nominee, which will be designated as the securities depository for the Bonds. So long as DTC is acting as securities depository for the Bonds, a book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of $5,000 and multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. Principal of and interest on the Bonds will be payable to DTC or its nominee as registered owner of the Bonds. Principal of and interest on the Bonds will be payable in lawful money of the United States of America by The Bank of New York Mellon Trust Company, N.A., as Paying Agent. Transfers of principal and interest payments to beneficial owners (the "Beneficial Owners") will be the responsibility of such participants and other nominees of the Beneficial Owners. The State will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

In the event that (a) DTC determines not to continue to act as securities depository for the Bonds, (b) the State determines that DTC is incapable of discharging its duties or that continuation with DTC as securities depository is not in the best interests of the State or (c) the State determines that continuation of the book-entry system of evidence and transfer of ownership of the Bonds is not in the best interests of the State or the Beneficial Owners, the State will discontinue the book-entry system with DTC. If the State fails to identify another qualified securities depository to replace DTC, the State will cause the execution and delivery of replacement bonds in the form of fully registered certificates.

Electronic Bidding Procedures

Proposals to purchase Bonds (all or none) must be submitted electronically via *PARITY*. Bids will be communicated electronically to the State at 11:15 A.M., local Concord, New Hampshire time, on Thursday, March 10, 2022. Prior to that time, a prospective bidder may (1) submit the proposed terms of its bid via *PARITY*, (2) modify the proposed terms of its bid, in which event the proposed terms as last modified will (unless the bid is withdrawn as described herein) constitute its bid for the Bonds or (3) withdraw its proposed bid. Once the bids are communicated electronically via *PARITY* to the State, each bid will constitute an irrevocable offer to purchase the Bonds on the terms therein provided. For purposes of the electronic bidding process, the time as maintained on *PARITY* shall constitute the official time. The State will not accept bids by any means other than electronically via *PARITY*.

Disclaimer

Each prospective bidder shall be solely responsible to submit its bid via *PARITY* as described above. Each prospective bidder shall be solely responsible to make necessary arrangements to access *PARITY* for the purpose of submitting its bid in a timely manner and in compliance with the requirements of the Notice of Sale. Neither the State nor *PARITY* shall have any duty or obligation to provide or assure access to *PARITY* to any prospective bidder, and neither the State nor *PARITY* shall be responsible for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, *PARITY*. The State is using *PARITY* as a communication mechanism, and not as the State's agent, to conduct the electronic bidding for the Bonds. The State is not bound by any advice and determination of *PARITY* to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the "Bid Specifications" hereinafter set forth. All costs and expenses incurred by prospective bidders in connection with their submission of bids via *PARITY* are the sole responsibility of the bidders; and the State is not responsible, directly or indirectly, for any of such costs or expenses. If a prospective bidder encounters any difficulty in submitting, modifying, or withdrawing a bid for the Bonds, the bidder should telephone *PARITY* at i-Deal (212) 404-8102 and notify the State's Financial Advisor, Public Resources Advisory Group, Inc., by telephone at (212) 566-7800. To the extent any instructions or directions set forth in *PARITY* conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about *PARITY*, potential bidders may contact *PARITY* at i-Deal (212) 404-8102.

Bid Specifications

Bidders should state the rate or rates of interest that the Bonds are to bear, in multiples of 1/8 or 1/20 of one percent; **provided, however, that the rate of interest on each maturity of the Bonds maturing in the years 2033 through 2039, inclusive, shall be 5% per annum and the rate of interest on each maturity of the Bonds maturing in years 2040 through 2042, inclusive, shall be no less than 4% per annum.** Any number of rates may be named, except that Bonds maturing on the same date must bear interest at the same rate. Each bidder must specify in its bid the amount and maturities of bonds of each rate. Bids must be for not less than 100% of the par value of the aggregate principal amount of the Bonds. No interest rate may exceed 5.00%. No bid for other than all of the Bonds will be accepted.

Bond Insurance

The State has not contracted for the issuance of any policy of municipal bond insurance for the Bonds. If the Bonds qualify for any such policy or commitment therefor, any purchase of such insurance or commitment shall be at the sole option and expense of the successful bidder, and any increased costs of issuance or delivery of the Bonds resulting by reason of such insurance or commitment shall be assumed by such bidder. Bids shall not be conditioned upon the issuance of any such policy or commitment. Any failure of the Bonds to be so insured or of any such policy or commitment to be issued, or any rating downgrade or other material event occurring relating to the issuer of any such policy or commitment, shall not in any way relieve the successful bidder of its contractual obligations arising from the acceptance of its bid for the purchase of the Bonds.

Adjustments to Principal Amounts of the Bonds

The State reserves the right to revise the maturity schedule and the aggregate principal amount of the Bonds as set forth in this Official Notice of Sale (the "Preliminary Amounts") before the receipt of electronic bids for the purchase of the Bonds. ANY SUCH REVISIONS made prior to the receipt of electronic bids (the "Revised

Amounts") WILL BE PUBLISHED ON THOMSON MUNICIPAL MARKET MONITOR ("TM3") (www.TM3.com) NOT LATER THAN 9:00 A.M. (local Concord, New Hampshire time) ON THE ANNOUNCED DATE FOR RECEIPT OF BIDS. In the event that no such revisions are made, the Preliminary Amounts will constitute the Revised Amounts. Bidders shall submit bids based on the Revised Amounts and the Revised Amounts will be used to compare bids and select a winning bidder.

As promptly as reasonably possible after the bids are received, the State will notify the bidder to whom the Bonds will be awarded, if and when such award is made, and such bidder, upon such notice, shall advise the State of the initial public offering prices of each maturity of the Bonds (the "Initial Reoffering Prices") as described below under Undertakings of the Successful Bidder. The Initial Reoffering Prices of the Bonds will be used to calculate the final maturity schedule and the final aggregate principal amount of the Bonds (the "Final Amounts") to achieve the State's debt service and project funding objectives. In determining the Final Amounts, the State will not reduce or increase the revised aggregate principal amount by more than 15% from the amount bid upon. THE SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES BID OR THE INITIAL REOFFERING PRICES AS A RESULT OF ANY CHANGES MADE TO THE REVISED AMOUNTS WITHIN THIS LIMIT. The dollar amount bid by the successful bidder will be adjusted to reflect any adjustment in the aggregate principal amount of the Bonds. Such adjusted bid price will reflect changes in the dollar amount of the underwriters' discount and original issue discount/premium, if any, but will not change the selling compensation per $1,000 of par amount of bonds from the selling compensation that would have been received based on the purchase price in the winning bid and the Initial Reoffering Prices. The Final Amounts will be communicated to the successful bidder as soon as possible, but not later than 5:00 P.M. (local Concord, New Hampshire time) on the date of the sale.

Basis of Award

The Bonds will be awarded to the bidder offering to purchase all of the Bonds at the lowest interest cost to the State. The lowest interest cost shall be determined in accordance with the true interest cost (TIC) method by doubling the semi-annual interest rate (compounded semi-annually) necessary to discount the debt service payments from the payment dates to the date of the Bonds (March 24, 2022) and to the price bid. If there is more than one such proposal making said offer at the same lowest true interest cost, the Bonds will be sold to the bidder whose proposal was submitted first among all such proposals at the same lowest true interest cost. It is requested that each bid be accompanied by a statement of the true interest cost computed at the interest rate or rates stated in such bid in accordance with the above method of calculation (computed to six decimal places) but such statement will not be considered as a part of the bid.

Bids will be accepted or rejected promptly after receipt and not later than 3:00 P.M. (local Concord, New Hampshire time) on the date of the sale.

The State reserves the right to reject any or all proposals and to reject any proposals not complying with the Notice of Sale. The State also reserves the right, so far as permitted by law, to waive any irregularity or informality with respect to any proposal.

Right to Change the Notice of Sale and to Postpone Offering

The State reserves the right to make changes to the Notice of Sale and also reserves the right to postpone, from time to time, the date and time established for the receipt of bids. ANY SUCH POSTPONEMENT WILL BE ANNOUNCED VIA TM3 NOT LATER THAN 9:00 A.M. (local Concord, New Hampshire time) ON THE ANNOUNCED DATE FOR RECEIPT OF BIDS. If any date and time fixed for the receipt of bids and the sale of the Bonds is postponed, an alternative sale date and time will be announced via TM3 at least 48 hours prior to such alternative sale date. On any such alternative sale date and time, any bidder may submit an electronic bid for the purchase of the Bonds in conformity in all respects with the provisions of this Notice of Sale, except for the date and time of sale and except for any changes announced over TM3 at the time the sale date and time are announced.

CUSIP Numbers

It is anticipated that CUSIP identification numbers will be printed on the Bonds. The Financial Advisor will timely apply for CUSIP numbers with respect to the Bonds as required by MSRB Rule G-34. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the State; provided, however, that the

CUSIP Service Bureau charge for the assignment of the numbers shall be the responsibility of and shall be paid for by the successful bidder.

Expenses

The State will pay: (i) the cost of the preparation of the Bonds; (ii) the fees and expenses of Bond Counsel, and the Financial Advisor; (iii) the fees of the rating agencies relating to the Bonds, and (iv) the cost of preparation and printing of the Official Statement.

Undertakings of the Successful Bidder

The successful bidder shall make a bona fide public offering of the Bonds and shall, within 30 minutes of being notified of the award of the Bonds, advise the State in writing (via email) of the initial public offering prices of the Bonds (the "Initial Reoffering Prices"). The successful bidder must, by email or delivery received by the office of the State Treasurer within 24 hours after notification of the award, furnish the following information to Bond Counsel to complete the Official Statement in final form, as described below:

A. Selling compensation (aggregate total anticipated compensation to the underwriters expressed in dollars, based on the expectation that all Bonds are sold at the prices or yields at which the successful bidder advised the State that the Bonds were initially offered to the public).

B. The identity of the underwriters if the successful bidder is part of a group or syndicate.

C. Any other material information the office of the State Treasurer determines is necessary to complete the Official Statement in final form.

Establishment of Issue Price

The successful bidder shall assist the State in establishing the issue price of the Bonds and shall execute and deliver to the State on the Closing Date an "issue price" or similar certificate, in the applicable form set forth in Exhibit 1 to this Notice of Sale, setting forth the reasonably expected initial offering prices to the public or the sale prices of the Bonds together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary in the reasonable judgment of the successful bidder, the State and Bond Counsel. All actions to be taken by the State under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the State by Public Resources Advisory Group ("Financial Advisor") and any notice or report to be provided to the State may be provided to the Financial Advisor.

Competitive Sale Requirements. The State expects that the competitive sale requirements ("competitive sale requirements") set forth in Treasury Regulation § 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the sale of the Bonds because:

(1) the State has disseminated this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;

(2) all bidders will have an equal opportunity to bid;

(3) the State may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and

(4) the State anticipates awarding the sale of the Bonds to the bidder who submitted a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid. By submitting a bid, each bidder shall be deemed to confirm that it has an established industry reputation for underwriting new issuances of municipal bonds and that it will be an "underwriter" (as defined below) that intends to reoffer the Bonds to the public.

In the event that the competitive sale requirements are not satisfied, the State shall so advise the successful bidder. In this event, the successful bidder may use either Option A or Option B, set forth below.

Failure to Meet the Competitive Sale Requirements – Option A – The 10% Test to Apply. If the competitive sale requirements are not satisfied, the successful bidder may, at its option, use the first price at which 10% of a maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity, applied on a maturity-by-maturity basis, of the Bonds. The successful bidder shall advise the Financial Advisor if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds.

If the competitive sale requirements are not satisfied, then until the 10% test has been satisfied as to each maturity of the Bonds or all of the Bonds are sold to the public, the successful bidder agrees to promptly report to the Financial Advisor the prices at which the unsold Bonds of each maturity have been sold to the public, which reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied for each maturity of the Bonds or until all the Bonds of a maturity have been sold. The successful bidder shall be obligated to report each sale of Bonds to the Financial Advisor until notified in writing by the State or the Financial Advisor that it no longer needs to do so. If the successful bidder uses Option A, the successful bidder shall provide to the State on or before the Closing Date the certificate attached to this Notice of Sale as Exhibit 1 – Option A.

By submitting a bid and if the competitive sale requirements are not met, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the successful bidder that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public, if and for so long as directed by the successful bidder and as set forth in the related pricing wires and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the successful bidder or such underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public if and for so long as directed by the successful bidder or such underwriter and as set forth in the related pricing wires.

Sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

(1) "public" means any person other than an underwriter or a related party,

(2) "underwriter" means (A) any person that agrees pursuant to a written contract with the State (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public), and

(3) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

Failure to Meet the Competitive Sale Requirements – Option B – The Successful Bidder Agrees to Hold the Price of Maturities of Bonds for Which the 10% Test in Option A Is Not Met as of the Sale Date. The successful bidder may, at its option, notify the Financial Advisor in writing, which may be by email (the "Hold the Price

Notice"), not later than 4:00 p.m. on the Sale Date, that it has not sold 10% of the maturities of the Bonds listed in the Hold the Price Notice (the "Hold-the-Offering-Price Maturities") and that the successful bidder will not offer the Hold-the-Offering-Price Maturities to any person at a price that is higher than the initial offering price to the public during the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date or (ii) the date on which the successful bidder has sold at least 10% of the applicable Hold-the-Offering-Price Maturity to the public at a price that is no higher than the initial offering price to the public. If the successful bidder uses Option B and delivers a Hold the Price Notice to the Financial Advisor, the successful bidder shall provide to the State on or before the Closing Date the certificate attached to this Notice of Sale as Exhibit 1 – Option B.

Delivery of the Bonds

The Bonds will be delivered on or about March 24, 2022 in Boston on behalf of DTC against payment of the purchase price therefor in Federal Funds.

Documents to be Delivered at Closing

It shall be a condition to the obligation of the successful bidder to accept delivery of and pay for the Bonds that contemporaneously with or before accepting the Bonds and paying therefore, the successful bidder shall be furnished, without cost, with (a) the approving opinion of the firm of Locke Lord LLP, Boston, Massachusetts, Bond Counsel to the State, as to the validity and tax status of the Bonds, substantially in the form as provided in Appendix A to the Official Statement, referred to below; (b) a certificate of the State Treasurer and the Commissioner of the Department of Administrative Services to the effect that, to the best of their respective knowledge and belief, the Official Statement referred to below, both as of its date and as of the date of delivery of the Bonds, does not contain any untrue statement of a material fact and does not omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading; (c) a certificate of the Attorney General of the State in form satisfactory to Bond Counsel, dated as of the date of delivery of the Bonds and receipt of payment therefor, to the effect that there is no litigation pending or, to his or her knowledge, threatened seeking to restrain or enjoin the issuance or delivery of the Bonds, in any way affecting the validity of the Bonds or in any way contesting the power of the State to sell the Bonds as contemplated in this Notice of Sale; and (d) a Continuing Disclosure Certificate substantially in the form described in the Preliminary Official Statement.

Official Statement

The Preliminary Official Statement dated March 3, 2022 and the information contained therein have been deemed final by the State as of its date within the meaning of Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12") with permitted omissions, but is subject to change without notice and to completion or amendment in the Official Statement in final form (the "Final Official Statement").

The State, at its expense, will make available to the successful bidder a reasonable number of copies of the Final Official Statement, for delivery to each potential investor requesting a copy of the Final Official Statement and to each person to whom the bidder and members of its bidding group initially sell the Bonds, within seven business days of the award of the Bonds, provided that the successful bidder cooperate in providing the information required to complete the Final Official Statement.

The successful bidder shall comply with the requirements of Rule 15c2-12 and the rules of the Municipal Securities Rulemaking Board, including an obligation, if any, to update the Final Official Statement.

Continuing Disclosure

In order to assist bidders in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the State will undertake to provide annual reports and notices of certain enumerated events. A description of this undertaking is set forth in the Preliminary Official Statement.

Additional Information

For further information relating to the Bonds, reference is made to the Preliminary Official Statement dated March 3, 2022 prepared for and authorized by the State. The Preliminary Official Statement may be obtained by accessing the following website: www.MuniOS.com. For further information, please contact the undersigned at the Office of the State Treasurer, State House Annex, Concord, New Hampshire 03301 (telephone 603-271-2621 or email monica.mezzapelle@treasury.nh.gov) or from Public Resources Advisory Group, Inc., 39 Broadway, Suite 1210, New York, New York 10006, Attention: Monika Conley (telephone 212-566-7800 or email mconley@pragadvisors.com).

THE STATE OF NEW HAMPSHIRE

By /s/ *Monica I. Mezzapelle*
State Treasurer

Date: March 3, 2022

<u>EXHIBIT 1</u>

<u>Issue Price Certificate for Use if the Competitive Sale Requirements are Met</u>

$___________
STATE OF NEW HAMPSHIRE
GENERAL OBLIGATION BONDS
2022 Series A

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [NAME OF UNDERWRITER] (the "Successful Bidder"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Bonds") of the State of New Hampshire (the "Issuer").

1. **Reasonably Expected Initial Offering Prices.**

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the Successful Bidder are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by the Successful Bidder in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by the Underwriter to purchase the Bonds.

(b) The Successful Bidder was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the Successful Bidder constituted a firm offer to purchase the Bonds.

2. **Defined Terms.**

(a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is March 10, 2022.

(d) *Underwriter* means (i) any person, including the Successful Bidder, that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Successful Bidder's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Locke Lord LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: March 24, 2022 [SUCCESSFUL BIDDER]

By:
Name:
Title:

SCHEDULE A

REASONABLY EXPECTED INITIAL OFFERING PRICES

(Attached)

SCHEDULE B

COPY OF UNDERWRITER'S BID

(Attached)

EXHIBIT 1 – OPTION A

Issue Price Certificate for Use if the Competitive Sale Requirements are Not Met and the 10% Test to Apply

$__________
STATE OF NEW HAMPSHIRE
GENERAL OBLIGATION BONDS
2022 Series A

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of ______________________________ (the ("Successful Bidder") [, on behalf of itself and [NAMES OF OTHER UNDERWRITERS,]] hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Bonds").

1. **Sale of the Bonds**. As of the Sale Date, [except as set forth in paragraph 2 below,] for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public on the Sale Date is the respective price listed in Schedule A.

[Only use the next paragraph if the 10% test has not been met or all of the Bonds have not been sold for one or more Maturities as of the Closing Date.]

2. For each Maturity of the Bonds as to which no price is listed in Schedule A, as set forth in the Notice of Sale for the Bonds, until the 10% test has been satisfied as to each Maturity of the Bonds or all of the Bonds are sold to the Public, the Successful Bidder agrees to promptly report to the Issuer's financial advisor, Public Resources Advisory Group (the "Financial Advisor"), the prices at which the unsold Bonds of each Maturity have been sold to the Public, which reporting obligation shall continue after the date hereof until the 10% test has been satisfied for each Maturity of the Bonds or until all the Bonds of a Maturity have been sold. The Successful Bidder shall continue to report each sale of Bonds to the Financial Advisor until notified by email or in writing by the Issuer or the Financial Advisor that it no longer needs to do so.

3. **Defined Terms**.

(a) *Issuer* means the State of New Hampshire.

(b) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) *Underwriter* means (i) any person, including the Successful Bidder, that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Successful Bidder's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Locke Lord LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: March 24, 2022

[SUCCESSFUL BIDDER]

By:______________________________

Name:

Title:

SCHEDULE A

SALE PRICES

[(Attached)]

or

[Complete Schedule Below]

Maturity	Price

<u>EXHIBIT 1 – OPTION B</u>

<u>Issue Price Certificate for Use if the Competitive Sale Requirements are Not Met and the Hold the Price Rule Is Used</u>

$__________
STATE OF NEW HAMPSHIRE
GENERAL OBLIGATION BONDS
2022 Series A

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [NAME OF SUCCESSFUL BIDDER] (the ("Successful Bidder") [, on behalf of itself and [NAMES OF OTHER UNDERWRITERS,]] hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Bonds").

A. Issue Price.

1. ***Sale of the General Rule Maturities***. As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.

[2. ***Initial Offering Price of the Hold-the Offering-Price Maturities***.

(a) The Successful Bidder offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date, which correspond to the yields shown on Schedule A and on the inside cover of the Official Statement relating to the Bonds dated the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

(b) The Successful Bidder agrees that (i) for each Maturity of the Hold-the-Offering-Price Maturities it will neither offer nor sell any of the unsold Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any third-party distribution agreement shall contain the agreement of each broker-dealer who is a party to the third-party distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any unsold Bonds of a Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.]

[2.][3.] ***Defined Terms***. *[keep applicable definitions, depending on sale outcome]*

(a) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the "General Rule Maturities."

(b) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the "Hold-the-Offering-Price Maturities."

(c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (a) the close of the fifth business day after the Sale Date, or (ii) the date on which the Underwriters have sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) *Issuer* means the State of New Hampshire.

(e) *Maturity* means Bonds with the same credit and prepayment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is March 10, 2022.

(h) *Underwriter* means (i) any person, including the Successful Bidder, that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

B. Reliance.

The representations set forth in this certificate are limited to factual matters only. The certifications contained herein are not necessarily based on personal knowledge, but may instead be based on either inquiry deemed adequate by the undersigned or institutional knowledge (or both) regarding the matters set forth herein. Nothing in this certificate represents the Successful Bidder's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate dated March 24, 2022 relating to the Issue, to which this certificate is attached as an exhibit, and with respect to compliance with the federal income tax rules affecting the Issue, and by Locke Lord LLP in connection with rendering its opinion that the interest on the Issue is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038 and other federal income tax advice that it may give to the Issuer from time to time relating to the Issue.

Dated: March 24, 2022 [SUCCESSFUL BIDDER]

By:______________________________

Name:

Title:

SCHEDULE A

SALE PRICES OF THE GENERAL RULE MATURITIES AND INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES

(ATTACHED)

SCHEDULE B

PRICING WIRE OR EQUIVALENT COMMUNICATION

[THIS PAGE INTENTIONALLY LEFT BLANK]

The State of New Hampshire

INFORMATION STATEMENT

This Information Statement, including Exhibit A, which is included herein by reference, contains certain financial and economic information concerning the State of New Hampshire (the "State") that has been furnished by the State and the other sources indicated herein. The information is authorized by the State to be distributed to prospective purchasers in connection with bonds or notes offered for sale by the State or debt securities offered by its authorities, agencies or political subdivisions guaranteed by the State, or for the payment of which the State may otherwise be directly or contingently liable, and to the Municipal Securities Rulemaking Board for purposes of Rule 15c2-12 of the Securities and Exchange Commission. The Information Statement may not be reproduced or used in whole or in part for any other purpose without the express written consent of the Office of the State Treasury, State House Annex, Concord, New Hampshire.

Any statements in this Information Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinion and not as representations of fact. The information and expressions of opinions herein are subject to change without notice and neither the delivery of this Information Statement nor any sale made pursuant to any official statement or offering memorandum to which it is appended, in which it is included by reference or with which it is distributed shall, under any circumstances, create any implication that there has been no change in the affairs of the State, or its agencies, authorities and political subdivisions, since the date hereof. All fiscal year 2022 or later financial information is preliminary, unaudited and subject to change.

This Information Statement contains certain "forward-looking statements." Forward-looking statements are indicated by such words as "may," "will," "should," "intends," "expects," "believes," "anticipates," "estimates" and other similar words. The achievement of certain results or other expectations contained in such forward-looking statements are subject to a variety of known and unknown risks and uncertainties that could cause actual results, performance or achievements attained to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements, including, without limitation, general economic and business conditions, financial market conditions, the financial condition of the State of New Hampshire and various state agencies and authorities, receipt of federal grants, litigation, arbitration, force majeure events and other factors that are beyond the control of the State and its various agencies and authorities.

A wide variety of other information concerning the State, including financial information, is available from State agencies, State agency publications and State agency and third party websites. References to web site addresses presented in this Information Statement are for informational purposes only and may be in the form of a hyperlink for convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Information Statement.

STATE OF NEW HAMPSHIRE

Monica I. Mezzapelle
State Treasurer

March 10, 2022

[THIS PAGE INTENTIONALLY LEFT BLANK]

TABLE OF CONTENTS

STATE OF NEW HAMPSHIRE

Governor
Christopher T. Sununu

Executive Council
Joseph D. Kenney
Cinde Warmington
Janet Stevens
Theodore L. Gatsas
David K. Wheeler

State Treasurer
Monica I. Mezzapelle

Secretary of State
David M. Scanlan

Attorney General
John M. Formella

Commissioner of Administrative Services
Charles M. Arlinghaus

Comptroller
Dana M. Call

Budget Director
Vacant

STATE GOVERNMENT

Executive Branch

The executive officers of the State consist of the Governor, the State Treasurer, the Secretary of State, and the five-member Executive Council (the "Council"). The Governor, who holds office for a two-year term, is responsible for the faithful execution of all laws enacted by the Legislature and the management of the executive branch departments and agencies of the State. The State Treasurer and the Secretary of State are elected by joint ballot of the House and Senate for two-year terms. The Council is elected by the people biennially, one Councilor for each of the five Councilor districts in the State. The Council's chief function is to provide advice and consent to the Governor in the executive function of government. The Governor and Council can negate each other in nominations of and appointments to executive positions in the judicial and executive branches.

The executive branch is organized into 21 departments, each headed by a Commissioner, and 11 agencies and commissions, each with a unique management structure. Major departments of the executive branch include: Health and Human Services, Transportation, Education, Justice, Natural and Cultural Resources, Business and Economic Affairs, Corrections, Environmental Services, Revenue Administration, Safety, and Administrative Services. The agencies and authorities which have borrowing authority are discussed in more detail in the section entitled "STATE INDEBTEDNESS-Agencies, Authorities and Bonded or Guaranteed Indebtedness." In addition, the State Liquor Commission manages the sale and distribution of beer and alcohol statewide. A lottery commission operates various games, the net proceeds of which are restricted for appropriation to primary and secondary education. A number of other boards and commissions regulate licensing and standards in areas such as public accounting, real estate, sports and medicine.

Legislative Branch

The legislative power of the State is vested in the General Court (the "Legislature") consisting of the 400-member House of Representatives and the 24-member Senate, both meeting annually. Members of the House are elected biennially from districts apportioned among cities and towns of the State on the basis of population. Senate members are elected biennially from single-member Senate districts.

Money bills originate in the House, but the Senate may propose or concur in amendments. Every bill which passes both houses of the Legislature is presented to the Governor for approval or veto. If a bill is vetoed by the Governor, that veto may be overridden by a vote of two-thirds of the members of each chamber of the Legislature. If the Governor fails to act within five days (except Sundays) on a bill presented for approval, the bill automatically becomes law unless the Legislature is not then in session.

Judicial Branch

The judicial branch of the government consists of a Supreme Court, Superior Court with 11 sites, and a Circuit Court with three divisions (probate, district, and family) with 34 sites. Administrative support is provided by staff at the Administrative Office of the Courts and at the Trial Court Center. All justices and judges are appointed by the Governor and Council and may serve until seventy years of age.

COVID-19 GLOBAL PANDEMIC

Background

On March 13, 2020, Governor Sununu declared a State of Emergency in New Hampshire due to the COVID-19 Global Pandemic (the "COVID-19 pandemic" or "pandemic"). The Governor issued Executive Order 2020-04 activating New Hampshire's Emergency Powers statutes RSA 21-P:43, RSA 4:45, and RSA 4:47. The Governor continually extended the State of Emergency in 21 day intervals until May 28, 2021, when the final extension was issued for 14 days, ending the State of Emergency on June 11, 2021. Throughout the State of Emergency, the Governor issued 90 emergency orders to provide the State, its citizens, localities, health care providers, and businesses and organizations tools to ensure New Hampshire residents were as safe as possible as the country moved through the pandemic before the availability of vaccines and personal protective equipment. Since the conclusion of the State of Emergency, the State has managed the pandemic by strategically deploying federal COVID-19 funding, facilitating successful vaccination and booster initiatives, providing nearly 2 million free at-home tests directly to State residents, and streamlining or eliminating regulatory hurdles that faced New Hampshire health care providers.

Current data related to COVID-19, including vaccination percentages, hospitalizations and deaths in New Hampshire can be found at https://nh.gov/covid19/news/updates.htm.

Effects of the COVID-19 Pandemic on State Finances

The economic disruption of the COVID-19 pandemic initially resulted in decreased State revenues in the fiscal year ended June 30, 2020, as compared to budget expectations that were enacted prior to the onset of the pandemic. For the fiscal year ended June 30, 2020, the combined General Fund, Education Trust Fund, Highway Fund, and Fish and Game Fund (the "Major Funds") were under the budget plan by $115.6 million, or approximately 4%. See "STATE FINANCES – Results of Operations – Fiscal Year 2020" herein. Despite some continued uncertainty regarding the global and national economy, aggregate State revenues experienced a turnaround in fiscal year 2021 and combined General and Education Trust Fund revenues for fiscal year 2021 exceeded plan by $323.7 million or 12%.

Actions were also taken with respect to expenditures. On April 28, 2020, the Governor issued an emergency order which formalized a prior gubernatorial directive, to freeze State hiring and out-of-state travel. This emergency was lifted on February 11, 2021 through Emergency Order 84 in light of stronger than expected revenue performance. As a result, General and Education Trust Fund lapses were $102.7 million in fiscal year 2020, 82% higher than the budget assumed. The Governor directed State agencies to begin the process of planning for budget reductions and implemented a survey of State programs to identify areas for programmatic combinations and administrative saving. General and Education Trust Fund lapses continued to exceed budget, and were $222.1 million in fiscal year 2021, which was $146.7 million higher than the original budget of $75.4 million. The higher than expected lapses coupled with stronger than anticipated revenue performance resulted in significant surplus and a $142 million transfer into the State's Rainy Day Fund, as of June 30, 2021.

The State currently maintains sufficient cash reserves to continue operations and does not anticipate the need for any short-term borrowing in fiscal year 2022. However, in the event more liquidity is needed, up to $200 million has been authorized for a variety of borrowing mechanisms that would provide flexibility in order to obtain favorable borrowing terms. The State will likely consider internal resources before borrowing from external sources. No deferral of payments or obligations are being considered as of the date hereof.

On April 14, 2020, the Governor issued Executive Order 2020-06 establishing the Governor's Office for Emergency Relief and Recovery ("GOFERR") to make recommendations on, and oversee the disbursement of, the $1.25 billion in federal Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") funds granted to New Hampshire through the federal Coronavirus Relief Fund. The Governor updated the Executive Order on June 11, 2021 to continue after the end of the State of Emergency. GOFERR is currently overseen by the Business and Economic Affairs Commissioner Taylor Caswell and is staffed by State employees detailed from various agencies and individuals directly employed by GOFERR. A legislative advisory board and a stakeholder advisory board were established under the original order to make recommendations to GOFERR regarding the use of relief funds. Following the conclusion of the State of Emergency, expenditures and allocations went through the normal Fiscal Committee and Executive Council approval processes. The CARES Act funds were used to cover emergency expenses of the State incurred due to the response to the COVID-19 pandemic, as well as to provide economic relief to New Hampshire small businesses and non-profits that have had COVID-19 related expenses or have lost revenue as a result of the pandemic. Relief programs that were deployed during 2020 include the following:

- $400 million Main Street Relief Fund and Self Employed Livelihood Fund to provide grants to small business based on revenue loss due to the COVID-19 pandemic;
- $100 million Healthcare Relief Fund to ensure no front-line healthcare provider closes, $60 million in grants to non-healthcare non-profits;

- $40 million in cost reimbursements for counties and municipalities to cover unbudgeted expenses incurred due to the pandemic that are not covered by grants from the Federal Emergency Management Agency (FEMA);
- $100 million for the COVID-19 Long Term Care Stabilization Program to help stabilize front line workforce for Medicaid providers that support aging seniors, people with developmental disabilities, as well as other providers of residential or community/home based care, and
- $44 million for institutions of public higher education;
- $45 million in assistance for k-12 schools, including a one-time $200/student disbursement to mitigate impacts of COVID-19 and encourage a safe return to in-person learning; and various smaller programs.

On December 27, 2020, the Coronavirus Response and Relief Supplemental Appropriations Act was signed into law, which extended the deadline for expenditure of Coronavirus Relief Funds available under the CARES Act from December 30, 2020 to December 31, 2021. GOFERR is tasked with submitting required periodic reporting of Coronavirus Relief Fund expenditures to the United States Department of the Treasury. As of December 31, 2021, GOFERR reported expenditures of approximately $1.144 billion through Coronavirus Relief Fund proceeds. Additional information on the State of New Hampshire GOFERR and the awards made to date can be found on the State's website at https://goferr.nh.gov.

Federal Emergency Management Agency (FEMA) Reimbursement. The State anticipates receipt of federal revenue from FEMA as reimbursement for costs incurred as part of the State's response to the COVID-19 pandemic. Some public assistance grant funding has been received to date, and additional requests have been submitted to FEMA. As of February 2022, the State anticipates that FEMA will obligate approximately $127 million to New Hampshire representing recovery expenditures incurred by state entities (including state agencies and universities) in fiscal year 2020 as well as reimbursement for current fiscal year 2021 expenditures. The State continues to track FEMA reimbursable expenditures and will seek reimbursement throughout the duration of the COVID-19 pandemic. As of February 14, 2022, the State had received approximately $109 million of FEMA reimbursement.

American Rescue Plan (ARP) Act of 2021

On March 11, 2021, the President signed into law the American Rescue Plan Act of 2021 ("ARP"). The ARP allocates over in total $1.4 billion for a variety of programs within the State. This includes:

Coronavirus State Fiscal Recovery Funding (SFRF). The ARP provides that the State will receive $994.6 million in state fiscal recovery funds. This funding is provided in two 50% tranches – the first half was received by the State in May 2021, with remaining funds expected to arrive in May 2022. Other governmental units, primarily local governments, are estimated to receive an additional $457 million in local fiscal recovery funding. Funds may be used to respond to the public health emergency, support essential workers, replace lost revenue for the provision of government services, and to invest in specified types of infrastructure specifically limited to water, sewer, or broadband infrastructure. Notably, ARP funds may not be used to offset tax cuts or delay a tax, nor can these funds be deposited into a pension fund. The ARP currently requires all allocated funds to be obligated by December 31, 2024, and expended by December 31, 2026.

To date, GOFERR has facilitated the allocation of over $400 million from SFRF to address projects including:

- $125 million for public water, wastewater, and drinking water projects;
- $60 million for deferred maintenance on state buildings and investment in state agency IT infrastructure;
- Over $50 million in investments in the State's mental health care infrastructure, including funding for the purchase of Hampstead Hospital;

- Over $20 million in improvements to the State parks;

- $12 million in a grant matching program to assist localities in the purchase of emergency equipment; and

- Over $20 million in COVID-19 surge response.

The State continues to evaluate additional areas to deploy the remaining funds for additional relief programs state-wide.

GOFERR is tasked with submitting required periodic reporting of SFRF expenditures to the United States Department of the Treasury. As of December 31, 2021, GOFERR reported expenditures of approximately $17.8 million of the State's SFRF allocation. Additional information on the State of New Hampshire GOFERR and the awards made to date can be found on the State's website at *https://goferr.nh.gov*.

Coronavirus Capital Projects Fund. New Hampshire will receive $122 million in funds for capital projects related to COVID-19. The State may use these funds to carry out critical capital projects directly enabling work, education, and health monitoring, including remote options, in response to the public health emergency with respect to COVID–19. The federal regulations provide that a key priority of the funding is for investment in reliable broadband infrastructure and other digital connectivity technology projects.

Homeowner Assistance Fund. New Hampshire has received $50 million, which is the minimum amount provided to each state, to be used by September 30, 2025. Allowable uses include: mortgage payment assistance and funds to reinstate a mortgage after delinquency or default, principal reduction, facilitating interest rate reductions; utility assistance, homeowner insurance, condo fees, and any other assistance to promote housing stability for homeowners.

Emergency Rental Relief. Under the Consolidated Appropriations Act, Section 501(a) Emergency Rental Assistance (ERAl), the State was allocated a total of $179.5 million with $151.9 million sent by U.S. Treasury on January 14, 2021, and $27.6 million sent on January 27, 2021, for the purpose of providing emergency rental assistance and related housing stability services to Granite Staters. As of February 6, 2022, $55.6 in rental assistance has been provided to 7,624 families through ERA1. U.S. Treasury requires the State to reach certain benchmarks in order to retain its remaining ERA1 funds, but all ERA1 funds must be utilized by September 30, 2022.

The federal government, under ARP Section 3201(b), provided additional emergency rental assistance funding (ERA2) with expanded uses and eligibilities, including extending how long a household can receive assistance to a total of 18 months. Under, ARP/ERA2, U.S. Treasury allocated to the State an additional $115.4 million for emergency rental assistance, of which U.S. Treasury provided an initial tranche of $46.2 million on May 11, 2021. As of February 6, 2022, $45.1 million in rental assistance has been provided to 7,871 households. The state anticipates using the entire ERA2 allocation prior to the end of that federal program.

Elementary and Secondary School Emergency Relief. New Hampshire received an additional $350.5 million in federal education funds from the American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) Fund. This funding is intended to help schools take additional steps to safely reopen schools for in-person instruction, and to address the disruptions to student learning resulting from the pandemic.

State Small Business Credit Initiative Program. ARP reauthorized and amended the Small Business Jobs Act of 2010 to provide $10 billion to states to fund the State Small Business Credit Initiative (SSBCI) as a response to the economic effects of the COVID-19 pandemic. SSBCI is a federal program administered by the Department of the Treasury that was created to strengthen state programs that support private financing to small businesses, such as the programs provided by the New Hampshire Business Finance Authority (NH BFA). ARP provided the State with up to $61,468,436 in federal funding for this purpose. These funds will be administered by the NH BFA and will be used to capitalize its small business loan programs while supporting the overall health of the State's commercial credit markets. The funds are used to facilitate private sector lending, provide an increased capital cushion used to offset any additional risks to the State in conjunction with our loan guarantee programs, and drive private sector job creation in New Hampshire's small business community.

There are several requirements that must be met under each program in order to receive the funding. These requirements include a track record of successful operation of the program(s), adequate processes in place to manage the programs, demonstrated management experience with the programs themselves, and adequate capacity for meeting federal compliance and reporting obligations. Each of these programs are well established within the NH BFA and the NH BFA meets all reporting and compliance requirements.

Any loan guarantees provided by the State of New Hampshire in connection with any of these programs are still subject to approval by both the NH BFA Board of Directors and the Governor and Executive Council. Said guarantees are still subject to the Contingent Credit Limit as described in NH RSA 162-A. As a result, there is no expected increase in direct or contingent liabilities of the State as a result of the SSBCI program.

Additional Funds: There are other additional funds to be allocated to the State under the ARP for which the State has not yet received award letters or estimates of the State's allocation. Additional areas to be funded include:

- Public Health – funding for COVID-19 vaccine distribution, as well as funding for COVID-19 testing, contract tracing, and mitigation;
- Housing – this includes funding to create non-congregate sheltering;
- Child Care/Education – this includes provisions related to child care, head start, and special education funding, which includes school aged children was well as preschool and younger; and
- Funds for Mental Health/Substance Use Disorders.

The COVID-19 pandemic and its impact on the State continues to evolve. While the financial results for the State through June 30, 2021 reflect the impact of the pandemic to that date, such results or trends reflected in such results may not continue. Accordingly, they are not necessarily indicative of the current financial condition or future prospects of the State as a result of the pandemic. The State recently released revised revenue estimates for the remainder of fiscal year 2022 and 2023, which project significantly increased revenues. See "STATE FINANCES – State Revenues, - Fiscal Year 2022, - Operating Budget Fiscal Years 2022 and 2023, and – Fiscal Year 2022 Revenue Performance for the Seven Months Ended January 31, 2022 (Unaudited)."

The full financial impact of COVID-19 on the State, its economy, and its financial position will likely continue to change as circumstances and events continue to evolve. The State cannot now project with any reasonable degree of certainty the short-term and long-term impact of COVID-19 on the New Hampshire economy, its residents and businesses and all levels of government. No assurance can be given regarding future events or impacts because many actions and events are unpredictable, unknowable at this time, and outside the control of the State.

STATE DEMOGRAPHIC AND ECONOMIC DATA

Information set forth in this section may not reflect the full impact of the COVID-19 pandemic on the State's economy. Much of the data presented below is historical and generally is for periods prior to the onset of the pandemic or only for portions of the pandemic period. If available, statistical information on the COVID-19 economic impact is provided. The State cannot now predict the longer-term impact of the pandemic on demographic and economic trends in the State.

General

New Hampshire is located in the New England census region and is bordered by the states of Maine, Massachusetts and Vermont and the Province of Quebec, Canada. The State is 9,304 square miles in area and has 18 miles of general coastline on the Atlantic Ocean and 131 miles of inland tidal shoreline.

Population

According to the U.S. Census Bureau, the 2020 Census shows the resident population of New Hampshire of 1,377,529 on April 1, 2020, compared to 1,316,470 in the 2010 Census, an increase of 61,059 or 4.6%. Population in 2021 is estimated to be 1,388,992.

New Hampshire experienced a 5.2% increase in population between 2011 and 2021, exceeding the New England increase over the period, and a 3.4% since 2016, exceeding increase of population in both New England and the nation. The table below shows New Hampshire's resident population and the change in its population relative to New England and the nation.

Population Trends (In Thousands)

Year	New Hampshire	Change During Period	New England	Change During Period	United States	Change During Period
2011	1,320	0.3%	14,533	0.4%	311,583	0.7%
2012	1,325	0.3	14,594	0.4	313,878	0.7
2013	1,327	0.2	14,649	0.4	316,060	0.7
2014	1,334	0.5	14,708	0.4	318,386	0.7
2015	1,337	0.2	14,735	0.2	320,739	0.7
2016	1,344	0.5	14,765	0.2	323,072	0.7
2017	1,350	0.5	14,807	0.3	325,122	0.6
2018	1,355	0.3	14,840	0.2	326,838	0.5
2019	1,361	0.4	14,850	0.1	328,330	0.5
2020	1,378	1.3	15,101	1.7	331,501	1.0
2021	1,389	0.8	15,093	-0.1	331,894	0.1
Percent Change:						
2011-2021		5.2%		3.9%		6.5%
2016-2021		3.4		2.2		2.7

Source: U.S. Census Bureau.

In 2020, populations of New Hampshire, New England, and the United States were distributed by age as follows:

Age Distribution 2020

Age	New Hampshire	New England	United States
Under 18 Years	18.5%	19.3%	22.0%
18 to 44 years	33.5	35.3	36.0
45 to 64 years	28.6	27.0	25.1
65 years and over	19.4	18.4	16.9
	100.0%	100.0%	100.0%

Source: U.S. Census Bureau, 2020 American Community Survey 1-Year Experimental Estimates.

Personal Income

The State's per capita personal income increased 42.4% between 2010 and 2020 as contrasted with an increase of 46.3% in the per capita personal income for the United States and a 40.7% increase for the New England region. The State's per capita personal income ranked 7th in 2020 with $67,097 or 112.7% of the national average. The State's total personal income for 2020 was $91.7 billion. The following table sets forth information on personal income for New Hampshire, New England and the United States since 2010.

Comparisons of New Hampshire Personal Income to New England and United States, 2010-2020

Year	New Hampshire Total Personal Income (In Millions)	Per Capita Personal Income: New Hampshire	Per Capita Personal Income: New England	Per Capita Personal Income: United States	Percent Change: New Hampshire	Percent Change: New England	Percent Change: United States	New Hampshire Per Capita Personal Income Ranking[1]
2010	$62,032	$47,108	$52,000	$40,690	4.5%	4.0%	3.4%	7
2011	64,945	49,184	53,845	42,783	4.4	3.5	5.1	8
2012	67,855	51,224	55,445	44,614	4.1	3.0	4.3	9
2013	67,704	51,010	55,140	44,894	(0.4)	(0.6)	0.6	9
2014	70,501	52,839	57,505	47,017	3.6	4.3	4.7	9
2015	73,475	54,935	60,177	48,891	4.0	4.6	4.0	8
2016	76,092	56,629	61,822	49,812	3.1	2.7	1.9	7
2017	79,391	58,791	63,907	51,811	3.8	3.4	4.0	7
2018	83,161	61,371	66,684	54,098	4.4	4.3	4.4	7
2019	86,798	63,785	69,094	56,047	3.9	3.6	3.6	6
2020	91,673	67,097	73,179	59,510	5.2	5.9	6.2	7

Source: U.S. Department of Commerce, Bureau of Economic Analysis.
[1] Does not include the District of Columbia.

Civilian Labor Force, Employment and Unemployment

The following table sets forth the level of employment and the average annual employment growth rate in New Hampshire, the other New England states and the United States from 2011 to 2021.

Employment in New Hampshire, New England States and the United States

	Employment (In Thousands): 2011	Employment (In Thousands): 2021[1]	Average Annual Growth 2011-2021[1]
New Hampshire	697	729	0.46%
Connecticut	1,745	1,716	(0.17)
Maine	643	649	0.09
Massachusetts	3,207	3,466	0.78
Rhode Island	497	520	0.45
Vermont	340	311	(0.89)
New England	7,129	7,369	0.33
United States	139,869	152,581	0.87

Source: U.S. Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics Division.
[1] Preliminary, other than for New Hampshire data, which has been benchmarked and updated as of March 1, 2022.

In the last ten full calendar years, New Hampshire's annual unemployment rate was lower than the rates for New England and the United States. State, regional and national unemployment rates have been significantly affected by the COVID-19 pandemic. See "COVID-19 Global Pandemic" herein. In 2021, the non-seasonally adjusted unemployment rate in the State was 2.8%, a large decrease from 6.7% in 2020 and significantly lower than the 5.4% in the New England region and 5.3% nationally. The table below sets forth information on the civilian labor force, employment and unemployment annual statistics since 2011.

	Labor Force Trends (Not Seasonally Adjusted) New Hampshire Labor Force (In Thousands)			Unemployment Rate		
Year	**Civilian Labor Force**	**Employed**	**Unemployed**	**New Hampshire**	**New England**	**United States**
2011	737	697	40	5.5%	7.7%	8.9%
2012	741	700	40	5.4	7.2	8.1
2013	743	704	39	5.3	6.9	7.4
2014	744	712	32	4.3	5.9	6.2
2015	746	721	25	3.4	4.9	5.3
2016	752	731	21	2.9	4.1	4.9
2017	755	734	21	2.8	3.8	4.4
2018	765	744	20	2.6	3.5	3.9
2019	776	756	20	2.6	3.1	3.7
2020	760	709	51	6.8	8.0	8.1
2021(1)	756	729	21	3.5	5.4	5.3

Source: U.S. Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics Division.
(1) Preliminary, other than for New Hampshire data which has been benchmarked and updated as of March 1, 2022.

Composition of Employment

The service sector was the largest employment sector in New Hampshire in 2021, accounting for 46.4% of nonagricultural employment, as compared to 44.2% in 2011. This sector surpassed retail and wholesale trade as the primary economic activity of New Hampshire in 1991. This upward trend in service sector employment parallels the shift in the national economy, where services was the largest employment sector, accounting for 46.1% of employment in 2021, up from 44.8% in 2011.

The second largest employment sector in New Hampshire during 2021 was wholesale and retail trade, accounting for 17.9% of total employment as compared to 14.4% nationally. In 2011, wholesale and retail trade accounted for 19.0% of total employment in New Hampshire.

Manufacturing remains an important economic activity in New Hampshire. Manufacturing accounted for 10.2% of nonagricultural employment in 2021, slightly down from 10.6% in 2011. For the United States as a whole, manufacturing accounted for 8.4% of nonagricultural employment in 2021, versus 8.9% in 2011. The following table sets out the composition of nonagricultural employment in the State and the United States.

Composition of Nonagricultural Employment in New Hampshire and the United States

	New Hampshire		United States	
	2011	**2021(1)**	**2011**	**2021(1)**
Manufacturing	10.6%	10.2%	8.9%	8.4%
Durable Goods	8.1	7.6	5.5	5.2
Nondurable Goods	2.5	2.6	3.4	3.2
Nonmanufacturing	89.4	89.8	91.1	91.6
Construction & Mining	3.7	4.4	4.8	5.5
Wholesale and Retail Trade	19.0	17.9	15.3	14.4
Service Industries	44.2	46.4	44.8	46.1
Government	14.7	12.9	16.7	15.1
Finance, Insurance & Real Estate	5.4	5.2	5.8	6.0
Transportation & Public Utilities	2.4	3.0	3.7	4.5

Source: U.S. Department of Labor, Bureau of Labor Statistics.
(1) Preliminary.

Largest Employers

The following table lists the twenty largest employers in the State (based on number of employees) and their approximate number of employees presented in the New Hampshire Business Review Book of Lists 2021.

Largest Employers
(Excluding Federal, State and Local Governments)

	Company	Employees	Primary New Hampshire Site	Principal Product
1.	Dartmouth Hitchcock	13,877	Lebanon	Acute Care Hospital
2.	DeMoulas & Market Basket	9,000	Nashua	Supermarket
3.	Wal-Mart Stores Inc.	7,305	Bedford	Retail Department Store
4.	BAE Systems Electronic Systems	6,212	Nashua	Aerospace, Defense & Information Security
5.	Fidelity Investments	5,875	Merrimack	Financial Services
6.	Hannaford (Delhaize Group)	5,300	Manchester	Supermarket
7.	Liberty Mutual - Northern N.E. Division	5,058	Keene	Insurance
8.	Concord Hospital	4,841	Concord	Acute Care Hospital
9.	Elliot Hospital	4,000	Manchester	Acute Care Hospital
10.	Dartmouth College	3,741	Hanover	Private College
11.	Southern New Hampshire University	3,256	Manchester	Private College
12.	Genesis HealthCare	3,000	Concord	Long-Term Health Care
13.	Wentworth-Douglass Hospital	3,000	Dover	Acute Care Hospital
14.	Catholic Medical Center	2,900	Manchester	Acute Care Hospital
15.	Southern New Hampshire Health	2,674	Nashua	Acute Care Hospital
16.	Shaw's Supermarkets Inc.	2,619	Stratham	Supermarket
17.	Connection	2,598	Merrimack	Technology
18.	Home Depot	2,571	Manchester	Hardware Store
19.	SIG Sauer Inc.	1,800	Newington	Firearms Manufacturer
20.	Cheshire Medical	1,550	Keene	Acute Care Hospital

Source: *New Hampshire Business Review,* Book of Lists 2021.

State and Local Taxation

The State finances its operations through a combination of specialized taxes, user charges and revenues received from the State liquor sales and distribution system. The most important taxes are the business profits and business enterprise taxes and a meals and rooms tax. The State does not levy any personal earned income tax or general sales tax but does impose a tax on interest and dividends. The State believes its tax structure has played an important role in the State's economic growth.

New Hampshire has generally been the highest among all states in local property tax collections per $1,000 of personal income, as local property taxes remain the single largest principal source of funding for primary and secondary education.

Housing

According to the 2020 Census, housing units in the State numbered 638,795. The composition of occupied housing units in the State was 87.1% owner occupied, and 12.9% renter occupied.

According to the New Hampshire Housing Finance Authority's latest housing data release, the median purchase price of all homes sold in 2020 was $302,333, an increase of 12.0% from 2019. The median price for non-condominium homes sold in 2020 was $320,000, an increase of 11.1% from 2019.

The table below sets forth housing prices, rents and foreclosures in recent years.

	Owner-Occupied Non-Condominium Housing Unit Median Purchase Price	Percent Change	Renter-Occupied Housing Unit Median Gross Rent[1]	Percent Change	Foreclosure Deeds
2006	$265,000	(1.9)%	$928	3.0%	1,057
2007	269,900	1.8	946	1.9	2,071
2008	250,000	(7.4)	969	2.4	3,563
2009	217,000	(13.2)	969	-	3,467
2010	223,500	3.0	980	1.1	3,953
2011	214,400	(4.1)	983	0.3	3,863
2012	212,500	(0.9)	1,005	2.2	3,659
2013	227,500	7.1	1,018	1.3	2,702
2014	229,933	1.1	1,037	1.9	2,074
2015	233,500	1.6	1,069	3.1	1,724
2016	242,000	3.6	1,113	4.1	1,555
2017	255,000	5.4	1,143	2.7	1,305
2018	268,933	5.5	1,177	3.0	844
2019	288,000	7.1	1,251	6.3	731
2020	320,000	11.1	1,283	2.6	262[3]
2021	333,866[2]	4.3	1,373	7.0	16[3]

Source: New Hampshire Housing Finance Authority.
(1) Includes utilities.
(2) Purchase Price data January-March 2021.
(3) Foreclosure Deeds data January-March 2021. Foreclosure Deeds were suspended from March 15, 2020 through June 30, 2020 due to COVID-19

According to data from the Warren Group that is compiled by the New Hampshire Housing Finance Authority, the cumulative total of foreclosure deeds for 2020 was 64.2% below the total for 2019, and the lowest annual total since 2006, due to the effects of the COVID-19 pandemic.

Housing prices have continued to rise and housing demand in the State remains strong. According to data from NH Realtors, Inc., fourth quarter calendar year 2021 median sales prices for single family residences and condominiums increased 12.9% and 17.4%, respectively, over the same period in 2020. Fourth quarter calendar year 2021 sales volume for single family residences was down 5.6% and condominiums was up 2.3%, over fourth quarter sales volume for 2020.

Building Activity

The pattern of building activity in New Hampshire in recent years, as evidenced by the issuance of residential building permits, has generally paralleled that of the New England region, with some exceptions. The number of permits and dollar value in New Hampshire increased from 2014 to 2020, and experienced a slight decrease in 2021. The New England region and the nation experienced an increase in dollar value during the 2014-2021 period. In 2021, the State's building permits and value totaled 4,021 and $1.06 billion, respectively. Set out in the following table, are the number and value of building permits issued for housing units in New Hampshire, New England and the United States.

Building Permits Issued
By Number of Units and Value
(Value in millions)

	2014	2015	2016	2017	2018	2019	2020	2021[1]
New Hampshire								
Single Family	2,190	2,424	2,680	2,711	2,710	2,746	3,033	3,259
Multi-Family	1,215	1,339	1,116	914	1,735	1,997	1,287	762
Total	3,405	3,763	3,796	3,625	4,445	4,743	4,320	4,021
Value	$654	$737	$760	$758	$875	$1,059	$1,059	$1,057
New England								
Single Family	16,754	16,412	17,935	18,106	18,159	16,883	18,609	20,781
Multi-Family	12,195	17,547	14,660	15,144	16,216	19,040	16,962	16,028
Total	28,949	33,959	32,595	33,160	34,375	35,923	35,571	36,809
Value	$6,191	$7,228	$7,232	$7,437	$7,730	$7,730	$8,772	8,981
United States								
Single Family	640,318	695,998	750,796	819,976	855,332	862,084	979,360	1,111,414
Multi-Family	411,806	486,584	455,846	462,001	473,495	523,964	491,781	618,496
Total	1,052,124	1,182,582	1,206,642	1,281,977	1,328,827	1,386,048	1,471,141	1,729,910
Value	$194,349	$223,611	$237,102	$258,505	$271,120	$280,534	$307,210	$375,212

Source: U.S. Census Bureau.
[1] Preliminary.

Transportation

New Hampshire has more than 4,600 miles of State and federal highways. In 1986, the State Legislature enacted a highway plan to serve as a guideline for highway development in the State. A major component of the 1986 highway plan legislation as amended to date provides for continued development of the State's Turnpike System. As of December 31, 2021, the State had issued $716 million of its Turnpike System revenue bonds to finance capital improvements to the Turnpike System, of which $252.4 million was outstanding as of such date.

The State has also issued $178.25 million of Federal Highway Grant Anticipation ("GARVEE") Bonds since November 2010 to finance a portion of the costs of improvements to Interstate 93 from the Massachusetts border to Manchester and $61.4 million remains outstanding as of February 28, 2022. Effective July 1, 2014, State law authorized the use of a 4.2 cent increase in motor vehicle fuel fees (referred to as a "road toll" in New Hampshire law) to fund $200 million in general obligation bonds or revenue bonds or both to complete the I-93 Salem to Manchester widening project. The State entered into a $200 million Federal Transportation Infrastructure Finance and Innovation Act (TIFIA) loan in May, 2016. The TIFIA loan has allowed the Department of Transportation to perform additional bridge repair and pavement maintenance and completion of the I-93 project within the time frame of the law. The road toll increase will expire once all debt service payments for the I-93 project have been made or 20 years after the initial issuance of such bonds, whichever is earlier. The TIFIA financing is scheduled to fully amortize by June 2034. See "STATE INDEBTEDNESS – Debt Statement."

The Turnpike System has experienced declines in traffic and revenue associated with the COVID-19 pandemic since March 2020. For fiscal year 2021, traffic was down 6%, and toll revenues were down $5.7 million or 4.8%, as compared to the prior year. However, traffic and revenue began to rebound in the spring of 2021 and have continued to do so in the first six months of fiscal year 2022. While the recent trends are encouraging, the current traffic and revenue levels on the Turnpike System have not yet reached pre-pandemic levels.

There are twenty-four airports open to the public in the State, of which three have scheduled air service (Manchester, Portsmouth, and Lebanon), and twenty-one serve general aviation. Manchester-Boston Regional Airport, the State's largest commercial passenger and air cargo airport, had grown from 427,657 enplanements in fiscal year 1994 to 884,875 enplanements in fiscal year 2019. However, the repercussions of the pandemic created a significant negative impact on air travel and the regional, national and global economy. This has resulted in decreased passenger usage at the State's airports as well. Following a 29% decrease to 631,106 enplanements in fiscal year 2020, fiscal year 2021 enplanements further decreased 53.8% to 291,475 from fiscal year 2020. During the same time period, the movement of cargo became more important as people stayed home. Critical cargo including the movement of medical equipment, cleaning supplies, and personal protection equipment became a priority for the nation during the pandemic. This resulted in 7% growth in air cargo at Manchester-Boston Regional Airport, the third largest cargo airport in New England, for fiscal year 2021. In total approximately 213.66 million pounds of air cargo were transported in fiscal year 2021 as compared to fiscal year 2020 transport of 199.3 million pounds.

In June 2018, Chapter 287, Laws of 2018, changed aircraft registration fees effective January 1, 2019. The aircraft registration program operates on a calendar year basis. Fiscal year 2020 was the first full year that aircraft registration fees were collected under the revised fee structure. The change in the registration fee structure has reduced General Fund revenue. For fiscal year 2021, total revenue collected was approximately $457,000, a decrease from fiscal year 2020 which was approximately $576,000.

Rail freight service is provided by eight railroads. The Portsmouth Harbor is an important commercial shipping center that can accommodate deep-draft vessels. The State Port Authority Marine Terminal is located on Noble's Island in Portsmouth Harbor.

Education

New Hampshire provides a mix of public and private educational opportunities. The education function of the State is carried out through the State Board of Education, the Department of Education, the University System of New Hampshire, and the Community College System of New Hampshire. The State Board and the Department of Education provide curriculum guidance and administrative support to 165 public school districts ranging in grades from kindergarten through grade twelve. In addition to public education, there are numerous private preparatory schools in the State, including Phillips Exeter Academy in Exeter and St. Paul's School in Concord.

At the university level, the State offers undergraduate and graduate programs in liberal arts and various sciences through the University System of New Hampshire, which includes the University of New Hampshire, Keene State College, Plymouth State University, and Granite State College. Through the Community College System of New Hampshire, the State also supports a network of seven community colleges located throughout the State. The Community Colleges offer a two-year associates degree and a variety of certificates in approximately 100 different industrial, business and health programs. In addition to the state-supported University System of New Hampshire and Community College System of New Hampshire, 20 non-profit higher educational institutions are also located in New Hampshire, including Dartmouth College in Hanover. Since 1983, over 50% of New Hampshire high school graduates have continued their education beyond the high school level.

As the following table indicates, as of 2020, the educational level of New Hampshire residents was higher than that of the nation as a whole.

	2010 (1)		2020 (2)	
Level of Education	**New Hampshire**	**United States**	**New Hampshire**	**United States**
9-11 years	97.3%	93.8%	98.0%	95.4%
12 years	91.5	85.5	94.1	89.4
1-3 years post-secondary	61.7	57.0	67.6	63.5
4 or more years post-secondary	32.8	28.1	40.2	35.1

(1) Source: U.S. Census Bureau, 2010 American Community Survey 1-Year Estimates
(2) Source: U.S. Census Bureau, 2020 American Community Survey 1-Year Experimental Estimates.

STATE FINANCES

General

Responsibility for financial management of the State is vested in several State officials. The State Treasurer is responsible for investment, debt, and cash management. The Commissioner of the Department of Administrative Services ("DAS") is responsible for managing statewide administrative and financial reporting functions including general budget oversight, maintaining the State's accounting system, and issuing the State's Annual Comprehensive Financial Report ("Annual Financial Report").

The Department of Administrative Services prepares the State's Annual Financial Report in accordance with U.S. generally accepted accounting principles ("GAAP"). The State has contracted with KPMG LLP to provide audit services since fiscal year 1997 and has an audit contract that extends through completion of the fiscal year 2022 audit with two additional option years. The audited financial statements for fiscal year 2021, together with the unqualified report thereon of KPMG LLP, are incorporated herein by reference, copies of which have been provided to the Municipal Securities Rulemaking Board, though its Electronic Municipal Market Access ("EMMA") system, as directed by SEC Rule 15c2-12, and which are available at *https://emma.msrb.org/P31434453-P31114530-P31525747.pdf*. See "FINANCIAL STATEMENTS." The audited financial statements for fiscal year 2021 are also available as part of the State's fiscal year 2021 Annual Financial Report (pages 15 through 99 of the Annual Financial Report) at the website of the State's Department of Administrative Services, Bureau of Financial Reporting at *https://das.nh.gov/accounting/reports.asp.*

For information relating to management letters and federal single audit results delivered to the State for fiscal years 2016 through 2020, see "FINANCIAL STATEMENTS." The federal single audit report for the fiscal year ended June 30, 2021 is currently expected to be completed by June 2022.

The Annual Financial Report includes comparisons to budgetary basis accounting and is presented as Required Supplementary Information (RSI). Accounting on a GAAP basis differs from accounting on a budgetary basis by recognizing revenues and related assets when earned rather than when cash is received and by recording expenditures and related liabilities when incurred rather than when cash is paid. For example, GAAP accounting calls for full recognition of accounts payable, accrued payroll and pension costs incurred at the close of a fiscal year even though those items are appropriated and paid in the following fiscal year under budgetary accounting. Reconciliation of the budgetary basis with GAAP appears in a Note to the RSI in the Annual Financial Report.

The State budget (the overall financial plan for the two years of the biennium) is enacted through a series of bills that establish appropriations and estimated revenues for each subunit (department, division, bureau, section and commission) within State Government. Appropriations are also established by supplemental and special legislation during annual legislative sessions.

The State controls expenditures against appropriations through an enterprise resource planning system. Under this system, accumulated total expenditures and encumbrances are compared with the amount of remaining available appropriations, prior to creating an expenditure (a charge against an appropriation which generates a payment) or an encumbrance (a charge against an appropriation pending payment). In general, when the appropriated amount is fully expended or encumbered, no further obligations are incurred or paid until additional appropriations are made available.

By State law, unexpended and unencumbered balances of appropriations lapse to the unassigned fund balance in the applicable fund at fiscal year-end, with certain exceptions. Generally, revenues in excess of official estimates, unless appropriated by supplemental appropriation legislation, also lapse to unassigned fund balance in the applicable fund. Such amounts, whether unexpended or unencumbered appropriations or unappropriated revenue, are known as lapses. Lapses constitute a credit to unassigned fund balance at the end of each fiscal period and may become available for subsequent appropriation by the Legislature.

Fund Types

The budgets and operations of State departments and their subunits are accounted for in a number of funds fitting into three types: Governmental, Proprietary, and Fiduciary.

Governmental Funds

General Fund. The General Fund is the principal fund and includes all State activities and functions not allocated by law to other funds. By law, all revenues received by any department or agency of the State (other than revenues allocated by statute directly to specific agencies or other funds) are paid at least weekly into the State Treasury. All such revenues are credited to the General Fund, and expenditures for all State activities and functions not allocated by law to other funds are charged to the General Fund. Revenues that are dedicated to fund specific activities including federal grants are recorded as restricted revenue and are subtracted from total appropriations to arrive at appropriations net of estimated revenues as shown on the fund balance schedules.

Highway Fund. Under the State Constitution, all revenues in excess of the necessary cost of collection and administration accruing to the State from motor vehicle registration fees, operator's licenses, motor vehicle fuel fees or any other special charges or taxes with respect to the operation of motor vehicles or the sale or consumption of motor vehicle fuels are appropriated and used exclusively for the construction, reconstruction, and maintenance of public highways within the State, including the supervision of traffic thereon, and for the payment of principal and interest on bonds issued for highway purposes. All such revenues, together with federal grants-in-aid received by the State for highway purposes, are credited to the Highway Fund. Although the principal of and interest on State highway bonds are paid from the Highway Fund, the assets of the Fund are not pledged to such bonds.

Fish and Game Fund. The operations of the State Fish and Game Department, including the operation of fish hatcheries, inland and marine fisheries and wildlife areas and related law enforcement functions, land acquisition, and wildlife management and research, and the payment of principal and interest on bonds issued for fish and game purposes, are financed through the Fish and Game Fund. Principal revenues to this Fund include fees from fish and game licenses, the marine gas tax, a portion of off-highway vehicle registration fees, penalties and recoveries and federal grants-in-aid related to fish and game management, all of which are appropriated annually by the Legislature for the use of the Fish and Game Department.

Capital Projects Fund. The State credits to the Capital Projects Fund appropriations for certain capital improvements, primarily those that are funded by the issuance of State debt (other than debt for turnpike purposes), or by the application of certain federal matching grants.

Education Trust Fund. The Education Trust Fund is established in RSA 198:39. Adequate education grants to school districts are appropriated from this fund, as is kindergarten and charter school aid and low and moderate income homeowner property tax relief. For the biennium ending June 30, 2021, Chapter 346, Laws of 2019, appropriates payments to school districts for building aid and tuition and transportation aid from the Education Trust Fund. Pursuant to RSA 198:39, certain revenues are dedicated to this fund including portions of the State's business, cigarette, real estate transfer, and rental car taxes. In addition, lottery revenues and up to $40 million in tobacco settlement revenues are dedicated to the Education Trust Fund as are utility property tax and excess statewide education tax revenues.

Coronavirus Relief Fund. The Coronavirus Relief Fund is used to account for revenues and expenditures related to federal revenue received under section 601 (a) of the Social Security Act, as added by section 5001 of the CARES Act.

Proprietary (Enterprise) Funds

Liquor Commission. All alcohol sold in New Hampshire must be through a sales and distribution system operated or regulated by the State Liquor Commission. Gross revenue derived by the Liquor Commission liquor sales and license fees, is credited to a special fund, known as the Liquor Commission Fund. The balance remaining in the Liquor Commission Fund after paying expenses is deposited into the General Fund.

Lottery Commission. The State conducts daily and weekly lotteries and instant games through tickets sold by or on behalf of the State Lottery Commission in State liquor stores, race tracks and at authorized retail outlets in the State. Monthly net profit from lotteries is transferred to the Education Trust Fund for distribution to school districts in the form of adequate education grants.

Turnpike System. The State constructs, maintains and operates transportation toll roads and bridges. The State has covenanted in the General Bond Resolution authorizing the issuance of Turnpike System revenue bonds that it will establish and collect tolls and charges for the use of the Turnpike System adequate at all times, with other available funds, to provide for the proper operation and maintenance of the System and for the timely payment of principal of and interest on Turnpike System revenue bonds and all other required payments in connection with the System. Under RSA 237-A any funds established in connection with the issuance of Turnpike System revenue bonds thereunder are kept separate from other funds of the State.

State Revolving Fund. Under a program with the U.S. Environmental Protection Agency to improve cleanliness and potability of the State's water supplies, the State Revolving Loan Fund lends funds to municipalities and qualified private water organizations for the purpose of constructing and upgrading wastewater and drinking water treatment facilities. The loans are repaid by the debtors on fixed terms, and, based on specific federal criteria, may allow for forgiveness of portions of the loans. Loans are repaid with fixed rates of interest that include an administrative fee paid to the State. Repayments are credited to special accounts and then used to lend additional funds to communities and qualified private water organizations.

Unemployment Trust Fund. This fund is used to account for contributions from employers and to pay benefits to eligible claimants. When necessary, in accordance with the provisions of Section 1201 of the Social Security Act, the State has applied for, received and repaid advances from the Federal Unemployment Account to the State's Unemployment Trust Fund. For example, these advances were required on an intermittent basis in both calendar years 2010 and 2011 but have not been required during the pandemic. No advances are currently outstanding.

Prior to the COVID-19 pandemic (see "COVID-19 Global Pandemic" herein), the State had been experiencing a lengthy period of economic growth with record low unemployment levels. The growing balance in the trust fund was sufficient to trigger statutory solvency reductions to employer tax rates. New Hampshire employers were experiencing the full fund balance reduction rate of 1.5% with wages paid in the quarter starting October 1, 2018 through January 1, 2020. The trust fund balance as of January 1, 2020 was $307.3 million. However, the trust fund balance fell below $250 million during the second calendar quarter of 2020 as a result of the COVID-19 global pandemic and the need to temporarily shut down certain sectors of the State's economy. Therefore, pursuant to RSA 282-A:82, the fund balance reductions were not available effective with the third calendar quarter of 2020 through the first quarter of 2022. Effective with the first quarter of 2021, the 0.5% surcharge that was added for the third quarter of 2020, pursuant to RSA 282-A:84, was removed because (or as a benefit) of the Governor's authorization of a $50 million infusion of CARES Act Relief funds into the trust fund. Due to the continued growth of the state's employment base, fund balance reductions are forecasted to be triggered again starting with the first quarter of 2023.

Despite the unprecedented levels of unemployment claims resulting from the COVID-19 global pandemic, as a result of the $50 million of CARES Act funds deposited into the trust fund by the Governor, the State did not need to borrow from the Federal Unemployment Account. The State remains eligible for interest-free borrowing. As of February 3, 2022, the trust fund balance was approximately $203 million.

Internal Service Fund. The Employee Benefit Risk Management Fund was created to account for the State's self-insurance program and to pool all resources to pay for the cost associated with providing employee benefits for active State employees and retirees including medical, pharmacy, and dental (active employees) and medical and pharmacy (retirees). See also "HEALTH CARE COVERAGE FOR RETIRED EMPLOYEES."

Fiduciary Funds

Transactions related to assets held by the State in a trustee or custodial capacity are accounted for in Fiduciary Funds. The State's Pension Funds are also included in this category.

Investment Policy

The State Treasury is entrusted with the fiduciary responsibility of managing State funds to ensure cash is available when required to ensure the efficient financial operation of the State while employing prudent and statutorily-compliant investment policies and procedures. The State Treasury has in place investment policies and procedures for the safekeeping and prudent management of various State assets. Certain trust and custodial funds are subject to very specific investment guidelines in order to meet objectives or income targets consistent with stated donor requests as well as state and federal law. General operating funds of the State are invested primarily to preserve the value and safety of the principal, maintain liquidity appropriate for short-term cash needs, and optimize the return on these investments consistent with the goals of safety and liquidity and in accordance with state and federal law. Investment decisions are made within the context of several risk categories, including custodial risk, concentration risk, and interest rate risk. Investment policies are developed, implemented, and reviewed at least annually to ensure best practices are followed and to incorporate strategies to reduce risk that may arise or become magnified due to current events. Additional information is available at *http://www.nh.gov/treasury/cash-investment-management/operating-funds.htm.*

Budget and Appropriation Process

The Legislature meets annually but adopts a State budget on a biennial basis. Prior to the beginning of each biennium, all departments of the State are required by law to transmit to the Commissioner of the Department of Administrative Services (the "Commissioner") requests for capital expenditures and estimates of operating expenditures, including personnel, equipment and program expenditures, for each fiscal year of the ensuing biennium.

Capital budget requests are summarized by the Commissioner and submitted to the Governor. After holding public hearings and evaluating additional information, the Governor prepares a capital budget for submission to the Legislature.

Operating budget requests and revenue estimates for each fiscal year of the ensuing biennium submitted by State agencies are also summarized and submitted to the Governor. Following public hearings, analysis of the requested operating budget, and consultation with the various department heads, the Governor prepares the final operating budget proposal, setting forth the financial program for the following two fiscal years.

By February 15th of each odd numbered year, the Governor must submit both a capital budget and an operating budget to the Legislature for its consideration. The Governor's budget message sets forth, among other things, a program for meeting the expenditure needs of the State for the next biennium. Using the Governor's budgets as a starting point, the House prepares and approves its own budgets, which are then submitted to the Senate. The Senate prepares and approves its budgets based on the House proposals. A legislative Conference Committee comprised of members from both chambers forges the final budget drafts to be approved by both chambers. After final budget bills are approved by the Legislature, they are presented to the Governor to be signed into law, allowed to pass into law after 5 days without signature, or vetoed. The State Constitution does not provide for a line item veto of appropriation bills by the Governor. If the Governor vetoes a budget bill, it is returned to the Legislature for an override vote or further legislative action. Once the budget bills become law, they represent the authorized operating and capital appropriation spending for each State department during each of the next two fiscal years.

Although there is no constitutional requirement that the Governor propose or the Legislature adopt a balanced budget, there is a statutory requirement that the Governor propose and the Legislature adopt a balanced budget. In addition, if there is a budget deficit from a prior biennial budget, the Governor's budget proposal must address how this deficit will be eliminated in the current budget proposal. The Legislature has a similar statutory responsibility to approve a plan for addressing any past year's budget deficit in the budget it adopts for the ensuing biennium. If there is a budget deficit, the Governor is required by statute to make recommendations to the Legislature as to the manner in which the deficit shall be eliminated.

Financial Controls

All bills and obligations of the State are paid from the State Treasury. Under the State Constitution all payments, except debt obligations made from the State Treasury, must be authorized by a warrant signed by the Governor with advice and consent of the Council. Debt obligations of the State are exempt from the warrant requirement and are paid by the State Treasurer under statutory authority to pay principal and interest on all loans which may at any time come due (RSA 6:10).

Financial control procedures in the State are maintained by both the executive and legislative branches. In the executive branch, the Commissioner of the Department of Administrative Services is directed by statute to conduct a continuous study of the State's financial operations, needs and resources and to install and operate a system of governmental accounting.

The Comptroller, within the Department of Administrative Services, is directed by statute to maintain the State's accounting system in accordance with generally accepted accounting principles and report monthly to each State agency its total dollars expended, total encumbrances outstanding and appropriation balances then available for each agency through the previous month of the fiscal year. When it appears that a State department or agency is incurring operating expenditures at levels that will deplete its available appropriation prior to the close of the fiscal year, the Comptroller is required to report this fact to the Governor who shall investigate and may, if necessary, order the department head to reduce expenditures in proportion to the balance available and time remaining in the fiscal year. The Comptroller issues statement of appropriation reports daily that comply with the monthly reporting requirements; instances of spending that may deplete appropriations are rare.

Legislative financial controls involve the Office of Legislative Budget Assistant (the "Office"), acting under the supervision of the Fiscal Committee and the Joint Legislative Capital Budget Overview Committee. The Office has post-audit responsibility for all entities that expend State funds as well as review of the budgetary process on behalf of the Legislature. This responsibility involves conducting selected departmental audits and program result audits including, but not limited to, examinations as to whether the results contemplated by the authorizing body are being achieved by the department and whether such results could be obtained more effectively through other means. The Joint Legislative Capital Budget Overview Committee reviews the status of capital budget projects, and each State agency with capital budget projects is required to submit to the committee a status report on projects every sixty days.

Revenue Stabilization Reserve Account

Legislation was enacted in 1986 to establish a Revenue Stabilization Reserve Account (the "Revenue Stabilization Reserve Account" or "Rainy Day Fund") within the General Fund as of July 1, 1987. Pursuant to RSA 9:13-e, in the event of a General Fund operating budget deficit at the close of a fiscal biennium resulting from a shortfall in revenue (as compared with the official budget), the Comptroller shall notify the Fiscal Committee and the Governor of such deficit and request to transfer from the Revenue Stabilization Reserve Account, to the extent available, an amount equal to the lesser of the deficit or the revenue shortfall. No monies in the Revenue Stabilization Reserve Account (except for interest earnings, which are deposited as unrestricted General Fund revenue) can be used for any purpose other than deficit reduction or elimination except by specific appropriation approved by two-thirds of each house of the Legislature and by the Governor.

Chapter 158:41 of the Laws of 2001 amended RSA 9:13-e regarding funding the Revenue Stabilization Reserve Account. At the close of each fiscal biennium, any surplus, as determined by the official audit, shall be transferred by the Comptroller to the Revenue Stabilization Reserve Account. The maximum amount permitted in the account is equal to 10% of General Fund unrestricted revenue for the most recently completed biennium. Chapter 237 of the 2016 legislative session repealed a law which had capped the transfer in a single year to one half of the total potential maximum balance allowable for the Revenue Stabilization Reserve Account.

Chapter 143 of the Laws of 2009, the operating budget for fiscal years 2010-2011, assumed $69 million would be drawn from the Revenue Stabilization Reserve Account at June 30, 2009 leaving a balance of $20 million at June 30, 2009. The actual draw on the Revenue Stabilization Reserve Account at June 30, 2009 was $79.7 million leaving a balance of $9.3 million. The balance remained at $9.3 million until the budget for fiscal years 2016-2017, which projected an unassigned fund balance of $72.8 million as of June 30, 2015. The Legislature set forth in Chapter 276:43, Laws of 2015 that the then-projected unassigned General Fund equity balance of approximately $49 million was to be carried forward in the General Fund to be used in fiscal year 2016. In addition, the Revenue Stabilization Reserve Account balance was projected to be increased to $23.8 million by a $14.5 million transfer into the fund. The actual total General Fund unassigned fund balance at June 30, 2015 was $71.3 million, comprised of a Revenue Stabilization Reserve Account balance of $22.3 million and an unassigned fund balance of $49 million.

In May 2016 the United State Supreme Court issued a final decision upholding a $236 million verdict in favor of the State related to the *State v. Exxon* for MtBE water contamination. The total award was approximately $307.2 million, including interest. As required by RSA 7:6-e,I, 10% of the award, or $30.7 million, was credited to the State's Rainy Day Fund.

Additionally, Chapter 264, Laws of 2016 established that to the extent the audited, combined unrestricted general and education trust fund revenues for the fiscal year ending June 30, 2016 exceeded the official estimates, an amount not to exceed $40 million of said excess would be transferred to the Revenue Stabilization Reserve Account. The State's audited financial statements for fiscal year 2016 issued on January 31, 2017 reported revenues approximately $151 million in excess of plan; therefore the full $40 million authorized by law was transferred at the conclusion of the audit, bringing the total Rainy Day Fund balance to $93 million at June 30, 2016.

The statutory capacity of the Rainy Day Fund was set at 10% of General Fund unrestricted revenue for the June 30, 2016 audited fiscal year, which was $153 million. However, this statutory limit was revised by Chapter 156, Laws of 2017. To the extent the audited, combined unrestricted general and education trust fund revenues for the fiscal year ending June 30, 2017 exceeded the official estimates, less any amounts deposited pursuant to RSA 7:6-e,I, the excess was to be transferred to the Revenue Stabilization Reserve Account, up to $100 million. Any excess, after the transfer of sufficient funds to bring the Revenue Stabilization Reserve Account to $100 million, was to be transferred to the Public School Infrastructure Fund established pursuant to RSA 198:15-y.

The General Fund unassigned fund balance at the close of fiscal year 2017 was $118.7 million, consisting of $24.7 million of unassigned fund balance and $94.0 million in the Rainy Day Fund, which includes a $1.0 million transfer from the consumer protection escrow account that is designated for the Rainy Day Fund. As a result of legislative designations, the remaining operating surplus was transferred as follows: $6.0 million to the Revenue Stabilization Reserve Account balance and the remainder of $18.7 million to the public school infrastructure fund. This brought the Revenue Stabilization Reserve Account balance to $100.0 million for fiscal year 2017, as compared to $93.0 million in the prior fiscal year.

The General Fund unassigned fund balance at the close of fiscal year 2018 was $184.4 million, consisting of $74.4 million of unassigned fund balance and $110.0 million in the Rainy Day Fund which includes $10.0 million transferred from unrestricted General Fund excess revenues over plan as required by Chapter 162, Laws of 2018. This brought the Revenue Stabilization Reserve Account balance to $110.0 million for fiscal year 2018, as compared to $100.0 million in the prior fiscal year. In addition, the $18.7 million transferred to the public school infrastructure fund in the prior fiscal year was completely committed to various State public schools during fiscal year 2018.

The General Fund unassigned fund balance at the close of fiscal year 2019 was $307.8 million, consisting of $192.5 million of unassigned fund balance and $115.3 million in the Revenue Stabilization Reserve Account, which includes $5.0 million transferred from unrestricted General Fund surplus as required by Chapter 346, Laws of 2019, and a transfer of $0.3 million from the consumer protection escrow account that is designated for the Revenue Stabilization Reserve Account. This brought the Revenue Stabilization Reserve Account balance to $115.3 million for fiscal year 2019, as compared to $110 million in the prior fiscal year.

The General Fund unassigned fund balance at the close of fiscal year 2020 was $64.3 million, consisting of $(51.2) million of unassigned fund balance and $115.5 million in the Revenue Stabilization Reserve Account which includes a transfer of $0.2 million from the consumer protection escrow account that is designated for the Revenue Stabilization Reserve Account. This brought the Revenue Stabilization Reserve Account balance to $115.5 million for fiscal year 2020, as compared to $115.3 million in the prior fiscal year. See "Results of Operations – Fiscal Year 2020 and COVID-19 Global Pandemic" below.

The General Fund unassigned fund balance at the close of fiscal year 2021 was $257.8 million, consisting solely of the Revenue Stabilization Reserve Account which includes a transfer of $0.1 million from the consumer protection escrow account that is designated for the Revenue Stabilization Reserve Account and $142.2 million transfer from surplus per RSA 9:13-e. This brought the Revenue Stabilization Reserve Account balance to $257.8 million for fiscal year 2021, as compared to $115.5 million in the prior fiscal year. Chapter 91, Laws of 2021 (HB2) increased the cap on the Revenue Stabilization Reserve Account to equal 10% of General Fund unrestricted revenue for the most recently completed biennium, which, in the case of the fiscal 2020 and 2021 biennium, increased the cap to $336.9 million.

State Revenues

The State derives most of its revenues from a combination of specialized taxes, user charges and the operation of a statewide liquor sales and distribution system. The State of New Hampshire is the only state that imposes neither a personal income tax on earned income nor a statewide general sales or use tax.

Unrestricted revenues may be appropriated by the Legislature for any State purpose, including the payment of debt service on outstanding bonds of the State, without constitutional limitations (or program limitations, as in the case of federal grants).

The following are the principal sources of unrestricted revenues of the State. Except as otherwise noted below, such revenues are credited to the General Fund:

Meals and Rooms Tax. Effective October 1, 2021, a tax is imposed equal to 8.5% of the charges for (i) hotel, motel and other public accommodations, (ii) meals served in restaurants, cafes and other eating establishments, and (iii) rental cars. Prior to October 1, 2021, the meals and rooms tax rate was 9% and prior to July 1, 2009, the meals and rooms tax rate was 8%. The portion taxed on rental cars is designated as revenue to the Education Trust Fund.

Prior to July 1, 2019, 3.15% of net meals and rooms tax collections was designated for travel and tourism development. The distribution of meals and rooms taxes to the Division of Resources and Economic Development for travel and tourism development was suspended for the biennium ending June 30, 2013 and again for the biennium ending June 30, 2017. Chapter 156, Laws of 2017 transferred the functions of the Division of Travel and Tourism from the former Department of Resources and Economic Development to the Department of Business and Economic Affairs. Chapter 156, Laws of 2017 also suspended the distribution of meals and rooms taxes to the Department of Business and Economic Affairs for the biennium ending June 30, 2019. The reorganization is intended to refocus the divisions of Economic Development and Travel and Tourism Development into the Department of Business and Economic Affairs to better coordinate the State's economic development efforts. For the biennium beginning July 1, 2019, the provision designating 3.15% of net meals and rooms tax collections for travel and tourism development has been repealed, and instead the budget for travel and tourism shall be funded from the General Fund in an amount no less than 3.15% of net meals and rooms tax revenue. However, this new provision is again suspended for the biennium ending June 30, 2021 and again for the biennium ending June 30, 2023.

Beginning with fiscal year 1995, a portion of the revenue derived from the meals and rooms tax was distributed to the cities, towns and certain unincorporated subdivisions of the State, eventually increasing to 40% of such revenue annually. For fiscal years 1997 and thereafter, the amount to be distributed must be the sum of the prior year's distribution plus an amount equal to 75% of any increase in the income received from the tax for the preceding fiscal year, not to exceed $5 million. However, for the period of fiscal year 2009 through fiscal year 2021, various chapter laws capped the distribution to cities and towns at much smaller percentages (ranging from a high of 728.9% in fiscal year 2010 to a low of 19.1% in fiscal year 2020) of total revenues. For the period 2009 through 2014, the amount was capped at $58,805,057 and thereafter through 2021 at $68,805,057. During the 2021 legislative session, Chapter 91, Sections 112-114 implemented a new methodology for municipal revenue sharing of the meals and rooms tax; beginning in fiscal year 2022 30% of a portion of the revenue derived from the meals and rooms tax will be deposited into a dedicated municipal revenue fund for distribution to the cities, towns and certain unincorporated subdivisions of the State. In fiscal year 2022, the total municipal revenue sharing distribution under this new methodology is expected to be $100.1 million.

Meals and Rooms Tax revenue ended fiscal year 2021 at $335 million which was $21.2 million or 6.8% above prior year but $51.9 million or 13.4% below plan. Fiscal year 2021 meals and rooms tax revenue performance as compared to plan was substantially adversely impacted by the COVID-19 pandemic.

Business Enterprise Tax ("BET"). Chapter 274, Laws of 2015, also reduced the rate of the business enterprise tax to 0.72% for taxable periods ending on or after December 31, 2016. For taxable periods ending before December 31, 2016, the business enterprise tax rate was 0.75%. The tax is assessed on wages paid to employees, interest paid on debt and dividends paid to shareholders. For taxable periods beginning on or after January 1, 2021, businesses with less than $222,000 in gross receipts and an enterprise value base of less than $111,000 are exempt from the business enterprise tax. These filing thresholds are both further increased to $250,000 for taxable periods ending on or after December 31, 2022 and will continue to be biennially adjusted for inflation. Every business enterprise is required to make estimated tax payments due on the fifteenth day of the fourth, sixth, ninth and twelfth months of its taxable year. The business enterprise tax may be used as a credit against the business profits tax under RSA 77-A:5. Any unused portion of the credit may be carried forward and allowed against the business profits tax for ten (10) taxable periods from the taxable period in which the business enterprise tax was paid.

For taxable periods ending on or after December 31, 2018, the business enterprise tax rate was reduced to 0.675%. Chapter 156, Laws of 2017, further reduced the business enterprise tax rate to 0.6% for taxable periods ending on or after December 31, 2019. Chapter 346, Laws of 2019, provided that the rate would be further reduced to 0.5% for taxable periods ending on or after December 31, 2021 if the combined amount of General and Education Trust Fund revenue collected for the fiscal year ending June 30, 2020 was 6%, or $157 million, or more above the official revenue estimates for said fiscal year. If the combined amount of General and Education Trust Fund revenue collected for the fiscal year ending June 30, 2020 was 6%, or $157 million, or more below the official revenue estimates for said fiscal year, the rate would rise to 0.675% for taxable periods ending on or after December 31, 2021. Fiscal year 2020 revenues were $106 million below plan, and therefore no change in the Business Enterprise Tax rate was triggered, and it remained at 0.6%. Pursuant to Chapter 91:109, Laws of 2021, for taxable periods ending on or after December 31, 2022, the business enterprise tax rate is reduced to 0.55%.

Business Profits Tax ("BPT"). Chapter 274, Laws of 2015, reduced the rate of the business profits tax to 8.2% for taxable periods ending on or after December 31, 2016. For taxable periods ending before December 31, 2016, the business profits tax rate was 8.5%. The tax is imposed on the taxable business profits of business organizations deriving gross business profits from activities in the State, or both in and outside of the State. Business profits subject to the tax but derived from activities conducted outside the State are adjusted by the State's apportionment formula to allocate to the State a fair and equitable proportion of such business profits. Chapter 346, Laws of 2019, modified the State's apportionment formula in two ways. First, for taxable periods ending on or after December 31, 2021, the apportionment of the sales of intangibles and services shall be made using a method commonly referred to as "market-based sourcing." The State previously utilized the income-producing activity/cost of performance method of apportioning sales and services. Second, for taxable periods ending on or after December 31, 2022, the State will apportion gross business profits utilizing only the sales factor. Currently, the State apportions gross business profits utilizing three factors: property, payroll, and sales (with sales being double-weighted). The transition to a system of market-based sourcing and the use of a single sales factor for apportionment in New Hampshire mirrors the national trend among states. The revenue impact of both changes is uncertain because determining how sales would be sourced under this new method requires a comprehensive review by each taxpayer of its books and records. Additionally, as a result of this new apportionment method there would likely be new filers for which the State has no data, as well as the loss of some current filers.

For taxable periods ending on or after December 31, 2018, the business profits tax rate was reduced to 7.9%. Chapter 156, Laws of 2017, further reduced the rate of the business profits tax to 7.7% for taxable periods ending on or after December 31, 2019. Chapter 346, Laws of 2019 provided that the rate would be further reduced to 7.5% for taxable periods ending on or after December 31, 2021 if the combined amount of General and Education Trust Fund revenue collected for the fiscal year ending June 30, 2020 was 6% or $157 million, or more above the official revenue estimates for said fiscal year. If the combined amount of General and Education Trust Fund revenue collected for the fiscal year ending June 30, 2020 was 6% or $157 million, or more below the official revenue estimates for said fiscal year, the rate would rise to 7.9% for taxable periods ending on or after December 31, 2021. Fiscal year 2020 revenues were $106 million below plan, and therefore no change in the Business Profits Tax rate was triggered and the rate remained at 7.7%. Pursuant to Chapter 91:110, for taxable periods ending on or after December 31, 2022, the business profits tax rate is reduced to 7.6%.

For taxable periods ending on or after December 31, 2022, the filing threshold for the business profits tax was increased to $92,000, to be adjusted biennially for inflation. For prior taxable periods the business profits tax filing threshold was $50,000 and was not periodically adjusted.

The federal Tax Cuts and Jobs Act ("TCJA") signed on December 22, 2017, represents the most expansive package of federal tax law changes enacted since the 1986 overhaul of the Internal Revenue Code ("IRC"). Most states, including New Hampshire, use federally reported income as a starting point for the calculation of taxable income at the State level. As a result, federal tax law changes may materially impact State revenues depending on the version of the IRC to which the State conforms. New Hampshire BPT was tied to the IRC as of December 31, 2016 for tax periods beginning on or after January 1, 2018, and thus for those tax periods, State law did not conform to the current IRC. For practical purposes, this meant that NH BPT returns starting with Line 28 from the federal return, calculated Line 28 using the IRC that was in effect on December 31, 2016, thus the TCJA did not apply and therefore did not impact State BPT revenues directly. However, the TCJA had and will continue to alter the various costs and incentives impacting business decisions in a way that did impact the State tax landscape regardless of whether or not New Hampshire was tied to the IRC as amended by the TCJA. This is evidenced by a significant increase in revenue in fiscal year 2018 as compared to fiscal year 2017. Business Tax revenues (BPT and BET combined) for fiscal year 2018 were $776.6 million as compared to $634.3 million in fiscal year 2017. The additional revenue in fiscal year 2018 was likely attributable to a combination of strong underlying economic growth as well as an increase in taxable transactions for New Hampshire purposes resulting from the TCJA. The DRA believes that a portion of the additional revenue in fiscal year 2018 was due to one-time or temporary impacts from the TCJA, and therefore, similar increases are not expected in subsequent fiscal years. The DRA has not definitively determined how much of the 2018 increase is attributable to the TCJA. Chapter 346, Laws of 2019 provides that for taxable periods beginning on or after January 1, 2020 the New Hampshire BPT will tie to the IRC (subject to decoupling as detailed in RSA 77-A:3-b) as of December 31, 2018, thereby adopting numerous provisions of the TCJA for NH BPT purposes, including the taxation of Global Intangible Low-Taxed Income (GILTI). GILTI is a new category of foreign earnings included in federal taxable income but subject to a special deduction under the IRC. New Hampshire now similarly includes GILTI in the taxpayer's BPT tax base. Conformity to the IRC as of December 31, 2018 was expected to increase revenue in fiscal year 2020. The State anticipated that IRC conformity would result in $17.2 million in additional revenue in fiscal year 2020 and fiscal year 2021, and that GILTI would result in $4.0 million in additional revenue in fiscal year 2020 and $8.1 million in fiscal year 2021.

Business Tax revenues ended fiscal year 2019 at $805.6 million, which exceeded fiscal year 2018 by $24.5 million or 3.1%, and which was in excess of fiscal year 2019 plan by $151.6 million or 23.2% based on the Annual Financial Report. Much of the additional revenue received in fiscal year 2019 is likely attributable to a combination of strong underlying economic growth as well as one-time revenue from the TCJA for transactions occurring during the 2018 tax year. The DRA has estimated that approximately $100 million or more of the additional revenue is attributable to one-time or anomalous payments based upon returns received thus far for the 2018 tax year. Business Tax revenues ended fiscal year 2020 at $709.7 million, which was $95.9 million or 11.9% below prior year and which was $85.4 million or 10.7% below the fiscal year 2020 plan. As adopted in the fiscal years 2020-21 budget (which occurred prior to the onset of the COVID-19 pandemic), the Business Tax revenue plan for fiscal year 2021 is $786 million. Business Tax revenues ended fiscal year 2021 at $991.4 million, which was $309.9 million or 45.5% above prior year and which was $205.5 million or 26.1% above plan. The State believes that various state and federal tax policy changes, economic recovery and growth, and substantial federal and state stimulus programs could be contributing to the overall growth in Business Tax revenue in fiscal year 2021, but is not yet able to determine the extent to which each of these factors is contributing to Business Tax performance.

Chapter 91, Sections 115-119, Laws of 2021 amended the business profits tax and the business enterprise tax to limit the amount of any overpayment that a taxpayer may claim as a credit to 500% of the total tax liability for the taxable period for taxable periods ending on or after December 31, 2022; 250% of the total tax liability for the taxable period for taxable periods ending on or after December 31, 2025; and 100% of the total tax liability for the taxable period for taxable periods ending on or after December 31, 2027. The remainder of any overpayment shall be refunded to the taxpayer. The impact of this legislation is that in fiscal year 2022 the State can expect to see a reduction in revenue as taxpayers reduce tax payments in anticipation of this change and increased refund issuance as refunds are issued to taxpayers with large credits on their accounts. The legislature estimated this change to result in a $4 million reduction in business tax revenue in fiscal year 2022 and $11 million reduction in business tax revenue in fiscal year 2023.

Chapter 74, Laws of 2021 amends the business profits tax statute to exclude forgiven Paycheck Protection Program loans from gross income under the business profits tax. The paycheck protection loan program was limited in duration during the COVID-19 pandemic. The Legislature estimated this change to result in a $25.4 million reduction in business tax revenue in fiscal year 2022 and a $44 million reduction in business tax revenue in fiscal year 2023.

Board and Care Revenue. These revenues are payments primarily from health insurers and the federal government to reimburse the State for costs of health and mental care services and board provided at State institutions, including the New Hampshire Hospital. Beginning with the budget for the 2014-2015 biennium, this revenue has been re-characterized from unrestricted to restricted within the Department of Health and Human Services ("DHHS").

Liquor Sales and Distribution. The Liquor Commission is overseen by the Chairman of the Liquor Commission as well as a Deputy Commissioner, both appointed by the Governor with the consent of the Executive Council. Pursuant to RSA 176:3, the Commission is required to optimize profitability, maintain proper controls, and provide an efficient operation for the service of its customers. The Commission makes all liquor purchases directly from the manufacturers and importers and operates State liquor stores in cities and towns that accept the provisions of the local option law. The Commission is authorized to lease and equip stores, warehouses and other merchandising facilities for liquor sales, to supervise the construction of State-owned liquor stores at various locations in the State, and to sell liquor at retail and to licensed restaurants, hotels and other organizations. Revenues from the State Liquor Commission are credited to the Enterprise Fund for accounting purposes and the cash flow from operations is unrestricted and deposited into the State's pooled bank accounts.

RSA 176:16, III requires that 5% of the previous fiscal year gross profits derived by the Commission from the sale of liquor shall be deposited into the alcohol abuse prevention and treatment fund established by RSA 176-A:1 to benefit the New Hampshire Granite Advantage Health Care Trust Fund. RSA 126-AA:3, VI allows for an additional transfer from the Liquor Fund in the event of a shortfall in the Granite Advantage Health Care Trust Fund.

Holders of off-premises retail licenses with annual wine purchases of less than $350,000 continue to receive the discount of 15% less than the regular retail price at New Hampshire Liquor and Wine Outlets and 20% less than the regular F.O.B. price at the warehouse. Holders of off-premises retail licenses with annual wine purchases exceeding $350,000 receive a discount of 15% less than the regular F.O.B. price at the warehouse.

Tobacco Tax. Effective August 1, 2013, the tax rate for each pack containing 20 cigarettes is $1.78 per pack, the tax rate for each pack containing 25 cigarettes is $2.23 per pack, and the tax rate for all other tobacco products, excluding premium cigars, is 65.03% of the wholesale sales price. Tobacco tax revenues were $221.3 million in fiscal year 2015 and $227.1 million in fiscal year 2016. Tobacco tax revenues fell in fiscal year 2017 to $218.7 million and decreased again in fiscal year 2018 to $211.6 million. In fiscal year 2019 tobacco tax revenues fell further to $202.4 million but increased to $212.6 million in fiscal year 2020. Chapter 346, Laws of 2019, contained two provisions impacting the Tobacco Tax that became effective January 1, 2020. The first applies the Tobacco Tax to "electronic cigarettes." So called closed cartridge systems will be taxed at a rate of $0.30 per milliliter and open systems, generally containers of liquid containing nicotine, will be taxed at a rate of 8% of the wholesale sales price. The second raises the legal smoking age in New Hampshire from 18 to 19 years of age. The change in New Hampshire's smoking age was superseded by the change to the federal legal smoking age to 21 years of age. Tobacco Tax revenues ended fiscal year 2021 at $252.4 million, which is $39.8 million or 18.7% above prior year and $51.2 million or 25.4% above plan.

Medicaid Enhancement Tax ("MET") Revenues. Effective July 1, 1993, the State lowered the MET rate from 8% to 6%, and effective July 1, 2007, the State lowered such tax to 5.5%. Previously, the tax was assessed against the gross patient services revenue of hospitals operating in the State. "Gross patient services revenue" was defined as the amount that a hospital records at the hospital's established rates for patient services, regardless of whether full payment of such amounts is expected or paid. As of July 1, 2005, the tax was assessed against net patient services revenue, which means the "gross charges of the hospital, less any deducted amount for bad debts, charity care and payor discounts." As of July 1, 2011, Chapter 224 of the Laws of 2011 amended the definition of "hospital" under RSA 84-A:1, III to mean general hospitals and special hospitals for rehabilitation required to be licensed under RSA 151 that provide inpatient and outpatient hospital services, but not including government facilities. The definition of "net patient services revenue" under RSA 84-A:1, IV-a was amended to include revenues received from the State's uncompensated care account and revenues received from all payers of inpatient and outpatient patient care. Effective July 1, 2014, Chapter 158 of the Laws of 2014 clarified the taxable services under the MET, declared the intent of the MET, removed the application of the MET to special hospitals for rehabilitation, provided for a tax rate reduction beginning for the taxable period ending June 30, 2016 and changed the payment and return date. Further, all revenue collected pursuant to the tax is now credited to the Uncompensated Care Fund and restricted to fund medical care for the Medicaid population. The tax payment and tax return are now due on April 15 within the taxable period.

From inception of the tax until June 30, 2010, hospitals often received payment from the State to reimburse for the provision of uncompensated care in the amount that they paid to the State in MET. The source of uncompensated care reimbursements to hospitals was approximately one-half of the MET receipts and the balance was federal disproportionate share hospital ("DSH") Medicaid funds. The other half of the tax paid by the hospitals was credited as General Fund unrestricted revenue. In fiscal year 2011, the uncompensated care payments were made under a redesigned calculation formula. However, one-half of the total tax paid by hospitals continued to be used to match federal dollars and, in the aggregate, hospitals received uncompensated care payments equal to the total tax received by the State. The operating budget for fiscal years 2012 and 2013, Chapters 223 and 224 of the Laws of 2011, kept the tax rate at 5.5% of net patient services revenue but significantly decreased the State's commitment to reimburse hospitals for uncompensated care. Certain hospitals challenged a number of legislative and agency actions since 2005 that reduced the reimbursement rates for certain Medicaid services and related payments.

Beginning in June of 2011, DRA received requests for refund or credit of the MET from 20 of the 28 hospital taxpayers for prior fiscal periods ending June 30, 2008 through June 30, 2013, totaling $109 million, and received additional refund requests from all hospitals for the fiscal year 2014 receipts of approximately $165.6 million. DRA denied $20 million of those requests related to fiscal year 2008 as being outside the statute of limitations and additionally denied $7 million in requests related to fiscal year 2012. The DRA also issued tax notices for fiscal year 2012 for $13 million.

During fiscal year 2013, the DRA reached agreements with over half of the hospitals to resolve all outstanding issues between them relating to approximately $67.6 million of the $89 million in MET refund and credit requests and $11 million of the $13 million in tax notices for fiscal years 2009 through 2013, leaving $14.4 million in refund requests and $2 million in tax notices outstanding as of June 30, 2013. As a result of the settlement agreements reached in fiscal year 2013 for fiscal years 2009 through 2013, the State received approximately $5.4 million of MET revenue and granted $3.6 million in credits to be applied in fiscal year 2014 and $3.6 million in credits to be applied in fiscal year 2015.

In fiscal year 2014, the State reached an agreement with 26 New Hampshire hospitals' outstanding challenges to: the constitutionality of the MET, to the majority of the claims that the hospitals had filed for refunds on their fiscal year 2014 tax payments and what remained outstanding related to fiscal years 2013 and prior years, and to Medicaid rate reductions made in previous years. The Legislature approved this agreement and Senate Bill 369 was signed into law on June 30, 2014 (Chapter 158, Laws 2014). Under the agreement, the State will provide DSH payments to critical and noncritical access hospitals. Critical access hospitals will be reimbursed 75 percent of their uncompensated care costs, and noncritical care access hospitals will receive no more than 50 percent of their individual uncompensated care costs in fiscal years 2016 and 2017. The State's liability will be capped at $224 million in total payments that are shared with the federal government. In fiscal years 2018 and 2019, critical access hospitals would continue to be reimbursed 75 percent of their uncompensated care costs. Other acute care hospitals would receive no more than 55 percent of their uncompensated care costs, up to a cap of $241 million. The hospitals are guaranteed at least $175 million a year in DSH payments, subject to additional reductions based on MET revenue shortfalls and tax rate reductions.

Senate Bill 369 (Chapter 158, Laws of 2014) lowered the tax rate from 5.5 percent to 5.45 percent for taxable periods beginning after July 1, 2015, then down to 5.4 percent for taxable periods beginning after July 1, 2016. Senate Bill 369 also provided that beginning on or after July 1, 2017 and for every year thereafter, the rate would remain 5.4 percent, unless total uncompensated care for all hospitals fell below $375 million, in which case the rate will be reduced to 5.25 percent. However, House Bill 1817 (Chapter 162, Section 34, Laws of 2018) amended the MET statute to eliminate the possibility of a future rate reduction based upon total aggregate uncompensated care, thereby making the rate of 5.4 percent permanent.

The State agreed to credit all money raised from the MET as restricted revenue and use those funds exclusively to support Medicaid services, including funding DSH payments, hospital provider payments, and other Medicaid costs. The agreement eliminates certain freestanding rehabilitation hospitals from the MET base, and also precludes them from receiving uncompensated care payments. Through the agreement, the participating hospitals agreed they will not challenge the MET on constitutional grounds as long as the terms of the agreement are met. Additionally, the participating hospitals agreed to drop their claims for tax refunds in fiscal years 2014 and 2015 and drop their participation – and claims – in lawsuits challenging the constitutionality and application of the MET. They also agreed to drop claims in state and federal court cases challenging rate reductions made beginning in fiscal year 2008. If future Legislatures choose to cut funding, the hospitals retain the right to re-launch their litigation and the State retains all of its defenses.

Medicaid Enhancement Tax Estimates and Uses For Fiscal Years 2017-2021
(millions)

	FY 2017 (Actual)	FY 2017 (Budget)	FY 2018 (Actual)	FY 2018 (Budget)	FY 2019 (Actual)	FY 2019 (Budget)	FY 2020 (Actual)	FY 2020 (Budget)	FY 2021 (Actual)	FY 2021 (Budget)
Medicaid Enhancement Tax Revenues	$226.6	$228.1	$242.9	$235.9	$250.2	$253.4	$265.5	$261.2	242..4	$270.7
To hospitals for uncompensated care	109.0	95.1	112.4	83.1	113.4	82.4	112.8	112.2	93.5	123.2
To General Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
To medical providers	118.5	133.0	130.5	152.8	136.8	160.5	151.4	142.4	148.9	147.5

For taxable periods ending June 30, 2015 and prior, the MET was assessed at a rate of 5.5%. For the taxable period ending June 30, 2016, the MET was assessed at a rate of 5.45%. For the taxable period ending June 30, 2017, the MET was assessed at a rate of 5.4%. For the taxable period ending June 30, 2018, and going forward, the MET will be assessed at a rate of 5.4%.

Insurance Tax. Prior to fiscal year 2008, the State imposed a tax on licensed insurance companies equal to 2% of net premiums written in the State (5% of taxable underwriting profit in the case of ocean marine insurance companies). Chapter 277 of the Laws of 2006, reduced such tax to 1.75% effective July 1, 2007, 1.5% effective January 1, 2009, and 1.25% effective January 1, 2010, and would have reduced it to 1% effective January 1, 2011 but for Chapter 1 of the Laws of 2010 Special Session which repealed the provision bringing the tax to 1%. The tax rate remains at 1.25%. This applies to all lines of insurance except accident and health insurance (RSA 401:1, IV), and insurers licensed as Health Service Corporations (RSA 420-A), Health Maintenance Organizations (RSA 420-B), and Delta Dental Plan Of NH, Inc. (RSA 420-F) which remains at 2%. Prior to 2011, ocean marine insurance was taxed on an underwriting profit basis. The purpose of the legislation was to stimulate economic growth by retaining current domestic insurers and recruiting other insurance companies to incorporate in the State. Effective for calendar year 2007, the new legislation also changed the collection of the tax from quarterly to annually on or before March 15 of each year. Under an insurance retaliatory statute, the State collects the greater of premium tax calculated by the effective New Hampshire premium tax rate or premium tax calculated by the effective tax rate of the state of which each insurer is domiciled. As of December 31, 2020, companies of 41 states having a higher premium tax rate in their domiciliary states were licensed in the State. Premium tax on unlicensed companies ranges from 2% to 4% of premiums written.

Interest & Dividends Tax. A tax of 5% is imposed on income in excess of $2,400 received from interest and dividends on stocks, bonds and other types of investments. Chapter 163 of the Laws of 1998 allows for a deduction from taxable interest and dividend income an amount equal to any cash distributions made to a qualified investment capital corporation. Chapter 341, Laws of 2018 expands the use of the education tax credit ("ETC") program to allow individuals to apply for, and if granted by the DRA, use an ETC against the Interest and Dividends Tax. The ability to use ETC against the Interest and Dividends Tax is expected to increase utilization of the ETC program (which has seen low utilization in previous years). However, the ETC program is capped at $5.1 million in tax credits per year, thereby limiting the potential increase in tax credit usage.

Chapter 144 of the Laws of 2009 amended the Interest & Dividends Tax to treat distributions from limited liability companies, partnerships and associations as dividends subject to the tax to the same extent that distributions to corporate shareholders are taxable as dividends. This change was effective for calendar tax years beginning on or after January 1, 2009. A distribution that is a return of capital is not subject to taxation. This change in the tax was estimated to generate an additional $15 million in each of fiscal years 2010 and 2011. However, Chapter 1, Laws of the 2010 Special Session, repealed the inclusion of distributions from limited liability companies, partnerships and association as dividends subject to the Interest & Dividends Tax effective January 1, 2010, leaving such distributions received during the 2009 tax year subject to the tax.

Chapter 286 of the Laws of 2012 amended the Interest & Dividends Tax to eliminate the taxation of trusts. Under the new law, interest and dividend income received by estates held by trustees treated as grantor trustees under Section 671 of the United States Internal Revenue Code shall be included in the return of their grantor, to the extent that the grantor is an inhabitant or resident of New Hampshire. Income reported by, and taxed federally as interest or dividends to, a trust beneficiary who is an individual inhabitant or resident of New Hampshire with respect to distributions from a trust that is not treated as a grantor trust under Section 671 of the United States Internal Revenue Code shall be included as interest or dividends in the return of such beneficiary and subject to taxation in accordance with the provisions of RSA Chapter 77. This change in the tax was originally estimated to result in a reduction in revenue of $4 million to $5 million. Fiscal year 2014 Interest & Dividends Tax revenues were below those for fiscal year 2013 by approximately $13 million. In addition to the difference between the amount of tax paid by trusts ($5.1 million in tax year 2012) and the amount of tax currently paid by beneficiaries of those trusts (which is affected by a possible reduction in distributions to beneficiaries), additional exemptions and exceptions available to beneficiaries, and the exclusion of previously taxable income, other possible factors impacting the reduction of revenue include: lower interest rates; the acceleration of 2013 dividends into 2012; and non-taxable distributions resulting from conversions of S-corporations to limited liability companies. As a result, the actual impact of the 2012 Interest & Dividends Tax law change on the fiscal year 2014 and fiscal year 2015 revenues remains unknown at this time.

Interest and Dividends Tax revenue increased $17.1 million from fiscal year 2014 to fiscal year 2015, from $79.8 million to $96.9 million. In fiscal year 2016, revenue declined to $89.3 million and then increased in fiscal year 2017 to $94.3 million and increased again in fiscal year 2018 to $105.8 million. In fiscal year 2019, revenue increased to $114.7 million and then again in fiscal year 2020 to $116.5 million. Interest & Dividends Tax revenue ended fiscal year 2021 at $120 million, which is $3.5 million or 3% above prior year and $3.1 million or 2.7% above plan.

Chapter 91, Sections 89-102, Laws of 2021 phases out the Interest and Dividends Tax starting at 4% for taxable periods ending on or after December 31, 2023, 3% for taxable periods ending on or after December 31, 2024, 2% for taxable periods ending on or after December 31, 2025 and 1% for taxable periods ending on or after December 31, 2026. The Interest and Dividends Tax is then repealed for taxable periods beginning after December 31, 2026.

Communications Tax. For the 2002-03 biennium, the communications tax was increased to a 7% aggregate tax applicable to the gross charges collected for most retail communication services. The 7% tax rate was made permanent pursuant to Chapter 319 of the Laws of 2003. Chapter 279 Laws of 2012 amended RSA 82-A to exclude internet access from the definition of communication services effective June 21, 2012. This resulted in a shortfall of $28.5 million in communication services tax revenue for fiscal year 2013. The revenue decrease caused by the elimination of internet access from the definition of communication services was factored into the determination of the revenue plan for the 2014-2015 biennium. Communications Tax revenue stabilized at $57.3 million in fiscal year 2015, the same annual total as fiscal year 2013, but substantially less than $79.3 million in fiscal year 2012, prior to the law change. In 2016, revenue continued its recent slide to $52.4 million, declined again in fiscal year 2017 to $47.1 million and declined again in fiscal year 2018 to $43.4 million. In fiscal year 2019, revenue declined again, but by a smaller amount, to $41.2 million. Communications Tax revenues ended fiscal year 2020 at $39.6 million. Chapter 346, Laws of 2019 clarified the applicability of the Communications Tax to voice over internet protocol (VoIP) and prepaid wireless telecommunications, and the State anticipated that this clarification would result in $1.5 million and $2.5 million of additional Communications Tax revenue in fiscal year 2020 and fiscal year 2021, respectively. In fiscal year 2021, Communications Tax revenues were $40.4 million, which was $0.8 million or 2% above prior year and $0.6 million or 1.5% above plan.

Real Estate Transfer Tax. The real estate transfer tax was first enacted in 1967. Chapter 17 of the Laws of 1999 increased the permanent tax rate assessed on the sale, granting, and transfer of real estate and any interest in real estate from $.50 per $100 to $.75 per $100, or fractional part thereof, of the price or consideration effective July 1, 1999. The increase has been dedicated to the Education Trust Fund. This rate is assessed on both the buyer and the seller for the combined tax rate of $1.50 per $100. Where the price or consideration is $4,000 or less, there is a minimum tax of $20 assessed on both the buyer and seller. Pursuant to Chapter 179 of the Laws of 2011, the buyer and seller must each file a separate Declaration of Consideration (Form CD-57) with the DRA. Effective July 1, 2008, an additional $25 fee was legislated to be assessed for the recording of each deed, mortgage, mortgage discharge, or plan. This assessment is recorded with the Land and Community Heritage Investment Program ("LCHIP") stamp. Chapter 144 of the Laws of 2009 requires that 50% of the revenue received from the $25 LCHIP stamp in fiscal year 2011 be credited to the General Fund. Chapter 224:3, Laws of 2011, provides that $120,000 in each of fiscal years 2012 and 2013 are credited to the LCHIP administrative fund. The balance of all recording surcharge fees collected shall be credited to the General Fund. For the 2014-2015 biennium, all revenues from the $25 fee were again dedicated to the LCHIP program. In fiscal year 2016, real estate transfer tax revenue was $134.5 million, an increase of $16.9 million from $117.6 million in fiscal year 2015. In fiscal year 2017, real estate transfer tax revenue increased to $141.7 million. Real estate transfer tax revenue increased again in fiscal year 2018 to $149.2 million and again in fiscal year 2019 to $152.8 million. Real Estate Transfer Tax revenues ended fiscal year 2020 at $158.3 million and increased again in fiscal year 2021 to $209.8 million, which was $51.5 million or 32.5% above prior year and $51.4 million or 32.4% above plan. Chapter 346, Laws of 2019 required that the State Treasurer annually transfer $5 million of real estate transfer tax revenue to the New Hampshire Housing Authority's Affordable Housing Fund, beginning in fiscal year 2021.

Court Fines and Fees. The Unified Court System was established during the 1984-1985 biennium. Prior to July 1, 2009 fines and fees collected by the various components of the court system were credited to the General Fund. Effective July 1, 2009, pursuant to Chapter 144 of the Laws of 2009, motor vehicle fines collected at the court are credited as unrestricted revenue to the Highway Fund. Pursuant to current law, fines collected through the plea by mail program are credited as unrestricted Highway Fund revenue. All fines, fees and surcharges imposed and collected by the various components of the court system are credited to various funds depending upon the law involved. Approximately 64% of revenues collected are credited to the General Fund, 20% to the Highway Fund and 16% to restricted funds.

Statewide Education Property Tax. The State imposes an education property tax at the rate on each $1,000 of the equalized value of real estate in order to raise $363.0 million. The statewide education property tax was established in 1999 in response to litigation challenging the State's method of financing public schools. Since 1999, when the tax rate was established at $6.60 per $1,000, the State has periodically reduced the tax rate as real property valuations have risen. For the tax year beginning April 1, 2022, the tax is $1.230 per $1,000 of valuation. In addition, for fiscal years after June 30, 2004, the law requires the Commissioner of the DRA to set the education property tax rate at a level sufficient to generate $363.0 million in revenue. However, Chapter 91, Sections 322-324, Laws of 2021 provides that for the fiscal year ending June 30, 2023, the Commissioner of DRA shall set the education tax rate at a level sufficient to generate $263 million effective for taxable periods beginning on or after April 1, 2022.

Utility Property Tax. Chapter 17 of the Laws of 1999 also established a statewide tax on utility property. A tax is imposed upon the value of utility property at the rate of $6.60 on each $1,000 of such value. The proceeds from this tax have been dedicated to the Education Trust Fund. Utility Property Tax revenue ended fiscal year 2021 at $38.2 million, which was $5.1 million or 11.8% below prior year and $6 million or 13.6% below plan.

Electric Consumption Tax. The franchise tax on electric utilities was replaced in fiscal year 2001 with a tax on electricity consumption. A tax was imposed on the consumption of electricity at the rate of $.00055 per kilowatt hour. Consumers who are customers of municipal providers were exempt from the tax. Chapter 156 of the Laws of 2017 repealed the electricity consumption tax effective January 1, 2019. This tax historically generated approximately $6 million in annual revenue.

Beer Tax. The State Liquor Commission charges permit and license fees for the sale of beer through manufacturers, wholesalers and retailers plus a tax on beer sold by such manufacturers and wholesalers for resale and by manufacturers at retail at the rate of 30 cents per gallon. If a mandatory beverage container deposit requirement is enacted, the current statute requires the beer tax to be reduced to 18 cents per gallon.

Securities Revenue. Broker dealers and investment advisors are required to pay various registration, license or annual fees to conduct business in the State. Additionally, fees are charged for registrations of securities and mutual funds to be offered in the State.

Racing and Charitable Gaming Revenue. The operation of Bingo, Lucky 7 and games of chance in the State are licensed and regulated by the Lottery Commission. On games of chance, the State receives a blended rate between 3% and 10% of revenues depending on the type of game being conducted. The State receives a fixed fee of 7% of Bingo revenues and a $15 flat fee for each Lucky 7 "deal" purchased by a charitable organization. Live dog racing is now prohibited in the State. Any harness racing or thoroughbred racing would also be supervised by the Lottery Commission; however, no such racing is currently conducted in the State. The State imposes a tax ranging from 1% to 1.25% of the contributions plus one-quarter of the breakage of all simulcast harness and thoroughbred racing pari-mutuel pools. For simulcast greyhound racing pari-mutuel pools, the tax is 1.5% of contributions plus one-quarter of the breakage.

Other. This revenue category includes over 200 individual types of fees, fines, assessments, taxes and income. These revenues are reported in the following seven broad subcategories: reimbursement of indirect costs; interest on surplus funds; corporate filing fees; escheatment of abandoned property; corporate record fees; agricultural fees; and miscellaneous.

The State also derives substantial revenues from federal grant programs and certain independent divisions or activities of State government which operate in whole or in part from revenues collected from users. In some cases these revenues are restricted by statute for use by specific agencies. The following are the principal sources of restricted revenues derived by the State:

Lottery Receipts. The State conducts daily and weekly lotteries and instant games throughout the State through tickets sold by or on behalf of the Lottery Commission at authorized retail locations. In addition, the State together with the states of Maine and Vermont offer instant and draw based games under the Tri-State Lotto Compact. The State is also a participant in the Multi State Lottery Association and offers national draw based games Powerball and Mega Millions through that association. In December of 2017, the Lottery Commission began operation of KENO, an online game that has continuous drawings from 11:00 a.m. through 1:00 a.m. and is offered in "pouring establishments" in towns which have authorized the game. In September 2018, the Lottery Commission began offering instant games and limited draw based games through an online platform. Revenues from all of these games are initially recorded in the Lottery Enterprise Fund and are netted with expenses and transferred monthly to the Education Trust Fund.

Sports Betting Revenue. The Lottery Commission is responsible for the operation and oversight of sports betting in the State. The State has entered into a contract with DraftKings to operate online and retail sports betting locations. DraftKings launched the online betting platform on December 30, 2019. As part of a revenue sharing agreement set forth in the contract, the State receives 51% of gross gaming revenue ("GGR") relating to online wagering after reduction of permitted promotional costs which may not exceed 15% of GGR. Additionally, DraftKings is permitted to operate up to 10 retail sports betting locations within the state. Currently, two locations are operational with the first location launched in August of 2020 and a second added in September of 2020. The State receives 50% of GGR from retail sports wagering after reduction of permitted promotional costs which may not exceed 10% of GGR.

Turnpike System Tolls. The State collects tolls and charges for the use of the Turnpike System. Toll revenues are credited to the Turnpike System Enterprise Fund with the restriction that these revenues be used to pay expenses of operation and maintenance of the Turnpike System and debt service on bonds or notes issued for Turnpike System purposes. The Turnpike System continues to experience a reduction in travel due to the recent spike in COVID-19 cases from the Omicron variant and the continuation of remote work for many businesses and individuals. Total Turnpike revenues for fiscal year 2021 decreased 4.8% from the previous year and lagged behind total revenues in 2019 by 14.4%. Revenue improved in the fourth quarter of fiscal year 2021 and the first quarter of fiscal year 2022 related to an increase in tourist travel. For the fourth quarter of fiscal year 2021, this resulted in a 49.7% growth over the same period in fiscal year 2020 but below fiscal year 2019 by 11.0%. The first quarter of fiscal year 2022 also improved by 11.1% over the same period in the previous year but was a decrease of 8.7% as compared to the same period in fiscal year 2020. The Department of Transportation engaged a consultant to provide a range of revenue projections for the Turnpike System into the future. The Department has adopted the mid-range basis and assumes that the System will continue to see a decline in commuters due to the longer term shift to remote work. Based on current revenue projections and balance of cash reserves, it is anticipated that all maintenance, operations, debt service and Renewal & Replacement projects will proceed as planned and have sufficient funds to cover forecasted expenses though some capital projects will be delayed by two to four years beginning in fiscal year 2024.

The removal of the northbound and southbound toll booths on Exit 10 on the F.E. Everett Turnpike in the Town of Merrimack became effective on January 1, 2022 as part of New Hampshire HB 2, Chapter 91 Laws of 2021. The revenue impact to the Turnpike System by the closure of these toll exits prior to the pandemic would have been an estimated net revenue loss of $733,531. The closing of the Exit 10 northbound and southbound toll booths is not expected to have a significant effect on Turnpike Revenue Bond debt service coverage and all obligation coverage ratios.

Fuel Tax. The State imposes a user fee upon the sale of each gallon of motor fuel sold in the State at the rate of $0.222 per gallon (the “road toll”), 4 cents per gallon for aviation fuel, 2 cents per gallon for private jet fuel, and 0.5 cents per gallon for all aircraft certified to operate under part 121 of the Federal Aviation Administration regulations, which generally applies to scheduled airlines. The proceeds of the road toll are credited to the Highway Fund for highway purposes and uses. Of this amount, $0.0264 of the road toll is allocated to a separate account in the Highway Fund, the Highway and Bridge Betterment Account. Effective July 1, 2014, Chapter 17 of the Laws of 2014 increased the road toll by $0.042 from $0.18 to $0.222 per gallon. All revenue associated with the increase in rate, projected to generate approximately $30 to $34 million annually, is restricted for paving and bridge work, municipal block grant aid, municipal bridge aid, and funding to pay debt service on bonds to be issued to complete the I-93 Salem to Manchester widening project. Chapter 17 of the Laws of 2014 and as amended by Chapter 276:210 and 276:211, Laws of 2015 authorized $200 million in general obligation bonds for this purpose. Subsequent legislation specifically authorized a federal Transportation Infrastructure Finance and Innovation Act (“TIFIA”) loan as an alternative to a traditional general obligation bond issue including, without limitation, a pledge of the revenue collected from adjustments under RSA 260:32-a for rates that exceed $0.18 per gallon less required distributions under RSA 235:23, I, on said revenues. On May 24, 2016, the State entered into the TIFIA financing agreement to fund the construction of the remaining portions of the I-93 project. The loan, which has a 1.09% rural TIFIA interest rate, has funded $198.5 million in projects on the I-93 corridor from Salem to Manchester, New Hampshire. The debt service payments are funded by a portion of the revenue collected from the increase in the road toll that was effective July 1, 2014. The road toll increase pursuant to Chapter 17 of the Laws of 2014 will expire once all debt service payments for the I-93 project have been made and the financing is fully amortized (June 2034). See “STATE INDEBTEDNESS – Debt Statement.”

Federal Receipts. The State receives funds from the federal government which represent reimbursement to the State for expenditures for various health, welfare, transportation and educational programs and distribution of various restricted or categorical grants-in-aid. Federal grants-in-aid and reimbursements are normally conditioned to some degree on matching resources by the State. The largest categories of federal grants and reimbursements are made for the purposes of providing medical assistance payments for the indigent and medically needy, temporary assistance for needy families, and transportation and highway construction programs. Transportation related match resources by the State are primarily non-cash Turnpike toll credits. On November 15, 2021, President Biden signed the Infrastructure Investment and Jobs Act (IIJA) that provides $550 billion over fiscal years 2022 through 2026 in new Federal investment in infrastructure, including in roads, bridges, mass transit, water infrastructure, resilience, and broadband. Specific to Federal Highway Administration (FHWA) funds, the federal fiscal year 2022 obligation limit is $218.9 million. For the federal fiscal year 2022 budget, Congress passed a continuing resolution through October 31, 2021 and subsequently passed an extension to February 18, 2022. The current FHWA obligation limitation funded through February 18, 2022 by the Continuing Appropriations Act is $60.1 million. The State mitigates the risks associated with the uncertainty of the continued funding of the Highway Trust Fund by monitoring and potentially deferring federally funded infrastructure projects.

In addition to the taxes and activities described above, there are various taxes the revenues from which are available only to political subdivisions of the State. Such taxes are either collected by the political subdivisions directly or are collected by the State and distributed to the political subdivisions. Such taxes include a real and personal property tax, a resident tax, and a forest conservation tax based on the stumpage value of timber lands.

Federal Sequestration. Certain federal funding received by the State has been adversely impacted by implementation of certain provisions of the federal Budget Control Act of 2011 (the "Budget Control Act"). The Joint Select Committee on Deficit Reduction failed to reach an agreement on the deficit reduction actions as required by the Budget Control Act and, as a result, sequestration—a unique budgetary feature of the Budget Control Act—was triggered and began on March 1, 2013. Sequestration has and will adversely affect the availability of certain federal funds received annually by the State. Some of the largest sources of federal revenues for the State, however, such as Medicaid reimbursements and federal aid to highways, are generally exempt from sequestration. To date the State has not experienced any serious impact on its programs or financial condition resulting from sequestration. State agencies have managed to address reduced federal funding in a variety of ways - through delays in hiring for open positions, identification of alternative funding sources, reductions in program operating expenditures, and reductions in program grants and benefits awarded.

The State has five outstanding bond issues that are impacted by reduced interest subsidies received due to sequestration. The shortfall in annual interest subsidies has ranged from a high of $511,112 in fiscal year 2014 to $294,284 in fiscal year 2021.

On March 13, 2020 the request for the interest subsidy related to the Turnpike System 2009 Series A Bonds May 1, 2020 interest payment was filed with the Internal Revenue Service ("IRS"). Due to the partial refunding of the State's Turnpike Revenue Bonds, 2009 Series A Bonds with the State's Turnpike Revenue Bonds, 2019 Refunding Series issued November 14, 2019, a calculation was made to adjust the requested subsidy amount to account for the impact and timing of the refunding transaction. In a letter dated August, 26, 2020, the IRS requested additional information. The State responded to the IRS request on September 23, 2020, and received the adjusted subsidy on November 17, 2020.

The State cannot predict at this time what total impact sequestration will have on the State. The State may face reduced federal grant awards in future years as a result of overall efforts to control federal spending. Longer term, adverse effects may also arise due to the economic impacts of reduced federal spending in New Hampshire and New England, including reduced federal funds for research and defense related work and other activities that now receive federal funds, but these effects, if realized, cannot be determined at this time.

Expenditures

Expenditures are charges against appropriations for the expenses related to specific programs of individual departments and related subunits of the State government. Expenditures are accounted for by specific classes of expenses, such as personnel, supplies and equipment, within those programs. Statewide expenditures are grouped into the six categories described below.

General Government includes the legislative branch, office of the Governor and administrative agencies.

Administration of Justice and Public Protection includes the judicial branch, the departments of justice, safety, corrections and various agencies whose activities relate to the protection of persons and property.

Resource Protection and Development includes the operation of State parks, the promotion of economic development, environmental protection and the management of wildlife resources.

Transportation includes design, construction and maintenance of highways and bridges, the operation of the Turnpike System and management of other multi-modal transportation activities.

Health & Social Services includes programs for individuals who are physically, mentally and/or economically unable to provide essential needs for themselves. Programs include those for institutional and community-based care and mental health, programs for troubled youth, programs for the elderly and programs to support economically disadvantaged and chemically dependent individuals.

Education includes management and administration of statewide primary and secondary education and support of public post-secondary educational institutions, both academic and technical.

Results of Operations

Fiscal Year 2017

The fiscal year 2017 budget as adopted in 2015 assumed the State would start the year with an unassigned General Fund surplus of $32.9 million and a Rainy Day Fund balance of $23.8 million; however, based on positive variances in fiscal year 2016 as noted above, fiscal year 2017 began with an undesignated General Fund surplus of $88.5 million and a Rainy Day Fund balance of $93.0 million, for a total unassigned balance of $181.5 million.

Positive variances continued in fiscal year 2017 as combined General Fund and Education Trust Fund unrestricted revenues exceeded plan amounts by $96.1 million. Traditional unrestricted revenue for the General and Education Trust Funds received during fiscal year 2017 totaled $2,407.5 million which was above the fiscal year 2017 plan of $2,311.4 million by 4.2%. The favorable results as compared to the fiscal year 2017 budget resulted, in part, from the following taxes that performed better than expected: Business Taxes by $72.7 million (12.9%); Real Estate Transfer Taxes by $15.3 million (12.1%); Meals and Rooms Taxes by $7.3 million (2.4%); and Insurance Taxes by $7.5 million (6.6%). Interest and Dividends Taxes were below the fiscal year 2017 budget by approximately $1.7 million (1.8%), as well as Tobacco Taxes below budget by $3.1 million (1.4%) and Communications Taxes below budget by $11.3 million (19.3%). The State's other remaining revenue sources combined were approximately $9.4 million above the fiscal year 2017 budget.

Net General Fund and Education Fund appropriations exceeded the fiscal year 2017 budget estimates by $124.1 million (5.3%). Appropriations authorized after the passage of the fiscal year 2017 budget via new legislation or existing laws increased net appropriations by approximately $142 million. The additional appropriations utilized the majority of the beginning undesignated General Fund surplus carried forward from fiscal year 2016. In addition, the Legislature authorized a transfer of $13.9 million of General Fund surplus to the Highway Fund for fiscal year 2017. Offsetting the impact of additional appropriations and transfers to other funds were favorable lapses of combined General Fund and Education Fund appropriations. The fiscal year 2017 original budget of $2,353.6 million included $47 million in anticipated lapses, while actual lapses according to the audited results came in at $63.3 million for a difference of $16.3 million.

Audited net favorable closing adjustments made in accordance with GAAP to bring the budgetary accounting basis to the modified accrual accounting basis totaled $22 million for fiscal year 2017. GAAP and other adjustments were not budgeted in fiscal year 2017. The most significant of the GAAP and other adjustments affecting fiscal year 2017 was the reversal of the $10.4 million liability and expense recorded in fiscal year 2016 as a result of the expected resolution of the *City of Dover v. State of New Hampshire* litigation, representing payment of the entire amount of education adequacy aid withheld due to the cap. While this was recorded as a liability reducing 2016 General Fund surplus, a portion of this amount ($9.1 million) was also appropriated to the Education Fund in fiscal year 2017; thus the combined impact resulted in a positive $9.1 million GAAP adjustment in fiscal year 2017.

Also contributing to the positive adjustment was a decrease in the annual escheat liability ($3.7 million) and a decrease in the State's share of Medicaid liability ($2.3 million), both measured as of June 30, 2017. The remainder of the variance was due to smaller scale increases or decreases in several other areas.

The audited results show that the total unassigned General Fund balance at the close of fiscal year 2017 was $100.0 million, consisting of $100.0 million in the Rainy Day Fund. Per Chapter 156, Laws of 2017, $7.0 million of fiscal year 2017 audited undesignated fund balance was transferred to the Revenue Stabilization Reserve Account to bring the balance in that account to $100 million and the remaining surplus of $18.7 million was transferred to the Public School Infrastructure Fund established pursuant to RSA 198:15-y.

Fiscal Year 2018

As assumed in the fiscal year 2018 budget as adopted in 2017, fiscal year 2018 began with no undesignated General Fund surplus and a Rainy Day Fund balance of $100.0 million, for a total unassigned General Fund balance of $100.0 million.

Positive variances continued in fiscal year 2018 as combined General Fund and Education Trust Fund unrestricted revenues exceeded plan amounts by $133.3 million. Traditional unrestricted revenue for the General and Education Trust Funds received during fiscal year 2018 totaled $2,577.2 million which was above the fiscal year 2018 plan of $2,443.9 million by 5.5%. The favorable results as compared to the fiscal year 2018 budget resulted, in part, from the following taxes that performed better than expected: Business Taxes by $118.8 million (17.9 %); Meals and Rooms Taxes by $1.9 million (0.6 %); Interest and Dividends Taxes by $9.8 million (10.2%), and Insurance Taxes by $1.4 million (1.2%). Real Estate Transfer Taxes were below the fiscal year 2018 budget by approximately $5.8 million (3.7%), Tobacco Taxes below budget by $3.4 million (1.6%) and Communications Taxes below budget by $0.6 million (1.4%). The State's other remaining revenue sources combined were approximately $11.2 million above fiscal year 2018 budgeted amounts. The DRA believes that a portion of the additional revenue in fiscal year 2018 was due to one-time or temporary impacts from the TCJA. See *"Revenues - Business Enterprise Tax ("BET")"* herein.

Net General Fund and Education Fund appropriations exceeded the fiscal year 2018 budget estimates by $22.4 million (0.92%). Appropriations authorized after the passage of the fiscal year 2018 budget via new legislation or existing laws increased net appropriations by approximately $65.9 million. The additional appropriations utilized a portion of undesignated General Fund surplus revenues from fiscal year 2018. Offsetting the impact of additional appropriations and transfers to other funds were favorable lapses of combined General Fund and Education Fund appropriations. The fiscal year 2018 original budget of $2,443.4 million included $51.0 million in anticipated lapses, while actual lapses according to the audited results came in at $94.8 million for a difference of $43.8 million.

The total unassigned General Fund balance at the close of fiscal year 2018 was $184.4 million, consisting of $110.0 million in the Rainy Day Fund. Per Chapter 162, Laws of 2018, $10.0 million of fiscal year 2018 audited undesignated fund balance was transferred to the Revenue Stabilization Reserve Account to bring the balance in that account to $110 million. In addition, $10 million of fiscal year 2018 surplus revenue was designated for the Public School Infrastructure Fund pursuant to Chapter 349, Laws of 2018.

Fiscal Year 2019

The fiscal year 2019 budget as adopted in 2017 assumed that fiscal year 2019 would begin with no undesignated General Fund surplus; however, fiscal year 2019 actually began with a surplus of $74.4 million and a Rainy Day Fund balance of $110.0 million, for a total unassigned General Fund balance of $184.4 million.

Positive variances continued in fiscal year 2019 as combined General Fund and Education Trust Fund unrestricted revenues exceeded plan amounts by $172.9 million. Traditional unrestricted revenue for the General and Education Trust Funds received during fiscal year 2019 totaled $2,644.6 million which was above the fiscal year 2019 plan of $2,471.7 million by approximately 172.0 million, or 7.0%. The favorable results as compared to the fiscal year 2019 budget resulted, in part, from the following taxes that performed better than expected: Business

Taxes by $151.6 million (23.2 %); Meals and Rooms Taxes by $3.6 million (1.0 %); Interest and Dividends Taxes by $16.7 million (17.0%), Insurance Taxes by $17.6 million (15.0%) and Communications Taxes by $0.5 million (1.2%). Real Estate Transfer Taxes were below the fiscal year 2019 budget by approximately $11.5 million (7.0%), and Tobacco Taxes below budget by $12.0 million (5.6%). The State's other remaining revenue sources combined were approximately $5.5 million above fiscal year 2019 budgeted amounts. The DRA believes that a portion of the additional revenue in fiscal year 2019 was due to one-time or temporary impacts from the TCJA. See *"Revenues - Business Enterprise Tax ("BET")"* herein.

The Net General Fund and Education Fund appropriations were less than the fiscal year 2019 budget estimates by $8.3 million (0.3%). Appropriations authorized after the passage of the fiscal year 2019 budget via new legislation or existing laws increased net appropriations by approximately $91.1 million. The additional appropriations utilized a portion of undesignated General Fund surplus revenues from fiscal year 2019. Offsetting the impact of additional appropriations and transfers to other funds were favorable lapses of combined General Fund and Education Fund appropriations. The fiscal year 2019 original budget of $2,471.6 million included $52.0 million in anticipated lapses, while actual lapses were $147.3 million for a difference of $95.3 million.

The total unassigned General Fund balance at the close of fiscal year 2019 was $307.8 million, including $115.3 million in the Rainy Day Fund. During the 2019 legislative session, Chapter 346:240, Laws of 2019, required that $5 million of unrestricted General Fund excess revenue over plan be transferred into the Rainy Day Fund, bringing the balance as of June 30, 2019 to $115.3 million. See also "FINANCIAL STATEMENTS – Fiscal Year 2019."

Fiscal Year 2020

Fiscal year 2020 combined General Fund and Education Trust Fund unrestricted revenues were less than plan amounts by $106.0 million. Unrestricted revenue for the General and Education Trust Funds received during fiscal year 2020 totaled $2,520.2 million which was less than the fiscal year 2020 plan of $2,626.2 million by 4.3%. The unfavorable results as compared to the fiscal year 2020 budget resulted, in part, from the following taxes that performed less than expected due to the COVID-19 pandemic and both state and federal tax deadlines being extended: Business Taxes by $85.3 million (13.0 %), Meals and Rooms Taxes by $53.1 million (15.3 %), Real Estate Transfer Tax by $1.0 million (0.6%), and Communications Taxes by $0.9 million (2.2%). Interest and Dividends Taxes exceeded the fiscal year 2020 budget by $8.8 million (9.0%), Insurance Taxes exceeded budget by $8.9 million (7.6%), and Tobacco Taxes exceeded budget by $16.0 million (7.5%). The State's other remaining revenue sources combined were approximately $0.6 million above fiscal year 2020 budgeted amounts.

The General Fund and Education Fund appropriations plus transfers out to other funds totaled $2,879.9 million, which were higher than the fiscal year 2020 budgeted appropriations of $2,867.3 million (excludes $68.1 million recorded as a surplus transfer, not an appropriation). The net increase of $12.6 million was due to $14.2 million in additional appropriations authorized after the passage of the fiscal year 2020 budget via new or existing legislation, offset by a reduction for certain appropriations designated for fiscal year 2020, which were delayed to fiscal 2021 and one-time expenditures that did not occur due to spending freezes. The fiscal year 2020 additional appropriations utilized a portion of undesignated General Fund surplus revenues from the previous biennium. Offsetting the impact of additional appropriations and transfers to other funds were favorable lapses of combined General Fund and Education Fund appropriations. The fiscal year 2020 original budget included $56.7 million in anticipated lapses, while actual lapses according to the preliminary unaudited results came in at $102.7 million for a difference of $46.0 million, mainly due to the Governor's cost-containment measures and unanticipated federal revenues.

The total unassigned General Fund balance at the close of fiscal year 2020 as set forth in the audited financial statements was $64.3 million, including an undesignated surplus/(deficit) of ($51.2) million net with $115.5 million in the Revenue Stabilization Account. During fiscal year 2020, net General Fund appropriations of $1,688.1 million exceeded General Fund unrestricted revenue of $1,525.4 million by $162.7 million. In addition, legislative actions required transfers out of General Fund surplus to other funds totaling $72.3 million. The combination of net appropriations and transfer out, in excess of unrestricted revenues, as well as minor GAAP and other adjustments, resulted in the $243.7 million decrease in the undesignated fund balance from a positive beginning balance of $192.5 million to a negative ending balance of $51.2 million.

The total unassigned Education Trust Fund balance at the close of fiscal year 2020 was $59.3 million, as compared to beginning of year unassigned fund balance of $78.9 million, a decrease of $19.6 million. This was also due to net Education Trust Fund appropriations in excess of unrestricted Education Trust Fund revenue and transfers in during fiscal year 2020.

Fiscal Year 2021

The fiscal year 2021 budget was signed into law by the Governor on September 26, 2019, known as Chapters 345 and 346, Laws of 2019. The fiscal year 2021 additional general fund appropriations approved as part of that year's budget companion bill, HB 4, totaled approximately $35 million and included: for the Department of Health and Human Services, $17.2 million for child welfare and child protection staffing, $3.7 million to the Department of Environmental Services' wastewater grants, as well as multiple other supplemental appropriations. In addition, in the Education Trust Fund, $62.5 million prior year designated fund balance was appropriated, as planned, to the Department of Education in fiscal year 2021. Appropriations for fiscal year 2021 were also increased due to $162.1 million in additional appropriations authorized via the passage of Chapter 91, Laws of 2021, known as the budget companion bill to the fiscal 2022-2023 budget (HB 2). This brought total budgeted appropriations for fiscal year 2021 to $3,006.6 million. Lastly, additional appropriations approved outside of the budget process totaled $13 million, consisting of Fiscal Committee actions or existing legislation. Offsetting the impact of appropriations and transfers were favorable lapses of combined General Fund and Education Fund appropriations. The fiscal year 2021 original budget anticipated spending lapses of $75.4 million while actual lapses totaled $222.1 million, for a difference of $146.7 million.

Unrestricted revenue for the General and Education Trust Funds received during fiscal year 2021 totaled $2,979.7 million which was above the fiscal year 2021 plan of $2,656.0 million by $323.7 million, or 12.2%.

The favorable results can be attributed in large part to the impact of the COVID-19 pandemic on the State's economy. While in fiscal year 2020 several taxes had underperformed, in fiscal year 2021 several taxes experienced a turnaround. Business Taxes were above plan by $217.2 million (27.6 %), Real Estate Transfer Taxes were above plan by $51.4 million (32.4%), Tobacco Taxes were above plan by $51.4 million (25.5%) and Transfers from the Lottery Commission were above Plan by $33.8 million (30.6%). These increases were offset by a decrease in Meals and Rentals Taxes, which for the second year experienced a shortfall of $52.2 million (13.5 %). The State's other unrestricted revenue sources combined were approximately $22.1 million above fiscal year 2021 budgeted amounts.

As noted earlier, during deliberations as part of the budget for the fiscal years 2022-2023 biennium, the Legislature designated much of the excess fiscal year 2021 General Fund revenue to fund initiatives including: $36 million for the Department of Health and Human Services for the construction of a forensic psychiatric hospital and transitional housing beds; $25 million for the Affordable Housing Fund; $15.6 million Department of Environmental Services' state aid grants, as well as multiple other supplemental appropriations. Excess fiscal year 2021 revenue in the Education Trust Fund was designated by the Legislature for School Building Aid ($30 million) and Education Relief Aid ($35 million). Also, HB 2 contained language amending RSA 9:13-e requiring the cap on the Rainy Day Fund be calculated based on General Fund unrestricted revenue for the most recently completed biennium, which, in the case of the fiscal 2020 and 2021 biennium, increased the cap to $336.9 million. Remaining excess revenues after the additional supplemental appropriations amounted to $142.2 million. Concurrent with the issuance of the audited financial statements for fiscal year 2021, this amount was transferred to the Rainy Day Fund, in addition to $0.1 million from the consumer protection escrow account, which brought the Rainy Day Fund balance to $257.8 million as of June 30, 2021.

Combined unfavorable closing adjustments made in accordance with GAAP to bring the budgetary accounting basis to the modified accrual accounting basis for fiscal year 2021 totaled $37.7 million. This reflects the reversal of the prior year budgetary basis adjustments, offset by increases in net accrued liabilities, for a net total of $8.8 million. In addition, this includes unfavorable net year-end accounts receivable adjustments of $28.9 million due to the timing of federal revenue anticipated from FEMA public assistance, related to the State's public health response to the pandemic. Transfers out of the General Fund include $8.1 million remaining in the Department of Transportation's state-owned bridge accounts, which was designated by HB 2 to lapse to the Highway Fund.

While fiscal year 2020 resulted in a combined ending General and Education Trust Fund deficit balance of ($54.4) million, rebounding fiscal year 2021 revenues resulted in the State being able to fund $162 million in initiatives beyond the original approved budget. After the additional appropriations and transfers to the Rainy Day Fund, the undesignated fund balance as of June 30, 2021 was $0 in the General Fund and $2.2 million in the Education Trust Fund.

The following tables present a comparison of General Fund and Education Trust Fund unrestricted revenues for fiscal years 2017 through 2021, General Fund and Education Trust Fund net appropriations for fiscal years 2017 through 2021, and General Fund and Education Trust Fund undesignated fund balances and the amounts reserved for the Revenue Stabilization Reserve Account for each of the fiscal years 2017 through 2021. The information is derived from the State's audited financial statements.

GENERAL AND EDUCATION TRUST FUND UNRESTRICTED REVENUES
FISCAL YEARS 2017-2021
(GAAP Basis - In Millions)

	FY 2017			FY 2018			FY 2019			FY 2020			FY 2021		
Revenue Category	General	Education	Total	General	Education	Total	General	Education	Total	General	Education	Total	General	Education	Total
Business Profits Tax	$317.4	$68.4	$385.8	$393.4	$88.9	$482.3	$378.0	$95.5	$473.5	$364.2	$86.6	$450.8	$543.2	$124.0	$667.2
Business Enterprise Tax	83.6	168.4	252.0	87.8	211.0	298.8	96.8	235.3	332.1	45.8	213.2	259.0	88.6	247.4	336.0
Subtotal	401.0	236.8	637.8	481.2	299.9	781.1	474.8	330.8	805.6	410.0	299.8	709.8	631.8	371.4	1,003.2
Meals & Rooms Tax	306.2	8.6	314.8	322.5	9.2	331.7	340.1	10.0	350.1	306.8	8.6	315.4	327.5	7.2	334.7
Tobacco Tax	128.2	90.4	218.6	124.5	87.1	211.6	119.7	82.7	202.4	127.8	86.2	214.0	153.2	99.4	252.6
Liquor Sales and Distribution	141.1	-	141.1	136.4	-	136.4	133.5	-	133.5	131.8	-	131.8	150.2	-	150.2
Interest & Dividends Tax	94.3	-	94.3	105.8	-	105.8	114.7	-	114.7	125.7	-	125.7	120.7	-	120.7
Insurance Tax	121.9	-	121.9	115.0	-	115.0	135.1	-	135.1	134.0	-	134.0	138.9	-	138.9
Communications Tax	47.1	-	47.1	43.4	-	43.4	41.2	-	41.2	39.8	-	39.8	40.0	-	40.0
Real Estate Transfer Tax	94.5	47.2	141.7	99.4	49.7	149.1	102.0	50.9	152.9	105.6	52.8	158.4	138.2	71.6	209.8
Lottery Transfers	-	72.6	72.6		86.1	86.1	-	105.6	105.6	-	99.8	99.8	-	144.2	144.2
Tobacco Settlement	2.6	40.0	42.6	5.9	40.0	45.9	4.6	40.0	44.6	2.6	40.0	42.6	7.8	40.0	47.8
Utility Property Tax	-	41.8	41.8		45.2	45.2	-	39.5	39.5	-	43.3	43.3	-	38.2	38.2
State Property Tax	-	363.4	363.4		363.1	363.1	-	363.1	363.1	-	363.2	363.2	-	363.1	363.1
Other	157.4	-	157.4	157.5		157.5	151.9	-	151.9	128.2	1.1	129.3	131.9	0.8	132.7
Subtotal	1,494.3	904.3	2,398.6	1,591.6	981.5	2,573.1	1,617.6	1,022.6	2,640.2	1,522.3	994.8	2,517.1	1,840.2	1,135.9	2,976.1
Recoveries	8.9	-	8.9	4.1	-	4.1	4.4	-	4.4	3.1	-	3.1	3.6		3.6
Subtotal	1,503.2	904.3	2,407.5	1,595.7	981.5	2,577.2		1,022.6	2,644.6	1,525.4	994.8	2,520.2	1,843.8	1,135.9	2,979.7
Total	$1,503.2	$904.3	$2,407.5	$1,595.7	$981.5	$2,577.2	$1,622.0	$1,022.6	$2,644.6	$1,525.4	$994.8	$2,520.2	$1,843.8	$1,135.9	$2,979.7

GENERAL FUND AND EDUCATION TRUST FUND NET APPROPRIATIONS
FISCAL YEARS 2017-2021
(GAAP Basis – In Millions)

Category of Government	FY 2017 General	FY 2017 Education	FY 2017 Total	FY 2018 General	FY 2018 Education	FY 2018 Total	FY 2019 General	FY 2019 Education	FY 2019 Total	FY 2020 General	FY 2020 Education	FY 2020 Total	FY 2021 General	FY 2021 Education	FY 2021 Total
General Government	$276.8	$-	$276.8	$274.7	$-	$274.7	$256.2	$-	$256.2	$304.9	$-	$304.9	$251.8		$251.8
Justice and Public Protection	266.1	-	266.1	273.0	-	273.0	288.0	-	288.0	323.4	-	323.4	290.0		290.0
Resource Protection and Development	36.5	-	36.5	37.2	-	37.2	38.4	-	38.4	52.8	-	52.8	61.9		61.9
Transportation	37.8	-	37.8	20.9	-	20.9	11.3	-	11.3	3.2	-	3.2	-		-
Health and Social Services	679.1	-	679.1	681.3	-	681.3	693.1	-	693.1	825.2	-	825.2	793.5		793.5
Education	214.9	966.5	1,181.4	217.0	961.7	1,178.7	217.8	962.6	1,180.4	178.6	1,085.1	1,263.7	174.3	1,191.7	1,366.0
Net Appropriations	$1,511.2	$966.5	$2,477.7	$1,504.1	$961.7	2,465.8	$1,504.8	$962.6	$2,467.4	$1,688.1	$1,085.1	$2,773.2	$1,571.5	$1,191.7	$2,763.2

GENERAL FUND AND EDUCATION TRUST FUND BALANCES
FISCAL YEARS 2017–2021
(GAAP Basis - In Millions)

	FY 2017			FY 2018			FY 2019			FY 2020			FY 2021		
	General	Education	Total	General	Education	Total	General	Education	Total	General	Education	Total	General	Education	Total
Undesignated Fund Balance, July 1	$88.5	$0.0	$88.5	$0.0	$0.0	$0.0	$74.4	$21.4	$95.8	$192.5	$16.4	$208.9	$(51.2)	$(3.2)	$(54.4)
Additions:															
Unrestricted Revenue	1,503.2	904.3	2,407.5	1,595.7	981.5	2,577.2	1,622.0	1,022.6	2,644.6	1,525.4	994.8	2,520.2	1,843.8	1,135.9	2,979.7
Executive Orders and Special Session Revenues	-	-	-	-	-	-	-	-	-	-	-	-		62.5	62.5
Total Additions	$1,503.2	$904.3	$2,407.5	$1,595.7	$981.5	$2,577.2	$1,622.0	$1,022.6	$2,644.6	$1,525.4	$994.8	$2,520.2	$1,843.8	$1,198.4	$3,042.2
Deductions:															
Appropriations Net of Estimated Revenues	(1,425.7)	(973.1)	(2,398.8)	(1,533.1)	(961.6)	(2,494.7)	(1,573.2)	(950.4)	(2,523.6)	(1,777.0)	(1,084.7)	2,861.7)	(1,798.6)	(1,208.0)	(3,006.6)
COC Appropriation Adjustments	(133.1)	(9.1)	(142.2)	(64.4)	(1.5)	(65.9)	(76.5)	(14.6)	(91.1)	(13.8)	(0.4)	(14.2)	(13.0)	-	(13.0)
Less: Lapses	47.6	15.7	63.3	93.4	1.4	94.8	144.9	2.4	147.3	102.7	-	102.7	205.9	16.2	222.1
Total Net Appropriations	(1,511.2)	(966.5)	(2,477.7)	(1,504.1)	(961.7)	(2,465.8)	(1,504.8)	(962.6)	(2,467.4)	(1,688.1))	(1,085.1)	(2,773.2)	(1,605.7)	(1,191.8)	(2,797.5)
GAAP and Other Adjustments	22.0	-	-	(0.6)	1.6	1.0	9.7	(2.5)	7.2	(8.7)	2.6	(6.1)	(37.7)		(37.7)
Current Year Balance	14.0	(62.2)	(48.2)	91.0	21.4	112.4	126.9	57.5	184.4	(171.4)	(87.7)	(259.1))	200.4	6.6	207.0
Transfers (to)/from:															
Rainy Day Fund	(7.0)	-	(7.0)	(10.0)	-	(10.0)	(5.3)	-	(5.3)	(0.2)	-	(0.2)	(142.3)		(142.3)
Public School Infrastructure Fund	(18.7)	-	(18.7)	(6.6)	-	(6.6)	(3.5)	-	(3.5)	-	-	-			
Highway Fund	(13.9)	-	(13.9)	-	-	-	-	-	-	(4.0)	-	(4.0)	(8.1)		(8.1)
Fish & Game Fund	(0.7)	-	(0.7)	-	-	-	-	-	-	-	-	-			-
Education Trust Fund	(62.2)	62.2	-	-	-	-	-	-	-	(68.1)	68.1	-	1.2	(1.2)	-
Designated for Education Aid, June 30	-	-	-	-	-	-	-	62.5	62.5	-	62.5	62.5	-		-
Undesignated Fund Balance, June 30	-	-	-	74.4	21.4	95.8	192.5	16.4	208.9	(51.2)	(3.2)	(54.4)	0.0	2.2	2.2
Reserved for Revenue Stabilization Account	100.0	-	100.0	110.0	-	110.0	115.3	-	115.3	115.5	-	115.5	257.8		257.8
Total Equity	$100.0	-	$100.0	$184.4	$21.4	$205.8	$307.8	$78.9	$386.7	$64.3	$59.3	$123.6	$257.8	$2.2	$260.0

Operating Budget Fiscal Years 2022 and 2023

General and Education Trust Funds. On June 25, 2021, the Governor signed the operating budget for fiscal years 2022 and 2023, a budget with no new or increased taxes or fees that increased cash to municipalities while cutting the Meals and Rooms tax and the business enterprise tax. The budget provided this tax relief while continuing critical services to New Hampshire residents.

The enacted operating budget used the State's budget surpluses to provide $30 million in one-time capital grants to school purposes. The budget also continues the 3.1% annual rate increases for Medicaid service providers, and increased funding for developmental disability services.

General and Education Trust Fund revenue estimates for fiscal years 2022 and 2023 were originally $2,798.9 million and $2,691.3 million, respectively. See "Fiscal Year 2022 Revenue Performance for the Seven Months Ended January 31, 2022 (Unaudited) – Revised Revenue Estimates for Fiscal Years 2022-2023" below with respect to revised revenue estimated released on February 8, 2022.

Total net operating appropriations (including estimated lapse) for the General and Education Trust Funds for fiscal years 2022 and 2023 are $2,687.0 million and $2,701.1 million, respectively. General Fund lapse estimates are $64.8 million and $89.5 million for fiscal years 2022 and 2023, respectively. This budget:

- Cuts taxes by lowering the Business Enterprise Tax from 0.6% to 0.55% and increases the filing threshold for the enterprise tax.
- Raises the amount that may be held in the State's Rainy Day Fund.
- Establishes the Department of Energy. This will streamline services, reduce redundancies and provide efficiencies. The Department combined past functions of the Public Utilities Commission with the Office of Strategic Initiatives to allow for a unified approach to energy policy, while keeping core regulatory functions separate from the programmatic and policy initiatives.
- Provides funding for mental health programs including funding community based services such as mobile crisis teams, as well as continuing funding for services for those with substance-use disorders.
- Provides funding for a new 24-bed forensic psychiatric hospital and $6 million for new transitional housing beds.

Highway Funds. Total net operating appropriations (including lapses) for the Highway Fund for fiscal years 2020 and 2021 are $229.1 million and $223.7 million, respectively. Spending is not directly comparable to years prior to fiscal years 2016-2017 because of changes made to the way the Highway Fund is budgeted. In the fiscal years 2016-2017 budget, in accordance with the New Hampshire Constitution, Article 6-a "Use of Certain Revenues Restricted to Highways," the cost of collections is recorded as restricted revenue, and the remainder of the revenue, after providing for the cost of collection, is deposited into the Highway Fund. This change reduced unrestricted Highway Fund revenue and appropriations by approximately $28.9 million in fiscal year 2016 and $29.7 million in fiscal year 2017. In addition, on May 20, 2014, Chapter 17 of the Laws of 2014 ("Chapter 17") increased the State's motor vehicle fuel fee by 4.2 cents per gallon beginning on July 1, 2014. This was the first increase in the State's motor vehicle fuel fee since 1991. The proceeds of this increase are dedicated to certain infrastructure projects throughout the State, such as the continuation of the widening of Interstate 93, resurfacing and rehabilitation of secondary roadways, and rehabilitation and reconstruction of municipal bridges. The increase provided under Chapter 17 will expire once all debt service payments on bonds to be issued to finance the I-93 widening project have been made. Further, the State pledged the incremental revenue from Chapter 17 for the purpose of entering into the $200 million federal Transportation Infrastructure Finance and Innovation Act credit program which reduces anticipated expenditures for repayment of the I-93 debt service by offering a lower interest rate and deferred principal payments for nine years.

The budget for fiscal years 2022 and 2023 transferred $58.1 million of surplus moneys in the General Fund from the prior and current biennium to the Highway Fund as unrestricted revenue. The amount transferred in fiscal year 2021 was $8.1 million and $50.0 million in fiscal year 2022.

Highway Fund revenues are collected from the Road Toll (fuel tax) and motor vehicle related fees including licenses, registrations, and violations. Fiscal year 2020 gross unrestricted Highway Fund collections totaled $248.8

million, which was $10.6 million (4.1%) less than plan ($259.4 million). Road Toll (fuel tax) collections were significantly impacted by COVID-19 due to declines in gasoline consumption and ended the year $10.4 million (8.0%) lower than plan. Motor vehicle related collections were also slightly impacted by COVID-19 and ended the year $200,000 (0.2%) lower than plan. Similar trends have continued into fiscal year 2021 due to decreased mobility associated with public health guidelines. Fiscal year 2021 gross unrestricted Highway Fund collections were $248.9 million, which is $7.4 million (2.9%) less than plan ($256.3 million). Road Toll collections were down $13.9 million (10.5%) from plan while motor vehicle related collections were above plan by $6.2 million (5.0%).

Fish and Game Funds. Total net operating appropriations (including estimated lapses) for the Fish and Game Fund for fiscal years 2022 and 2023 are $14.8 million and $15.7 million, respectively. The Fish and Game Fund is a major State fund that has historically been kept separate from the General Fund. It accounts for the operation of fish hatcheries, inland and marine fisheries and wildlife areas and functions related to law enforcement, land acquisition and wildlife management and research. Principal revenues include fees from fish and game licenses, the unrefunded marine and off-highway recreation vehicles gas tax, fines and penalties, recoveries, federal funds and other funding as approved by the Legislature.

Fish and Game Fund revenue of $15.5 million for fiscal year 2021 was $2.57 million (19%) above plan. Appropriations were $14.7 million and lapses were $2.6 million, $2 million more than was assumed in the budget due to the Governor's cost-containment measures. The Fish and Game Fund ended fiscal year 2021 with a cash surplus of $11 million, which was $4 million higher than budget.

The amounts shown for fiscal years 2022 and 2023 in the following three tables for General and Education Fund - Unrestricted Revenues, Appropriations Net of Estimated Revenues and Fund Balance -Actual and Budget – Fiscal Years 2021-2023, on pages 39-41 are based on Chapter 90 of the Laws of 2021, the Operating Budget for Fiscal Years 2022-2023, with certain revenue adjustments per the Legislative Budget Assistant Surplus Statement. The revised revenue estimates released on February 8 are not reflected in such tables. See "Fiscal Year 2022 Revenue Performance for the Seven Months Ended January 31, 2022 (Unaudited) – Revised Revenue Estimates for Fiscal Years 2022-2023."

GENERAL FUND AND EDUCATION TRUST FUND UNRESTRICTED REVENUES
ACTUAL AND BUDGET
FISCAL YEARS 2021-2023
(GAAP Basis - In Millions)

					Operating Budget			Operating Budget	
		FY 2021			FY 2022			2023	
Revenue Category	**General**	**Education**	**Total**	**General**	**Education**	**Total**	**General**	**Education**	**Total**
Business Profits Tax	$543.2	$124.0	$667.2	$526.2	$122.3	$648.5	$524.4	$122.2	$646.6
Business Enterprise Tax	88.6	247.4	336.0	53.9	260.7	314.6	53.4	257.8	311.2
Subtotal	631.8	371.4	1,003.2	580.1	383.0	963.1	577.8	380.0	957.8
Meals & Rooms Tax	327.5	7.2	334.7	228.8	10.0	238.8	235.1	10.2	245.3
Tobacco Tax	153.2	99.4	252.6	138.6	108.9	247.5	134.4	105.6	240.0
Liquor Sales and Distribution	150.2	-	150.2	137.6	-	137.6	137.2	-	137.2
Interest & Dividends Tax	120.7	-	120.7	138.0	-	138.0	135.8	-	135.8
Insurance Tax	138.9	-	138.9	130.0	-	130.0	135.0	-	135.0
Communications Tax	40.0	-	40.0	39.1	-	39.1	39.1	-	39.1
Real Estate Transfer Tax	138.2	71.6	209.8	132.5	65.3	197.8	121.9	60.0	181.9
Lottery Transfers	-	144.2	144.2		128.5	128.5		139.7	139.7
Tobacco Settlement	7.8	40.0	47.8	-	38.2	38.2	-	36.3	36.3
Utility Property Tax	-	38.2	38.2		40.6	40.6		40.6	40.6
State Property Tax	-	363.1	363.1	-	363.1	363.1	-	263.1	263.1
Other	131.9	0.8	132.7	133.9		133.9	137.0		137.0
Subtotal	$1,840.2	$1,135.9	$2,976.1	$1,658.6	$1,137.6	$2,796.2	$1,653.3	$1,035.5	$2,688.8
Recoveries	3.6		3.6	2.7		2.7	2.5		2.5
TOTAL	$1,843.8	$1,135.9	$2,979.7	$1,661.3	$1,137.6	$2,798.9	$1,655.8	$1,035.5	$2,691.3

GENERAL FUND AND EDUCATION TRUST FUND APPROPRIATIONS NET OF ESTIMATED REVENUES
ACTUAL AND BUDGET
FISCAL YEARS 2021-2023
(In Millions)

	Actual Fiscal Year 2021			Operating Budget Fiscal Year 2022			Operating Budget Fiscal Year 2023		
Category	General	Education	Total	General	Education	Total	General	Education	Total
General Government	$251.8	$-	$251.8	$192.1	$1,085.3	$1,277.4	$194.6	$1,064.6	$1,259.2
Justice and Public Protection	290.0	-	290.0	337.5	-	337.5	346.9	-	346.9
Resource Protection and Development	61.9	-	61.9	39.7	-	39.7	40.7	-	40.7
Transportation	-	-	-	1.5	-	1.5	1.6	-	1.6
Health and Social Services	793.5	-	793.5	869.2	-	869.2	946.2	-	946.2
Education	174.3	1,191.7	1,366.0	172.9	-	172.9	173.5	-	173.5
Total	$1,571.5	$1,191.7	$2,763.2	$1,612.9	$1,085.3	$2,698.2	$1,703.5	$1,064.6	$2,768.1
Appropriation Adjustments	-	-	-	49.5	4.1	53.6	18.2	4.3	22.5
Lapses	-	-	-	(64.8)	-	(64.8)	(89.5)	-	(89.5)
Total Net Appropriations	$1,571.5	$1,191.7	$2,763.2	$1,597.60	$1,089.4	$2,687.0	$1,632.20	$1,068.9	$2,701.1

GENERAL FUND AND EDUCATION TRUST FUND BALANCES
FISCAL YEARS 2021 – 2023
(GAAP Basis - In Millions)

	Actual FY 2021 General	Actual FY 2021 Education	Actual FY 2021 Total	Operating Budget FY 2022 General	Operating Budget FY 2022 Education	Operating Budget FY 2022 Total	Operating Budget FY 2023 General	Operating Budget FY 2023 Education	Operating Budget FY 2023 Total
Undesignated Fund Balance, July 1	$(51.2)	$(3.2)	$(54.4)	$0.0	$5.5	$5.5	$13.0	$54.4	$67.4
Additions:									
Unrestricted Revenue	1,843.8	1,135.9	2,979.7	1,788.8	1,145.3	2,934.1	1,821.4	1,150.4	2,971.8
Executive Orders and Special Session Revenues		62.5	62.5	(128.3)	(6.9)	(135.2)	(165.6)	(114.9)	(280.5)
Total Additions	$1,843.8	$1,198.4	$3,042.2	$1,660.5	$1,138.4	$2,798.9	$1,655.8	$1,035.5	$2,691.3
Deductions:									
Appropriations Net of Estimated Revenues	(1,798.6)	(1,208.0)	(3,006.6)	(1,612.8)	(1,085.3)	(2,698.1)	(1,703.4)	(1,064.6)	(2,768.0)
COC Appropriation Adjustments	(13.0)	-	(13.0)	(49.5)	(4.1)	(53.6)	(18.1)	(4.3)	(22.4)
Less: Lapses	205.9	16.2	222.1	64.8		64.8	89.5		89.5
Total Net Appropriations	(1,605.7)	(1,191.8)	(2,797.5)	(1,597.5)	(1,089.4)	(2,686.9)	(1,632.0)	(1,068.9)	(2,700.9)
GAAP and Other Adjustments	(37.7)		(37.7)	-		-	-		-
Current Year Balance	200.4	6.6	207.0	63.0	49.0	112.0	23.8	(33.4)	(9.6)
Transfers (to)/from:									
Rainy Day Fund	(142.3)		(142.3)				(36.8)		(36.8)
Public School Infrastructure Fund									
Highway Fund	(8.1)		(8.1)	(50.0)		(50.0)			
Fish & Game Fund			-						
Education Trust Fund	1.2	(1.2)	-						-
Designated for Education Aid, June 30	-		-						-
Undesignated Fund Balance, June 30	0.0	2.2	2.2	13.0	54.5	67.5	0.0	21.0	21.0
Reserved for Revenue Stabilization Account	257.8		257.8	121.9		121.9	158.6		158.6
Total Equity	$257.8	$2.2	$260.0	$134.9	$54.5	$189.4	$158.6	$21.0	$179.6

Fiscal Year 2022 Revenue Performance for the Seven Months Ended January 31, 2022 (Unaudited)

Unrestricted revenue for the General and Education Funds received for the seven months ending January 31, 2022, totaled $1,378.2 million, which was above plan by $167.0 million (13.8%) and above prior year by $136.7 million (11.0%).

When comparing fiscal year 2022 actual results to the same period in fiscal year 2021 and the fiscal year 2022 revenue plan amounts, the results were as follows:

Business Taxes through January 31, 2022 totaled $560.4 million, which were above plan by $94.9 million (20.4%) and $126.2 million (29.1%) above the prior year. According to the Dept. of Revenue Administration (DRA), the increase in revenue net of refunds was primarily due to corporate estimated payments in addition to an increase in tax notice payments.

Meals and Rentals Tax (M&R) total receipts net of municipal transfer through January 31, 2022 were $195.2 million, which were $41.6 million (27.1%) above plan and $5.6 million (3.0%) above prior year. According to DRA, the December activity (as represented by gross tax collected in January) from taxable meals were up 26.8% and from hotels were up 72.5% from the same month last year.

Tobacco Tax receipts through January 31, 2022 totaled $140.6 million, which were $5.9 million (4.0%) below plan and $9.0 million (6.0%) below the same YTD period last year. According to DRA, YTD stamp sales were 7.0% lower than the prior year. In addition, the bond receivable balance is lower than the prior year by 2.0%. Tobacco tax receipts in January were also impacted by the timing of deposits.

Interest and Dividends Tax (I&D) collections through January 31, 2022 were $59.2 million, or $7.6 million (14.7%) above plan and $7.4 million (11.1%) below prior year. According to DRA, the increase in January's collections, net of refunds, as compared to in prior year is attributable to an increase in estimate, return and tax notice payments.

Real Estate Transfer Taxes for through January 31, 2022 were $151.6 million, or $20.0 million (15.2%) above plan and $21.1 million (16.2%) above the same period in the prior year. According to DRA, the number of transactions reported by the counties for the month of January (December collections) were down 18.3%, and transaction values for the activity reported by the counties were up 15.2% over the same month last year.

When reviewing unrestricted revenue results on an interim basis, it is important to note that the revenue plan adopted in the state budget is an annual plan. Monthly allocations are estimated based on past experience and are not necessarily indicative of where the state will end the fiscal year, as many of the larger collection periods occur in the second half of the fiscal year for significant unrestricted revenue sources.

STATE OF NEW HAMPSHIRE
GENERAL AND EDUCATION FUNDS UNRESTRICTED REVENUES
FOR THE SEVEN MONTHS ENDED JANUARY 31, 2022 (UNAUDITED)
(In Millions)

Revenue Category	FY 22 Actual	FY 21 Actual	FY 22 Plan	FY 2022 vs Plan Variance	FY 2022 vs Plan % Change	FY 2022 vs FY 2021 Variance	FY 2022 vs FY 2021 % Change
Business Profits Tax	$420.4	$294.3	$313.2	$107.2	34.2%	$126.1	42.8%
Business Enterprise Tax	140.0	139.9	152.3	(12.3)	-8.1%	0.1	0.1%
Subtotal	560.4	434.2	465.5	94.9	20.4%	126.2	29.1%
Meals & Rooms Tax	195.2	189.6	153.6	41.6	27.1%	5.6	3.0%
Tobacco Tax	140.6	149.6	146.5	(5.9)	-4.0%	(9.0)	-6.0%
Transfer from Liquor Commission	76.0	81.8	81.7	(5.7)	-7.0%	(5.8)	-7.1%
Interest & Dividends Tax	59.2	66.6	51.6	7.6	14.7%	(7.4)	-11.1%
Insurance Tax	19.4	16.5	14.4	5.0	34.7%	2.9	17.6%
Communications Tax	17.9	23.3	22.3	(4.4)	-19.7%	(5.4)	-23.2%
Real Estate Transfer Tax	151.6	130.5	131.6	20.0	15.2%	21.1	16.2%
Securities Revenue	18.3	16.7	17.6	0.7	4.0%	1.6	9.6%
Transfers from Lottery Commission*	72.9	66.1	63.0	9.9	15.7%	6.8	10.3%
Tobacco Settlement	-	-	-	-	0.0%	-	0.0%
Utility Property Tax	22.5	22.9	21.5	1.0	4.7%	(0.4)	-1.7%
State Property Tax	-	-	-	-	0.0%	-	0.0%
Other	42.1	41.9	40.3	1.8	4.5%	0.2	0.5%
Subtotal	1,376.1	1,239.7	1,209.6	166.5	13.8%	136.4	11.0%
Recoveries	2.1	1.8	1.6	0.5	31.3%	0.3	16.7%
Total	1,378.2	1,241.5	1,211.2	167.0	13.8%	136.7	11.0%

*Includes Racing & Charitable Gaming Commission.

Revised Revenue Estimates for Fiscal Years 2022-2023

Pursuant to RSA 9:5 II, in even-numbered years, the Commissioner of DAS is required to provide an updated estimate of the total revenues of the State for the current and following fiscal years. The revised revenue estimates for fiscal years 2022 and 2023 were prepared by the various state agencies, complied by DAS and released on February 8, 2022. The revised estimates project an increase in aggregate General and Education Trust Funds unrestricted revenue as compared to the fiscal years 2022-2023 operating budget when enacted of $160.8 million in fiscal year 2022 and $123.0 million in fiscal year 2023, resulting in an estimated aggregate General and Education Trust Funds unrestricted revenue of $2,959.7 million in fiscal year 2022 and $2,814.3 million in fiscal year 2023. The aggregate increases are largely due to expected increases in net Business Taxes, Meals and Rooms Tax, Real Estate Transfer Tax and Liquor revenues. For fiscal year 2022, the revised revenue estimate for the Business Profits Tax is $109.6 million above the original plan and the Business Enterprise Tax revised estimate is below the original plan by $14.6 million, resulting in an estimated aggregate net increase in total Business Taxes of $95.0 million. For fiscal year 2023, the revised revenue estimate for the Business Profits Tax is $42.4 million above the original plan and the Business Enterprise Tax revised estimate is above the original plan by $19.9 million, resulting in an aggregate net increase in total business taxes of $62.3 million. The revised estimate for Meals and Rooms Tax revenue are above the original plan by $58.9 million in fiscal year 2022 and above the original plan by $28.8 million in fiscal year 2023, and the revised estimates for the Real Estate Transfer Tax are above plan by $16.0 million in fiscal year 2022 and above plan by $25.3 million in fiscal year 2023. The revised estimates for Transfers from Liquor are slightly below plan by $6.5 million in fiscal year 2022 and slightly above plan by $2.2 million in fiscal year 2023.

The amounts shown for fiscal years 2022 and 2023 in the tables for General and Education Fund - Unrestricted Revenues, Appropriations Net of Estimated Revenues and Fund Balance -Actual and Budget – Fiscal Years 2021-2023, on pages 39-41 and the table on the following page for General and Education Fund Unrestricted Revenues for the Seven Months ended January 31, 2022 are based on Chapter 90 of the Laws of 2021, the Operating Budget for Fiscal Years 2022-2023, with certain revenue adjustments per the Legislative Budget Assistant Surplus Statement. The revised revenue estimates released on February 8 are not reflected in such tables.

STATE OF NEW HAMPSHIRE
GENERAL AND EDUCATION TRUST FUNDS UNRESTRICTED REVENUES
FISCAL YEARS 2022 AND 2023 ANNUAL PLAN AND RSA 9:5 AGENCY ESTIMATES
(In Millions)

	FY 2021 Actuals (ACFR)	FY 2022 Annual Plan	FY 2022 Adj. Estimate	Adj. Est. Over (Under) Plan	FY 2023 Annual Plan	FY 2023 Adj. Estimate	Adj. Est. Over (Under) Plan
Business Profits Tax	$667.2	$648.5	$758.1	$109.6	$646.5	$688.9	$42.4
Business Enterprise Tax	336.0	314.6	300.0	(14.6)	311.3	331.2	19.9
Subtotal	1,003.2	963.1	1,058.1	95.0	957.8	1,020.1	62.3
Meals & Rooms Tax	334.7	238.8	297.7	58.9	245.3	274.1	28.8
Tobacco Tax	252.6	247.5	247.5	-	240.0	240.0	-
Liquor Sales and Distribution	150.2	137.6	131.1	(6.5)	137.2	139.4	2.2
Interest & Dividends Tax	120.7	138.0	138.0	-	135.8	135.8	-
Insurance Tax	138.9	130.0	132.0	2.0	135.0	135.0	-
Communications Tax	40.0	39.1	39.1	-	39.1	39.1	-
Real Estate Transfer Tax	209.8	197.8	213.8	16.0	181.9	207.2	25.3
Lottery Transfers	144.2	128.5	132.0	3.5	139.7	139.7	-
Tobacco Settlement	47.8	38.2	38.0	(0.2)	36.3	38.0	1.7
Utility Property Tax	38.2	40.6	40.6	-	40.6	40.6	-
State Property Tax	363.1	363.1	363.1	-	263.1	263.1	-
Other	132.7	133.9	125.8	(8.1)	137.0	140.3	3.3
Subtotal	$2,976.1	$2,796.2	$2,956.8	$160.6	$2,688.8	$2,812.4	123.6
Recoveries	3.6	2.7	2.9	0.2	2.5	1.9	(0.6)
TOTAL	$2,979.7	$2,798.9	$2,959.7	$160.8	$2,691.3	$2,814.3	$123.0

MEDICAID PROGRAM

Background. Established in 1965, Medicaid is a joint federal-state program providing health care to eligible needy persons. Each state operates its Medicaid program within broad federal guidelines, in accordance with a customized State Plan approved by the federal Centers for Medicare & Medicaid Services ("CMS") reflecting that state's priorities in designing program eligibility and benefits. The federal government mandates certain benefits and eligibility categories, while states have a choice of which additional optional eligibility categories and benefits to offer, although the Patient Protection and Affordable Care Act ("PPACA") has reduced states' ability to reduce eligibility categories. The federal government and the state share responsibility for financing Medicaid. The federal government matches state Medicaid spending at rates that vary depending on state per capita income.

Overview of New Hampshire Medicaid. The New Hampshire Medicaid program ("New Hampshire Medicaid") administered through the Department of Health and Human Services ("DHHS") is a complex network that provides health care and psychosocial support insurance coverage to participants who meet eligibility requirements. New Hampshire Medicaid covers all or part of the health care costs of low-income children, pregnant women, parents with children, senior citizens, and people with disabilities for medical and hospital services, nursing facility care, in-home support services and more. New Hampshire Medicaid expended a total of $2.1 billion in fiscal year 2017; $2.13 billion in fiscal year 2018; $2.14 billion in fiscal year 2019; $2.07 billion in fiscal year 2020; $2.3 billion in fiscal year 2021 and expects to expend $2.4 billion in fiscal year 2022. The State's base federal matching rate is 50%. There are exceptions, which afford higher federal medical assistance percentages (FMAP) rates, such as the Breast and Cervical Cancer Program (base match of 65%; enhanced match of 69.34% during the COVID-19 Public Health Emergency period) and the NH Granite Advantage Health Care Program at 93% match through calendar year 2019; and then 90% beginning in calendar year 2020.

Enrollment Trends. The standard Medicaid population, including Children's Health Insurance Program ("CHIP"), was 150,041 as of January 10, 2022. For the period March 16, 2020 through January 10, 2022, this population increased by 23,986 members or 19.0%. For the same period the Granite Advantage population increased from 51,365 to 85,503 an increase of 34,138 or 66.5%. The combined population as of January 10, 2022 was 235,544 an increase of 58,124 or 32.8% since March 16, 2020.

Current enrollment for the standard Medicaid population, including CHIP was 150,041 as of January 10, 2022. For the period January 4, 2021 through January 10, 2022, this population increased by 7,410 members or 5.2%. For the same period the Granite Advantage population increased from 69,557 to 85,503 an increase of 15,946 or 23%. The combined population as of January 10, 2022 was 235,544 an increase of 23,356 or 11% since January 4, 2021.

The increased enrollment trend is expected to continue during the economic downturn throughout the duration of the COVID-19 pandemic. See "Figure 1 – Enrollment by Delivery Method" below for enrollment trends since July 2013. After several years of steady decrease in overall enrollment, the COVID-19 pandemic has resulted in an increase in Medicaid enrollment since March 2020, principally due to requirements of the federal Families First Coronavirus Response Act ("FFCRA"), which prevents states disenrolling most people whose Medicaid coverage would otherwise have ended. Since New Hampshire has chosen to claim the 6.2 percentage point FFCRA Federal Medical Assistance Percentage (FMAP) increase, the State must maintain the enrollment of beneficiaries who were enrolled as of, or after, March 18, 2020 until the end of the Public Health Emergency (PHE).

Figure 1-Enrollment by Delivery Method

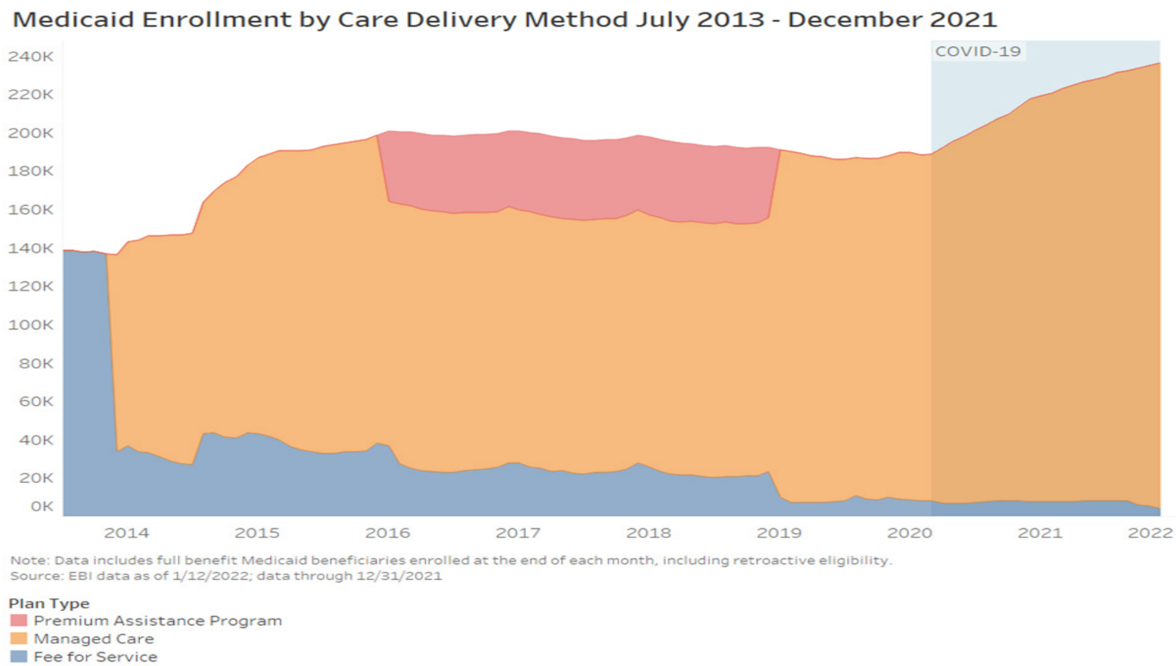
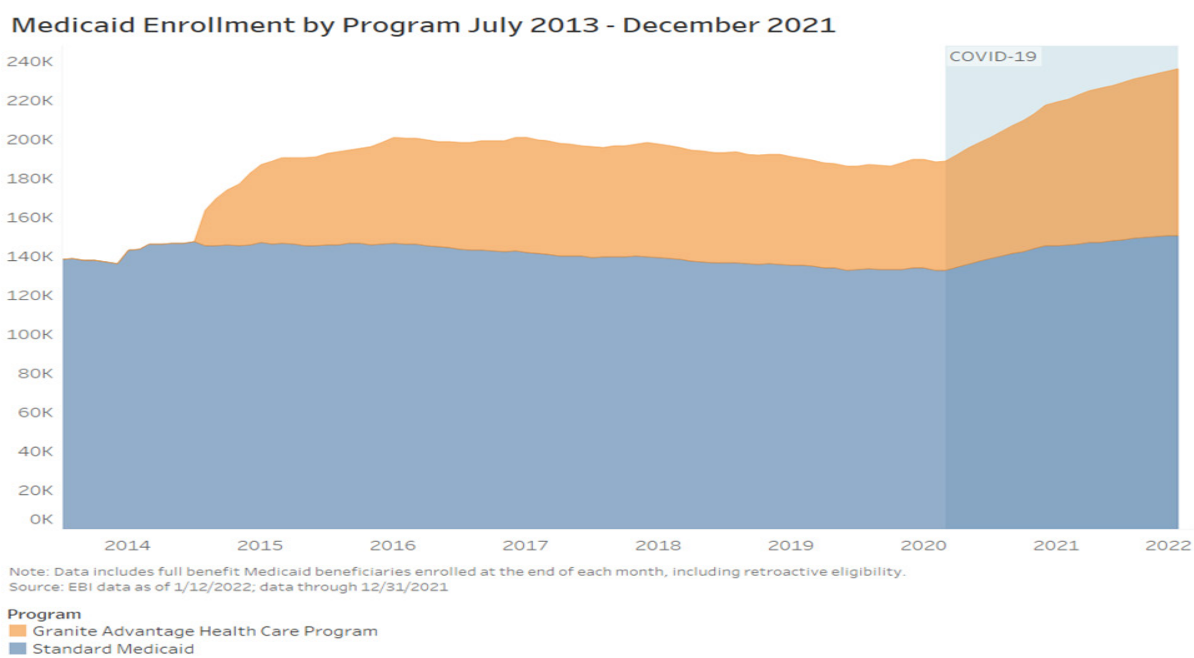


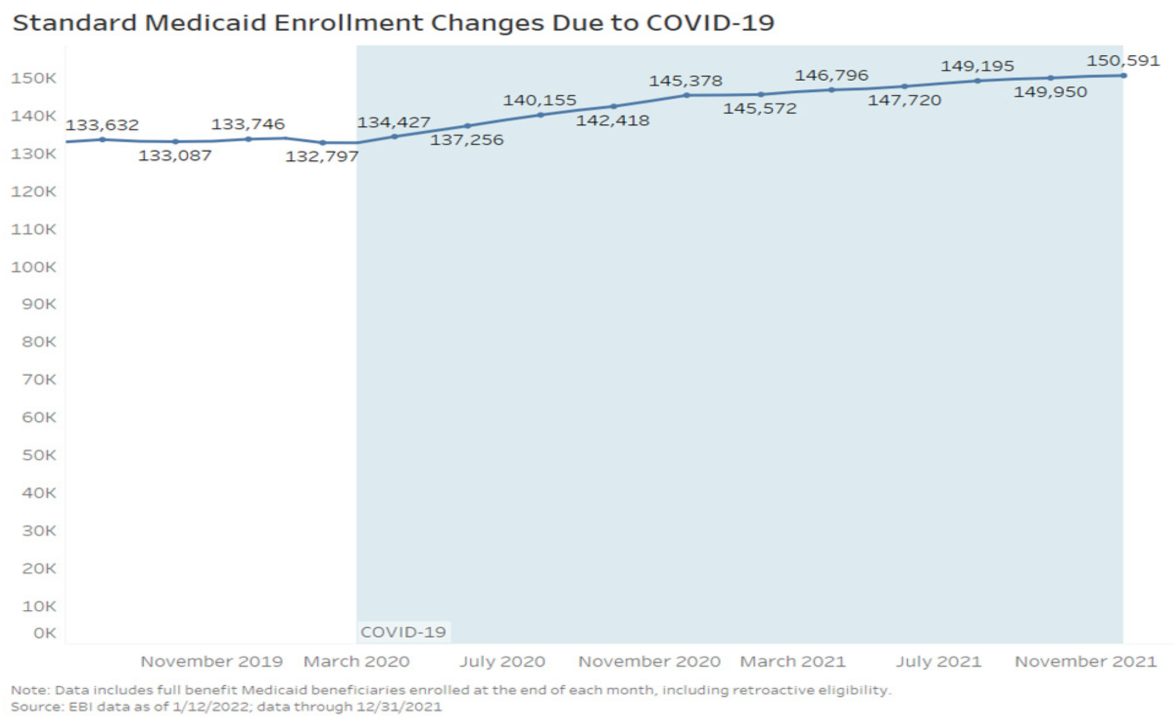
Figure 2-Enrollment by Eligibility Standard



Public Health Emergency and Unwind Efforts. The PHE for COVID-19 was declared by the United States Secretary of Health and Human Services on January 31, 2020. Section 6008(a) of the FFCRA provides a temporary 6.2 percentage point base increase to the Federal Medical Assistance Percentage ("FMAP") under section 1905(b) of the Social Security Act effective beginning January 1, 2020 and is available for each calendar quarter during the PHE, through the end of the quarter in which the PHE including any extensions, ends. The PHE has been renewed for an additional 90 days effective January 16, 2022. If this renewal remains in place for the full 90 day period, the

PHE would expire on April 16, 2022. States have been advised that they be given at least a 60-day notice prior to the end of the PHE declaration. The Department is following the CMS SHO#21-002 guidance letter regulatory requirements when completing renewals and redeterminations after the end of the PHE. In order to ensure an efficient and effective unwind from the PHE, the Department has held a weekly multi-disciplinary meeting to create and refine the State's unwind strategy.

Under current law, the additional 6.2 percent FMAP would remain in effect through the fourth quarter of State fiscal year 2022. This enhanced federal funding is being used for and has been sufficient to support the increased Medicaid caseload costs resulting from the COVID-19 pandemic. For the six-month period of January 2020 through June 2020, the Department received enhanced federal match of $62.7 million; $111.1 million in State fiscal year 2021 and is currently projecting $117 million in State fiscal year 2022.



Children's Health Insurance Program (CHIP). On January 22, 2018, Congress passed a six-year extension of CHIP funding as part of a broader continuing resolution to fund the federal government. The act provides enhanced federal funding for CHIP for six years starting at the enhanced rate of 88% for federal fiscal years 2018 and 2019, 76.5% for federal fiscal year 2020, and 65% in federal fiscal year 2021 and beyond. The reauthorization of CHIP offset State General Fund requirements by $20.1 million in State fiscal year 2018 and $29.3 million in State fiscal year 2019. This includes enhanced match for qualifying CHIP State costs for related expenses for standard Medicaid children up to age 18 that fall within two groups. The match was included in the biennial budget. The CHIP expenses continue to receive an additional 4.34 percentage point increase provided by the FFCRA during the public health emergency period.

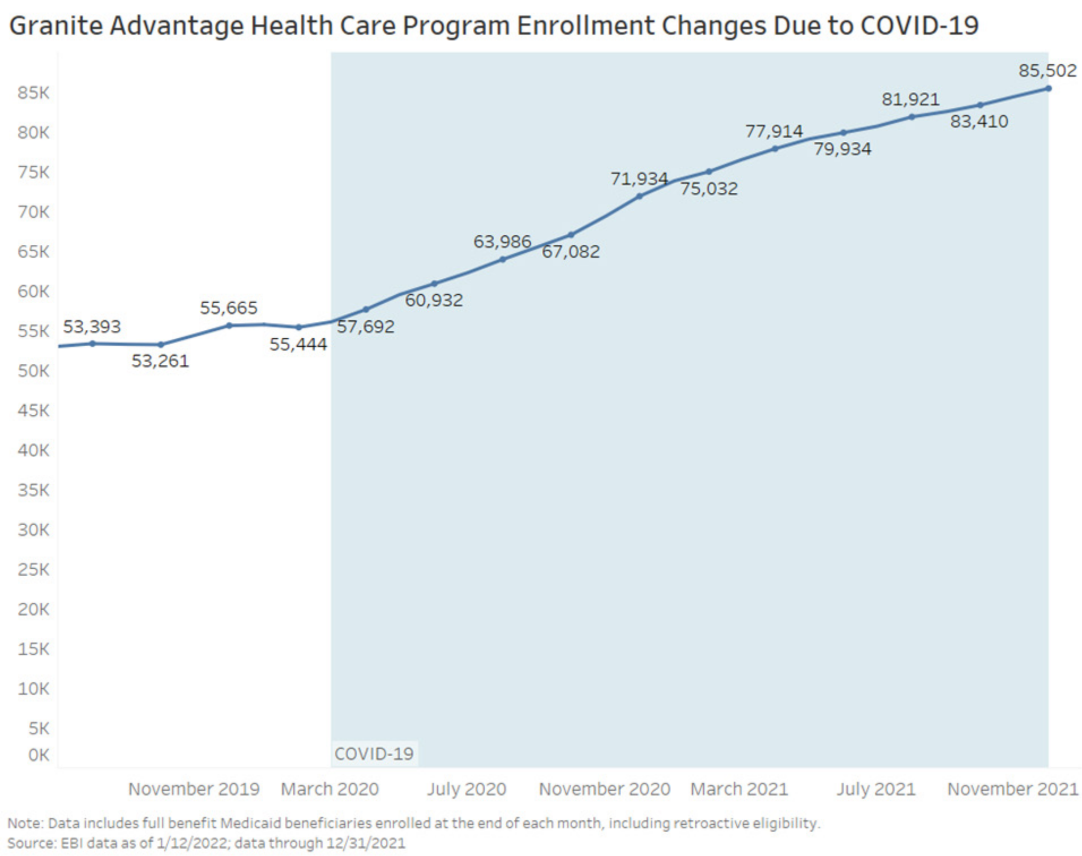
Granite Advantage Health Care Program ("Granite Advantage"). The New Hampshire Granite Advantage Health Care Trust Fund (the "Granite Advantage Fund") provides coverage for the newly eligible Medicaid population as provided for under RSA 126-AA:2 covering adults from age 19 up to and including age 64 and who are not enrolled in or eligible for another eligibility group of Medicaid or have Medicare.

Senate Bill 313, enacted on June 28, 2018, repealed the New Hampshire Health Protection Program (NHHPP) and established the NH Granite Advantage Health Care Program, a five-year demonstration program beginning January 1, 2019 for coverage of those adults from age 19 up to and including age 64 and who are not enrolled in or eligible for another category of Medicaid or have Medicare. Granite Advantage members were then under the State's 1915 (b) waiver enrolled in one of New Hampshire's Medicaid Care Management plans; previously NHHPP coverage was largely through qualified health plans on the Federal Exchange.

Subsequently, on November 30, 2018 New Hampshire received approval from CMS to amend and extend its 1115 waiver to incorporate the Granite Advantage Health Care Program, including provisions to allow for the Granite Advantage Health Care Program to (1) eliminate 90-day retroactive coverage, and (2) implement a Community Engagement and Work Requirement for this eligibility group. The elimination of the 90-day retroactive coverage began January 1, 2019; the on-ramp of the Community Engagement and Work Requirement began March 1, 2019. The work and community engagement requirement was initially suspended under authority provided under SB 290, and was later terminated as a result of a decision by the US District Court of the District of Columbia on July 29, 2019, as was the elimination of retroactive coverage.

Enrollment in Granite Advantage has been fairly stable year-over-year prior to the COVID-19 pandemic with about 50,000 people on the program, with some variation throughout the year (when looked at on a point-in-time basis). However, as shown in the chart below, due to the COVID pandemic, enrollment has been steadily increasing since March 16, 2020 through January 10, 2022 to 85,503 members, an increase of an additional 34,138 or 66.5%. Most of the net growth has been due to the Federal Families First Coronavirus Response Act which requires states, as a condition of receiving an enhanced federal match for Medicaid (except for adult expansion) to suspend termination of eligibility for Medicaid except for members who die, move out of state, request ending Medicaid coverage; are convicted of Medicaid fraud or were incorrectly opened in Medicaid.

Federal guidance, and potential legislation will impact the nature of future enrollment reductions after the end of the PHE. Because the Granite Advantage program typically sees many members leaving the program each month (who are replaced by new members) a requirement to retain members who would otherwise have left the program leads to steady growth (see chart below).



As provided in statute, no State general funds are used to fund the non-federal share of the program. RSA 126:AA changed the funding of the non-federal share to include profits from the Liquor Commission through the Alcohol, Prevention & Treatment Fund and limited the N.H. Health Plan Assessment to no more than the funding needed to cover the Remainder Amount not to exceed the monies from Insurance Premium Tax Revenue and Alcohol, Prevention & Treatment Fund as well as Other Funds Returnable.

All moneys in the Granite Advantage Fund are non-lapsing and are continually appropriated to the Commissioner for the purposes of this fund. The fund is authorized to pay and/or reimburse the cost of medical services and cost-effective related services, including without limitation, capitation payments to MCOs.

Chapter 342:12, Laws of 2018 provides at any time the federal match rate applied to medical assistance for newly eligible adults in Granite Advantage is less than 90 percent in 2020 or beyond, the program with notice is to be repealed and coverage terminated. The current authorization of the program under State law remains in effect until December 31, 2023.

Pursuant to Section 351 of Chapter 346 of the Laws of 2019, the Commissioner of the Department of Health and Human Services is responsible for determining quarterly whether there is sufficient non-federal funding in the Granite Advantage Fund to cover projected program costs for the following 6-month period. If at any time the Commissioner determines that a projected shortfall exists, then the sum necessary to cover such shortfall shall be transferred to this fund from the Liquor Commission Fund established in RSA 176:16. No additional funding was needed in State fiscal year 2020. The sum of $8.1 Million was needed and transferred in State fiscal year 2021. Due to the on-going impact of the COVID-19 pandemic on caseloads, current projections indicate the need of approximately $8 to $9 million of additional Liquor Commission funds may be needed in State fiscal year 2022.

	*SFY 2019	SFY 2020	SFY 2021	SFY 2022 Proj
Cost of Coverage for the Program	$166,861,382	$380,112,773	$540,381,295	$590,547,327
Administrative Costs	$923,535	$2,271,172	$1,417,237	$1,722,988
Total Program Costs	**$167,784,917**	**$382,383,945**	**$541,798,532**	**$592,270,315**
Federal Reimbursement: Program & Admin	$155,259,100	$348,686,800	$487,219,024	$532,765,270
Insurance Premium Tax Revenue	$8,132,273	$5,883,982	$8,603,891	$10,744,316
Alcohol Abuse, Prevention & Treatment Fund	$5,000,000	$10,037,800	$10,024,399	$10,328,200
Total Reimbursement & Tax Contributions	**$168,391,373**	**$364,608,582**	**$505,847,314**	**$553,837,786**
Remainder Amount	**-$606,456**	**$17,775,363**	**$35,951,218**	**$38,432,529**
Assessment fee from NH Health Plan	$0	$17,291,000	$18,313,700	$20,155,871
Balance of Remainder Amount	-$606,456	$484,363	$17,637,518	$18,276,658
Funds Returnable	$781,600	$4,870,826	$4,572,278	$4,920,374
MET Revenue	$0	$0	$0	$1,984,012
Balance from prior fiscal year brought forward		$1,388,057	$5,774,520	$3,419,460
Add'l liquor funding (Ch 346 Laws of 2019 Sec 351)			$8,196,099	$7,952,812
* SFY19 = six month period 1/1/19-6/30/19 start date of the Granite Advantage Health Program				

The increase in State fiscal year 2022 projected costs is due to the increase in Medicaid caseload resulting from the COVID-19 pandemic. Cost projections assumes increased caseload trend continues through June 2022.

The higher costs in State fiscal year 2021 and State fiscal year 2022 compared to State fiscal year 2020 are primarily due to the 50% increase of the Granite Advantage caseload resulting from the COVID-19 pandemic and the maintenance of effort requirements by CMS to provide continuous enrollment during the federally declared PHE for states to receive enhance federal medical assistance percentage. The per person cost increase was less than 5%. Costs associated with the federal share are drawn and reimbursed by CMS immediately after the payment is made by the State.

The following table sets forth State fiscal year expenditures for the New Hampshire Health Protection Program ("NHHPP") and Granite Advantage. NHHPP was the Medicaid expansion program established in 2014 that was replaced by Granite Advantage Program beginning January 1, 2019.

State Fiscal Year	NH Health Protection Program	Granite Advantage Health Care Program
2015	$202,475,294	
2016	$405,982,081	
2017	$452,883,648	
2018	$492,239,603	
2019	$238,210,616[(1)]	$167,784,917[(2)]
2020		$382,383,945
2021		$541,798,532
2022 Proj		$592,270,315

[(1)] July 1, 2018 through December 31, 2018.
[(2)] January 1, 2019 through June 30, 3019.

New Hampshire Medicaid Financial Summary. *DHHS Budget.* The fiscal years 2022-2023 budget included the 3.1% provider rate increases effective January 1, 2020, and an additional 3.1% provider rate increase effective January 1, 2021. These provider rate increases were implemented and are fully funded in State fiscal years 2022-2023. Other initiatives funded in the State fiscal year 2022-2023 budget include $13.8 million for the Alvarez and Marsal Public Sector Services contract for consultation services to support long-term strategic efforts designed to improve the quality of services delivered to State citizens and increase operational efficiencies. This contract amendment includes their continued work on identifying the financial and operational impacts of the COVID-19 pandemic and organizational change management. Additional work includes initiatives to address mental health service delivery through the Institutions for Mental Disease (IMD) waiver; re-designing the Developmental Disabilities service system to increase capacity, rate methodology re-design to build in-state capacity for individuals receiving intensive treatment services and assisting the Department with the development and execution of a procurement strategy for the transition to a modular information technology system Medicaid Management Information System (MMIS).

Though New Hampshire Medicaid deploys a robust array of management strategies to contain Medicaid costs (see *Cost Containment*, below), economic forces and State and federal regulations limit options for controlling Medicaid spending. Total expenditures are a function of enrollment of qualified applicants, provider rates, and service utilization on the fee-for service side of the program and are a function of enrollment and per-member per month rates paid to Managed Care Organizations on the managed care side of the program. Enrollment fluctuations result primarily from changes in the State economy, in particular the unemployment rate, and changes in policy at the State or federal level that impact Medicaid eligibility.

Cost Containment. New Hampshire Medicaid competitively re-procured its Medicaid Care Management Program in fiscal year 2019 and initiated a new contract with three MCOs, two incumbents and a third new plan to the State. The re-procured program provides additional beneficiary choice through an added MCO in the program and includes care coordination enhancements and stronger contract provisions to strengthen the oversight of MCO performance, including establishing withhold and liquidated damage provisions for the MCOs. Overall, New Hampshire Medicaid continues to deploy a robust array of financial and utilization management and quality improvement strategies to contain costs and improve member health. Further, New Hampshire Medicaid implemented in January, 2019 a next day enrollment feature into managed care to reduce fee for service financial exposure.

The Department is in the early stages of planning the next re-procurement of the Medicaid Care Management program as the current contracts expire in August 2024. The intent is to engage consulting support to improve upon the current Medicaid Care Management (MCM) model. As the State continues to face the systemic challenges of the COVID-19 pandemic, particularly the impact on the health and well-being of the most complex, highly vulnerable individuals and families, coupled with the ongoing impact of the emergency department psychiatric boarding issue and opioid situation, housing shortages and other health and social barriers, a clear need – and responsibility – exists to evaluate the effectiveness and success of the current MCM model. The ultimate objectives are to increase the beneficial program impacts for beneficiaries while improving quality and controlling the future cost trends of the DHHS programs.

Historically, comparison of New Hampshire Medicaid reimbursement rates to providers have found that in almost every case the State's Medicaid provider payment rates to be significantly lower than other states' Medicaid and commercial insurance rates. Specifically, New Hampshire's Medicaid rates also tend to be lower, with a couple of exceptions, than the rates of the other Medicaid programs in New England. As noted previously, the 3.1% provider rate increases effective January 1, 2020, and an additional 3.1% provider rate increase effective January 1, 2021 are fully funded in State fiscal years 2022-2023.

New Hampshire's Disproportionate Share Hospital ("DSH") Program. The DSH Program was significantly redesigned in fiscal year 2011, due to changes in federal DSH regulations and requirements of Chapter 144:212, Laws of 2009. Hospitals received payments based on the amount of uncompensated care provided to patients with no form of insurance coverage, regardless of the amount of MET the individual hospital paid to the State. Previously, hospital DSH payments equaled the amount paid in MET. At the time, no changes were made to the State's definition of net patient services revenue or to the MET rate of 5.5% of that revenue.

Pursuant to RSA 167:64, DSH funds were made available only to critical access hospitals up to 100% of each hospital's uncompensated care in the 2012-2013 biennium. For fiscal year 2014, in recognition of the amount of uncompensated care provided by all hospitals in New Hampshire, the Legislature increased DSH funding by $20 million in State funds, and limited payments made to critical access hospitals to 75% of uncompensated care. This funding level allowed total DSH payments to both critical access and non-critical access hospitals of $92 million in fiscal year 2014, which also includes the matching federal funds.

The statute also codified the State's settlement with hospitals over the use of MET revenue, revising services taxable under the MET and clarifying that the MET is a health care-related tax. The statute removes the application of the MET to special hospitals for rehabilitation, changes the payment schedule for the tax and the method for collecting overdue tax payments, provided for a phased in reduction in the rate of the tax and clarified the priority in which MET can be applied to DSH payments to hospitals and for Medicaid provider payments.

MET and DSH 2018 Settlement. During the 2018 legislative session, the NHHA and the State revised their 2014 settlement. The new agreement was codified in Chapter 162:31, Laws of 2018, which also appropriated the additional DSH payments for the biennium ended June 30, 2019. This agreement is controlling for fiscal years 2018 through 2024.

In the 2018 settlement agreement and RSA 162:31 states that DSH payments will be paid annually by May 31st and will be processed in the following priority order:

(1) Critical Access Hospital (CAH) will be reimbursed at an amount equal to 75% of UCC
(2) Non-Critical Access Hospital will be reimbursed at an amount up to 92.2% (fiscal year 2018) or 90.2% (fiscal year 2019) of MET revenues
(3) Remaining funds shall support Medicaid Provider payments

The legislation also included the following two provisions:

Provision 1) Given any future change to the federal definition of uncompensated care resulting in a decrease in the UCC calculation, then the percentage of allowable UCC for CAH hospitals will be adjusted to 75% of UCC calculated without regard to payments from Medicare or third party payers. If increasing the percentage of allowable DSH causes any hospital to exceed the hospital-specific DSH limit, the difference will be paid to the critical access hospitals in Medicaid supplemental payments, MCO directed payments, increased rates, or any other allowable Medicaid payment.

Provision 2) Any future reduction in the federal DSH allotment to the State resulting in a DSH payment below the percentage of MET established for the year in question will be paid to hospitals in Medicaid supplemental payments, MCO directed payments, increased rates, or any other allowable Medicaid payment.

MET and DSH Impact in Fiscal Years 2020 and 2021. Per the settlement agreement, for fiscal years 2020 to 2024, hospitals will be paid for uncompensated care costs in an amount up to 86% of the MET revenue, with an additional 5% of MET revenue directed to an increase in hospital service provider rates, or another allowable form of Medicaid payment. The budget for fiscal year 2020 assumed $112.18 million of MET revenue for uncompensated care payments ($224.4 million total funds) and $6.52 million for hospital service rate increases ($13.04 million total funds) included in the amounts listed below for fiscal years 2020 and 2021. The budget also assumed $142.4 million of MET for Medicaid Provider payments.

An appeals court decision issued on August 13, 2019 reinstated the previously vacated CMS rule, thereby requiring the calculation of uncompensated care cost to include the impact of payments from private insurers and Medicare for dually-eligible individuals. Therefore, under provision 1 of the 2018 settlement agreement outlined above, the State may be required to increase payments to critical access hospitals to an amount higher than the hospital-specific DSH limit established in the re-instated rule.

In fiscal year 2020, the State satisfied provision 1 through a combination of DSH payments with supplemental payments under the upper payment limit. For fiscal year 2021, the State met provision 1 through a combination of MCO directed payments and supplemental payments under the upper payment limit. The fiscal year 2021 MCO directed payments were included in rate filings submitted to CMS. In State fiscal year 2021, critical access hospitals (CAH) did not receive a DSH payment. For non-CAH hospitals, payments were made in the form of DSH (i.e., the DSH payments will reach 91% of MET, without additional increases to provider rates).

The Federal Consolidated Appropriations Act for 2021 (the "Appropriations Act"), signed into law on December 27, 2020, impacts DSH calculation of uncompensated care costs. The Appropriations Act only allows the inclusion of costs and payments for services for which Medicaid is the primary payor for such services. Therefore, the act entirely excludes both the costs and payments for services related to dually-enrolled individuals from uncompensated care costs. This change in law will impact UCC calculations. With respect to the treatment of Provider Relief funds, CMS issued guidance on January 6, 2021 in the COVID-19 FAQ's that when a provider receives reimbursement from either (1) the FFCRA Relief Fund for COVID-19 testing and testing-related services or (2) the Uninsured Relief Fund for COVID-19 care or treatment furnished to uninsured individuals, the payment made is made "on behalf of" the individual with no other source of third party coverage for the service. Accordingly, when such payments are for inpatient and outpatient hospital services, they must be included in the determination of inpatient and outpatient hospital services revenue for the uninsured.

The changes in federal law will impact the DSH calculation of uncompensated care. However, as a result of the 2018 settlement agreement payments to hospitals will remain at 91% of MET.

In October 2020, LRG HealthCare, the parent company of Lakes Region General Hospital and Franklin Regional Hospital, filed for Chapter 11 bankruptcy protection. The bankruptcy proceeding is currently pending as LRG Healthcare is still in the process of unwinding. However, in May 2021, Concord Hospital purchased LRG Healthcare's assets and is currently operating the facilities previously owned by LRG Healthcare.

MET and DSH Impact in Fiscal Years 2022 and 2023. The budget for fiscal year 2022 assumes $112.2 million of MET revenue for uncompensated care payments ($224.5 million total funds) and $6.5 million for hospital service rate increases ($13.1 million total funds) included in the amounts listed below for fiscal years 2022 and 2023. The budget also assumes $142.5 million of MET for Medicaid Provider payments.

For fiscal years 2022 and 2023, the State expects to meet the terms of the settlement agreement in a manner similar to that done in fiscal year 2021. Specifically, for critical access hospitals, this will be through a combination of MCO directed payments and supplemental payments under the upper payment limit. The 2022 MCO directed payments were included in rate filings submitted to CMS. As in fiscal year 2021, it is expected that critical access hospitals will not receive a DSH payment; instead it is planned that they will receive a MCO directed payment and a supplemental payment under the upper payment limit. For non-CAH hospitals, the State anticipates it will make all payments in the form of DSH (i.e., the DSH payments to the non-CAH combined with the supplemental payments and directed payments made to the CAHs will reach a combined total of 91% of MET, without additional increases to provider rates).

Additionally, the DSH allotment reductions, which had been scheduled to begin on October 1, 2019 (federal fiscal year 2020), were again postponed to fiscal year 2024. Under current law, the aggregate reductions to the Medicaid DSH allotments equal $8.0 billion beginning on October 1, 2024 and ending in 2027. For both provision 1 and provision 2, the State is working cooperatively with the hospitals to identify an appropriate payment methodology, which may be directed payment, supplemental payments, value-based payments or any other payment allowable by law.

Any change in payment methodology resulting from provision 1 or provision 2 is expected to be revenue-neutral to the State, as the settlement provides that the State will expend 86% plus 5% of the MET regardless of the form of Medicaid payment to the hospitals and the remainder will be available to the State for all other forms of Medicaid provider payments.. If hospitals have a lower net patient service revenue, for example, due to the COVID-19 pandemic, there will be less MET collected. This will not impact the State's ability to make DSH payments, it will however mean that the remainder of funds available after the State makes its DSH related obligations will be smaller and therefore there will less MET revenue going into the General Fund in support of provider payments. The hospitals are required to submit a non-binding estimate in January. Based on recent projections, New Hampshire hospitals non-binding estimate of the State fiscal year 2022 MET revenue is $284.7 million, an approximate 15% increase in net patient service revenues.

The table below sets forth aggregate DSH Payments, including both federal and State funding sources since 2009.

State Fiscal Year	DSH Payments
2009 paid	$178,040,743
2010 paid	195,457,290
2011 paid	207,698,608
2012 paid	48,735,473
2013 paid	52,889,190
2014 paid	92,020,821
2015 paid	68,328,525
2016 paid	207,184,916
2017 paid	215,614,596
2018 paid	223,668,312
2019 paid	225,946,954
2020 paid	228,149,996
2021 paid	193,115,882

Future Outlook. The Department is monitoring on-going or pending federal Medicaid initiatives as part of the American Rescue Plan (ARP); Families First Coronavirus Response Act (FFCRA) and the Build Back Better Plan (BBB) (which has not been enacted), including the following:

- A phase-down in calendar year 2022 of the 6.2 percentage point FMAP enhancement and a sunset of the continuous enrollment requirement
- Temporarily increases the adult expansion FMAP to 93 percent for calendar year 2023 through 2025. FMAP returns to 90 percent in calendar year 2026 and thereafter.
- Home and community based services increased federal match; expanding services; and support work-force recruitment and retention
- Permanent authorization of CHIP.
- 12 months continuous coverage for children and pregnant and postpartum women in both Medicaid and CHIP.

Hampstead Hospital. On October 14, 2021, the Governor announced the State's intention to buy Hampstead Hospital, a privately owned 111 licensed bed psychiatric hospital in Hampstead, New Hampshire. The hospital is presently contracted as the State's primary children's inpatient psychiatric hospital. Shortly after, the Executive Council and Joint Legislative Fiscal Committee approved $15.1 million in federal ARPA funds to purchase the facility. The exact final purchase price is still to be determined. The State currently expects to complete the purchase by June 30, 2022. Net revenues and net income of the facility under a direct state hospital ownership structure will vary from the current operator; that variation will not approach an accounting materiality level for DHHS. The facility is currently operating at 33 beds, and has the licensed capacity to operate up to 111 beds. The State will be assuming the Medicaid provider number currently held by Hampstead Hospital.

HCA Healthcare. The NH Legislature's Fiscal Committee approved $15 million of federal funds to defray a portion of construction costs for HCA Healthcare to build a new behavioral health hospital in the State. The federal funds are a one-time payment for infrastructure support in order to increase capacity for inpatient psychiatric care. As of the date hereof, this use of federal funds for this project has not yet gone before the Executive Council.

Medicaid to Schools. New Hampshire Medicaid through its State plan draws an in-kind federal match at a 50% rate to pay local education agencies (LEAs) and school administrative units (SAUs) for Medicaid to Schools State Plan benefits. During the COVID-19 public health emergency, the in-kind federal match is increased to 56.2%. Under current law, the increased match will extend through the last day of the calendar quarter in which the public health emergency expires. The Medicaid to Schools benefit drawn from federal funds in recent fiscal years has been approximately $27.0 million annually. As a result of changes in rule, in law and the impact of COVID-19, claims submitted in 2020 were approximately $8 million and approximately $12.5 million for 2021 claims to date. However, schools have not exhausted their time for submission of claims. Oversight transitioned from the Bureau of Developmental Services to the Division of Medicaid Services effective July 1, 2019, LEAs and SAUs bill health and behavioral related services provided in the school setting when covered services are provided to Medicaid enrolled children and adolescents, or when services are provided to a child through his or her individualized education plan (IEP) under the federal Individuals with Disabilities Education Act, a Section 504 plan, or other written health related plans.

On July 1, 2019, the Substance Abuse and Mental Health Services Administration and CMS issued guidance on how and under what conditions a state can expand access to services in the school setting. The guidance among other aspects points to the condition that the school setting participation must be comparably operated and administered as other Medicaid settings. In state program integrity activities, prior to and subsequent to the guidance, DHHS self-identified aspects of administration of the benefit where comparability was not sufficiently attained. DHHS is currently working with schools to strengthen compliance, revising rules, and is engaging CMS relative to a corrective action plan.

On February 21, 2020, He-W 589, a new Medicaid to Schools Administrative rule, was approved. This rule describes the services reimbursable under Medicaid. Additionally, on March 9, 2020, the Legislature passed SB 684, which accomplished three (3) important goals for Medicaid to Schools. First, it added public schools to the list of settings where a licensed nurse may delegate the task of administering medication. Second, it provided a means to license qualified professionals that are certified by the Department of Education which are providing health related services to New Hampshire students. Once licensed, schools may be able to seek federal funding for services provided by these licensed professionals. Finally, the legislation provided clarity and aligned language between the Medicaid to Schools statutes.

As part of the activities necessary to administer the Medicaid state plan, states may also provide Medicaid payments to schools for Medicaid outreach and enrollment activities, as well as other eligible, school-based administrative activities; New Hampshire schools have not yet availed themselves to that opportunity in any material way. DHHS will be working with the Department of Education and LEAs/SAUs to implement an administrative claiming program in the State.

Maternal Opioid Misuse (MOM) Grant. The Maternal Opioid Misuse (MOM) Model funding from the Centers for Medicare and Medicaid Services provides an opportunity to test whether payments that support evidence-based, coordinated care delivery for pregnant and postpartum women with opioid use disorder and their infants can reduce Medicaid and Children's Health Insurance Program (CHIP) expenditures, and improve the quality of care for this population of beneficiaries. Division of Medicaid Service staff administers oversight of the grant. New Hampshire's MOM Model creates coordinated interventions across key hospital, primary care systems, and supportive services in the Greater Manchester area to fill gaps in care and to effect achievable outcomes and cost savings to the Medicaid program by reducing health impacts to the mother and child resulting from substance exposure. The MOM Model service area is the Greater Manchester Region. This region is uniquely suited to implement the MOM Model due to its experience at the opioid epidemic epi-center and its long and successful history of provider and community collaboration. The grant is funded with 100% federal funds.

Waivers.

IMD / Substance Use Disorder 1115 Waiver. The New Hampshire Department of Health and Human Services submitted an application for Substance Use Disorder Treatment and Recovery Access (SUD-TRA) Section 1115(a) Demonstration Waiver to allow New Hampshire to provide Medicaid payments for individuals receiving substance use disorder (SUD) services in an Institution for Mental Disease (IMD). The Demonstration furthers the objectives of Title XIX by increasing access to residential SUD treatment services for adults and adolescents in New Hampshire.

Under the Demonstration, CMS allowed a waiver of the IMD exclusion for Medicaid-eligible individuals aged 21 to 64 receiving residential substance use disorder (SUD) treatment in an IMD for as long as is medically necessary. CMS also expanded the exception to the IMD exclusion in 42 CFR 441.11(c)(5) to the provider type Comprehensive SUD program to allow New Hampshire to claim federal financial participation (FFP) for individuals under 21 receiving residential substance use disorder treatment in these facilities for long as is medically necessary.

This waiver has budget neutrality provisions (a requirement to show expenditures for this project do not exceed the federal expenditures that would otherwise have been made). The budget neutrality is monitored with the support of the Department's actuary. The Department submitted an amendment to the waiver on August 21, 2020 to prospectively adjust the budget neutrality targets. CMS approved the amendment on June 16, 2021, indicating that any prior overages will be not be counted against budget neutrality.

Seriously Mentally Ill (SMI) Amendment to the SUD 1115 Waiver. As part of its overall approach to addressing the increase in Emergency Department boarding and to support the comprehensive, integrated continuum of mental health treatments and care available in the State, DHHS applied for an amendment to the SUD Demonstration Waiver on September 3, 2021. This amendment will enable DHHS to claim federal reimbursement for payment of services provided to Medicaid beneficiaries ages 21-64 receiving short-term inpatient psychiatric treatment or short-term residential mental health treatment in an (IMD). The services proposed within this amendment include those that are in alignment with the existing mental health delivery system for inpatient psychiatric and residential mental health treatment and are not intended to reduce or replace services provided in less restrictive settings. If approved, the SMI Amendment will first impact State Fiscal Year 2023.

Section 1115 Transformation Waiver. On January 5, 2016, CMS approved the State's Section 1115 Research and Demonstration Transformation to access new federal funding to help transform its behavioral health delivery system. On January 5, 2016, CMS approved the State's application to participate in this Demonstration Waiver that will allow the State to access up to a total of $150 million over the next five years (approximately $30 million per year) over a five year period for the purpose of strengthening and expanding capacity for the State's behavioral health system.

The waiver cannot be renewed due to a change in federal policy; CMS issued national guidance regarding the discontinuation of certain DSHP financing subsequent to the original five year duration. A portion of the State's DSRIP waiver required conversion of certain DSHP financing to a CPE (certified public expenditures) method for this waiver specifically. Under the CPE rules, CMS guidance disallowed a portion of the monies anticipated by the State. While CMS subsequently approved DHHS' alternative methodology, it was contingently effective in that it depends on counties voluntarily appropriating monies not previously federally matched to be contributed to DHHS so they can be matched in support of the DSRIP waiver.

This waiver has budget neutrality provisions (a requirement to show expenditures for this project do not exceed the federal expenditures that would otherwise have been made). Budget neutrality is monitored with the support of the Department's actuary. CMS, the Department, and its actuary have held substantive discussions and have provided data to support the need for technical adjustments to the original budget neutrality aspects of this waiver. In particular, adjustments are needed to reflect (i) correction of inconsistencies between the original budget neutrality targets and the CMS-64 reporting of actual expenditures,(ii) acuity changes due to an increase in the population receiving behavioral health services consistent with the Medicaid Eligibility Group (MEG) structure, (iii) New Hampshire's response to the opioid crisis, including the expansion of community mental health services and (iv) other unpredictable expenditures not known at the time of the original budget neutrality calculation. The Department and its actuary, under its own assumptions, have calculated the waiver over its term to be budget neutral.

CMS advised the State that it preliminarily exceeded its budget neutrality target and acknowledged that expenditures for State plan covered services were for services the State was otherwise entitled to federal participation. CMS has indicated the State was not prohibited from completing the waiver nor from drawing federal match. The State only ultimately drew approximately half of the allowed funding.

CMS subsequently communicated that it has not accepted the State's adjustment proposal. In addition, CMS expressed that it seeks to recover the approved federal participation not otherwise typically matched granted as a part of the waiver. The State has the opportunity to potentially further negotiate and/or appeal. The federal Public Health Emergency, COVID-19 and a change in administration and changes in CMS leadership has affected the trajectory of that engagement and extended the State's interactions with CMS.

Fast Forward Waiver State Plan Amendment 1915(i). In 2016, the Legislature passed HB517 requiring DHHS to establish a Medicaid home and community-based behavioral health services program for children with severe emotional disturbances whose service needs cannot be met through traditional behavioral health services. DHHS may establish such services through a State plan amendment or a waiver under provisions of the SSA. The services shall include the following or their functional equivalent: wrap around care coordination, wrap around participation, in home respite care, out of home respite care, customizable goods and services, family peer support, and youth peer support. On July 12, 2018, CMS approved the State's Plan Amendment, which amended the NH Title XIX State Plan to include a section to provide home and community-based services to children with serious behavioral health issues through a coordinated model. The services were effective July 2018 through July 2023. A renewal request must be submitted in January 2023 for the waiver to extend past July 2023.

Additional 1915 waivers. Each of the below waivers are federally required to be cost effective and are fully appropriated in the State fiscal years 2022-2023 budget.

Choices for Independence 1915(c) Waiver. This waiver provides adult medical day services, home health aide, homemaker, personal care, respite, supported employment, financial management services, adult family care, adult in-home services, community transition services, environmental accessibility services, home-delivered meals, non-medical transportation, participant directed and managed services, personal emergency response system, residential care facility services, skilled nursing, specialized medical equipment services, supportive housing services for aged individuals ages 65 years and older. The CFI waiver is due for renewal on July 1, 2022. The Department is planning to submit the renewal application in February 2022 with approval targeted for June.

Acquired Brain Disorder 1915(c) Waiver. This waiver provides community participation services, respite, service coordination, supported employment services, assistive technology support services, community support services (CSS), crisis response services, environmental and vehicle modification services, participant directed and managed services - PDMS (formerly consolidated acquired brain disorder services), residential habilitation/personal care services, specialty services, wellness coaching for individuals with brain injuries aged 22 years and above. The Department submitted a renewal application on July 30, 2021, CMS approved the submission on October 26, 2021 with the renewal effective November 1, 2021.

Development Disabilities 1915(c) Waiver. This waiver provides community participation services, residential habilitation/personal care services, respite, service coordination, supported employment, assistive technology support services, community support services (CSS), crisis response services, environmental and vehicle modification services, participant directed and managed services (PDMS) formerly consolidated developmental services, specialty services, and wellness coaching for individuals with developmental disabilities . There is no upper or lower age limit for this waiver. However, funding pursuant to RSA 171-A is provided 90 days prior to an individual graduating or leaving the school system. The Department submitted a renewal application on May 21, 2021, CMS approved the submission on August 19, 2021, with the renewal effective on August 31, 2021.

In Home Supports 1915 (c) Waiver. This waiver provides enhanced personal care, consultations, environmental and vehicle modifications, family support/service coordination, and respite care services for individuals under age 21 with developmental disabilities who live at home with their families. The Department submitted a renewal application on June 30, 2020, CMS approved the submission on December 30, 2020, and the renewal is effective on January 1, 2021.

Freedom of Choice Managed Care, 1915 (b). This waiver provides for enrollment in Mandatory Managed Care for State Plan Services for Currently Voluntary Populations. The waiver expires on March 31, 2022 and the Department submitted a renewal request on December 30, 2021.

Home and Community Based Services (HCBS) Plan. President Biden signed the American Rescue Plan Act of 2021 (ARP) on March 22, 2021. Section 9817 of the ARP temporarily increases the federal medical assistance percentage (FMAP) by 10 percentage points for certain Medicaid expenditures for home and community based services (HCBS) beginning April 1, 2021, and ending March 31, 2022. The increased FMAP is available for person-centered care delivered in the community or home to support people who need assistance with everyday activities. States must use the federal funds attributed to the increased FMAP to supplement, not supplant, existing state funds expended for Medicaid HCBS in effect as of April 1, 2021. States are required to use funds equivalent to the amount of federal funds available through the increased FMAP to enhance, expand, or strengthen HCBS. New Hampshire's spending plan outlines three (3) key spending priorities: workforce investment, improve/increase access to services, and to pilot new services to promote, expand, and enhance HCBS. The initiatives contained in New Hampshire's plan were intended to address both the short-term and long-term goals of New Hampshire residents. The estimated budget for the New Hampshire plan is approximately $57 million.

Litigation. Various aspects of New Hampshire Medicaid are the subject of litigation and potential litigation. Such litigation, if decided in a manner unfavorable to the State, could subject the State to substantial financial judgments. See "LITIGATION" with respect to the matters under the captions that reference DHHS or New Hampshire Medicaid.

STATE INDEBTEDNESS

Debt Management Program

The State has a debt management program, one purpose of which is to avoid the issuance of short-term debt for operating purposes. (See "Temporary Loans" for information on recent short-term debt issuances.) The State's debt management program is designed to hold long-term tax-supported debt to relatively low levels in the future and to coordinate the issuance of debt by the State, its agencies and public authorities.

Authorization and Classification of State Debt

The State has no constitutional limit on its power to issue obligations or incur indebtedness and there is no constitutional requirement that a referendum be held prior to the incurrence of any such debt. The authorization and issuance of State debt, including the purpose, amount and nature thereof, the method and manner of the incurrence of such debt, the maturity and manner of repayment thereof, and security therefor, are wholly statutory.

Pursuant to various general or special appropriation acts, the Legislature has from time to time authorized the State Treasurer, with the approval of the Governor and Council, to issue bonds or notes for a variety of specified projects or purposes. In general, except for the Turnpike System revenue bonds and federal highway grant anticipation ("GARVEE") bonds, such borrowing constitutes general obligation debt of the State for which its full faith and credit are pledged but for the payment of which no specific State revenues are segregated or pledged. There is general legislation, however, under which the Governor and Council may authorize the State Treasurer to issue revenue bonds for revenue-producing facilities and to pledge the revenue from such facilities for the payment of such bonds. The Legislature has also authorized the guarantee of certain obligations issued by political subdivisions of the State and by various State agencies, which guarantee constitutes a pledge of the State's full faith and credit, and has authorized two State-wide agencies to incur debt for the financing of revenue producing projects and programs and authorized such agencies to create certain funds which may be maintained by State appropriation (see "Agencies, Authorities and Bonded or Guaranteed Indebtedness"). However, most of this indebtedness is supported by revenues produced by the project or entity for which the debt was issued. Consequently, such self-supported debt is not considered net General Fund debt of the State.

The Legislature has also authorized certain State agencies to issue revenue bonds for various projects, including industrial, health, educational and utility facilities. Except to the extent that State guarantees may be awarded for certain bonds of the New Hampshire Business Finance Authority and the Pease Development Authority, indebtedness of those agencies does not constitute a debt or liability of the State.

Debt Statement

The table below sets forth the long-term debt of the State outstanding as of June 30, 2021.

Debt Statement as of June 30, 2021 (In Thousands)

General Obligation Bonds:		
General Improvement	$523,170	
Highway	96,201	
University System of New Hampshire	75,663	
Total Direct General Obligation Debt		$695,034
Revenue Bonds:		
Turnpike System[(1)]	271,785	
GARVEE	75,800	
Total Revenue Bond Debt		$347,585
Contingent (Guaranteed) Debt:		
Water Pollution and Waste Disposal Bonds issued by Political Subdivisions	0	
Business Finance Authority	51,500	
Local School District School Bonds	13,095	
Total Contingent Debt		$64,595
Total Debt		$1,107,214
Less: Self-Supporting and Contingent Debt:		
General Fund Self-Supporting Debt[(2)]	28,297	
Turnpike System Revenue Bonds	271,785	
Highway Fund	96,201	
GARVEE	75,800	
Water Pollution and Waste Disposal Bonds issued by Political Subdivisions	0	
Business Finance Authority	51,500	
Local School District School Bonds	13,095	
Liquor Commission	37,094	
State Revolving Fund	9,155	
School Building Aid	46,432	
Fish & Game	1,197	
Total Self-Supporting and Contingent Debt		$630,556
Total Net General Fund Debt[(3)]		$476,658

(Columns may not add to totals due to rounding.)

[(1)] Turnpike System revenue bonds are limited obligations of the State payable solely out of net revenues of the Turnpike System. Neither the full faith and credit nor the taxing power of the State is pledged for the payment of the Turnpike System revenue bonds.
[(2)] Includes bonds paid from General Fund restricted revenues (primarily user fees, criminal penalty assessments and lease revenues).
[(3)] Net General Fund debt is debt for which debt service payments are made directly by the State from its taxes and other unrestricted General Fund revenues.

In addition to the debt included in the table above, Chapter 17 of the Laws of 2014 authorized $200 million in general obligation bonds for the completion of the Interstate 93 widening project. Chapter 276:210-211, Laws of 2015, amended the legislation by specifically authorizing a federal Transportation Infrastructure Finance and Innovation Act ("TIFIA") loan as an alternative to a traditional general obligation bond issue including, without limitation, a pledge of the revenue collected from adjustments under RSA 260:32-a for rates that exceed $0.18 per gallon less required distributions under RSA 235:23, I, on said revenues.

On May 24, 2016, the State entered into the TIFIA financing agreement to fund the construction of the remaining portions of the I-93 project. The loan, established at a 1.09% rural TIFIA interest rate, will fund up to $200 million in project costs along the I-93 corridor from Salem to Manchester, New Hampshire. The debt service payments are to be funded by a portion of the revenue collected from the increase in the road toll that was effective

July 1, 2014. The road toll increase was projected to generate approximately $34 million annually and generated $32.6 million for fiscal year 2021. The increase will expire once all debt service payments for the I-93 project have been made and the financing is fully amortized (June 2034). The State will pay interest only on the outstanding balance until 2025, when principal repayment will begin on a level debt service basis to maturity, June 1, 2034. The TIFIA loan agreement also requires that the State expend certain annual amounts of the increased road toll revenues on non-federally aided highway projects in the State. In the event, the State does not meet these requirements the interest rate on the loan will increase to 2.17% until the spending requirements are met. In addition, the TIFIA loan agreement provides for a default rate of interest equal to 3.09%. As of December 1, 2021, the amount drawn on the TIFIA loan was $198.5 million.

The table above does not include the outstanding TIFIA loan balance as of June 30, 2021 in order to reconcile Total Direct General Obligation Debt outstanding of $695 million with scheduled Direct General Obligation Debt Service principal payments of $695 million.

In addition to the debt presented above, at June 30, 2021, the State had short and long-term capital leases outstanding of $3.7 million and $13.2 million, respectively, 80% of which relate to building space.

The State's debt management program has resulted in the State maintaining relatively low debt levels in recent years. The table below sets out the State's debt ratios over the past five years.

Certain General Obligation Debt Statistics
(Dollars in Thousands)

	June 30,				
	2017	**2018**	**2019**	**2020**	**2021**
Direct General Obligation Debt	$ 806,138	$ 785,384	$ 754,424	$ 741,169	$ 695,034
Contingent (Guaranteed) Debt	73,495	69,766	73,736	67,589	64,595
Less: Self-Supporting Debt	(312,448)	(306,219)	(305,311)	(292,804)	(282,971)
Total Net General Fund Debt	567,185	548,931	522,849	515,954	476,658
Per Capita Debt[1]:					
Direct General Obligation Bonds	$604	$585	$558	$545	$500
Net General Fund Debt	$425	$409	$386	$379	$343
Ratio of Debt to Personal Income[1]					
Direct General Obligation Bonds	1.08%	0.98%	0.91%	0.86%	0.76%
Net General Fund Debt	0.76%	0.69%	0.63%	0.60%	0.52%
Ratio of Debt to Estimated Full Value:					
Direct General Obligation Bonds	0.46%	0.43%	0.39%	0.36%	0.31%
Net General Fund Debt	0.33%	0.30%	0.27%	0.25%	0.21%
General Fund Unrestricted Revenues					
Debt Service Expenditures[2]	1,503,500	1,599,400	1,622,002	1,525,395	1,852,149
Debt Service as a Percent of General	90,710	90,674	93,668	91,730	93,036
Fund Unrestricted Revenues	6.03%	5.67%	5.77%	6.01%	5.02%
Population (in thousands)	1,335	1,343	1,353	1,360	1,389
Total Personal Income (in millions)	74,687	80,122	83,143	86,345	91,673
Estimated Full Value (in thousands)	$173,365,434	$182,759,870	$194,656,334	$207,887,399	$223,620,969

(1) Based on U.S. Department of Commerce and U.S. Bureau of the Census estimates for population and personal income.
(2) Debt service on Net General Fund Debt. Does not include interest paid on revenue or bond anticipation notes.

Rate of Debt Retirement
as of June 30, 2021

	General Obligation Debt	Net General Fund Debt
5 years	50%	49%
10 years	80	79
15 years	94	94
20 years	100	100

Recent Debt Issuances

In recent years, the State has issued bonds for a variety of authorized purposes. The following table compares the amount of issuances and retirements of long-term direct State general obligation indebtedness for each of the past five fiscal years. See also "Temporary Loans" below.

Issuances and Retirements of Direct General Obligation Debt
(In Thousands)

	Fiscal Year Ended June 30,				
	2017	2018	2019	2020	2021
Beginning Debt	$827,558	$806,139	$785,384	$754,424	$741,169
Bonds Issued	118,260	70,885	63,410	80,865	136,570
Total Net Debt	945,818	877,024	848,794	835,289	877,739
Less: Bonds Paid	85,904	91,640	94,370	94,120	86,840
Defeasance	53,775	-	-	-	95,865
Ending Debt	$806,139	$785,384	$754,424	$741,169	$695,034

Schedule of Debt Service Payments

The following table sets forth the projected principal and interest requirements of all general obligation bonds of the State outstanding at June 30, 2021. The amounts shown for interest include the gross interest payable by the State with respect to its outstanding general obligation "Build America Bonds," which were outstanding in the amount of $96.5 million with expected subsidy payments of $7.4 million over the remaining life of the bonds as of June 30, 2021. With the exception of one minor withheld amount, which has since been rectified, prior to sequestration, the State had received interest subsidy payments from the federal government equal to 35% of the actual interest payable on such "Build America Bonds." Federal sequestration has cut a percentage of these direct pay subsidies for fiscal years 2013 through 2021 and is expected to cause further reductions in fiscal year 2022 and beyond. The result in State fiscal year 2021 was a reduction of $99,073 in subsidy interest payments on general obligation bonds. See "STATE FINANCES – State Revenues – Federal Sequestration."

Direct General Obligation Debt
as of June 30, 2021[1]
(In Thousands)

Fiscal Year Ending June 30,	Principal	Interest	Total
2021	$75,960	$30,401	$106,361
2022	75,490	26,082	101,572
2023	69,695	23,101	92,796
2024	66,290	20,127	86,417
2025	58,455	17,279	75,734
2026	54,405	14,528	68,932
2027	48,670	12,069	60,739
2028	41,595	9,771	51,366
2029	38,805	7,883	46,688
2030	28,655	6,325	34,980
2031	20,985	5,224	26,209
2032	22,425	4,350	26,775
2033	20,190	3,424	23,614
2034	20,019	2,604	22,623
2035	12,820	1,977	14,797
2036	13,285	1,432	14,717
2037	10,750	960	11,710
2038	7,625	566	8,191
2039	5,090	260	5,350
2040	3,825	67	3,892
Total	$695,034	$188,429	$883,463

(1) Columns may not add to totals due to rounding.

Temporary Loans

To the extent monies in the General Fund, Highway Fund, or Fish and Game Fund are at any time insufficient for the payment of obligations payable from such funds, the State Treasurer, under the direction of the Governor and Council, is authorized to issue notes to provide funds to pay such obligations. Outstanding revenue anticipation notes issued for the General Fund may not exceed $200 million; for the Highway Fund, $15 million; and for the Fish and Game Fund, $0.5 million.

In general, the State Treasurer, with the approval of the Governor and Council, is authorized to issue bond anticipation notes maturing within five years of their dates of issue. Refunding notes must be paid within five years of the dates of issue of the original notes.

The State Treasury does not currently anticipate any temporary borrowings in fiscal year 2022.

See "STATE FINANCES – Proprietary (Enterprise) Funds" and "– *Unemployment Trust Fund*" for a discussion of repayable advances that the State has been approved for under Section 1201 of the Social Security Act.

Authorized But Unissued Debt

As of June 30, 2021, the State had statutorily authorized but unissued direct general obligation debt in the total principal amount of $224 million, under various laws. This amount does not include the State's Turnpike System and GARVEE authorizations or statutorily authorized guarantees, nor its authority to issue bonds in lieu of all or a portion of the State's guarantee of bonds of the Pease Development Authority.

Chapter 58 of the Laws of 2005, the "Federal Highway Anticipation Bond Act," authorized the State to issue GARVEE bonds in an amount not to exceed $195 million with the approval of the Governor and Council. Chapter 193 of the Laws of 2012 authorized an additional $250 million of GARVEE bonds, for a total authorized amount of $445 million. GARVEE bonds are special obligations of the State secured by revenues consisting of federal aid for highways and other grants, loans and contributions from any governmental unit relating to projects to be financed under the statute. The statute authorized GARVEE bonds for the purpose of financing project costs related to the widening of Interstate 93 from Manchester to the Massachusetts border and any other federally aided highway project which the Legislature may subsequently authorize to be funded under the statute. On November 18, 2010 the State issued GARVEE bonds in the amount of $80 million for financing projects related to such highway widening. Another $115 million of GARVEE bonds were issued on May 30, 2012 for the continued work on widening I-93, specifically, three identified construction projects associated with I-93 exits 2 and 3 in Salem and Windham, respectively, and an additional project subsequently authorized for engineering on I-93 widening from exit 3 north to the I-293 split in Manchester. The bonds issued in May 2012 were fully paid in September 2020. Additionally, Chapter 231 of the Laws of 2010 authorized the issuance of an additional $45 million of GARVEE bonds for the purpose of financing a portion of the State's share of the replacement of the Memorial Bridge and Sarah Mildred Long Bridge, both located on the Seacoast between New Hampshire and Maine. The Memorial Bridge and Sarah Mildred Long Bridge have been replaced and are in operation, with the cost split between New Hampshire and Maine. New Hampshire did not use GARVEE bonds as a means of financing the construction cost of either bridge. The New Hampshire Ten Year Transportation Improvement Plan 2021-2030, Chapter 33 of the Laws of 2020, modified RSA 228-A:2 to remove bonding for 2 Connecticut River bridges located in Lebanon, New Hampshire and Hinsdale, New Hampshire, as well as the Memorial Bridge and Sarah Mildred Long Bridge. The State did not use GARVEE bonds as a means of financing these bridges.

The State has various guarantee programs, which are described under the caption "Agencies, Authorities and Bonded or Guaranteed Indebtedness" below. The statutes authorizing the guarantee programs require approval by the Governor and Council of any award of a State guarantee. In addition, statutory limitations apply to all of the guarantee programs, but they vary in two major respects. First, the limit may be either on the total amount guaranteed or on the total amount guaranteed that remains outstanding at any time; the latter is a revolving limit, allowing additional guarantees to be awarded as guaranteed debt is retired. Second, the statutory dollar limit may represent either the total amount of principal and interest or only the total amount of principal that may be guaranteed; in the latter case interest on that principal amount may also be guaranteed but is not otherwise specifically limited. See also material related to the Pease Development Authority under the headings "Capital Budget" and "Agencies, Authorities and Bonded or Guaranteed Indebtedness" below.

Purpose	Guarantee Limit as of June 30, 2021	Remaining Guarantee Capacity as of June 30, 2021
Local Water Pollution Control Bonds	$50.0 million(1)(2)	$50.0 million
Local School Bonds	95.0 million(1)(2)	79.8 million
Local Superfund Site Bonds	20.0 million(4)	20.0 million(3)
Local Landfill and Waste Site Bonds	10.0 million(1)(2)	10.0 million
Business Finance Authority Bonds, Loans	145.0 million(1)(4)	93.5 million(3)
Pease Development Authority	70.0 million(4)	13.9 million(3)
Housing Finance Authority Child Care Loans	0.3 million(1)(2)	0.3 million

(1) Revolving limit.
(2) Limit applies to total principal and interest.
(3) Plus interest.
(4) Limit applies to principal only.

Since June 30, 2021, the Business Finance Authority has issued $6 million of State guaranteed bonds pursuant to its programs.

Capital Budget and Bonds Authorized

Capital budgets are adopted biennially during the odd-numbered legislative sessions in conjunction with the biennial operating budget schedule. Additionally, bond authorizations are periodically legislated outside the capital budget process. For example, Chapter 30:7, Laws of 2020 amended RSA 6 by adding section 6:13-e which authorizes $50 million in general obligation bonds for the purpose of funding certain environmental projects for PFAS remediation. Unlike the borrowing authority for most capital budget projects, this authorization allows for maturities of up to 30 years from the date of issue and is non-lapsing. It also provides, pursuant to RSA 485-H:6, I, that any borrowing shall be paid with general fund unrestricted revenues; however, reimbursement shall made from settlement funds received via lawsuits against PFAS manufacturers. See "LITIGATION – Other Matters - *Potential Claims Relating to PFAS Environmental Issues*."

The following table sets out the State's capital budget appropriations and bonds authorized for the 2022-2023 biennium as authorized by Chapter 107, Laws of 2021.

Capital Appropriations and Bonds Authorized

	Biennium Ending June 30, 2023
Administrative Services	$ 27,873,100
Agriculture	180,000
Corrections	13,285,000
Education	1,160,000
Environmental Services	38,752,100
Fish & Game	4,615,000
Health & Human Services	142,093,112
Judicial Branch	1,150,000
Liquor Commission	1,000,000
Military Affairs & Veterans Services	39,960,000
Natural and Cultural Resources	3,013,000
Veterans' Home	1,380,000
Community College System	6,289,073
Transportation - General Funds	34,232,717
Transportation - Highway Funds	15,995,000
University System of NH	15,000,000
Gross Appropriations	$345,978,102
Less-Federal, Local & Other Funds	186,183,542
Net Bonds Authorized	$159,794,560
Funding of Bonds	
Highway Funded	15,995,000
Other Funded	16,288,000
General Funded	127,511,560
Net Bonds Authorized	$159,794,560

Agencies, Authorities and Bonded or Guaranteed Indebtedness

Described below are the principal State agencies or programs for which the State (a) issues revenue bonds, (b) provides State guarantees of payments of indebtedness, or (c) issues general obligation bonds supported in whole or in part by restricted revenues, rather than taxes or unrestricted General Fund revenues. (A summary of the State guarantee programs is also provided under the caption "Authorized But Unissued Debt" above.) Also described briefly below are the other independent State authorities that issue revenue bonds and notes that do not constitute a debt or obligation of the State. Except as noted below, guarantee limits and remaining guarantee capacity provided in the narrative to follow are as of June 30, 2021.

New Hampshire Turnpike System. Effective July 1, 1971, the New Hampshire Turnpike System was established to administer certain toll highways in the State. State statutes establishing the Turnpike System require the collection of tolls on such turnpikes and improvements or extensions thereof at levels sufficient to pay expenses of operations and maintenance and to pay debt service on general obligation bonds issued for Turnpike System purposes. Payment of debt service on such general obligation bonds from Turnpike System revenues is subordinate, however, to payments required with respect to Turnpike System revenue bonds.

Chapter 237-A of the New Hampshire Revised Statutes Annotated, as amended, provides for the issuance by the State Treasurer of revenue bonds of the State for the Turnpike System in such amounts as the Governor and the Council shall determine, from time to time, subject to the current statutory limit of $766.05 million (excluding bonds issued for refunding purposes). RSA 237-A expressly provides that the bond resolution authorizing Turnpike System revenue bonds may include provisions setting forth the duties of the State in relation to the fixing, revision and collection of tolls and further provides that the State has pledged to perform all such duties as set forth in such bond resolution. Turnpike System revenue bonds constitute limited obligations of the State, and the State has not pledged its full faith and credit for the payment of such bonds. Approximately 272 million of such bonds were outstanding as of June 30, 2021.

The University System of New Hampshire. The University System is a body politic and corporate created by State law under the control and supervision of a 27 member board of trustees. The board of trustees is entrusted with the management and control of all property comprising the University System and maintains the financial affairs of the University System separate and apart from the accounts of the State. Income received by the University System, except where specifically segregated, is retained by the University System for its general purposes. State statutes additionally provide for annual appropriations by the Legislature to be used for the general purposes of the University System. General obligation bonds issued by the State for the construction of capital improvements at the University System are supported by General Fund revenues. Approximately $76 million of such bonds were outstanding as of June 30, 2021. The University System has the power to borrow through the issuance of revenue bonds for dormitory or other housing facility purposes by the New Hampshire Health and Education Facilities Authority, without pledging the full faith and credit of the State or the University System for payment.

State Guaranteed Local Water Pollution Control Bonds. The State's programs for the protection of adequate water supplies and the control and elimination of water pollution are under the supervision of the Department of Environmental Services' Water Division. In order to assist municipalities in the financing of sewerage systems and sewage treatment and disposal plants for the control of water pollution, the Governor and Council are authorized to guarantee unconditionally as a general obligation of the State the payment of all or some portion of the principal of and interest on bonds or notes issued by any town, city, county or district for construction of such facilities. The outstanding State guaranteed amount of principal and interest of such bonds and notes may not exceed $50 million. As of June 30, 2021, no bonds remain outstanding under this program.

In addition, the Legislature has provided in RSA 486 that the State shall pay annually an amount equal to 20% of the yearly principal and interest expense on the original costs resulting from the acquisition and construction of sewage disposal facilities by counties, cities, towns or village districts in the State and, with respect to certain specified facilities, the State shall pay annually an amount, after completion thereof, equal to the yearly principal and interest expense on the remaining portion of the eligible costs (after application of available federal funds and the 5% local share). Such assistance payments are made to the municipalities, are not binding obligations of the State and require appropriation by the Legislature.

New Hampshire Department of Environmental Services-Water Division. The Department of Environmental Services' Division of Water Resources (formerly the New Hampshire Water Resources Board) is charged with authority to construct, maintain and operate reservoirs, dams and other waterworks systems (including hydro-energy production facilities) and to charge and collect fees and tolls for the use of water and other services supplied by the division. Projects constructed by the division are intended to be self-liquidating and self-supporting through user fees. The Division is authorized to issue self-supporting revenue bonds from time to time for the acquisition and construction of projects and such bonds shall not constitute a debt of the State but are payable solely from the revenues of the projects and are guaranteed by the State. As of June 30, 2021, no bonds remain outstanding under this program.

State Guaranteed Local School Bonds. The Governor with the advice and consent of the Council may agree to award an unconditional State guarantee for the payment of not more than $95 million of the principal and interest on bonds or notes issued by school districts for school projects of not less than $100,000 involving construction, enlargement or alteration of school buildings. The supervision of the guarantee program is the responsibility of the New Hampshire School Building Authority, consisting of the State Treasurer, the State Commissioner of Education and three members appointed by the Governor and Council. Guarantees may be awarded on either a split issue basis, where the payment of not in excess of 75% of the aggregate principal amount of bonds issued for a project and interest thereon may be guaranteed, or on a declining balance basis, where a specified percentage of the principal of and interest on each bond or note issued is guaranteed. The full faith and credit of the State are pledged to such guarantees. As of June 30, 2021, $15.2 million of principal and interest was guaranteed under this program. This amount includes approximately $13.1 million of principal due on such bonds.

State Guaranteed Local Superfund Site Bonds and Landfill and Waste Site Bonds. The Governor with the advice and consent of the Council may award an unconditional State guarantee for the payment of not more than $20 million in aggregate principal amount (plus the interest thereon) of bonds issued by municipalities in the State for costs of cleanup of “superfund” hazardous waste sites for which the municipalities are named potentially responsible parties (including bonds issued by a municipality on behalf of other potentially responsible parties at the same site). No bonds have been guaranteed under this program.

In addition, the Governor and Council may award an unconditional State guarantee for the payment of principal and interest on bonds issued by municipalities in the State for closing or cleanup of landfills, other solid waste facilities or hazardous waste sites. The outstanding State guaranteed amount of principal and interest on such bonds may not exceed $10 million at any one time. As of June 30, 2021, all previously outstanding bonds guaranteed under this program have been paid.

New Hampshire Business Finance Authority. The Legislature created the Business Finance Authority of the State of New Hampshire (formerly the Industrial Development Authority) as a body politic and corporate as an agency of the State to provide financial assistance to businesses and local development organizations in the State. Legislation enacted in 1992, 1993, and 2015 significantly expanded the power of the Authority, with the concurrence of the Governor and Council, to issue State guaranteed bonds and to award State guarantees of other indebtedness for the purpose of promoting business development in the State.

In order to carry out its programs, the Authority was authorized to issue up to $25 million in principal amount of bonds as general obligations of the Authority, the principal of and interest on which is guaranteed by the State. As of June 30, 2019, $20 million of such guaranteed bonds were outstanding, all of which were scheduled to mature on November 1, 2020. In March 2020, the Authority refinanced these bonds with $20 million State guaranteed fixed rate refunding bonds that mature February 1, 2030.

The Authority may also recommend that the Governor and Council award State guarantees of certain indebtedness of businesses, but the total principal amount of indebtedness guaranteed, when combined with the outstanding principal amount of State guaranteed bonds and State guaranteed revenue bonds of the Authority, may not exceed $115 million at any time.

As of June 30, 2021, $16.8 million of State guaranteed loans were outstanding under those Authority programs. The Authority expects that over the next five years it will seek Governor and Council approval of State bond and loan guarantees at or near the current outstanding amount.

The Authority is authorized to issue State guaranteed revenue bonds that are limited obligations of the Authority secured solely by specified revenues and assets. They are subject to the approval of the Governor and Council. The principal and interest are subject to the aforementioned $115 limitation. As of June 30, 2021, $14.5 million of such State guaranteed revenue bonds were outstanding.

Pursuant to legislation enacted with the state budget in September 2019, the Authority may recommend that the Governor and Council award State guarantees of certain indebtedness of businesses located in unincorporated areas of the state, but the total principal amount of indebtedness guaranteed for such purposes may not exceed $30 million at any time. This $30 million is calculated separately from and unrelated to the aforementioned $115 million.

In addition to its loan and guarantee programs, the Authority is also authorized to issue notes or bonds for the construction of industrial facilities, and certain commercial, recreational, railroad, small scale power and other facilities, for lease or sale to specific private entities. Except for the guaranteed bonds described above, such bonds or notes are not a debt or obligation of the State, and no State funds may be used for their payments.

Subsequent to June 30, 2021, the State guaranteed loan balance decreased to $14.4 million while the State guaranteed revenue bonds balance increased to $33.5 million. The revenue bonds consist primarily of two bonds as follows; (1) A $18.2 million guaranteed revenue bond secured by real property with monthly lease payments from the lessee in amounts sufficient to pay the principal and interest on the guaranteed revenue bond. The lease is for a ten-year period; and (2) a $12.9 million guaranteed revenue bond with the City of Manchester Airport where the principal and interest payments are secured by the yearly grants from the Federal Airport Improvement Program. The bond is for a ten-year period.

Pease Development Authority. Pease Air Force Base in the Portsmouth area closed in October 1991. Under State legislation, the Pease Development Authority ("PDA") was established in 1990 to prepare a comprehensive plan and to implement all aspects of the plan including taking title to the property, marketing, and developing the property. As of June 30, 2021, the Pease International Tradeport had 4.86 million square feet of new or renovated office/R&D/manufacturing space with over 250 companies employing more than 10,500 direct hires with another 5,125 indirect hires resulting from companies not located at Pease but doing business with companies at Pease.

As of June 30, 2021, PDA was authorized to issue bonds, not exceeding in the aggregate $250.0 million, and the Governor and Council may award an unconditional State guarantee to secure up to $70 million in principal amount plus interest on those bonds. The remaining guarantee capacity at June 30, 2021 was $13.9 million. The remaining guarantee provision authorizes the State to issue up to $70.0 million general obligation bonds in lieu of a portion of the guarantee, with the maximum amount to be guaranteed then reduced by the amount of such bonds issued by the State. Under this program, there is currently no debt outstanding; however, there remains capacity to borrow up to $13.9 million on a one-time basis pursuant to this guarantee.

New Hampshire Housing Finance Authority. The New Hampshire Housing Finance Authority (NHHFA) is a body politic and corporate having a distinct existence separate from the State and not constituting a department of State government. NHHFA is generally authorized to provide direct construction and mortgage loans for residential housing and to make loans to and to purchase loans from lending institutions in order to expand available mortgage funds in the State. In order to carry out its corporate purposes, NHHFA is authorized to issue its bonds or notes in an amount outstanding at any one time not to exceed $2 billion. Such bonds or notes are special obligations of NHHFA, and do not constitute a debt or obligation of the State. By law, NHHFA is authorized to issue up to $600 million in bonds supported by one or more reserve funds and to maintain in each fund for a particular series of bonds a bond reserve fund requirement established by resolution of NHHFA in an amount not to exceed one year's debt service on the bonds secured by such fund. For bonds issued under this provision, the chairman of NHHFA is directed to request an appropriation of the sum, if any, needed to maintain the bond reserve funds at their required levels. Amounts so requested are subject to appropriation by the Legislature and do not constitute a debt of the State. NHHFA has not issued bonds under this provision since 1982 and there are currently no bonds outstanding subject to such a reserve fund.

Legislation enacted in 1989 authorizes NHHFA to issue certificates of guarantee equal to 50% of the principal of loans made to eligible child care agencies or organizations, such principal guarantee not to exceed $10,000 per recipient. The full faith and credit of the State are pledged for such guarantees, provided that the total obligation of the State shall at no time exceed $300,000. As of June 30, 2021, no outstanding debt was guaranteed under this program.

New Hampshire Municipal Bond Bank. The New Hampshire Municipal Bond Bank ("NHMBB") was established by the State in 1977 for the purpose of aiding local governmental units in the financing of public improvements. The powers of the Bank are vested in a board of five directors, including the State Treasurer and four members appointed by the Governor and Council. The Bank is authorized to issue revenue bonds in unlimited principal amount and to make loans to political subdivisions of the State through the purchase by the Bank of general obligation bonds and notes of the political subdivisions. The obligations of the political subdivisions bear interest at a rate equal to the rate on the Bank's bonds plus administrative costs. Bonds of the Bank do not constitute a debt or obligation of the State. The Bank is authorized to establish one or more reserve funds to additionally secure its bonds and is directed to request such appropriations from the Legislature as are necessary to (1) maintain such reserve funds at required cash levels or (2) reimburse the payor of any sums paid by such payor under any insurance policy, letter or line of credit or other credit facility maintained by the Bank for the purpose of meeting the reserve fund requirements in lieu of the deposit of cash. Amounts so requested are subject to appropriation by the Legislature and do not constitute a debt of the State. As of June 30, 2021, the amount of bonds issued and outstanding pursuant to the NHMBB reserve fund requirement totaled $934.8 million.

The Bank is also authorized to issue revenue bonds in unlimited principal amount for small scale power facilities and to make loans to public utilities and to certain elementary and secondary educational institutions through the purchase by the Bank of bonds of such public utilities and educational institutions. Such bonds are issued through separate divisions of the Bank and are not a debt or obligation of the State and no State funds may be used for their payment.

New Hampshire Health and Education Facilities Authority. The State created the New Hampshire Higher Educational and Health Facilities Authority (formerly the New Hampshire Higher Education and Health Facilities Authority) as a public body corporate and agency of the State to provide financing for the State's nonprofit health and educational facilities and the University System. The bonds and notes issued by the Authority are not a debt or obligation of the State and no State funds may be used for their repayment. Moreover, bonds issued for the University System by the Authority constitute limited obligations of the University System payable solely from designated enterprise revenues.

STATE RETIREMENT SYSTEM

Overview

The State maintains a defined benefit pension plan, which is administered by the New Hampshire Retirement System ("NHRS" or "System"). The System administers both a cost-sharing multiple-employer pension plan (the "Pension Plan") and a medical subsidy plan (the "Medical Subsidy Plan" and collectively, with the Pension Plan, (the "Plans"). The Pension Plan covers effectively all State employees and all public primary and secondary teachers, law enforcement and fire service employees. Full-time employment is required to join the Plan. In addition, New Hampshire political subdivisions may elect to join the NHRS to cover their other employees. At June 30, 2021, there were approximately 48,582 active, 2,730 inactive vested, 14,946 inactive non-vested, and 40,974 retired members of the System. The System provides service, disability, death and vested deferred pension retirement benefits to its members and their beneficiaries. The Medical Subsidy Plan provides an offset or subsidy for retiree health premiums for a closed group of eligible participants. By law, all retirees must be provided the option to obtain retiree health benefits through their former employer's medical plan. However, the employer is not required to provide any funding for that benefit. For those eligible retirees who elect to receive health benefits through a former employer, the subsidy offsets some part of the cost of the health benefits for the retiree, the employer or both. The State, as an employer, funds the vast majority of costs related to retiree health. Therefore the medical subsidy from the System flows back to the State. See "HEALTH CARE COVERAGE FOR RETIRED EMPLOYEES."

The State and participating political subdivisions appropriate funding for the Plans based on percentage rates for each member's annual earnable compensation. These rates include a "normal contribution" rate and an "accrued liability contribution" rate and are based on biennial actuarial valuations. As required by law, beginning on July 1, 2009, a closed thirty-year period for amortization of the the Plan's unfunded liabilities implemented. The law was changed in 2018 to require implementation of layered amortization. The Plan's unfunded liability balance as of June 30, 2017 is being amortized over the remainder of the original closed thirty-year period, and the unfunded liabilities created by actuarial gains and losses in each 2-year period ending after June 30, 2017 will be amortized over periods of no more than 20 years. . The System also provides postemployment health benefit plan through the Medical Subsidy Plan. The Medical Subsidy Plan is effectively functioning on a pay-as-you-go basis. Medical subsidy payments are made by the System from a 401(h) subtrust on behalf of a closed group of eligible participants. Under current law, the cash outflow necessary to make benefit payments will continue until all benefits are paid. By law effective July 1, 2011, the maximum benefit payable is capped and the subsidy amount is not to be increased, provided, however, that all legislative provisions are subject to amendment or modification, within constitutional limits. Medical subsidy payments are made directly to former employers (State and local governments) and third party health insurance administrators to offset the cost of health insurance for the eligible retirees. The balance of the insurance premium is paid by either the retiree or the former employer, depending on the employer's policy. For information regarding additional health care benefits provided directly by the State for retired employees, see "HEALTH CARE COVERAGE FOR RETIRED EMPLOYEES" below.

Additional information pertaining to the Pension Plan is contained in the State's audited financial statements for the year ended June 30, 2021 at note 11 and in the Required Supplementary Information about the

System (page 107), which financial statements are included as Exhibit A to this Information Statement. The System's audited financial statements for the year ended June 30, 2021 are also included in the State's Annual Comprehensive Financial Report for the year ended June 30, 2021 (the "2021 State Annual Financial Report"), which report is also incorporated herein by reference and may be accessed at *https://das.nh.gov/accounting/reports.asp*. The 2021 State Annual Financial Report has also been filed with the EMMA and may be accessed at *http://emma.msrb.org.*

The System issues publicly available financial reports that may be obtained by requesting them in writing at 54 Regional Drive, Concord, NH 03301-8507 or from its website at *www.nhrs.org*. The System's Annual Comprehensive Financial Report for the year ended June 30, 2021 (the "2021 System Annual Financial Report") and the Annual Financial Report Schedules, GASB Statements Nos. 67 and 74 Plan Reporting and Accounting Schedules June 30, 2021 are currently available at *https://www.nhrs.org/funding-and-investments/reports-valuations/annual-report-archive,* along with the most recent full actuarial valuation, the Actuarial Valuation Report as of June 30, 2019 (the "2019 Actuarial Valuation").The Fiscal Year 2016-2019 Experience Study, which is the most recent available actuarial experience study, is also available at that website location. Similar reports for prior years are also available from the System at the addresses set forth above or at *www.nhrs.org.*

The Board of Trustees (the "Board") accepted the 2015 Actuarial Valuation on September 13, 2016, and used that valuation to certify the employer contribution rates for the 2018-2019 biennium at that same meeting. The Board accepted the 2017 Actuarial Valuation on September 11, 2018, and used that valuation to certify the employer contribution rates for the 2020-2021 biennium at that same meeting. The Board accepted the 2019 Actuarial Valuation on August 11, 2020, and used that valuation to certify the employer contribution rates for the 2022-2023 biennium at their meeting on September 8, 2020.

At its December 8, 2020 meeting, the Board accepted the 2020 System Annual Financial Report, and accepted the audited fiscal year 2021 Annual Financial Report at its December 14, 2021 meeting. See also *Results of Actuarial Valuations, GASB Statements No. 67 and 68, and GASB Statements No. 74 and 75* below.

Financing

The financing of the System is provided through both member and employer contributions from the State and political subdivisions. Effective July 1, 2011, the statutory member contributions equal 7% for all State and political subdivision employees and teachers, 11.55% for police members and 11.80% for fire service members. The employer contribution rate is based on a biennial actuarial valuation performed by an independent actuary and then certified by the NHRS Board of Trustees. The State Constitution provides that the employer contributions certified as payable to the System to fund the System's liabilities, as determined by "sound actuarial valuation and practice shall be appropriated each fiscal year to the same extent as is certified."

The Pension Plan is divided into two membership groups. Group I consists of State and local employees and teachers. Group II consists of firefighters and police officers. The Medical Subsidy Plan is divided into four membership groups: 1) State employees, 2) political subdivision employees, 3) teachers, and 4) police officers and firefighters. The State funds 100% of the employer cost for the Plans for all State employees and, prior to fiscal year 2010, the State funded 35% of the employer cost for teachers, firefighters and police officers employed by political subdivisions. Due to changes made in the 2009 legislative session, the State funded 30% of the employer cost for these three employee classes in fiscal year 2010 and 25% of the employer cost for such employees in fiscal year 2011. Pursuant to Chapter 224, Laws of 2011, effective July 1, 2011, the State no longer shares in the funding of local employer contributions, with the exception of a one-time payment of $3.5 million that was paid in fiscal year 2012.

The reduced percentage contribution for the State's share of local employers in fiscal years 2010 and 2011 reduced the State's aggregate contributions to the Plans in those years by $8.59 million and $18.73 million, respectively. The budget adopted for fiscal years 2012 and 2013 removed State funding for local employer contributions with the exception of $3.5 million in fiscal year 2012 noted above. As a result of significant legislative changes made in 2011 to pension eligibility, benefits and other provisions, coupled with increased member contributions, the State paid approximately $63.2 million less in fiscal year 2012 and $65.6 million less in fiscal year 2013 than would have been the case with no change in law and resumption of 35% State sharing of local employer contributions. The budgets adopted for fiscal years after 2013 did not include any State funding for local employer contributions. See "*Total Employer Contributions to NHRS*" tables below.

Chapter 224, Laws of 2011 included many changes to eligibility and pension benefits, primarily for new members and members that were not vested as of January 1, 2012. These changes were intended to reduce the future pension liability and include, but are not limited to:

- Increasing the retirement age for employees and teachers from 60 to 65.

- Increasing the minimum retirement age for police and fire from 45 with 20 years of service to 50 with 25 years of service.

- Average final compensation used to calculate pension benefits will be calculated using the highest five years' salary rather than the highest three years' salary. In addition, compensation in excess of base pay in the final years of service will not be included. Caps have been defined for maximum retirement benefits.

The Actuarially Determined Contribution ("ADC") (formerly referenced as the Annual Required Contribution or ARC) from the State to the NHRS shown below represents both Pension Plan and Medical Subsidy Plan contributions currently required by statute for both State employees and the State's share of employer contributions for local government employees. The contribution amounts are determined as a percentage of the payroll for eligible employees. Accordingly, the actual dollar amount of contributions in any year will vary from estimates to the extent the actual payroll varies.

Total Employer Contributions to NHRS (Pension and Medical Subsidy)
($ in millions)

			State Share					
Fiscal Year	**Total Employer**	**% of ADC**	**For State Employees**	**On Behalf of Local**	**Total**	**State Share % of Total**	**Local Share**	**Local Share % of Total**
2022*	$610.0	100%	$122.2	$0.0	$122.2	20%	$487.8	80%
2021	507.3	100%	100.6	0.0	100.6	20%	406.7	80%
2020	491.5	100%	98.2	0.0	98.2	20%	393.3	80%
2019	479.9	100%	97.4	0.0	97.4	20%	382.5	80%
2018	466.9	100%	92.8	0.0	92.8	20%	374.1	80%
2017	425.8	100%	90.2	0.0	90.2	21%	335.6	79%
2016	415.7	100%	87.1	0.0	87.1	21%	328.6	79%
2015	381.2	100%	85.0	0.0	85.0	22%	296.2	78%
2014	377.3	100%	80.8	0.0	80.8	21%	296.5	79%
2013	299.5	100%	66.0	0.0	66.0	22%	233.5	78%
2012	303.5	100%	70.2	3.5	73.7	24%	229.8	76%
2011	307.5	100%	73.6	44.3	117.9	38%	189.6	62%
2010	302.2	100%	74.5	51.5	126.0	42%	176.2	58%

*Amounts for 2022 are projected.
Note: State contributions are projected to continue to represent 20% of employer contributions in fiscal year 2023.

Starting in fiscal year 2007, changes were made to the way the Medical Subsidy Plan was accounted for and funded. For years prior to fiscal year 2008, and in accordance with State statute, 25% of employer contributions were credited to the 401(h) Medical Subsidy Subtrust when received; the Pension Plan was then made whole by transferring assets from a Medical Special Account to the Pension Plan. On the advice of NHRS counsel, the NHRS stopped this practice effective for fiscal year 2008.

As a result of this changed practice and as reported in the June 30, 2008 interim actuarial valuation, only 75% of the ARC was contributed in fiscal years 2008 and 2009. While the State and all other employers had consistently paid 100% of the rates certified by the NHRS Board of Trustees, the rates certified by the NHRS Board of Trustees in 2005 with respect to fiscal years 2008 and 2009 did not include a separate component for the funding of the Medical Subsidy Plan. At the time such rates were certified in 2005, the NHRS Board of Trustees was not aware that the Pension Plan would only be credited with 75% of the ARC for fiscal years 2008 and 2009.

2011-2015 Experience Study

On May 10, 2016 the Board of Trustees accepted an actuarial experience study (the "2011-2015 Experience Study") for the period July 1, 2010 through June 30, 2015. The 2011-2015 Experience Study contains related information regarding the System and can be accessed in its entirety at *https://www.nhrs.org/docs/default-source/actuarial/july-1-2010---june-30-2015-experience-study.pdf?sfvrsn=4.* In addition to demographic and economic assumptions recommended by the System's actuary, significant recommendations included reducing the 7.75% investment rate of return to within a range of 7.0% to 7.5% and reducing the 3.75% assumed payroll growth to within a range of 3.0% to 3.50%. The Board of Trustees voted on May 10, 2016 to adopt 7.25% as the assumed rate of return and a 3.25% payroll growth rate for all member groups except teachers, which was reduced to 2.75%, for developing the 2017 Actuarial Valuation.

2016-2019 Experience Study

On December 10, 2019, the Board of Trustees, in response to a recommendation from the System's actuarial consultant, voted to initiate the next actuarial experience study earlier than statutorily required to cover the four year period July 1, 2015 through June 30, 2019 (the "2016-2019 Experience Study). This action was taken to allow the changes in actuarial assumptions resulting from the experience study to be factored into the 2019 Actuarial Valuation, which was used to set the required contribution rates for fiscal years 2022 and 2023.

The draft 2016 -2019 Experience Study was presented by the actuarial consultant to the Board at its May 12, 2020 meeting, and the Board voted at its June 9. 2020 meeting to adopt revised actuarial assumptions as recommended by its actuaries. The revised assumptions included:

- Reduced the assumed rate of investment return from 7.25% to 6.75%
- Updated demographic assumptions, including merit and longevity salary increases, disability rates, retirement rates, and mortality tables (specifically the new public pension plan mortality tables).
- Reduced wage inflation from 3.25% to 2.75% (2.25% for teachers)
- Reduced price inflation from 2.5% to 2.0%
- Increased the medical subsidy margin for teachers from 0.20% to 0.50%

These new assumptions, which better reflect the retirement system's actual and anticipated experience, were used in the 2019 Actuarial Valuation. By statute, this valuation was used by the Board in September to certify employer contribution rates for fiscal years 2022 and 2023. The new demographic assumptions added $258.5 million to the UAAL, while the new economic assumptions added $680.4 million to the UAAL, for a total increase to the UAAL of $938.8 million. The 2016-2019 Experience Study contains related information regarding the System and can be accessed in its entirety at *https://www.nhrs.org/docs/default-source/actuarial/july-1-2015---june-30-2019-experience-study.pdf?sfvrsn=208f00b4_4.*

Results of Actuarial Valuations

In each year, the actuarial consultant for NHRS conducts valuations that provide the actuarial information necessary for inclusion in the Annual Financial Report schedules and located at https://www.nhrs.org/funding-and-investments/reports-valuations/annual-report-archive. Biennially in each odd-numbered year, the NHRS also has actuarial valuations for contribution rate setting purposes performed by the actuarial consultant, the results of which are used to determine the employer contribution rate for the next succeeding biennium. For example, the 2017 Actuarial Valuation was used to set required contributions for fiscal years 2020 and 2021, and the 2019 Actuarial Valuation was used to certify required contributions for fiscal years 2022 and 2023. The 2019 Actuarial Valuation was accepted by the Board at its August 11, 2020 meeting and the valuation was used to certify employer contribution rates for the fiscal year 2022-2023 biennium at the September 8, 2020 meeting pursuant to RSA 100-A:16, III. Overall, rates increased approximately 20 percent as compared to the most recent biennium, primarily due to adjustments to the actuarial assumptions adopted by the Board in June as a result of the 2016 -2019 Experience Study. See "2016-2019 Experience Study" above.

The net assets at actuarial value available to pay pension benefits as of June 30, 2021 were reported to be $10,268.3 million. The market value of pension net assets as of June 30, 2021 was approximately $1,261.0 million more than the actuarial value. The total pension accrued liability at June 30, 2021 was $15,991.2 million, resulting in an unfunded accrued actuarial liability ("UAAL") at June 30, 2021 of $5,722.9 million and a funded ratio of 64.2%. The net assets at actuarial value available to pay pension benefits as of June 30, 2020 were reported to be $9,447.8 million. The market value of pension net assets was approximately $351.9 million less than the actuarial value. The total pension accrued liability at June 30, 2020 was $15,488 million, resulting in an unfunded accrued actuarial liability ("UAAL") at June 30, 2020 of $6,040.2 million and a funded ratio of 61.0%.

Effective July 1, 2007 the System's actuarial cost method changed from the open group aggregate cost method to the more widely used entry age normal cost method. The total liabilities since that date have been determined using the entry age normal actuarial cost method and, up until 2018, a 30-year closed amortization of the unfunded accrued actuarial liability. Due to the fact that contributions for any particular fiscal year are determined by actuarial valuation performed up to four years prior to a particular year, the contributions that reflect the original 30-year UAAL amortization began with fiscal year 2010. In 2018, legislation was enacted to recognize actuarial gains and losses incurred after July 1, 2017, over closed periods of no more than 20 years. This is referred to as "layered amortization" of the UAAL. The outstanding UAAL balance as of June 30, 2017, referred to as the "Initial UAAL," remains scheduled to be paid by 2039. New two-year layers will be established as they occur in future biennial valuations and will be amortized over separate periods of no more than 20 years. This approach will spread future actuarial gains and losses more evenly over time, avoid some of the potential employer contribution rate volatility as 2039 approaches, and provide a basis to deal with gains and losses incurred beyond 2039.

Actuarial Valuations can be viewed in their entirety at *http://www.nhrs.org/funding-and-investments/reports-valuations/annual-report-archive.*

The actuary for the Plans uses several actuarial assumptions including the current investment return rate at 6.75% (and 2.75% for Medical Subsidy Plan for funding purposes) and the payroll growth rate at 2.75% (2.25% for teachers). The actuary also uses so-called "smoothing," whereby the difference between the market value of assets and the actuarial value of assets is smoothed over the previous five years to offset the effects of volatility of investment returns on market values in any single year. In addition, the NHRS uses a 20% "corridor" in order to prevent the smoothed value from varying too far from market. The use of the 20% corridor means that very large gains and losses (i.e., ones that would produce a smoothed value that is more than 20% higher or lower than the actual market value) will not be presumed to be completely transitory and will be reflected immediately in funding. For example, the use of the corridor in the 2009 actuarial valuations for the Plans lowered the actuarial value of assets that would have otherwise been established in its absence and thus raised the required employer contribution rates in fiscal years 2012 and 2013.

The NHRS medical subsidy UAAL with the actuarial assumptions accepted by the Board as part of the 2016 - 2019 Experience Study, was $569.8 million as of June 30, 2021, which represented a decrease of approximately $48.7 million as compared to the UAAL as of June 30, 2020 of $618.5 million. This liability is separate and in addition to the State's other postemployment benefits ("OPEB") liability discussed under "HEALTH CARE COVERAGE FOR RETIRED EMPLOYEES."

Employer contribution rates depend on actuarial assumptions and plan experience. As described above, the assumptions for the investment rate of return, rate of inflation, and rate of payroll growth were changed following the acceptance of the 2016-2019 experience study to 6.75%, 2.0%, and 2.75% (2.25% for teachers), respectively. These assumptions were used beginning with the 2019 Actuarial Valuation. All actuarial assumptions will be re-examined as part of the next Experience Study, which is scheduled to cover the period 2020-2023.

New Hampshire Retirement System
Pension and Medical Subsidy Plan Assumptions

	Pension Plan	Medical Subsidy Plan
Actuarial Cost Method	Entry age normal	Entry age normal
Amortization Method	Level percentage of payroll, closed	Level percentage of payroll, closed
Amortization Period	Original UAAL 30 years from 7/1/2009; each biennial layer after 6/30/17 no more than 20 years	*
Asset valuation method	5-year smoothed market	5-year smoothed market
Actuarial Assumptions:		
Investment rate of return*	6.75%	2.75%
**Price Inflation*	2.0%	2.0%
Rate of Payroll Growth	2.75% (2.25% for teachers)	2.75% (2.25% for teachers)
Valuation Health Care Trend Rate	N/A	N/A-The Medical Subsidy Plans provide a specific dollar subsidy to be used for health care. Effective July 1, 2008, the annual increase will be 0.0%.

* Because the Medical Subsidy Plan is effectively a pay-as-you-go benefit provided to a closed group of eligible participants, the contribution needed to fund the benefits on a pay-as-you-go basis is intended to meet or exceed the contribution that would be otherwise necessary to amortize the liability under a 30-year amortization period.

The rates for fiscal years 2014 and 2015 were certified by the Board on September 11, 2012 following acceptance of the 2011 Actuarial Valuation on July 10, 2012, ahead of the October 1, 2012 statutory requirement. The rates for 2016 and 2017 were certified by the Board of Trustees on September 9, 2014. The rates for 2018 and 2019 were certified by the Board of Trustees on September 13, 2016. The rates for 2020 and 2021 were certified by the Board on September 11, 2018, and the rates for 2022 and 2023 were certified by the Board on September 8, 2020.

Combined Employer Contribution Rates for Pension Plan and Medical Subsidy Plan For Fiscal Years 2014-2023 Certified by the NHRS Board

	Certified				
	2014 and 2015	2016 and 2017	2018 and 2019	2020 and 2021	2022 and 2023
Employees					
State	12.13%	12.50%	12.15%	11.93%	14.53%
Political Subdivisions	10.77	11.17	11.38	11.17%	14.06%
Teachers	14.16	15.67	17.36	17.80%	21.02%
Police					
State	25.40	26.38	29.43	28.43%	33.88%
Political Subdivisions	25.40	26.38	29.43	28.43%	33.88%
Fire					
State	27.85	29.16	31.89	30.09%	32.99%
Political Subdivisions	27.74	29.16	31.89	30.09%	32.99%

Contribution rates for employees are set in set in State statute and go towards funding the “normal” cost of benefits. The employer contribution rates are established at levels necessary to fund both the remaining portion of the “normal” cost and the amortization of the UAAL. Most of the employer contribution rates relate to the UAAL amortization. For example, for fiscal years 2022 and 2023, the UAAL portion of the employer contribution rate, as a percentage of covered payroll, for State Employees is 11.17%, for State police is 23.95% and State fire is 22.71%.

The remaining amortization of the initial UAAL, as a level percentage of payroll, over the current amortization period that ends in fiscal year 2039 will require increasing amounts of annual employer contributions. The 2019 Actuarial Valuation projected that the UAAL payment for the pension plan would increase from approximately $352 million in fiscal year 2021 to approximately $715 million in fiscal year 2039, the last year of the closed initial UAAL amortization period. This projection assumes a 6.75% actuarial rate of return. In addition, actual experience will likely differ from the assumptions used in each actuarial valuation and the actual amounts to be contributed with respect to "normal costs" and the UAAL amortization may be higher or lower than currently projected and, depending upon actual future circumstances, such variances could be material. The State's share of total employer contributions to the System for the years ended June 30, 2020 and 2021 was approximately 20% and is expected to remain at 20% for fiscal years 2022 and 2023. The State's share in future years may vary. See "*GASB Statements No. 67 and 68"* below.

The following tables provide a ten-year history of funded ratios based on actuarial value of assets separated for the Pension Plan and the Medical Subsidy Plan. Fiscal year 2011 legislation authorized the transfer of all but funds needed to pay the temporary supplemental annuity (TSA) payment due July 1, 2012 from the Special Account to the Pension Plan. Fiscal year 2012 legislation repealed the Special Account as of July 1, 2012. The purpose of the Special Account was to fund additional benefits, such as cost of living adjustments (COLAs). Special Account assets are not included in the Ten Year History of Pension Plan Funding Status table below for years prior to 2012. Fiscal year 2018 legislation authorized a TSA payment to retirees that met certain criteria. This TSA was generally funded by the State at a cost of $3.9 million and was paid to approximately 7,795 eligible retirees. Legislation enacted in 2019 (House Bill 616) granted a one-time, 1.5% COLA on the first $50,000 of an annual pension benefit to members who retired on or before July 1, 2014, or any beneficiary of such member who is receiving a survivorship pension benefit. The COLA will take effect on the retired member's first anniversary date of retirement occurring after July 1, 2020. COLAs and other supplemental allowances are not automatic every year. The Legislature must vote on what, if any, COLAs or other allowances will be granted. This is the first COLA since 2010. The COLA will be funded over 20 years through an increase in employer contribution rates that will begin in fiscal year 2022.

NEW HAMPSHIRE RETIREMENT SYSTEM
TEN YEAR HISTORY OF PENSION PLAN ACTUARIAL FUNDING STATUS
FISCAL YEARS 2012-2021
(All Dollar Amounts in Thousands)

Actuarial Valuation Date (June 30)	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio
2021	$10,268,313	$15,991,215	$5,722,902	64.2%
2020	9,447,838	15,488,015	6,040,177	61.0
2019	9,121,933	15,014,165	5,892,232	60.8
2018	8,710,939	13,703,148	4,992,209	63.6
2017	8,165,684	13,208,449	5,042,765	61.8
2016	7,636,066	12,732,866	5,096,800	60.0
2015	7,280,761	12,303,636	5,022,875	59.2
2014	6,700,554	11,045,174	4,344,620	60.7
2013	6,070,681	10,708,768	4,638,087	56.7
2012	5,817,882	10,361,600	4,543,718	56.1

Note: Liabilities were determined under the entry age normal actuarial cost method.

Source: Information for fiscal years 2016, 2018, 2020, and 2021 is shown in the Annual Financial Report Schedules and GASB Statement 67 Plan Reporting and Accounting Schedules prepared by the NHRS actuarial consultant for each respective year. Information for fiscal year 2012 – 2015, 2017, and 2019 are shown in the respective Actuarial Valuation reports prepared by the NHRS actuarial consultant for those respective years.

NEW HAMPSHIRE RETIREMENT SYSTEM
TEN-YEAR HISTORY OF MEDICAL SUBSIDY PLAN FUNDING STATUS
FISCAL YEARS 2012-2021
(All Dollar Amounts in Thousands)

Actuarial Valuation Date (June 30)	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio
2021	$44,369	$614,194	$569,824	7.2%
2020	38,125	656,648	618,522	5.8
2019	36,646	706,339	695,424	5.3
2018	36,777	689,577	652,800	5.3
2017	38,853	696,548	657,695	5.6
2016	27,350	730,132	702,782	3.7
2015	19,515	761,342	741,827	2.6
2014	21,246	714,104	692,858	3.0
2013	21,823	731,872	710,049	3.0
2012	24,317	752,759	728,442	3.2

Note: Liabilities were determined under the entry age normal actuarial cost method.

Source: Information for fiscal years 2016, 2018, 2020, and 2021 is shown in the Annual Financial Report Schedules and GASB Statement 75 Plan Reporting and Accounting Schedules prepared by the NHRS actuarial consultant for those respective years. Information for fiscal years 2012 – 2015, 2017, and 2019 is from the Actuarial Valuation Report prepared by the NHRS actuarial consultant for those respective years.

GASB Statements No. 67 and 68

GASB Statements No. 67 and 68, issued on June 30, 2012, set forth new standards that modified the accounting and financial reporting of the State's pension obligations. The standards for governments that provide employee pension benefits require the State to report in its statement of fiduciary net position a net pension liability, defined as the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted for the payment of benefits to current employees, retirees and their beneficiaries. The standards require immediate recognition of more pension expense than was previously required. The rate used to discount projected benefit payments to their present value is based on a single rate that reflects (a) the long-term expected rate of return on plan investments as long as the plan net position is projected under specified conditions to be sufficient to pay pensions of current employees and retirees and the pension plan assets are expected to be invested using a strategy to achieve that return or (b) a yield or index rate on tax-exempt 20-year AA-or-higher rated municipal bonds to the extent that the conditions for use of the long-term expected rate of return are not met. The Plan meets the criteria in (a) and the assumed rate of return of 7.75% in place at that time as established by the Board was initially used as the discount rate. The discount rate in effect at the time the fiscal year calculations were made was 7.25%. The new standards were effective for the System in fiscal year 2014 and for the State in fiscal year 2015. (See State of New Hampshire Annual Financial Report Notes to the Basic Financial Statements: Note 1, Section U and Note 11). NHRS has reflected the new GASB Statement 67 requirements beginning in the fiscal year 2014 Annual Financial Report that was issued in December 2014. The initial GASB Statement 68 report was issued using June 30, 2014 data. GASB Statement 68 reports are available on the NHRS website at: *https://www.nhrs.org/employers/employer-resources/gasb/gasb-reports.*

The Pension Plan is a cost-sharing, multiple-employer plan. Accordingly, the State's obligation with respect to the Pension Plan is a proportionate share, as determined in accordance with GASB Statement 67 and GASB Statement 68. For the Pension Plan as a whole, the Total Pension Liability ("TPL") and Pension Plan's fiduciary net position reported as of June 30, 2021 were approximately $15,955.8 million and $11,523.9 million, respectively, resulting in a Net Pension Liability ("NPL") of approximately $4,431.9 million reported as of June 30, 2021. As of June 30, 2020 the TPL and fiduciary net position reported by the System were approximately $15,493.5 million and $9,097.4 million, respectively, resulting in an NPL of approximately $6,396.1 million reported as of June 30, 2020.

GASB Statement 67 requires that a Pension Plan's reporting date must be identical to its measurement date; however, GASB Statement 68 allows employers to have a measurement date up to one year before their reporting date, so there is a one year lag between the Plan's reporting date and the State's reporting date. For the System's NPL reported as of June 30, 2021, the portion allocable to the State according to the unaudited fiscal year 2021 results is $869.0 million and will be reported in the 2022 State Annual Financial Report. For the System's NPL reported as of June 30, 2020, the portion allocable to the State was approximately $1,267.3 million and was reported in the 2021 State Annual Financial Report. For the System's NPL reported as of June 30, 2019 the portion allocable to the State was approximately $961.7 million and was reported in the 2020 State Annual Financial Report.

The System did not experience a "crossover date" in connection with determination of the NPL and accordingly, the measurement of the State's NPL for both fiscal years 2018 and 2019 assumes a 7.25% discount rate which was the same as the expected rate of return of Plan investments for the System at that time. The fiscal year 2019 Annual Financial Report was issued before the completion of the 2016-2019 Experience Study and the 2019 Actuarial Valuation, so the expected rate of return was still at 7.25%. In fiscal years 2020 and 2021, the System also did not experience a "crossover date" in connection with determination of the NPL and accordingly, the measurement of the State's NPL for fiscal years 2020 and 2021 assumes a 6.75% discount rate which is the same as the current expected rate of return of Plan investments for the System. The rate of return on the market value of assets for the fiscal year ended June 30, 2018 was 8.9%, for the fiscal year ended June 30, 2019 was 5.7%, for fiscal year ended June 30, 2020 was 1.1%, and for the fiscal year ended June 30, 2021 was 29.4%.

The NPL can fluctuate from year to year. The major contributors for fluctuations in the NPL are the difference between the projected and actual earnings on investments, the difference between expected and actual experience, changes in benefits and changes in assumptions.

Implementation of GASB Statement 68 also requires setting forth the sensitivity of the NPL using an assumed discount rate that is one percentage point lower and one percentage point higher than the current rate. For the State's portion of the Plan's NPL reported as of June 30, 2021, a 1% decrease in the discount rate would increase the State's projected NPL, according to the unaudited fiscal year 2021 results, from $869.0 million to approximately $1,242.7 million while a 1% increase in the discount rate would decrease the State's NPL to approximately $557.2 million. For the Plan's reported NPL as of June 30, 2020, a 1% decrease in the discount rate would increase the State's NPL from $1,267.3 million to approximately $1,640.7 million and a 1% increase would lower it to approximately $962.3 million.

While GASB Statement 68 changes the way state and local governments report pension benefits in their financial statements it does not impact pension funding requirements or contribution amounts. To date, the State has generally contributed to the System 100% of the amounts required to be so contributed, as determined in accordance with actuarial valuations.

GASB Statements No. 74 and 75

GASB Statements No. 74 and 75, issued on June 30, 2015, set forth new standards that modified the accounting and financial reporting of the State's Postemployment Benefit Plans Other Than Pension Plans (OPEB), including the System's Medical Subsidy Plan. See "HEALTH CARE COVERAGE FOR RETIRED EMPLOYEES" for information regarding the State's OPEB liability. The following discussion in this section pertains to the System's Medical Subsidy Plan.

The new standards for governments that provide postemployment benefits other than pensions require the State to report in its statement of fiduciary net position a net OPEB liability, defined as the difference between the total OPEB liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted for the payment of OPEB to current employees, retirees and their beneficiaries. The new standards require immediate recognition of more OPEB expense than was previously required. The rate used to discount projected benefit payments to their present value is based on a single rate that reflects (a) the long-term expected rate of return on plan investments as long as the plan net position is projected under specified conditions to be sufficient to pay OPEB of current employees, retirees and beneficiaries and the OPEB plan assets are expected to be invested using a strategy to achieve that return or (b) a yield or index rate on tax-exempt 20-year AA-or-higher rated municipal bonds to the extent that the conditions for use of the long-term expected rate of return are not met. The Medical Subsidy Plan meets the criteria in (a) and the assumed rate of return of 7.25% as established by the Board was used as the discount rate. The new standards were effective for the System in fiscal year 2017 and for the State in fiscal year 2018. NHRS has reflected the new GASB Statement 74 requirements beginning in the System's fiscal year 2017 Annual Financial Report that was issued in December of 2017 and continued into the 2018 System Annual Financial Report issued in December of 2018. In June of 2018, the initial GASB Statement 75 report was issued with a reporting date of June 30, 2017 using June 30, 2016 data, and in January of 2019 the GASB Statement 75 report with a reporting date of June 30, 2018 was issued. GASB Statements 74 and 75 reports are available on the NHRS website at: *http://www.nhrs.org/employers/employer-resources/gasb/gasb-reports.*

The Medical Subsidy Plan is a cost-sharing, multiple-employer plan. Accordingly, the State's obligation with respect to the Medical Subsidy Plan is a proportionate share, as determined in accordance with GASB Statement 74 and GASB Statement 75. For the Medical Subsidy Plan as a whole, the Total OPEB Liability ("TOL") and Medical Subsidy Plan's fiduciary net position reported as of June 30, 2021 were approximately $450.3 million and $49.8 million, respectively, which results in a Net OPEB Liability ("NOL") of approximately $400.5 million as of June 30, 2021. As of June 30, 2020, the TOL and Medical Subsidy Plan's fiduciary net position reported were approximately $474.4 million and $36.7 million, respectively, which results in a Net OPEB Liability ("NOL") of approximately $437.7 million as of June 30, 2020. GASB Statement 74 requires that System's Medical Subsidy Plan reporting date must be identical to its measurement date; however, GASB Statement 75 allows employers to have a measurement date up to one year before their reporting date, there is a one-year lag between the System's Medical Subsidy Plan reporting date and the State's reporting date. For the System's TOL reported as of June 30, 2021, the portion allocable to the State, according to unaudited fiscal year 2021 results, was approximately $83.2 million and will be reported in the 2022 State Annual Financial Report. For the System's TOL reported as of June 30, 2020, the portion allocable to the State was approximately $91.6 million and was reported in the 2021 State Annual Financial Report.

The System did not experience a "crossover date" in connection with determination of the NOL and accordingly, the measurement of the State's NOL for fiscal year 2018 and 2019 assumed a 7.25% discount rate, which was the same as the expected rate of return of Pension Plan investments for the System at that time. According to the unaudited fiscal year 2020 results, the System also did not experience a "crossover date" in connection with determination of the NOL and accordingly, the measurement of the State's NOL for fiscal years 2020 assumes a 6.75% discount rate which is the same as the current expected rate of return of Plan investments for the System. The rate of return on the market value of assets for the fiscal year ended June 30, 2018 was 8.9%, for the fiscal year ended June 30, 2020 was 1.1%, and for fiscal year ended June 30, 2021 was 29.4%.

The NOL can fluctuate from year to year. The major contributors for fluctuations in the NOL are the difference between the projected and actual earnings on investments, the difference between expected and actual experience, changes in benefits and changes in assumptions.

Implementation of GASB Statement 75 also requires setting forth the sensitivity of the State's NOL using an assumed discount rate that is one percentage point lower and one percentage point higher than the current rate. For the State's portion of the Medical Subsidy Plan's NOL reported as of June 30, 2021, according to unaudited fiscal year 2021 results, a 1% decrease in the discount rate would increase the State's portion of the NOL from approximately $83.2 million to approximately $90.5 million while a 1% increase in the discount rate would decrease the State's NOL to approximately $76.9 million. For the NOL reported as of June 30, 2020, a 1% decrease would increase the State's portion of the NOL with respect to the Medical Subsidy Plan from approximately $91.6 million to approximately $99.5 million and a 1% increase would lower it to approximately $84.8 million. GASB Statement 74 also requires setting forth the sensitivity of the NOL to the healthcare cost trend assumption. However, since the Medical Subsidy benefits are a fixed stipend, there is no sensitivity to change in the healthcare cost trend assumption and no such analysis is required.

While GASB Statement 75 changes the way state and local governments report postemployment benefits other than pensions in their financial statements, it does not impact OPEB funding requirements or contribution amounts. To date, the State has generally contributed to the System 100% of the amounts required to be so contributed, as determined in accordance with actuarial valuations. The GASB Statement 75 report issued by the System is solely limited to liabilities attributable to the Medical Subsidy Plan and does not include other medical benefit liabilities for insurance provided to State employees or retirees. See “HEALTH CARE COVERAGE FOR RETIRED EMPLOYEES.”

Investments

RSA 100-A:15, I, provides separate and specific authorities to the Board and the Independent Investment Committee for the management of the funds of the Plans and charges them with exercising the judgment and care under the circumstances then prevailing, which persons of prudence, discretion and intelligence, acting in a like capacity and familiar with such matters, would use in the conduct of a pension plan of like character and with like aims of the Plans.

Fiscal year 2010 marked the first full reporting period for which the Independent Investment Committee (the “Committee”) conducted oversight and management of the investment program. Prior to January 1, 2009, the Board served as the NHRS Investment Committee. On that date, the Committee assumed its responsibilities in accordance with the provisions of RSA 100-A:14-b. The Committee is responsible for: investing in accordance with policies established by the Board; making recommendations to the Board regarding investment consultants, asset allocation, and other policy matters; selecting investment managers, agents, and custodial banks; and reviewing performance. The Committee, which meets monthly, is comprised of six members: three independent members and an active (non-voting) member of the retirement system appointed by the Governor and Executive Council, and two members of the Board appointed by the Chair of the Board. All are statutorily required to have significant experience in institutional investment or finance.

State law requires that the Committee provide a comprehensive annual investment report. The report for the fiscal year ended June 30, 2021 was approved and accepted by the NHRS Board of Trustees at its December 14, 2021 meeting.

The target allocation and range for each asset class, as most recently adopted by the Board on May 14, 2019 are as follows:

Asset-Class	Target Allocation	Allocation Range
Domestic Equity	30%	20 – 40%
Non-U.S. Equity	20	15 – 25
Fixed Income	25	20 – 30
Real Estate	10	5 – 20
Alternative Investments	15	5 – 25

Performance returns shown below are calculated on a net-of-fees time-weighted rate of return basis.

Annualized Investment Returns

Asset Class	**Percent of Assets**	**Periods Ending June 30, 2021**			
		1-Year	**3-Years**	**5-Years**	**10-Years**
Total Fund	100.0%	29.4%	11.4%	11.3%	9.3%
Total Fund Custom Index		*24.3%*	*12.0%*	*11.1%*	*9.5%*
Domestic Equity	31.0%	46.8%	16.0%	16.4%	13.6%
*Domestic Equity Blended Benchmark**		*40.8%*	*18.7%*	*17.7%*	*14.8%*
Non-US Equity	18.9%	33.4%	9.0%	10.9%	5.6%
*Non-US Equity Blended Benchmark**		*35.7%*	*9.4%*	*11.1%*	*5.5%*
Fixed Income	19.4%	5.9%	6.3%	4.6%	4.4%
*Fixed Income Blended Benchmark**		*1.1%*	*5.6%*	*3.5%*	*3.7%*
Real Estate	9.8%	15.9%	8.7%	9.1%	11.2%
*Real Estate Blended Benchmark**		*7.1%*	*4.6%*	*5.6%*	*8.7%*
Alternative Investments	19.3%	39.4%	14.4%	13.2%	9.5%
*Alternative Investments Blended Benchmark**		*31.9%*	*15.8%*	*13.6%*	*14.6%*
Cash	1.6%	0.1%	1.4%	1.3%	0.7%
91 Day Treasury Bills		*0.1%*	*1.3%*	*1.2%*	*0.6%*

* In a dynamic market, strategies and objectives evolve over time. Consequently, these benchmarks are blended due to historical investment strategy decisions. Detailed descriptions of the benchmarks above are available by contacting NHRS.

Ten-Year History Actuarial Value vs. Market Value of Assets

The Actuarial (Funding) Value of Assets recognizes assumed investment income fully each year. Differences between actual and assumed investment income are phased in over a closed five-year period. During periods when investment performance exceeds the assumed rate, Funding Value of Assets will tend to be less than market value. During periods when investment performance is less than the assumed rate, Funding Value of Assets will tend to be greater than market value. The Funding Value of Assets is unbiased with respect to Market Value. At any time it may be either greater or less than Market Value. If assumed rates are exactly realized for four consecutive years, it will become equal to Market Value. Based on actuarial principles, Final Funding Value of Assets may not be less than 80% nor more than 120% of Market Value of Assets.

The table below presents a ten year history of actuarial rates of return and asset values and market value rates of return and asset values. Assets are valued on a market-related basis that recognizes each year's difference between actual and assumed investment return over a closed five year period.

The asset values presented below include all assets in the NHRS Plan Trust. Prior to June 30, 2012, total plan assets included the Special Account assets that were available pursuant to RSA 100-A:16, II(h) to provide additional benefits such as cost-of-living adjustments. The Special Account was repealed in the 2011 legislative session. The Special Account assets were not used in calculating the funded ratios of the Pension and Medical Subsidy Plans prior to June 30, 2012 because those assets were not available to pay the corresponding liabilities. Accordingly, Special Account assets are not included in the Ten Year funding status tables found in the "Results of Actuarial Valuation" section for years prior to 2012.

New Hampshire Retirement System
Pension and Medical Subsidy
Actuarial Value vs. Market Value
Fiscal Years 2012 to 2021

Fiscal Year	**Actuarial Rate of Return**	**Actuarial Value of Assets**	**Market Value Rate of Return**	**Market Value of Assets**
	(Per Actuarial Valuation Reports)[1]	(in thousands)	(NHRS Annual Financial Reports)	(in thousands)
2021	10.82%	$10,312,682	29.4%	$11,573,674
2020	5.54	9,485,964	1.1	9,134,076
2019	6.55	9,158,579	5.7	9,207,615
2018	8.40	8,747,715	8.9	8,874,175
2017	9.11	8,204,537	13.5	8,293,261
2016	6.83	7,663,416	1.0	7,460,945
2015	10.72	7,300,276	3.5	7,530,056
2014	12.28	6,721,799	17.6	7,414,062
2013	7.12	6,092,504	14.5	6,428,009
2012	3.22	5,846,570	0.9	5,774,343

(1) Fiscal years 2016 and later actuarial information in the table above is from the respective Annual Financial Report & GASB Statement 67 Plan Reporting & Accounting Schedules. The fiscal year 2015 actuarial information is from the June 30, 2015 Actuarial Valuation Report with assumptions updated from the 2015 Experience Study. Both reports were prepared by the System's actuarial consultant.

Current Market Conditions

Since June 30, 2008, the liquidity crisis in the credit, housing and mortgage markets blossomed into a global economic crisis of significant proportions. Both U.S. and global investment markets experienced significant declines since June 30, 2008. Investment results since June 30, 2009 have improved, and despite market selloff in 2020 in response to the COVID-19 pandemic, the market value of net assets available for benefits has recovered to $11.5 billion as of June 30, 2021. (It should be noted that future contributions to the System will be based upon the actuarial value of the System's assets, not market value, and such actuarial values will differ from market value.) For the twelve months ending June 30, 2021, the System's total fund net-of-fees investment return (at market) was 29.4%. The System is a long-term investor. No prediction can be made of the short-term or long-term investment prospects for the System's investment portfolio.

Legislative Activity

The State has enacted various legislative changes in recent years in order to address certain issues pertaining to the System, including, among other matters, the level of benefits to be received by retirees and the contributions required to be made by employers and employees.

The 2022 legislative session is under way, and there have been some proposals that if passed would impact the System. The most significant active proposal is potential legislation that would:

- Provide that the state shall pay 7.5 percent of local employer contributions for Group I teachers and Group II police and fire members.

- Establish an initial cost-of-living adjustment of 1.5 percent in 2022, and subsequent increases subject to the prior approval of the NHRS Board of Trustees, to be paid by the retirement system on the first $30,000 of an eligible retiree's or beneficiary's pension benefit.

- Modify the calculation of compensation paid in excess of the full base rate of pay under the definition of Average Final Compensation for Group II members hired on or after July 1, 2011, or who had not attained vested status prior to January 1, 2012.

- Allow certain retirement system members to purchase nonqualified service time as group II creditable service in order to reduce certain transition provision requirements for retirement.

- Link the recalculation of a Group I retiree's annuity to his or her full retirement age under the federal Social Security system.

- Establish a procedure for political subdivision members of the retirement system to vote to withdraw from participation for its Group I employees hired after the effective date of the vote.

The System cannot predict if this proposal will be enacted into law or what additional changes, if any, may be proposed.

During the 2020 and 2021 legislative sessions, no substantive legislation modifying NHRS statutes was enacted.

The 2019 legislative session included, but was not limited to, legislation that:

- Granted a 1.5% cost-of-living adjustment (COLA) on the first $50,000 of the pension benefit to retirees who retired on or before July 1, 2014, or any beneficiary of such member who is receiving a pension benefit. The COLA took effect on the retired member's first anniversary date occurring after July 1, 2020.
- Required that the annual costs to the retirement system of preparing statutorily required fiscal analysis of proposed legislation be reimbursed to NHRS by the state. These costs relate mainly to actuarial fees.
- Classified annual attendance stipends or bonuses as earnable compensation for NHRS provided that they are paid pursuant to a collective bargaining agreement, personnel policy, or other agreement applicable to substantially all employees and the amount of which is determined by reference to the amount of sick days an employee used in the calendar or fiscal year. The legislation also enabled summer adjunct wages earned by full-time community college faculty to be included as earnable compensation.

Retirement Benefits for Certain Legislative and Constitutional Officers

The Legislature established in 1986 a one-time provision to pay retirement benefits to certain legislative and constitutional officers pursuant to RSA 14:27-c (the "Constitutional Retiree Plan"). The plan covers the full-time sergeant at arms, clerk, or assistant clerk of the house of representatives or the senate who is in office on the effective date of the legislation and the full-time secretary of state, deputy secretary of state, or state treasurer who is in office on the effective date of the legislation. None of these officials are otherwise covered by the System. Upon leaving State service, the officers are entitled to all the same benefits as provided to members of the New Hampshire retirement system group I, except that after 10 years' service the officer shall be vested at 30 percent of final compensation, and 2 percent more each year thereafter of final year compensation. Each officer shall pay to the general fund an amount equal to 4.6 percent of the actual salary received during their years of service.

Administration of the retirement contributions and benefits for the eligible legislative and constitutional officers is the responsibility of the Commissioner of DAS. In past years (1994-2002), the DAS Commissioner provided each officer with a benefit calculation, and payments are being made currently to four officers (or surviving spouse, as applicable). Funding of the annual retirement benefit payments, as well as the State's portion of retiree healthcare costs, is funded from the General Fund. These benefits are funded on a pay-as-you-go basis through a warrant, as the Governor is authorized by RSA 14:27-c, VII to draw the warrant from funds otherwise not appropriated. Annual appropriations for the entire plan average approximately $250,000.

In January 2022, the last eligible Constitutional Officer retired from State service. As such, the State has engaged an actuarial firm to conduct the benefit calculations for this retiree and any spouse/survivor beneficiary. These calculations have not been completed, however it is anticipated that annual appropriations for the plan will increase significantly, with the addition of this last retiree.

HEALTH CARE COVERAGE FOR RETIRED EMPLOYEES

In addition to pensions, many state and local governmental employers provide Other Post-Employment Benefits (OPEB) as part of the total compensation offered to attract and retain qualified employees. OPEB includes post-employment healthcare, as well as other forms of post-employment benefits (for example, life insurance) when provided separately from a pension plan. From an accrual accounting perspective, the cost of OPEB, like the cost of pension benefits, generally should be associated with the periods in which the exchange occurs (matching principle), rather than with the periods (often many years later) when benefits are paid or provided. However, in current practice, most OPEB plans are financed on a pay-as-you-go basis.

GASB Statement No. 74 and 75 were promulgated to address the reporting and disclosure requirements for OPEB. GASB Statement No. 74, Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans, requires the NHRS to disclose its post-employment health benefit medical subsidy program ("Medical Subsidy Plan") on its financial statements. GASB Statement No. 75, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions, paragraph 4, requires the State to disclose its actuarially determined, long-term, self-insured cost of retirement health care obligations (Total OPEB Liability) for the State Employee and Retiree Health Benefit Plan ("State OPEB Plan") on its balance sheet if assets are not accumulated in a trust.

The Total OPEB Liability recorded as of June 30, 2022 is $2 billion. In calculating the Total OPEB Liability, the State used a measurement date of June 30, 2021, which was determined based upon the results of the actuarial valuation as of December 31, 2020 with updated assumptions required under GASB Statement No. 75. Assumptions include the use of the Municipal Bond Index rate as the discount rate of 2.16% as of June 30, 2021. The State OPEB Plan is a primary government, single employer plan with component units. Therefore, the State, as the primary government, has recorded a Total OPEB Liability on its balance sheet of $1.9 billion as of June 30, 2021. The remaining amount of $110.7 million is allocable to component units of the State.

GASB Statement No. 75 also requires the State to record its proportionate share of the Net OPEB Liability (NOL) of the NHRS Medical Subsidy Plan discussed earlier. NHRS administers a cost-sharing multiple employer defined benefit post-employment healthcare plan for qualified retired members. This plan has assets accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75. Therefore, the State has recorded a NOL of $86.9 million as of June 30, 2021 for its share. The State's proportionate share of 19.8% represents the projected long-term share of contributions to the Medical Subsidy Plan relative to the projected contributions of all participating entities, as determined by NHRS actuaries.

The State OPEB Plan is administered under State law which provides health care benefits for certain retired State employees. Substantially all of the State's Group I employees hired on or before June 30, 2003 may become eligible for these benefits at 60 years of age after attainment of ten years of State creditable service if they elect to receive pension payments on a periodic basis rather than as a lump sum. Group I employees hired on or after July 1, 2003 must attain 20 years of State creditable service and be 60 years of age (65 if hired on or after July 1, 2011) in order to be eligible for retiree health benefits. Group II (Police and Fire) employees are subject to somewhat different age and creditable service requirements, as are certain Group I employees with 30 years of creditable service. Group I and Group II employees, or surviving spouses if applicable, may also qualify for retiree health benefits as the result of job-related accidental disability or death or non-job related disability or death. Similar benefits for active employees are authorized by RSA 21-I:30 and are provided through the Fund.

By law, the Plan is required to be administered within the limits of the funds appropriated. Each year, the State works with its actuary to develop working rates, or premiums, that are projected to cover the cost of retiree health care for the calendar year. The State collects the working rates from the appropriate State agencies and other statutorily authorized groups, as well as from other sources, and deposits all revenues into the Employee and Retiree Benefit Risk Management Fund (the "Fund"), established in October 2003, which finances the State OPEB Plan on a pay-as-you-go basis. As required by RSA 21-I:30-b, (I)a, the Fund includes a reserve equal to at least 3% of the estimated annual self-insured claims and administrative expenses. However, to account for claims volatility, the State currently maintains a statutory reserve of approximately 5% of estimated annual self-insured claims and administrative expenses for the Retiree Health account. In addition, as required by law, the State maintains an incurred but not reported (IBNR) amount that is calculated by the State's actuary. The State maintains amounts that exceed the statutorily required reserve and IBNR as a cash flow reserve. The State monitors total reserve balances and, if appropriate, implements a working rate holiday or adjusts the working rate in order to spend-down the cash flow reserve.

To comply with GASB Statement No. 75, Segal, the State's current health benefit consultant and actuary, provided the State with a GASB Statement No. 75 Accounting Valuation Report for Reporting Date June 30, 2021. GASB Statement No. 75 does not mandate the prefunding of post-employment benefit liabilities. The State currently plans to only partially fund Retiree Health Benefits on a pay-as-you-go basis, at an actuarially determined rate. The pay-as-you-go contributions made in fiscal year 2021 were $37.6 million on an accrual basis. Those contributions do not include NHRS medical subsidy and other sources as presented in the table entitled "State Retiree Health Funding Sources" on the following page. NHRS medical subsidy payments are not included because the related obligation is excluded from the calculation of the Net OPEB Liability for the Retiree Health Benefit Plan. In addition, Employer Group Waiver Plan Subsidies (EGWP), the federal subsidies received for sponsoring a Medicare Prescription Drug Plan (Part D), are excluded pursuant to guidance promulgated by GASB Statement No. 75. Other small differences will exist because of timing between cash and accrual basis of accounting.

In accordance with GASB 75, the Total OPEB Liability (TOL) for the State's primary government and component units, which was measured as of June 30, 2021 was $2 billion. With no actuarial value of assets, this results in a Net OPEB Liability (NOL) of $2 billion. The NOL is equal to the TOL. The Net OPEB Liability as of June 30, 2020, was $2.23 billion. The net decrease in the Net OPEB Liability is primarily attributed to the implementation of a new contract with Aetna to administer a fully insured Medicare Advantage Plan effective January 1, 2021 through December 31, 2023. The GASB 75 updated report assumes a salary scale, mortality, disability, turnover and retirement rates consistent with 2020 NHRS Experience Study (July 1, 2015 through June 30, 2019). This amount does not include the State's share of the UAAL from the NHRS Medical Subsidy plans discussed below.

During December 2021, the State issued its biennial OPEB valuation report for the State Retiree Health Plan as of December 31, 2020. The actuarial valuation reflects a Net OPEB Liability for the State and component units of $2 billion, which will be reported in the State's annual financial statements for the fiscal year ending June 30, 2022. This is a $180 million decrease from the Net OPEB Liability reported in the State's annual financial statements for the fiscal year ended June 30, 2021. The most recent complete State OPEB Plan liability actuarial valuation as of December 31, 2020, dated December 28, 2021, is posted to the State's website at *https://das.nh.gov/documents/rmu/reports/GASB-75/GASB-75-Accounting-Valuation-Report-for-Reporting-Date-June-30-2022.pdf.*

As described above under "STATE RETIREMENT SYSTEM," the NHRS currently provides medical subsidy payments to the State Retiree Health Benefit Plan on behalf of a closed group of retirees. Funding for the medical subsidy payments is included as a percentage of the employer contribution rate and is applied to active employee payroll similar to employer pension contributions. As of June 30, 2021 the NHRS Medical Subsidy Plan was 6% funded; amounts paid by the State to the NHRS Medical Subsidy Plan are paid back to the State by the NHRS in the form of subsidy payments to the Retiree Health Benefit Plan. In the June 30, 2021 Annual Financial Report, the State reported a net OPEB liability of $86.9 million for its proportionate share of the NHRS Medical Subsidy Net OPEB liability, which was reported by NHRS as of June 30, 2020.

State Retiree Health Funding Sources
($ in millions)

Fiscal Year	General Fund	Self-Supporting Agencies	NHRS Medical Subsidy	Other Sources (i.e. Rebates, Rx Subsidies, Retiree Contrib.)	Total Revenue	Total Costs
2021	$29.3	$15.9	$10.6	$40.0	$95.8	$88.4
2020	30.7	16.2	11.0	35.4	93.3	88.6
2019	31.1	17.5	11.4	27.8	87.8	90.6
2018	35.6	20.7	12.0	24.9	93.2	88.4
2017	33.3	19.9	12.3	23.4	88.9	84.8
2016	32.5	19.3	12.8	19.4	84.0	85.4
2015	33.8	16.3	13.1	16.7	79.8	79.0
2014	33.3	16.3	12.3	10.5	72.4	71.6
2013	34.2	15.2	12.4	10.8	72.6	70.9
2012	33.8	15.7	14.3	12.5	76.3	73.5
2011	30.3	13.7	14.2	12.4	70.6	75.9
2010	34.7	15.2	14.4	10.5	74.8	72.4

STATE RETIREE HEALTH PLAN COMMISSION

The State Retiree Health Plan Commission was established pursuant to RSA 100 A:56 to determine the actuarial assumptions to be used in the OPEB valuation of the State's OPEB liability and to ensure the OPEB Valuation Report is submitted to the Speaker of the House, Senate President, and Governor in accordance with the law.

The Commission convened on October 20, 2021 to review the assumptions and methodology that the State's actuaries used to prepare the GASB 75 Accounting Valuation Report for the fiscal year 2021 Annual Financial Report, as well as to review and approve the assumptions and methodology to be used in calculating the State's OPEB valuation as of December 31, 2020. The December 31, 2020 OPEB valuation will be used in the fiscal year 2022 and fiscal year 2023 financial statements.

STATE RETIREE HEALTH BENEFITS PLAN CHANGES

Over the last few years, the State has successfully managed and addressed funding challenges for Retiree Health Benefits. In June 2015, DAS projected a $10.6 million deficit in the Retiree Health Benefits budget based off of a $5.6 million budget shortfall, an unanticipated $4 million projected increase in pharmacy costs following an industry-wide increase in pharmacy cost trends from 8% to 13%, and an unanticipated decrease of approximately $1 million in Employer Group Waiver Program (EGWP) revenues, in this case federal Medicare prescription drug subsidies. Between July and October 2015, DAS worked with the Joint Legislative Fiscal Committee over the course of five Fiscal Committee meetings to manage this projected deficit. Only the legislature and the Joint Legislative Fiscal Committee have the authority to make changes to the premium contribution amount which is the portion or percentage of the health benefit working rate or premium that retirees are required to pay. In October 2015, the Fiscal Committee approved: (1) prescription drug plan copay and maximum out-of-pocket increases projected to save a total of $2 million, and (2) an increase in the Non-Medicare eligible retiree premium contribution from 12.5% of premium to 17.5 % of premium projected to save $2.8 million.

The remaining budget shortfall of $5.8 million plus the cost to conduct a Retiree Health Long Term Study ($0.3 million) resulted in an estimated $6.1 million budget shortfall for fiscal years 2016-2017. To address this shortfall, the Fiscal Committee approved transfers in fiscal years 2016 and 2017 totaling $150,000 in General Funds from the DAS budget to the Retiree Health Benefit Plan and the release of $800,000 from the Retiree Health Benefit Reserve account into the cash flow reserve. This was possible because the Retiree Health Benefit Plan held a $5.4 million dollar cash flow reserve that had slowly accrued since calendar year 2012 due to better than projected claims experience that was available to close the gap.

As contemplated, DAS did use cash flow reserve funds during fiscal years 2016-2017 to meet retiree health expenses. In fiscal year 2016, DAS used $574,000 in cash flow reserve to account for a deficit of General Funds in the Retiree Health account. Similarly, in fiscal year 2017, DAS used $1.772 million in cash flow reserve to cover a deficit in General Funds.

On February 8, 2017, New Hampshire Department of Administrative Services submitted a draft Long Term Study of Retiree Health Benefits prepared by Segal to the members of the Joint Legislative Fiscal Committee. This study identified the following strategies for managing the state's short-term and long-term Retiree Health Benefits costs: (1) implementing a private Medicare exchange with a defined contribution to a Health Reimbursement Account, (2) implementing a Medicare retiree premium cost share, (3) eliminating the Medicare retiree prescription drug plan, (4) eliminating Retiree Health Benefits for new hires or for spouses of future hires, (5) implementing a Medicare Advantage Plan, and (6) implementing a defined dollar amount for non-Medicare retirees. The Long Term Study of Retiree Health Benefits is available at *https://das.nh.gov/riskmanagement/rmu-reports.aspx*.

After review of the proposed strategies in the Long-Term Study, the Legislature made further Retiree Health Benefit Plan changes in the fiscal year 2018 – 2019 budget and accompanying trailer bills to help manage the growing cost of the Retiree Health Benefit Plan. HB 517 amended RSA 21-I: 30 (Laws 2017 Chapter 156:6-10) effective January 1, 2018 to include a first-time ever 10% monthly premium contribution for Medicare retirees born on or after January 1, 1949. HB 517 also increased the monthly premium contribution percentage paid by Non-Medicare retirees from 17.5% to 20% effective October 1, 2017.

The fiscal years 2018-2019 Retiree Health Benefits budget totaled $171.4 million, an increase of $25.4 million over fiscal year 2017. The fiscal years 2018-2019 budget estimates were based on medical and pharmacy trends for the Medicare eligible and non-Medicare eligible Retiree Health Benefit Plans and a projected annual increase in plan enrollment. The $25.4 million increase included a $14 million increase in General Funds, $8 million increase in retiree premium contributions, and $3.4 million increase in other funds.

Fiscal years 2018 and 2019 claims experience were lower than projected and the Retiree Health Budget lapsed approximately $14.8 million to the General Fund at the end of the biennium. Additionally, the favorable claims experience resulted in cash flow reserves of approximately two months of projected annual self-insured expenses. Considering the historical increase in the Retiree Health Benefit cash flow reserve and projected claims through the end of calendar year 2018, the State implemented a one time, one month, working rate (premium) holiday for the Retiree Health Benefit Plan in October 2018. The Retiree Health Benefit Plan holiday spent down a total of $5.4 million in retiree cash flow reserves which equaled approximately $1.7 million General Fund savings, $2.95 million Other State agency savings, $700,000 retiree premium contribution savings, and $77,000 savings to Legislators, retired Judges, and other self-payers enrolled in the Retiree Health Benefit Plan. In addition to the premium holiday, the calendar year 2019 non-Medicare working rates included an adjustment of $3 million to decrease the calendar year 2019 working rate in an effort to reduce the retiree health cash flow reserve.

DAS continuously explores cost containment strategies for the Retiree Health Benefit Plan. As such, in early 2018, Anthem, the State's medical third party administrator (TPA), informed the State that their Medicare Advantage network expanded to an open-network enabling all providers who accept Medicare to provide care for State of New Hampshire retirees living nationwide. The State worked with Anthem and Segal to assess the feasibility of a Group Medicare Advantage plan. On June 20, 2018, Governor and Executive Council approved an amendment to the State's existing contract with Anthem authorizing the State to replace the self-funded Medicare supplemental coverage with a fully-insured Medicare Advantage Plan (Medicare Part C plan) effective January 1, 2019. The retiree Medicare Part D (EGWP) prescription drug plan, currently through Express Scripts, is excluded from the Medicare Advantage Plan and remains self-funded.

The transition to fully insured Group Medicare Advantage plan enabled the State to maximize federal funding while maintaining the same level of coverage for the retirees resulting in an estimated $11.8 million in savings over calendar years 2019 and 2020. This federal funding will help mitigate future increases in the Retiree Health Benefits budget that are driven by increasing numbers of retirees and increases in medical costs. The longer term impact from the change in funding mechanism decreased the Total OPEB liability by approximately $183 million dollars as of June 30, 2019.

The fiscal years 2020-2021 Retiree Health Benefits budget totaled $154.4 million, a decrease of $26.4 million over fiscal year 2019. The fiscal years 2020-2021 budget estimates were based on medical and pharmacy trends for the Medicare and non-Medicare eligible Retiree Health Benefit Plans and projected increase in plan enrollment. The $26.4 million decrease included a $15.5 million decrease in General Funds, $9.4 million decrease in retiree premium contributions, and $1.5 million decrease in other funds. Fiscal year 2020 claims experience came in lower than projected due to the hold put on elective procedures as well as the overall decrease in utilization due to patients not seeking care as a result of the COVID-19 pandemic, which was compounded by a low COVID-19 case rate. The lower claims experience resulted in a cash flow reserve of approximately two and one-half months of projected annual self-insured expenses at the close of fiscal year 2020. Fiscal year 2021 saw a return to normal claims experience as elective procedures resumed.

The State's medical TPA contract with Anthem expired on December 31, 2020. Through a successful procurement process and Governor and Council approval, effective January 1, 2021, the State transitioned all Medicare retirees to a new Aetna Group Medicare Advantage plan. The three year contract provides the same level of benefits at a $0 premium to the State. The contract is projected to save the State a total of $45.2 million, or $20.8 million General Funds, and reduced the Net OPEB Liability by $498.1 million in the actuarial valuation as of December 31, 2020.

STATE RETIREE HEALTH BENEFIT BUDGET FOR FISCAL YEAR 2022 AND 2023 AND TREND ASSUMPTIONS

The Retiree Health Plan in the approved operating budget for fiscal years 2022-2023 totals $130.0 million, a decrease of $29.4 million from fiscal year 2021. The updated projection and budget need as compared to fiscal year 2021 is presented in the chart below:

	FY21 Budget	FY22 Budget	*$ Decrease FY21 to FY22*	FY23 Budget	*$ Decrease FY21 to FY23*	**$ Decrease Total Biennium**
GF	$36,320,800	$27,037,800	*($9,283,000)*	$30,189,900	*($6,130,900)*	**($15,413,900)**
Other Funds	$43,360,600	$35,085,100	*($8,275,500)*	$37,663,600	*($5,697,000)*	**($13,972,500)**
Total	$79,681,400	$62,122,900	*($17,558,500)*	$67,853,500	*($11,827,900)*	**($29,386,400)**

The fiscal year 2022-2023 proposed Retiree Health Benefit Plan Budget is based on budget rates using enrollment as of January 2020 and assumes 4% increase in total enrollment for the Medicare Eligible Retiree Plan and the Non-Medicare Eligible Retiree Plan is assumed to remain flat. The budget rates assume a prescription drug trend decrease of 15.4% for the Non-Medicare Retiree Plan and a decrease of 1.3% for the Medicare Retiree Plan and a medical trend increase of 6.3% for the Non-Medicare Retiree Plan. The budget rates assume the contracted fully insured Medicare Advantage rates for calendar year 2021 through calendar year 2023.

The proposed fiscal year 2022-2023 Retiree Health Benefit Plan Budget is $130.0 million which is a $29.4 million decrease compared to fiscal year 2021. The savings is primarily due to Medicare Advantage Plan contract with Aetna. In addition, a lower projected prescription drug trend for Medicare Eligible Retirees and Non-Medicare Eligible Retirees contributed additional savings.

JUDICIAL RETIREMENT PLAN

The New Hampshire Judicial Retirement Plan (the "Judicial Plan") was established on January 1, 2005, pursuant to RSA 100-C:2. The Judicial Plan is a defined benefit plan providing disability, death, and retirement protection for full-time Supreme Court, Superior Court, or Circuit court judges employed within the State. As of January 1, 2020, the date of the most recent actuarial valuation, there were 57 active participants and 73 retirees, beneficiaries and other persons due benefits.

In connection with the establishment of the plan, the State engaged a consultant to prepare an actuarial valuation as of January 1, 2005, based on the final plan provisions and reflecting an initial funding payment of $42.8 million, which amount was provided from the proceeds of general obligation bonds issued by the State. The initial valuation determined the total accrued liability of the plan as of January 1, 2005, to be $43,669,534 and the value of the net assets of the plan to be $42,800,000, which amount was equal to the proceeds of the State's bonds. This valuation resulted in an unfunded actuarial liability as of January 1, 2005, of $869,534. As of June 30, 2015, none of the bonds issued by the State for this purpose remained outstanding.

Additional information regarding the Judicial Plan is contained in the 2021 State Annual Financial Report at note 11 and on page 80. The Judicial Plan's audited financial statements for the period ended December 31, 2020 are included in the 2021 State Annual Financial Report in the portions pertaining to the State's Fiduciary Funds on pages 42-44, although the information regarding the Judicial Plan is combined with information pertaining to the Pension Plan. Information on the Judicial Plan is separately presented on pages 129 and 130.

The Judicial Plan issues publicly available financial reports that may be obtained upon written request addressed to Charles G. Douglas, III, Esq.; Executive Director, 14 South Street, Concord, NH 03301. Currently available reports include the Judicial Plan's Financial Statements and Required Supplementary Information as of December 31, 2020 and the most recent Actuarial Valuation Report dated as of January 1, 2020 (the "2020 Judicial Actuarial Valuation"). Similar reports for prior years are also available from the Judicial Plan at the address set forth above.

The actuary for the Judicial Plan has prepared actuarial computations under GASB 67 and 68 with respect to the Judicial Plan for the year ended December 31, 2020. The report shows a total pension liability as of December 31, 2020 of $111,692,921, a fiduciary net position (market value of assets) of $72,991,819, and a resulting net pension liability (analogous to the unfunded accrued liability) of $38,701,102. In September 2020, the Judicial Plan adopted a discount rate of 6.5%. A 1% decrease or 1% increase in the 6.5% discount rate would increase or decrease the net pension liability to $49,246,130 or $29,919,192, respectively. The actual net pension liability as of future dates will, of course, vary from these amounts and the variances may be material.

Biennial actuarial valuations performed for the Judicial Plan as of January 1 of the years indicated have reported the following results:

New Hampshire Judicial Retirement Plan
Selected Actuarial Valuation Results

Valuation Date January 1	Actuarial Value of Assets	Unfunded Accrued Liability	Funded Ratio	State Contribution Rates for Fiscal Years	
2006	$44,980,407	$2,173,046	98%	19.68%	FY 08-09
2008	50,600,791	4,330,338	92	27.42	FY 10-11
2010	44,013,949	15,811,816	74	41.00	FY 12-13
2012	41,547,067	29,758,435	58	64.50	FY 14-15
2014	41,136,968	39,575,961	51	70.90	FY 16-17
2016	48,088,712	45,529,454	51	75.40	FY 18-19
2018	56,819,438	38,592,810	60	69.40	FY 19-20
2020	63,478,476	44,172,320	59	77.60	FY 21-22

The State contributions expected to be paid in the 2022-2023 biennium to the Judicial Plan total $7,521,152 annually. Chapter 257, Laws of 2011, extended the amortization period for the unfunded accrued liability from 15 to 30 years. According to the 2020 Judicial Actuarial Valuation, State contributions are expected to increase to approximately $11.6 million by fiscal year 2041.

The market value of assets as of the January 1 valuation dates is shown below.

January 1, 2008	$51,857,186
January 1, 2010	$36,678,291
January 1, 2012	$36,303,522
January 1, 2014	$43,938,985
January 1, 2016	$46,905,875
January 1, 2018	$57,931,041
January 1, 2020	$65,186,041

The actuary for the Judicial Plan changed certain actuarial assumptions in the 2020 Judicial Actuarial Valuation including reducing the investment return rate to 6.5% and using updated mortality tables. These changes together caused the unfunded accrued liability to increase by approximately $4.5 million and the actuarially determined contribution to increase by approximately $534,000.. The actuary also uses so-called "smoothing," whereby the difference between the market value of assets and the actuarial value of assets is smoothed over the previous five years to offset the effects of volatility of market values in any single year. In addition, the Judicial Plan uses a 20% "corridor" in order to prevent the smoothed value from varying too far from market, similar to the System's methodology. However, the use of the corridor in the January 1, 2020 actuarial valuation did not affect the actuarial value of assets that would have been established in its absence.

Employer contribution rates depend on all of the actuarial assumptions used in determining the contribution rates. The following table sets forth a summary of certain assumptions used in the 2020 Judicial Actuarial Valuation.

New Hampshire Judicial Retirement System
Actuarial Assumptions

Actuarial Cost Method	Entry age normal
Amortization Method	Level dollar
Amortization Period	Closed 30 years From 01/01/2010
Asset valuation method	5-year smoothed market
Investment rate of return	6.5%
Wage and Cost of Living Inflation	2.75%

EMPLOYEE RELATIONS

Current Union Status

The State Employees' Association of New Hampshire Inc.-SEIU Local 1984 (the "SEA") is the exclusive bargaining representative of the majority of classified (merit system) employees in the State - a group of approximately 8,600 employees in twenty-nine bargaining units. This includes captains, lieutenants, and sergeants in the Corrections Officers Supervisors bargaining unit. The sworn non-commissioned and commissioned employees of the Division of State Police are represented by the New Hampshire Troopers Association (the "NHTA") and the NHTA – Command Staff. Fish & Game conservation officers are represented by the New England Police Benevolent Association ("NEPBA"), Local 40. Fish & Game conservation officer supervisors, including colonels, majors, lieutenants, administrative lieutenants, and sergeants, are represented by NEPBA Local 45. Liquor Enforcement Investigators I and II and Liquor Investigator Sergeants are represented by NEPBA Local 260. Probation and Parole Officers I and II are represented by the New Hampshire Probation and Parole Officers Association ("NHPPOA"). Probation and Parole Officers III are represented by the New Hampshire Probation and Parole Command Staff Association ("NHPPCSA"). The Teamsters are the exclusive representative of the uniformed Corrections officers and Corrections corporals of the Department of Corrections. The Internal Affairs Association of New Hampshire ("IAANH"), affiliated with the Teamsters, represents Internal Affairs Investigators I through III and Internal Affairs Executive Secretaries. The New Hampshire State Law Enforcement Officers Union ("NHSLEOU") represents fire investigators and State Office Complex patrol officers. The New Hampshire State Law Enforcement Supervisors Union ("NHSLESU") represents Deputy Fire Marshalls I and II, lieutenants in the Liquor Division of Enforcement, and State Office Complex lieutenants and sergeants. Both the NHSLEOU and the NHSLESU are affiliated with the NEPBA. The employees of the University System, the Community College System of New Hampshire and the New Hampshire Retirement System are not classified State employees and are not included in any of these bargaining units.

Certification History

In July, 2007, approximately 600 employees in the Department of Corrections who were represented by the SEA filed two modification petitions requesting that they be allowed to vote to determine whether they should be represented by a new union, the NEPBA, or whether they would continue to be represented by their current union, the SEA. The Public Employee Labor Relations Board ("PELRB") granted these petitions and the Corrections bargaining unit elections resulted in the decertification of the SEA and the certification of the NEPBA as the exclusive representative of the uniformed Corrections officers and the uniformed Corrections supervisors of the

Department of Corrections. In January 2009, the New Hampshire Supreme Court overruled the decision of the PELRB to grant the petitions. The Supreme Court based the decision upon the "contract bar" rule and remanded the case to the PELRB. The PELRB vacated the certifications of the Corrections units and both units were again represented by the SEA. In a subsequent election, the uniformed Corrections officers again voted to be represented by the NEPBA and the uniformed Corrections supervisors voted to remain with the SEA. Three other units formerly represented by the SEA voted to decertify the SEA and certify the NEPBA as their exclusive representative. Those units are Probation Parole Officers, Probation Parole Supervisors and Liquor Enforcement Officers. On October 4, 2012, the Teamsters Local 633 were certified by the Public Employee Labor Relations Board (PELRB) and in accordance with RSA 273-A:10 were selected to represent the NH State Corrections Officers and Corrections Officer Corporals. In 2014, the State Police Command Staff decertified from the SEA and created the NHTA – Command Staff bargaining unit. In 2019, the Probation and Parole Officers and Probation and Parole Supervisors voted to leave the NEPBA and to make the NHPPOA and the NHPPCSA, respectively, their exclusive representatives. Those bargaining units were certified by the PELRB on December 12, 2019. In 2020, Internal Affairs Investigators at the Department of Corrections, then represented by the SEA in the Corrections Supervisors bargaining unit, voted to select the IAANH as their exclusive representative. The PELRB certified the IAANH as the exclusive representative of the bargaining unit on November 10, 2020. On November 18, 2020, the PELRB approved the petition of IAANH to be affiliated with Teamsters Local 633. On January 21, 2021 the PELRB certified the NHSLEOU as the exclusive representative for fire investigators and State Office Complex patrol officers, previously represented by the SEA. On January 29, 2021, the PELRB certified the NHSLESU as the exclusive representative of deputy fire marshals, Liquor lieutenants, State Office Complex lieutenants, and State Office Complex sergeants, previously represented by the SEA.

Collective Bargaining Status

The State began negotiations with the SEA, NHTA, NEPBA and the Teamsters in October, 2018. The Collective Bargaining Agreements expired on June 30, 2019 and remained in effect until new agreements were reached. The parties reached impasse during negotiations and went to fact finding, as provided for under State law. The fact finder released her report on November 12, 2019, and a 10-day confidential period where the parties discuss the report and try to reach an agreement expired on November 22, 2019. The parties met on November 21, 2019 to discuss the fact finder's reports and to try to reach an agreement. The State reached an agreement with the Teamsters, effective January 2020. With respect to the remaining unions, the parties did not reach agreements and the 2019-2021 contracts remained in evergreen statues. Bargaining units voting for new unions as their exclusive representatives, as identified above, continued to be governed under the terms and conditions of their most recent contracts. The State and all unions then existing commenced negotiations for new contracts in November 2020. The State began negotiations with the NHSLEOU and the NHSLESU after their certification in January 2021. The State reached agreements with all unions in the summer of 2021. Effective June 25, 2021, the State reached agreements with the SEA, SEA Corrections Officers Supervisors, NEPBA Locals 40, 45 and 260, IAANH, NHTA, NHPPOA, NHPPCSA, NHSLEOU, and NHSLESU. Effective August 5, 2021 the State reached agreements with the two remaining unions - the Teamsters and the NHTA-CS.

CYBERSECURITY RISKS

The State relies on the use of information technology as a critical enabling factor to support citizens, businesses, and all aspects of State government. The State also relies on its access to the Internet to conduct essential operations.

The State faces the same external cyber threats as any other entity connected to the Internet, including phishing attacks, ransomware, malware-embedded emails, denial of service and network based attacks. Internal cyber threats (commonly referred to as "Insider Threat") also exist, and the most common result is a breach of confidential or sensitive information.

In order to counter known and unknown cyber threats, the State employs a wide variety of defensive strategies. These include products deployed at every level of the enterprise architecture, from network perimeter devices to the user desktop, as well as hardware and software protections focused on the most prevalent cyber-attacks against the email system, web and application servers, databases, and user endpoint devices.

The State administers a comprehensive cybersecurity training and awareness program, which all employees are required to complete annually. The State coordinates and shares cyber event information with state and federal entities, such as the Department of Homeland Security and also with cyber-focused public organizations such as the Multi State Information Sharing and Analysis Center (MS-ISAC) and the National Association of State Chief Information Officers (NASCIO). In 2018, the State conducted a series of cyber incident response exercises that involved multiple State agencies, the New Hampshire National Guard, and local critical infrastructure organizations. As a result of this exercise program, the State completely revised its Cyber Disruption Plan, which outlines incident escalation and de-escalation points, procedures, roles and responsibilities, and operational resources in the event of a cyber-incident. In late 2019, the Department of Information Technology ("DoIT"), in conjunction with the Division of Homeland Security and Emergency Management, has completed a document that outlines Emergency Support Function 17 (Cybersecurity) ("ESF-17"), which describes the concept of operations, response actions and responsibilities for major cyber events in a manner similar to other state emergency support functions. The functions of ESF-17 have already been incorporated into the state Cyber Disruption Plan. In 2020, DoIT took major strides to strengthen and expand its cybersecurity defense posture, despite the disruptive effects of the COVID-19 pandemic. In 2020, DoIT upgraded and implemented a new network firewall, intrusion defense/prevention system, and security information and event management (SIEM) capability. These major equipment upgrades collectively provide a significant increase in the cybersecurity posture of State networks, systems and information. Additionally, the State has embarked on an ARP funded program to upgrade 85% of the Executive Branch network in order to implement technologies that will further improve our cybersecurity posture.

The most notable cyber breach in recent years occurred in 2015, when the State experienced one significant internal data breach that involved the unauthorized access and public posting of certain personal information for as many as 15,000 clients of one state agency. The breach was contained and mitigation measures put in place to address the conditions that allowed the breach to occur. In the follow-up to the breach, the State found no evidence that the information had been misused or further distributed before it was contained and removed from public access.

The DoIT recently concluded a contract for an independent, Comprehensive Cybersecurity Risk Assessment, which was approved by the Governor and Executive Council in October 2019. The DoIT Cybersecurity Risk Assessment took place from November 2019 through June 2020, and was primarily a technical security assessment, focused on a survey of all IT assets, followed by security assessments of the state's network architecture, servers and endpoints, applications and data, and it concluded with an assessment of the State's cybersecurity program. Vulnerabilities that were identified as critical and high by the assessment vendor have been addressed. The information gathered from the cybersecurity assessment contains detailed and highly sensitive network or vulnerability information. As a result, the DoIT reserves the right to invoke an exemption to RSA 91-A:5 (XI), in order to shield and protect information from public disclosure which could otherwise aid an adversary in an attempted security breach of the State's IT infrastructure.

While there can be no guarantees against a future cyber-attack resulting in some impact, the State has taken an expansive, multi-pronged approach to protect against, detect, respond to, and recover from a potential cyber event. The State is self-insured for "Data Security and Privacy Cyber Liability". The self-insurance program is tailored to manage traditional cybersecurity risks as well as those that are continually emerging and evolving. Notwithstanding the planning and actions taken to date, the State cannot assure that future incidents or possible unknown prior events will not have a potential material impact on the State's operations or financial condition.

ENVIRONMENTAL MATTERS

Climate Resiliency

The State recognizes the risk posed by climate change and that actions are required to mitigate those risks. Current efforts to reduce greenhouse gas emissions, include, but are not limited to:

- Participation in the Regional Greenhouse Gas Initiative (RGGI) a regional carbon cap and trade program;
- Implementation of a renewable portfolio standard (RPS) that requires at least 25.2% of electricity be generated from renewable sources by 2025;

- Various legislatively enacted polices, such as net metering, which encourages small scale solar development;

- Dedicated funding streams for the development renewable resources through the Renewable Energy Fund, administered by the NH Department of Energy;

- Dedicated funding for residential, commercial, and industrial customers for energy efficiency projects through the NHSaves program;

- Offering competitive grants to school districts for weatherization projects through the State's share of the State Energy Program (SEP) funds allocated by the federal Department of Energy; SEP funding has also been used to invest in improving the energy efficiency of state-owned or leased facilities; and

- Continual reevaluation and reassignment of the State's energy policy goals through a statewide energy strategy developed by the NH Department of Energy, with updates required every three years.

Climate Adaptation. New Hampshire implements proactive planning and action to ensure that coastal New Hampshire can mitigate and adapt to worsening coastal flood hazards, such as sea-level rise, coastal storms, and extreme precipitation. Through technical assistance and partnerships, programs are in place to assist state and local decision-makers with adaptation and resilience planning to minimize damage and increase preparedness and resilience. These efforts include:

- Developed the NH Coastal Flood Risk Summary to provide coastal flood risk projections and guidance related to relative sea-level rise, coastal storms, groundwater rise, extreme precipitation and freshwater flooding.

- Administering the Coastal Resilience Grant (CRG) program, which provides competitive funding for coastal community and habitat resilience projects.

- Enacting the Resilient Tidal Crossings NH Project to better enable community officials and road managers to enact the strategic repair/replacement of tidal crossing infrastructure and to identify high priority restoration and conservation opportunities at tidal crossing sites.

Project summaries are available online at: https://www.des.nh.gov/business-and-community/loans-and-grants/coastal-resilience-grants

Mitigating Flood Impacts at Stream Crossings/Culverts. New Hampshire has experienced more frequent failures of undersized stream crossings (culverts) from flash floods during the last 15 years, with hazards to life and property. A legislative study commission in 2008 recommended establishment of a statewide stream crossing inventory program to identify the structures most at risk and prioritize those requiring upsizing to strengthen resiliency through increased capacity to carry higher flows, and consequent reduced flood damage risk.

To date, 60% of the 21,000 culverts statewide have been assessed, with the goal to finish by 2026. NHDES' Aquatic Resources Mitigation program and NH Homeland Security and Emergency Management's Hazard Mitigation program have been using the inventory to date to enhance funding of culvert upsizing at prioritized locations to reduce flood risk. The State Stream Crossing Steering Team (five state agencies) has conducted training workshops for local stakeholders on these stream crossing resiliency efforts.

Volkswagen Settlement Mitigation Trust Fund. On September 7, 2018, New Hampshire released its Beneficiary Mitigation Plan which summarizes how the State plans to use the funds allocated to New Hampshire under the fully executed *Environmental Mitigation Trust Agreement for State Beneficiaries* (the "Mitigation Trust"). The Mitigation Trust is funded as a result of a settlement agreement between the US Department of Justice and Volkswagen AG and related parties, which included a $15 billion settlement, $2.9 billion of which went into the Mitigation Trust. New Hampshire's share of this funding is $31 million.

New Hampshire's goals for the use of the Mitigation Trust funding include:

- Alleviating excess greenhouse gas emissions through implementation of cost-effective projects in all regions of the State; to best serve the State's economic and social well-being, the State has focused on projects that will result in broad public benefits and gives priority to projects that are located in:

    1. Economically challenged communities.
    2. Areas with historical air quality issues.
    3. Areas that receive a disproportionate quantity of air pollution from diesel fleets.

- Allocating a portion of the Mitigation Trust for the replacement of publicly-owned vehicles, including both state and municipal fleets, that will lower operating and maintenance costs and save taxpayers money.

- Supporting the use of zero emission and near-zero emission vehicles by investing in electric vehicle charging infrastructure at strategic locations throughout the State and encouraging the replacement of diesel vehicles and equipment with lower emission alternatives, including those powered by electric and other alternative fuels.

Offshore Wind Activities. New Hampshire has also been a leading proponent for the development of clean and reliable energy solutions like offshore wind, including being the first to call for a federal task force to be established by the US Bureau of Ocean Energy Management (BOEM) to facilitate coordination and consultation related to renewable energy planning activities on the Outer Continental Shelf in the Gulf of Maine, with participation from New Hampshire, Maine, and Massachusetts. This resulted in the chartering of the Gulf of Maine Intergovernmental Renewable Energy Task Force, which had its first meeting in December 2019.

In addition, Governor Sununu issued an executive order preparing New Hampshire for future offshore wind development that called for a study to examine opportunities for offshore wind; this study was released in February 2022. The State is also in the process of conducting an assessment study to explore the economic, energy, and environmental impacts of offshore wind in the Gulf of Maine.

Conclusion. Taken together, these policies and programs are designed to reduce energy consumption and boost renewable energy production, thereby lowering carbon emissions. In addition, market forces have seen the retirement of carbon intensive electric generation such as oil and coal fired power plants replaced by natural gas fired power plants as well as large scale renewables such as wind and solar.

Per the US Energy Information Administration, carbon emissions for the State have fallen by 19.1%[*] since 2000 and the carbon intensity of the State's economy has fallen by 39.2%[†] in the same time frame. In both instances, New Hampshire's rate of decline was greater than the national average.

PFAS Contamination

Since the discovery of significant groundwater contamination with per- and polyfluoroalkyl substances (PFAS) in the seacoast and southern regions of the State in 2014 and 2016, respectively, the State has worked to investigate and remediate this contamination, and to mitigate the risks to its citizens. New Hampshire's multi-pronged approach to this significant environmental challenge has included the following components:

- Widespread sampling of drinking water, groundwater, surface water, soil, and air to determine the extent and nature of the contamination.

- Identifying responsible parties for the contamination, and enforcement of applicable state law to hold those parties financially accountable.

- Filing two major lawsuits against manufacturers of PFAS seeking damages for contamination of the state's natural resources and recovery of all costs for investigation, monitoring, remediation, and treatment.

[*] https://www.eia.gov/environment/emissions/state/ Table 2
[†] https://www.eia.gov/environment/emissions/state/ Table 8

- Significant outreach and education to water and wastewater system operators to increase awareness and assist in the prevention and remediation of contamination.

- Extensive outreach and education of the public in impacted communities, including coordination with the US CDC's Agency for Toxic Substances & Disease Registry and the NH Division of Public Health Services to address public's concerns relative to potential health impacts associated with exposure.

- Leveraging new and existing federal and state funding sources to assist drinking water and wastewater systems in addressing contamination. These sources include:

  - Drinking Water State Revolving Funds (Federal)
  - Clean Water State Revolving Funds (Federal)
  - American Recovery Plan Act (Federal)
  - Water Infrastructure Improvements for the Nation Act (Federal)
  - NH Drinking Water & Groundwater Trust Fund (State)

- Coordinating and collaborating with state and federal partners (U.S. Environmental Protection Agency (EPA), U.S. Geological Survey, interstate organizations and individual states) to advance scientific understanding and share best practices including:

  - Evaluation of scientific studies/research to fully understand the health impacts of PFAS related to environmental exposures.
  - Collaboration with EPA Office of Research and Development on the further development of testing and detection methods for environmental releases including air emissions and other media.
  - Oversight of air emissions testing at multiple industrial sites to evaluate potential emissions.

- Coordinating with the NH Legislature and State leadership to advance appropriate regulatory controls and authorities, including the adoption of ambient groundwater quality standards and drinking water maximum contaminant levels for certain PFAS.

  See also "LITIGATION – Other Matters - *Potential Claims Relating to PFAS Environmental Issues*."

LITIGATION

The State and certain of its agencies and employees are defendants in numerous lawsuits that assert claims regarding social welfare program funding, breach of contract, negligence, and 42 U.S.C. §1983. Although the Attorney General is unable to predict the ultimate outcome of the majority of these suits, the State believes that the likelihood of such litigation resulting, either individually or in the aggregate, in final judgments against the State which would materially affect its financial position is remote. Accordingly, no provision for the ultimate liability, if any, has been made in the State's financial statements.

Except as otherwise noted below, the following matters are currently pending and, at this time, it is not possible to predict the outcome of these matters:

Woods, et al. v. Commissioner of Department of Corrections. Four female New Hampshire inmates filed a class action lawsuit, in state court, seeking declaratory and injunctive relief to remedy claimed violations of their constitutional, statutory and judicially decreed right to facilities, conditions of confinement, programs, and services that are on parity with those that the State of New Hampshire provides to male New Hampshire prison inmates. Plaintiffs claim that female inmates do not have access to vocational training, education, and other programs, services and facilities comparable to what is provided to male inmates, and claim that Defendant has therefore violated: (1) their rights under New Hampshire's Equal Rights Amendment, Part I, Article 2 of the State Constitution; (2) the Equal Protection Clause of the New Hampshire Constitution, Part I, Article 12; and (3) RSA 622:33-a, III; and (4) RSA 21-H:11. The State filed an answer on November 2, 2012. Petitioners filed a motion for class certification in February 2013. The State filed an objection in March 2013. The case has been stayed given the construction of a new women's prison on the grounds adjacent to the Men's Prison –Concord. The groundbreaking ceremony occurred on August 18, 2014. The new women's prison is now complete and housing the women inmates, but the parties continue to discuss how the implementation of programs will be monitored going forward. The parties have reached a settlement arrangement under which the case is stayed for a period of years subject to the Department of Corrections meeting certain benchmarks with respect to the new women's prison. If those benchmarks are met, the case will be dismissed with prejudice. If those benchmarks are not met, the plaintiffs have the ability to re-open the matter. In the event the matter is re-opened, it will be amended and restructured.

Contoocook Valley School District v. State et al. On March 13, 2019, several plaintiffs, including a school district and three individuals, sued the State claiming that it has failed to meet its obligations to fund an adequate education. The plaintiffs asserted that certain costs like transportation costs, school nurse costs, food services costs, facilities costs, teacher benefits, and superintendent costs, must, as a matter of constitutional law, be funded by the State and were not being funded by the State. The plaintiff requested that $16,961,843.75 be provided to the school district by April 1, 2019.

On June 5, 2019, the trial court issued an order finding that RSA 198:40-a, II, the statutory mechanism the State uses to make adequate education payments to school districts is unconstitutional. The court did not, however, require the State to pay the plaintiffs any amount of money, and denied the plaintiffs' claims to that effect. Instead, the trial court required the legislature to fix the statute on a prospective basis. The State timely appealed the trial court's order.

On March 23, 2021, the New Hampshire Supreme Court issued an opinion in this matter. The court (1) reversed the trial court's grant of summary judgment to the plaintiffs, and (2) remanded the case to the trial court for discovery and trial on the issue of whether the amount of adequacy aid the State provides is sufficient to fund the adequate education the State has defined by statute. The case was remanded to the trial court, where it remains pending. The plaintiffs recently filed a third amended petition adding approximately 12 new school districts to the action. The defendants have answered the third amended petition, and the parties are now engaged in discovery, which is expected to be extensive and time-consuming.

New Hampshire Lottery Commission v. William Barr, Attorney General. In January 2019, the United States Department of Justice ("USDOJ") issued a memorandum adopting as an official position of the agency a very broad interpretation of the federal Wire Act, 18 U.S.C. § 1084. This interpretation reverses a prior interpretation of the USDOJ from 2011 finding that the Wire Act applies only to sports betting and therefore does not prohibit States from selling lottery tickets over the Internet. The USDOJ's recent reversal of the 2011 interpretation appears to prohibit the use of wire transmissions to engage in state conducted lottery activity. The New Hampshire Lottery Commission has sued the Attorney General and the USDOJ in the United States District Court for the District of New Hampshire to declare this new interpretation of law erroneous and for a declaration that the Wire Act does not extend to state-conducted lottery activity. If the USDOJ's new interpretation is correct, and the Wire Act does extend to state-conducted lottery activity, New Hampshire may lose substantial revenues. Under the narrowest interpretation of the USDOJ's opinion, the State would face a loss of approximately $6-8 million. Under the broadest interpretation of the USDOJ's opinion, the State could face a loss of approximately $90 million. The case was briefed by April 8, 2019 and oral argument subsequently occurred.

On June 3, 2019, the federal district court issued an order setting aside the USDOJ's new interpretation of the Wire Act under the federal Administrative Procedure Act. The USDOJ appealed to the First Circuit Court of Appeals. The First Circuit affirmed the district court's interpretation of the Wire Act and its decision entering declaratory relief in the Commission's favor. The USDOJ may seek rehearing or a writ of certiorari with the U.S. Supreme Court.

State v. Purdue Pharma; State v. Janssen/Johnson & Johnson; State v. McKesson Corp and Cardinal Health; State v. Mallinckrodt; State v. Richard S. Sackler, et al.; State v. McKinsey & Company. The State filed suit against three opioid manufacturers (Purdue Pharma, Janssen, and Mallinckrodt), as well as against two opioid distributors (McKesson and Cardinal Health) and on September 16, 2019 the State filed against four members of the Sackler family, owners of Purdue Pharma, alleging unfair or deceptive business practices, nuisance and other common law counts. The Sackler complaint includes a fraudulent conveyance count. All cases were filed in Merrimack County Superior Court. The Purdue, Janssen and Distributors' cases survived motions to dismiss by the defendants. The Mallinckrodt defendants filed for bankruptcy protection on October 11, 2020. Trial in the Purdue Pharma case was scheduled for June 2020, however, on September 14, 2019, Purdue file bankruptcy in the southern district of New York. In September, 2021, the bankruptcy court confirmed a plan for reorganization of Purdue. New Hampshire and 8 other jurisdictions objected to the plan. The plan calls for the Sackler family to give up ownership of Purdue and to pay approximately $4.25 billion in exchange for full releases of all civil liability related to their operation of Purdue. The company would be transformed into a public benefit corporation with profits from continued sale of OxyContin and its other products being distributed to creditors for opioid abatement purposes. A number of jurisdictions, including the U.S. Trustee, CA, WA, CT, MD and DC filed appeals of the confirmation order based, in part, on the nonconsensual third party releases to the Sackler family. The U.S. District Court for the Southern District of New York vacated the confirmation order. Purdue subsequently filed an appeal to the Second Circuit. The bankruptcy court ordered another round of mediation between the objecting states and the Sacklers. The mediator issued a report on February 28, 2022 that indicated the Sacklers had proposed adding an additional $1.175 billion in total committed cash with the possibility of another $500 million of cash consideration contingent on the net proceeds from sales of certain international holdings. On March 9, 2022, the bankruptcy court approved a settlement term sheet that could result in New Hampshire receiving approximately $46 million over 18 years. The agreement is not yet final and would include resolving the Second Circuit appeal and confirmation of the final plan with the increased contribution by the Sacklers. A trial is scheduled in the Janssen/Johnson & Johnson case for September, 2022. The State has indicated its willingness to join the national multistate settlement with McKesson, Cardinal Health and Amerisource Bergen. That settlement would be in the amount of $21 billion paid over 18 years. The defendants have notified the states that they intend to go forward with that settlement. New Hampshire expects to receive 0.6258752503% of the national amount allocated for abatement purposes, or approximately $115 million over 18 years. The State continues to participate in multistate settlement discussions, along with other attorneys general, aimed at a global resolution with other opioid related defendants (manufacturers and major pharmacy chains). The State entered into a multistate agreement with McKinsey & Co, a marketing firm, for its opioid promotional efforts on behalf of Purdue, Johnson & Johnson and other manufacturers and in March, 2021 received an initial payment of $2,762,394, with four subsequent annual payments due in the amount of $142,591. It is not possible at this stage to predict any additional recovery amounts that would come to the State.

NHHA v. Centers for Medicare and Medicaid Services (Azar). On August 10, 2017 the New Hampshire Hospital Association (NHHA) filed a new lawsuit against Centers for Medicare & Medicaid Services (CMS) seeking to challenge the validity of the recent adoption by rule on June 2, 2017 of the policies in FAQ's 33 and 34, which had been previously challenged and enjoined in *N.H. Hosp. Ass'n v. Burwell.* The rule requires hospitals to exclude any payment related to Medicaid recipients from third parties (TPL), including Medicare or private insurance, from claimed uncompensated care. The Hospitals argue that CMS failed to comply with the Regulatory Flexibility Act and other statutes that require financial impact analysis during rulemaking and that the substance of the rule is not authorized by the CMS statute. CMS answered and a briefing schedule was set, however oral argument set for April 17, 2018, but was canceled by the court given decisions in other courts.

Similar litigation was brought against CMS in several other jurisdictions, on February 9, 2018, the court for the Western District of Missouri issued a decision ruling against CMS on this issue and enjoining CMS from enforcing the Final Rule. On March 6, 2018, the D.C. District Court issued a decision which also found the rule exceeds the statutory authority and is invalid. In addition, the D.C. Court considered nationwide impact and vacated the rule. CMS appealed the Missouri and D.C. court decisions. CMS acknowledged that, while the D.C. decision stood, it could not impose the rule anywhere. CMS requested that oral argument and decision in the New Hampshire federal litigation go forward. However, on September 25, 2018, the New Hampshire District Court issued an order denying the cross motions for summary judgment, finding the case moot in light of the decisions from other districts, and dismissing the case. Judgment has been entered against CMS. However, on August 13, 2019 the U.S. Court of Appeals for the District of Columbia issued a decision upholding the CMS rule and reversed the order invalidating the rule. A motion for rehearing was denied on November 8, 2019 and the mandate issued on November 19, 2019. It is unclear what impact this will have on the New Hampshire litigation or whether there will be a further appeal.

No stay was obtained by CMS of the D.C. District Court order. Therefore, the CMS rule did not apply at the time the MET and DSH payments were made in April and May 2018 or 2019. The possible impact to the State budget going forward of the CMS rule being invalidated could have been similar to the impact of the preliminary and permanent injunction of up to approximately $30 million. However, in May 2018, the Hospitals and the State entered a new seven year agreement regarding payment of MET and DSH, which included resolution of MET and DSH payments for 2018 and replaced the June 2014 Agreement. Because the May 2018 settlement results in the total level of DSH or other payments generated from the MET tax no longer being dependent on the federal definition of uncompensated care, the outcome of this case should not impact the state obligation to pay DSH or state budget. Therefore, while it is not possible to predict the outcome of this case at this time, it is unlikely that it could have a significant effect on State's obligations under the May 2018 settlement which will be in place until 2024.

Christopher Willott, Individually and as Administrator of the Estate of Sadence Willott v. DCYF. In August 2018, the plaintiff filed a lawsuit for the wrongful death of Sadence Willott, as well as loss of consortium. The plaintiff also alleges negligence stemming from incidents of assault prior to her death. Sadie was murdered by her mother in September 2015. The plaintiff (Sadie's biological father), claims that DCYF was negligent in handling her case, which caused her death in September 2015, as well as various injuries that predate her death. While this case would typically be subject to the statutory cap on damages—and the $50,000 statutory cap for loss of consortium—the plaintiff alleges the estate is entitled to damages for multiple incidents of harm.

Following rulings on DCYF's motions to dismiss based on statute of limitations and sovereign immunity defenses, and an interlocutory appeal of the dismissal, the New Hampshire Supreme Court vacated the lower court's order in light of a decision in another case, and returned it to the lower court for further proceedings and DCYF's renewed motion to dismiss was denied. The parties have structured the case and are now in the discovery phase. The plaintiff's attorney has recently requested to renew settlement discussions. It is not possible to predict the outcome of this case at this time.

A.A., et al. v. DCYF, et al., 217-2019-CV-676 ("*A.A.*"), *C.M. p/n/f of M.M. & J.M. v. DCYF, et al.*, 217-2019-CV-677 ("*C.M.*"), *C.W. v. DCYF*, 217-2019-CV-680 ("*C.W.*"), and *Willmonton v. DCYF*, 217-2019-CV-678 ("*Willmonton*"). DCYF is currently defending these four suits, all filed contemporaneously by the same attorney, and relating to physical and sexual abuse of children either directly or indirectly under the supervision of DCYF or reported to and investigated by DCYF. None of these claims appears to individually exceed $2 million; however, the aggregate of the claims may be more than $2 million cumulatively. These lawsuits were stayed for approximately a year, pending the outcome of several other cases then pending with the New Hampshire Supreme Court. All of the stays have now been lifted, and the cases are now in the early stages of litigation.

In *C.M.*, DCYF moved to dismiss the complaint in March 2021. The Superior Court denied the motion to dismiss on August 27, 2021. On October 27, 2021, DCYF filed an answer to the complaint. On December 3, 2021, DCYF filed a petition for original jurisdiction with the Supreme Court of New Hampshire, seeking appellate review of the Superior Court's order denying DCYF's motion to dismiss. On January 7, 2022, the Supreme Court issued an order in which it accepted the petition for original jurisdiction, and stated that the case will be scheduled for oral argument before the full court. It is not possible to predict the outcome of this case at this time.

In *Willmonton*, DCYF moved to dismiss the complaint, and briefing on the motion was completed in March 2021. The Superior Court denied the motion to dismiss on June 1, 2021. DCYF filed an answer to the complaint on July 1, 2021. The case is now in the discovery phase. It is not possible to predict the outcome of this case at this time.

In *A.A.*, the plaintiff filed an amended complaint. The motion to dismiss was filed pursuant to the briefing schedule entered by the court on September 30, 2021. The objection is due December 20, 2021, with replies due January 7, 2021 and January 18, 2021. The State did not receive a reply from the plaintiff's counsel. A hearing on the motion to dismiss will take place on February 8, 2022. It is not possible to predict the outcome of this case at this time.

In *C.W.*, a status conference was held on September 28, 2021, and the parties agreed to a schedule pursuant to which the plaintiff has amended the complaint, and the State has renewed its motion to dismiss. Briefing remains ongoing. It is not possible to predict the outcome of this case at this time.

Additionally, the same attorney recently filed two new cases. The first case is Z.K. f/k/a Z.S. ("Z.K."), 217-2021-CV-00528 in Merrimack Superior Court, which makes similar allegations to the above-referenced cases. In Z.K. the State is preparing a motion to dismiss based upon the fact that RSA Chapter 541-B does not provide – expressly or otherwise – for any tolling or enlargement of this three year limited waiver of sovereign immunity against the state for personal injury for minors. In the Complaint, the plaintiff acknowledged the date of his discovery under the discovery rule of RSA 508:4, I, which will not save the suit if the trial court rejects the effort to enlarge RSA 541-B to permit minor tolling. The State filed a motion to dismiss and the plaintiff's attorney filed an objection. The State recently filed a reply that stated that the New Hampshire Supreme Court accepted the Petition for Original Jurisdiction in the C.M. matter, which speaks directly to minor tolling. The State therefore requested that the Superior Court stay the matter pending the outcome of the Supreme Court. A hearing has not yet been set. It is not possible to predict the outcome of this case at this time.

The second new case is *R.K. v. State of New Hampshire Department of Health and Human Services, Division of Children, Youth, and Families*, which was filed on December 14, 2021. The plaintiff alleges that she was abused by her adoptive mother and her boyfriend between June 2008 and October 2016. The plaintiff alleges that DCYF began receiving reports of alleged abuse or neglect of the plaintiff starting in 2010. The plaintiff asserts claims of negligence and negligent supervision and training against DCYF, based on factual allegations that DCYF failed to provide a safe atmosphere for the plaintiff and failed to appropriately respond to continuing reports of abuse or neglect. DCYF filed a motion to dismiss on February 22, 2022. It is not possible to predict the outcome of this case at this time.

Youth Development Center Child Abuse Litigation. The Youth Development Center ("YDC") was New Hampshire's juvenile detention facility and housed both pre-trial detained and delinquent-committed youth. In various locations, at current and now decommissioned and/or demolished physical facilities, and under different names or entities, these types of facilities have existed in New Hampshire for decades. An active criminal investigation is ongoing into allegations of child abuse which may have occurred at these facilities in past years, and a number of individuals have now been criminally charged. There is also a growing number of civil liability claims related to these allegations, for which liability, in the aggregate, will likely exceed $2 million. The following matters are a part of this group of claims:

Charles F. v. N.H. Youth Development Center. On August 2, 2019, the New Hampshire Attorney General's Office received notice that an individual known as Charles F. was seeking to recover damages against the YDC for personal injuries sustained from 1994-1995. It appears that this individual is now represented by a different attorney who has sent a request letter on his behalf, as described below.

Case Record and Facility File Requests. Beginning in October, 2019, and continuing until the present, DCYF is receiving requests for files from formerly detained or committed individuals, all coming from the same attorney, which DHHS believes to related to this block of claims. The requests currently number approximately 400, one of which appears to be Charles F., referenced above. It is not possible to know how many of these will result in additional litigation. Some of these requestors have recently filed suit, as described below, and the plaintiffs' attorney has indicated he is not through filing cases.

David Meehan v. NH Dept. of Health and Human Services, et al. On January 11, 2020, the plaintiff filed a class action lawsuit against DHHS and others alleging physical, sexual and mental/emotional abuse, solitary confinement, and deprivation of education while he resided at the YDC from December 1, 1995 to 1999. The putative class was alleged to consist of men and women who, while minors in the care custody and control of the defendants, were victims of the same stated acts and treatment at the hands of defendants, their agents, employees, and/or contractors. The State filed a limited motion to dismiss in the action, which was partially granted. The class allegations were dismissed and the matter is now proceeding as a single party claim. The state defendants have answered and the matter is in the early stages of discovery. It is not possible to predict the outcome of these cases at this time.

Michael Gilpatrick v. State of New Hampshire, *New Hampshire Department of Health and Human Services, et al.*, and *John Doe #1 v. State of New Hampshire, New Hampshire Department of Health and Human Services, et al.* These two additional cases were filed in Merrimack County Superior Court on or about September 13, 2021. In both complaints, the plaintiff alleges, with no factual specificity, that he was subjected to "one or more of the following by agents and employees" of the State of New Hampshire: physical abuse, sexual abuse, mental/emotional abuse, medication without authorization/consent, excessive solitary confinement, unauthorized strip searches, excessive restraints, and/or discrimination in education. Both complaints seek relief under state tort law, and for alleged violations of the plaintiff's rights under the U.S. Constitution and Title IX of the Education Amendments Act of 1972, as well as the recovery of reasonable attorneys' fees and costs. The plaintiffs have also served discovery requests which mirror those received in the *Meehan* case. The State has moved to dismiss the federal claims in this case as brought against improper defendants, and has additionally moved to dismiss the remainder of the claims for failure to allege sufficient facts to comply with New Hampshire's notice pleading requirement. Additional grounds for dismissal have been reserved pending receipt of a more factually fulsome pleading. The state defendants are also moving to stay discovery until it is determined whether these matters may proceed. It is not possible to predict the outcome of these cases at this time.

Additional Suits by Maunsell, Murphy, John Does 2-94 and Jane Does 1-10. The State has also received an additional one hundred and four suits during December 2021, which are identical to the *Gilpatrick* and *John Doe #1* cases. The State will be making the same motions in these cases as in *Gilpatrick* and *John Doe #1,* described above. As with all of the cases in this block of claims, it is not possible to predict the outcome of these cases at this time.

Legislative Response. The State has received more than 300 lawsuits from people who were residents at YDC alleging various types of abuse including physical, sexual, emotional, and educational. The Legislature is currently considering HB 1677 relative to the administration and settlement of claims of abuse that are alleged to have occurred at the YDC as an alternative method to settle these lawsuits. The House Finance Committee is drafting language to establish a settlement fund and procedures for administering and resolving claims of abuse. While no final determinations have been made regarding how individual claims will be settled, including what, if any, caps will be placed on individual settlements or the YDC Settlement Fund, HB 1677 included initial language for an appropriation of $100,000,000 to the fund. HB 1677 also includes provisions for claims to be paid in equal annual installments over a period of 10 years. At this time, the State cannot predict the outcome of this legislation.

Isaacs v. Dartmouth Hitchcock Medical Center and *Isaacs v. USC Keck School of Medicine*. In these cases, filed in the United States District Court for the District of California, Mr. Isaacs seeks $18.5 million in damages under the Racketeer Influenced and Corrupt Organizations Act ("RICO") against multiple different defendants, including the New Hampshire Board of Medicine. The plaintiff also asserts a 42 U.S.C. § 1983 claim and two state law tort claims against the New Hampshire Board of Medicine. In the first case, a default entered against the New Hampshire Board of Medicine. The New Hampshire Board of Medicine, however, has moved timely to lift the default and press its defenses, including many jurisdictional defenses such as improper service of process, lack of personal jurisdiction, Eleventh Amendment sovereign immunity, failure to state a claim, and other defenses. The plaintiff voluntarily dismissed the first action, but is attempting to keep the New Hampshire Board of Medicine in that action. That attempted has failed and the action, including the default, have been dismissed. The plaintiff may be attempting to appeal this issue. The plaintiff refiled what appeared to be the identical same action in the same court. The action was dismissed. The plaintiff appealed to the Ninth Circuit Court of Appeals. The Ninth Circuit affirmed the district court's dismissal order. The plaintiff filed two petitions for a writ of certiorari in the United States Supreme Court regarding the Ninth Circuit's opinion. The United States Supreme Court denied both. The case is now concluded.

Town of Hampton, New Hampshire v. State of New Hampshire. On February 14 2018, the Town of Hampton filed this lawsuit against the State, seeking various forms of declaratory, injunctive, and monetary relief. According to the complaint, the lawsuit arises out of a 1933 deed in which a portion of Ocean Boulevard in Hampton was transferred from the Town to the State, as well as a series of "long standing issues affecting the Town from the presence of the State's property and operations occurring in Hampton." The Town seeks "a determination of the respective rights and obligations of the Town and the State with respect to a number of aspects of the State's activities."

The Town's complaint contains five separate counts. Through those counts, the Town seeks declarations and related injunctive relief that the State is liable for all maintenance of Ocean Boulevard, including maintenance for the sidewalks, crosswalks, and the "proper drainage of water that runs off of Ocean Boulevard and its sidewalks," the recovery of monetary damages from the State based on the State's collection of revenues from certain paid parking spaces in the Town, monetary damages representing the fair value of various municipal services (including fire, police, and public works) provided by the Town, and monetary damages based on a "fair share of the revenues received over the last three years" from the State's operation of business activities on the subject property. The Town also claims, on equal protection grounds, that the State's distribution to municipalities of Meals and Rooms Tax revenues pursuant to RSA chapter 78-A is unconstitutional as applied to the Town. The Town seeks a declaration that it is entitled to a greater distribution based on the Town's "large seasonal visitor population" as opposed to the Town's smaller "year-round population."

On May 1, 2018, the State filed a motion to dismiss the Town's lawsuit in its entirety. The Town subsequently filed a motion to compel responses to certain discovery requests, which the Town contended were needed in order to adequately respond to the State's motion to dismiss. In July 2018, the court denied the Town's motion to compel. The Town thereafter filed a voluntary nonsuit without prejudice, and indicated that it intends re-file the lawsuit at a later date. It is not possible to predict the outcome of the threatened litigation at this time.

Richard Simone, Jr. v. Andrew Monaco, et al On May 11, 2016, Mr. Simone led police on a multi-state vehicle chase, ending in Nashua, NH. After Mr. Simone stopped and exited his vehicle, a NH State Trooper, Andrew Monaco, and a Massachusetts State Trooper, Joseph Flynn, used excessive force in arresting Mr. Simone. Mr. Monaco was convicted of assault for this incident and was terminated by the NHSP. Mr. Simone brought a civil lawsuit relating to the incident, naming the NHSP Colonel and two NHSP Troopers as defendants. While Mr. Monaco is also named as a defendant, the State determined that he acted in a manner that was both wanton and reckless in this matter and therefore declined to defend or indemnify him under RSA 99-D. In December 2021, Mr. Monaco settled the claims against him for an undisclosed sum. The State defended and indemnified the New Hampshire State Police Colonel, and two Troopers (Trooper Suttmeier and Sgt. Lencki) that did not participate in the use of force, but were alleged to be present at the scene of the arrest. Mr. Simone alleges that both Trooper Suttmeier and Sgt. Lencki failed to intervene to stop the use of force, and therefore are liable under 42 U.S.C. § 1983. Similarly, Mr. Simone alleges that the State Police Colonel is liable under 42 U.S.C. § 1983 for a failure to properly train NHSP Troopers. The U.S. District Court dismissed the Colonel from the case and dismissed all claims that are brought against the State Defendants that are alleged in their official capacity. Sgt. Lencki was dismissed from the case in October 2021 because he was not physically present at the time of the incident and was therefore not able to intervene. In January 2022, the Court dismissed the last remaining claim against a State employee, Trooper Suttmeier. The Court held that Trooper Suttmeier did not violate Mr. Simone's constitutional rights and dismissed the failure to intervene claim. This order, if it stands, means that the State would not be liable for any amount of monetary damages in connection with this matter. Although Mr. Simone typically would have 30 days to appeal this decision, his claims against Massachusetts State Trooper Joseph Flynn are still pending. Therefore, the appeal deadline for the order on Suttmeier's dismissal has been tolled. After the Court enters final judgment in the case Mr. Simone will have thirty days to file an appeal. It is not possible to predict when final judgment will be entered at this time. Simone's claims against Massachusetts State Trooper Joseph Flynn are presently set for trial on June 8, 2022. In order to prevail on this claim, the Plaintiff would have to appeal and obtain a reversal of the District Court order by showing that (1) Trooper Suttmeier did in fact violate his constitutional rights and (2) Trooper Suttmeier is not entitled to qualified immunity. Such a reversal in this matter is unlikely and therefore, at this stage of the proceedings, the risk of liability in this matter is moderate to low.

Threatened litigation from the ACLU against State Police – The N.H. ACLU and the Seacoast Online Newspaper have made a Right to Know Request of NHSP, pursuant to RSA 91-A. They are seeking records related to the NHSP's Mobile Enforcement Team ("MET"), which has been tasked with detecting serious crimes on the highways, such as drug trafficking and human trafficking. The ACLU's requests include a request for policies and procedures on pre-textual motor vehicle stops, and for records of stops that did not result in criminal charges. The ACLU has indicated that the purpose of their request is to secure records which support the position that the NHSP MET disproportionately stops people of color. NHSP is cooperating with the ACLU to identify and provide the records they are seeking and to engage with them constructively with hopes of reviewing existing practices and procedures in order to avoid litigation. Although no lawsuit has been filed, the ACLU has threatened litigation. It is not possible to predict the amount of potential liability at this time.

John Doe, on behalf of himself and all others similarly situated v. Commissioner Jeffrey Myers, Southern New Hampshire Medical Center, and the New Hampshire Circuit Court District Division. An individual, who was admitted to Southern New Hampshire Medical Center's Emergency Department after a suicide attempt, sued in the Federal District Court for the State of New Hampshire alleging habeas corpus relief, declaratory judgment, and appointment of a class for unconstitutional deprivation of liberty interests and lack of procedural due process based on an alleged systemic practice where individuals who may be experiencing mental health crises are involuntarily detained in hospital emergency rooms without the State providing them with due process, appointed counsel, or an opportunity to contest their "detention." This practice is sometimes referred to as "psychiatric boarding." Plaintiff is represented by the New Hampshire American Civil Liberties Union ("ACLU") who is also asking for class certification for similarly situated individuals in New Hampshire. The ACLU alleges that, as of October 31, 2018, approximately 46 adults and 4 minors were "boarded" in emergency rooms. The State will be defending both the Commissioner and the Circuit Court system.

The complaint includes 4 counts requesting relief: Count I, a class action claim alleging violations of the Fourteenth Amendment to the United State Constitution for deprivation of liberty; Count II, a class action procedural due process claim under the New Hampshire Constitution Part I, Article 15; Count III, a class action claim alleging violations of RSA 135-C:31, I; and Count IV, an individual claim on behalf of John Doe for habeas corpus relief. On November 13, 2018, Count IV was voluntarily dismissed by Plaintiff as he moved to a voluntary stay status at the hospital. The overall relief requested is declaratory judgments regarding the various counts and injunctions to discontinue the alleged violations. There is also an accompanying motion for class certification.

The New Hampshire Hospital Association and numerous other hospitals intervened in the matter. They filed a complaint-in-intervenor asserting a Fifth Amendment takings claim against the State, a Fourteenth Amendment due process claim, and other state-law based claims.

The State moved to dismiss the original complaint and the complaint-in-intervenor for lack of State action and for failure to state a claim. The State also objected to the motion for class certification. In response, the plaintiff and the intervenors amended their complaints. More plaintiffs entered the case through the amended complaint and asserted claims against certain of the intervenor hospitals for false imprisonment. The intervenor hospitals added a Fourth Amendment unreasonable seizure claim into their complaint against the State.

The State subsequently moved to dismiss the amended complaint and amended complaint-in-intervenor on substantially the same grounds on September 16, 2019. Thereafter, three of the four hospitals that had been sued for false imprisonment answered the plaintiffs' amended complaint. Two of those hospitals included cross-claims for indemnification, contribution, and a violation of certain provisions of NH RSA 135-C. The cross-claims have been dismissed on Eleventh Amendment immunity grounds. The motions to dismiss were finally briefed on January 17, 2020. On April 30, 2020 and May 1, 2020, the district court denied the Commissioner's motions to dismiss and subsequently granted the plaintiffs' class certification. In doing so, the district court interpreted RSA 135-C in a manner contrary to how it has been implemented by the State. As a result, different State courts have begun reading the statute differently and reaching different outcomes as to whether a person has timely received a probable causes hearing under the involuntary emergency commitment statutes.

The Commissioner filed motions for judgment on the pleadings on sovereign immunity grounds. Those motions were denied. The Commissioner appealed those decisions to the United States Court of Appeals for the First Circuit.

While those motions were pending, the same state statutory interpretation arose in the context of a writ of habeas corpus in state court. The circuit court found the petitioner's involuntary emergency admission to be lawful. In addressing the writ of habeas corpus, the superior court found the petitioner's involuntary emergency admission to be unlawful based on the reading of the statute endorsed by the federal district court. The Commissioner took an expedited appeal to the New Hampshire Supreme Court. On May 11, 2021, the New Hampshire Supreme Court affirmed the superior court's decision and statutory interpretation.

The State began taking immediate action to conform the state mental health services system to the New Hampshire Supreme Court's decision. On May 20, 2021, in the federal case, the Commissioner filed a reply brief with the First Circuit arguing that the federal action is now moot in light of the New Hampshire Supreme Court's decision and the State's actions in response to conform the state mental health services system to the new interpretation of law. The plaintiffs and intervenors filed a reply and oral argument was subsequently held.

The First Circuit subsequently issued an opinion finding that the plaintiffs' case could proceed and reserved the question of mootness to the federal district court on remand. The case is presently on remand, and on December 21, 2021, the parties submitted a joint discovery plan. On January 10, 2022, the parties appeared before the Court for a status conference. A bench trial has been scheduled for the two-week period beginning February 22, 2023.

Conservation Law Foundation, Inc. v. New Hampshire Fish and Game Department, et al. On October 31, 2018, the Conservation Law Foundation ("CLF") filed its Complaint pursuant to Section 505 of the Federal Water Pollution Control Act ("Clean Water Act") alleging violations by the Powder Mill State Fish Hatchery of the hatchery's federal National Pollutant Discharge Elimination System ("NPDES") Permit. Specifically, the suit alleges the following violations: (1) discharging effluent that has resulted in state water quality standards violations in the receiving waters; (2) discharging effluent that has impaired the use of receiving waters; (3) discharging formaldehyde in concentrations exceeding the limits stated in the facility's NPDES permit; (4) discharging effluent causing violation of the pH limits stated in the facility's NPDES permit; (5) discharging cleaning water in violation of the NPDES permit; and (6) failing to implement and maintain a best management practices plan as required by the NPDES permit. The suit names the Department, the Executive Director, the Fish and Game Commission, and each of the Fish and Game Commissioners. CLF alleged that each separate violation of the Clean Water Act subjects NHFG to a penalty of up to $51,570. In addition to civil penalties, CLF sought declaratory relief and injunctive relief to prevent further violations of the Clean Water Act. CLF also seeks injunctive relief to remediate past effluent and seeks recovery of costs and fees associated with this matter. Following briefing on NHFG's partial motion to dismiss, CLF voluntarily dropped the Department and the Commission from the suit. After a hearing, the Court determined that civil penalties were barred on Eleventh Amendment grounds, but denied the State's motion to dismiss without prejudice to raising the remaining issues at summary judgment.

The Parties filed cross-motions for summary judgment on November 27, 2019. CLF sought summary judgment on all counts, while the State sought summary judgment on Counts II, III, VI, and VII, as well as on CLF's request for injunctive relief to remediate past effluent on 11th amendment grounds. The judge dismissed counts related to contamination already in sediment, dismissed Count III regarding formaldehyde discharges, issued preliminary orders to NHFG to limit pH issues, and scheduled other issues for trial in October 2020. NHFG addressed the pH issues at the hatchery in compliance with the Order.

On October 13, 2020, EPA issued a final NPDES permit for the hatchery to become effective on January 1, 2021. The new permit included numeric effluent limits for phosphorus. The State sought dismissal of the case as moot. However, on January 28, 2021 the Court denied the State's motion and allowed CLF to amend its complaint to reassert its claims under the new permit. CLF filed an amended complaint on February 10, 2021 re-alleging its claims (excepting the dismissed formaldehyde claim) and adding two new claims alleging violation of the new phosphorus effluent limits in the 2021 Permit. The State filed a motion to dismiss the new claims, which was denied by the Court on April 21, 2021.

Following EPA's agreement to enter into negotiations with the parties, the Court stayed the case by order dated May 4, 2021. EPA, CLF and the State have been engaged in ongoing settlement negotiations. The parties anticipate entering into a negotiated consent decree that will require the Hatchery to achieve compliance with its phosphorus limits by December 31, 2025, to conduct a study of phosphorous in the downstream waters, and to pay a portion of CLF's costs and attorney fees. The cost of compliance with the Permit is not yet discernible.

State v. National Foam Inc., et al. (AFFF PFAS) – On May 30, 2019, the State filed suit against National Foam and several other manufacturers of Aqueous Film Forming Foam ("AFFF") which contains one or more fluorinated substances that have caused contamination of the State's groundwater and surface water. The case was removed to federal court and is now in the MDL court in South Carolina. The defendants have been given extensions of time with respect to filing an answer. The MDL parties are engaged in discovery, which is anticipated to continue for several months. Bellwether trails for municipal water system cases are scheduled to take place in 2023-2024. The State's experts have not yet been able to quantify damages.

State v. 3M, et al. (PFAS) – On May 30, 2019, the State filed suit against manufacturers of various fluorinated chemicals for statewide contamination of the State's groundwater and surface water. The case is in Hillsborough Superior Court (North). The defendants filed partial motions to dismiss on the State's trespass and enhanced compensatory damages claims, and challenged venue. The case was transferred to Merrimack County, the trespass claim was dismissed, and the compensatory damages request will be allowed to remain part of the case. The State amended its complaint to add additional defendants related to DuPont's corporate reorganization. The Defendants filed a second round of motions to dismiss the State's public trust claim and the new defendants. On July 8, 2021, the Court granted Defendants motion to dismiss the State's public trust claim, and denied Defendants' motion to dismiss the new defendants. The new defendants appealed the denial to the New Hampshire Supreme Court, where briefing is ongoing.

The original defendants answered the State's complaint and the State produced its automatic disclosures. 3M has moved to extend the deadline for it to file its automatic disclosures, and a hearing on case scheduling is slated for March 31, 2022.

State v. Monsanto Corp. et al (PCBs) – The State filed suit against the manufacturers of PCBs which have impaired over 90 State water bodies. Defendants have filed an answer and the State has made automatic disclosures. The State's experts have not yet been able to quantify damages. Settlement discussions are ongoing.

Conservation Law Foundation, Inc. v. Pease Development Authority, et al and Notice of Intent to File Suits Against PDA. On November 10, 2016, CLF filed its Complaint pursuant to Section 505 of the Federal Water Pollution Control Act ("Clean Water Act") alleging the following violations: (1) discharging stormwater from systems of conveyances to the waters of the United States without a permit; (2) failure to obtain coverage under the required Clean Water Act National Pollutant Discharge Elimination System ("NPDES") permit; and (3) failure to comply with the specific requirements of any such permit. CLF alleged that each separate violation of the Clean Water Act subjects PDA to a penalty of up to $37,500 per day per violation for all violations occurring from January 12, 2009 through November 2, 2015 and $51,570 for penalties that are assessed on or after August 1, 2016, for violations that occurred after November 2, 2015. CLF sought the full penalties allowed by law. In addition to civil penalties, CLF sought declaratory relief and injunctive relief to prevent further violations of the Clean Water Act. CLF seeks an order from the court requiring PDA to correct all identified violations by implementing permitting requirements; and seeks recovery of costs and fees associated with this matter. On February 8, 2017, PDA filed a motion to dismiss the Complaint on 11th amendment grounds. The Court granted PDA's motion to dismiss as to all retrospective relief. The claim for prospective injunctive relief remains. The parties reached a settlement agreement in January, 2019, and this case was administratively closed as of March 22, 2019. This matter is now closed.

NHHA v. Sylvia Matthews Burwell, USDC 15-cv-460-LM: New Hampshire Hospital Association ("NHHA") filed a lawsuit against Centers for Medicare & Medicaid Services (CMS) seeking to prevent the application of CMS answers to FAQ's 33 and 34 concerning audit requirements that require hospitals to exclude any payments related to Medicaid recipients from third parties (TPL), including Medicare or private insurance, from claimed uncompensated care, arguing CMS' had engaged in illegal informal rulemaking and that the substance was not authorized by the CMS statute. NHHA requested that the application of the audit requirements related to uncompensated care be enjoined prospectively to future years disproportionate share reporting and calculations and retroactively to the then pending 2011 audit findings that several million dollars would have to be recouped from the critical care hospitals and several of the major hospitals. The State was not a party to this lawsuit, but has acknowledged that it would be bound by any order issued to CMS, as the State has adopted the CMS requirements for calculation of uncompensated care as the basis for how disproportionate share (DSH) payments are made.

Following a Preliminary Injunction hearing in January 2016, on March 11, 2016 the New Hampshire Federal District Court enjoined CMS from enforcing these audit requirements on procedural grounds for failure to use formal rulemaking and also found a likelihood of success on the merits.

In August 2016, CMS filed a notice of rulemaking to adopt a rule that would memorialize its position. On April 3, 2017 CMS published notice adopting the final rule, which became effective on June 2, 2017.

As a result of the Court's order, not only is recoupment of the 2011 overpayments based on TPL enjoined, but the hospitals were allowed in the current year, and will need to be allowed going forward as long as the injunction is in place, to claim uncompensated care without deducting these third party payments. In the last fiscal year, this resulted in approximately a $17 million increase in the DSH payments owed to hospitals. The State has filed a motion for permissive intervention indicating that it supports CMS statutory authority to adopt the substance of FAQ 33 and 34. That motion was denied.

On March 3, 2017, the federal court granted the hospitals' summary judgment motion in part, finding that CMS did not have authority to adopt these substantive interpretations by FAQ. This final order assumed that CMS could adopt its interpretation through rulemaking. A permanent injunction has been entered. The court rejected a request by the Hospitals to challenge the validity of the newly enacted rule in this action. CMS appealed to the First Circuit Court of Appeals the portion of the decision rejecting their authority to enforce the FAQ's. Briefs were filed, and oral argument was held on January 9, 2018. Although CMS has indicated it does not seek to enforce the FAQ's retroactively against the New Hampshire Hospitals, if CMS were to prevail on its appeal, it is unclear whether they would have the legal option to do so. The State filed an amicus brief in partial support of CMS's authority for the policies. On April 4, 2018 the First Circuit issued the decision upholding the trial court decision. CMS's has not filed an appeal to the United States Supreme Court, so this case is closed.

Michael Gill v. New Hampshire Department of Revenue Administration; The Mortgage Specialists, Inc. v. New Hampshire Department of Revenue Administration. The New Hampshire Supreme Court affirmed a consolidated lower court decision granting summary judgment in favor of the State in this appeal of administrative decisions that Mr. Gill and The Mortgage Specialists owe taxes. The total amount owed, with penalties and interest, is approximately $3.9 million. At this time, the State does not believe there is any likelihood it will recover that amount. In 2017, the State collected about $306,000 and believes an additional recovery in the range of $750,000 is possible in late 2018 or in 2019 with no further collections thereafter. Other creditors are also seeking the assets of Mr. Gill and Mortgage Specialists, Inc. The State has now sold the attached Gill properties at auction and has received $750,000. This case is now closed.

Avery v. Hanks – On July 31, 2018, Edgar Avery, an inmate at the New Hampshire State Prison for Men, filed a breach of contract action alleging that the New Hampshire Department of Corrections is in breach of an extensive settlement agreement known as the Laaman Settlement Agreement. Mr. Avery sought specific performance of the settlement agreement based on many varied allegations. The agency moved to dismiss Mr. Avery's suit as barred by sovereign immunity, because the New Hampshire Supreme Court had interpreted RSA 491:8, the statute permitting suit against the State on contracts, to be limited to suits seeking monetary damages only. Suits seeking equitable relief were barred. The trial court dismissed the case on sovereign immunity and standing grounds. Mr. Avery appealed. While the case was pending on appeal, the legislature changed RSA 491:8 to permit persons to seek equitable relief on contracts with the State. The New Hampshire Supreme Court issued its opinion on November 20, 2020.

In resolving the appeal, the New Hampshire Supreme Court held that RSA 491:8 now permits Mr. Avery to seek specific performance of the Laaman Settlement Agreement and, if the New Hampshire Department of Corrections lacks funding sufficient to cover what is ultimately ordered, the judgment must be presented to the legislature for payment under RSA 491:8. The New Hampshire Supreme Court also held that Mr. Avery has standing to maintain the lawsuit and reversed and remanded the case. On remand, the Commissioner has filed a renewed motion to dismiss which remains pending for resolution. Mr. Avery filed a motion for preliminary injunction which was withdrawn. A hearing on the renewed motion to dismiss was held on December 10, 2021. It is not possible at this time to predict the outcome of this case at this time.

G.K., by their next friend, Katherine Cooper, et al. v. Sununu, et al. Four minor children in the state foster care system with mental disabilities brought an action in federal district court on behalf of themselves and all others similarly situated challenging the State's compliance with case planning requirements under the Adoption Assistance and Child Welfare Act of 1980, with the integration mandate set forth in Title II of the Americans with Disabilities Act and Section 504 of the Rehabilitation Act of 1973. Plaintiffs also claimed that the State violates the federal constitution's due process guarantee by not providing them with counsel during abuse and neglect proceedings.

In February 2021, the defendants moved to dismiss all of the plaintiffs' claims on the basis that each one failed to state a claim for relief. The Court subsequently dismissed the plaintiffs' constitutional due process claim, but allowed the other claims to proceed. The defendants answered the complaint in October 2021. In November 2021, the parties made their automatic disclosures, and they are presently in the initial phases of discovery with the plaintiffs having served multiple sets of requests for production and an initial set of interrogatories. Discovery is expected to be substantial.

The parties jointly submitted a proposed scheduling plan to the Court in late October 2021, but the Court has yet to rule on the plan or to otherwise enter a scheduling order. Under the parties' proposal, the plaintiffs' deadline to move for class certification is in October 2022, fact discovery will conclude in January 2023, and trial will occur in October 2023. At present, it is not possible to predict the outcome of this action.

Price, et al. v. Commissioner of the New Hampshire Department of Health and Human Services. Three persons with disabilities enrolled in the New Hampshire Choices for Independence Medicaid Waiver ("CFI Waiver") filed suit in federal district court alleging that the N.H. Department of Health and Human Services has failed to provide them with community-based, long-term care services available through the CFI Waiver in violation of the Fourteenth Amendment of the United States Constitution, Title II of the Americans with Disabilities Act, Section 504 of the Rehabilitation Act, and the Medicaid Act. The plaintiffs claim that DHHS has violated the integration mandate with the administration of the CFI Waiver. The plaintiffs seek declaratory and injunctive relief, as well as the recovery of reasonable attorneys' fees and costs. In March 2021, the plaintiffs filed a Suggestion of Death as to one of the four plaintiffs. The defendants moved to dismiss the action, which was recently denied in its entirety by the court. All seven counts continue to remain pending. The parties have commenced discovery in the case. Discovery will be extensive and voluminous. The State has responded to 71 separate requests for production of documents and produced responsive documents. Additionally, the State has engaged the e-discovery software Everlaw to assist with ESI. The State is working with counsel to narrow the search terms and custodians as set forth in the order. Recently, counsel has requested a conference to discuss settlement. It is not possible to predict the outcome of this case at this time.

Cassandra Caron, et al. v. New Hampshire Employment Security. On August 27, 2021, four individuals filed a lawsuit in Superior Court against New Hampshire Employment Security and Commissioner George Copadis. Plaintiffs asked the Court to order NHES to re-enter an agreement with the United States Department of Labor for purposes of administering retroactive payment of Pandemic Unemployment Assistance, a form of federal unemployment compensation that Congress created under the CARES Act in March 2020 and that expired on September 6, 2021. Plaintiffs moved for provisional injunctive relief to which defendants objected. A hearing on Plaintiffs' motion for provisional relief was held on September 3, 2021. By order of September 27, 2021, the Court denied Plaintiffs' motion for provisional relief and dismissed the action sua sponte. Plaintiffs have appealed and filed their brief, with Defendants' brief or memorandum of law currently due by January 26, 2022. Of note, there have been numerous similar lawsuits in other states that terminated PUA agreements with USDOL prior to the program's September 6, 2021 expiration date. Outcomes in those states have been mixed to date, with courts granting relief in some cases and denying it in others. If New Hampshire Employment Security is ordered to re-enter an agreement with DOL to administer PUA retroactively, the PUA program provides that the United States will pay the State of New Hampshire for the costs of the benefits it pays to qualifying individuals and for its costs of administering the PUA program. An unfavorable outcome is unlikely.

Verrill v. Commissioner Shibinette. The plaintiff, a 20-year old woman with severe developmental disabilities who is in school, filed a lawsuit in superior court seeking a declaration that she is entitled to home and community-based services under RSA chapter 171-A. RSA 171-A:1-a states, in relevant part, that "[t]he department of health and human services and area agencies shall provide services to eligible persons under this chapter . . . in a timely manner. The department and area agencies shall provide services in such a manner that: (a) For persons in school and already eligible for services from the area agencies, funds shall be allocated to them 90 days prior to their graduating or exiting the school system or earlier so that any new or modified services needed are available and provided upon such school graduation or exit." The Commissioner's agency has interpreted this statute to apply only to persons who are still in school and within 90 days of graduating, not to persons who are just generally in school. The superior court disagreed and interpreted it to apply regardless of a person's enrollment in school. The parties thereafter briefed the remaining request for declaratory relief, the request for injunctive relief, and the request for attorney fees. The superior court granted the request for declaratory relief, which is coterminous with the previous declaration, and the request for attorney fees, but denied without prejudice the request for injunctive relief. The State has filed an appeal, which was accepted on December 17, 2021, and awaits briefing.

FINANCIAL STATEMENTS

Fiscal Year 2017. The State issued the financial statements for the fiscal year ended June 30, 2017 on December 22, 2017 with an unqualified auditor's opinion from KPMG. The 2017 audited financial statements were filed with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access System on December 27, 2017.

The State received a statewide management letter from KPMG in March 2018 detailing concerns identified during the fiscal year 2017 audit. The management letter identified certain control deficiencies and other observations (not material weaknesses). The State has implemented additional internal controls to remedy some of these issues already and continues to work diligently on the remaining issues identified. The management letter is available at *http://www.gencourt.state.nh.us/LBA/AuditReports/contractedaudits.aspx.*

In the audit of the Liquor Commission, similar to fiscal years 2014 through 2016, the State received a management letter identifying a material weakness and significant deficiencies regarding financial management and certain internal controls. The Liquor Commission has continued to take steps to strengthen its financial reporting controls, including engaging financial consultants to assist in the preparation of the fiscal year 2017 financial statements, as well as assist in other internal control improvement efforts. Additional internal controls have been implemented to remedy several prior year issues and the Commission continues to pursue internal control improvement efforts in order to address the remaining issues identified. The management letter is available at *http://www.gencourt.state.nh.us/LBA/AuditReports/financialreports.aspx*

Single Audit. The fiscal year 2017 Single Audit of Federal Financial Assistance Programs conducted by KPMG resulted in certain compliance findings (material weaknesses and significant deficiencies) identified during the audit and can be found within the audit report located on the State's website at *http://www.gencourt.state.nh.us/LBA/AuditReports/contractedaudits.aspx.*

In addition to the Single Audit of Federal Financial Assistance Programs, KPMG was engaged to examine the State's assertions regarding the amounts of payroll costs charged to various federal programs administered by the United States Department of Education (US DOE). The examination was required by the US DOE based on a review of state compliance performed by the US DOE Office of State Support. The subsequent report issued on September 6, 2018 is available on the State's website at *http://www.gencourt.state.nh.us/LBA/AuditReports/ContractedAudits/DOE%20Payroll%20Cost%20Audit.pdf.*

The report identifies $3.38 million of unsupportable payroll costs spanning State fiscal years 2014 through 2016. The final determination regarding the ultimate liability to the State for the unsupportable costs are dependent on language in the US DOE's rules.

Fiscal Year 2018. The State has issued financial statements for the fiscal year ended June 30, 2018 on December 27, 2018 with an unqualified auditor's opinion from KPMG. The 2018 audited financial statements were filed with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access System on December 28, 2018.

The State received a statewide management letter from KPMG in March 2019 detailing concerns identified during the fiscal year 2018 audit. The management letter identified certain control deficiencies and other observations (not material weaknesses). The State has implemented additional internal controls to remedy these issues and will continue to work diligently on the issues identified. The management letter is available at *http://www.gencourt.state.nh.us/LBA/AuditReports/contractedaudits.aspx.*

In the audit of the Liquor Commission, similar to fiscal years 2014 through 2017, the State received a management letter identifying a material weakness and significant deficiencies regarding financial management and certain internal controls. The Liquor Commission has continued to take steps to strengthen its financial reporting controls, including engaging financial consultants to assist in the preparation of the fiscal year 2018 financial statements, as well as assist in other internal control improvement efforts. Additional internal controls have been implemented to remedy several prior year issues and the Commission continues to pursue internal control improvement efforts in order to address the remaining issues identified. The management letter is available at *http://www.gencourt.state.nh.us/LBA/AuditReports/financialreports.aspx*.

Single Audit. The fiscal year 2018 Single Audit of Federal Financial Assistance Programs was conducted by KPMG and resulted in certain compliance findings (material weaknesses and significant deficiencies) identified during the audit and can be found within the audit report located on the State's website at *http://www.gencourt.state.nh.us/LBA/AuditReports/contractedaudits.aspx.*

Fiscal Year 2019. The State issued financial statements for the fiscal year ended June 30, 2019 on December 20, 2019 with an unqualified auditor's opinion from KPMG. The 2019 audited financial statements were filed with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system on December 23, 2019.

In connection with its audit of the State's financial statements for the fiscal year ended June 30, 2019, KPMG also issued a separate report on internal control over financial reporting and on compliance and other matters. The report may be accessed at *http://www.gencourt.state.nh.us/LBA/AuditReports/ContractedAudits/State_ML_2019.pdf*. The report cited two significant deficiencies in internal control, the more notable of which pertains to a longstanding policy of the State regarding how it accounts for excess business taxes paid, as reported annually by the Department of Revenue Administration at *https://www.revenue.nh.gov/publications/reports/index.htm*. These amounts or "credit carryovers" represent the amount of overpaid BPT and BET amounts that taxpayers elect to apply to future taxes owed rather than requesting a refund. The State's policy to date has been to record a tax refund payable for accumulated credit carryovers only to the extent the aggregate credit carryovers in a particular fiscal year exceed estimated additional tax revenues attributable to that fiscal year but arising from future audits of taxpayers.

The State initially estimated the gross amount of credit carryovers as of June 30, 2019 to be approximately $224 million and the incremental fiscal 2019 tax revenues to be generated by audits to be approximately $214 million, resulting in a net tax refund payable (liability) of $10 million. Further review resulted in an adjusted credit carryover estimate of $85 million. KPMG recommended in its report that the State discontinue its practice of offsetting credit carryovers with future tax audit revenues and analyze the impact on the General Fund and Education Fund of recognizing related refunds of BPT and BET revenues in those funds.

The State's response to this issue is included in the KPMG report. The State notes that it has reviewed this issue each year since fiscal 2011 but to date has not generally adjusted its cash basis tax revenues to account for the full credit carryover amounts. In any year where the calculated credit carryover liability exceeds the calculated future audit revenues, the State has recorded a net liability at the General Fund level, which impacts the budgetary surplus. In response to the KPMG report, the State intends to further refine its analysis of the credit carryover balances as of the end of each fiscal year and evaluate whether other changes should be made to its accounting policies, consistent with current budget practices. Any changes in the State's accounting policies related to this issue, if determined to be desirable, are currently expected to be implemented for the fiscal 2020 financial statements. However, the State has made no decisions yet on any such changes nor can it predict how KPMG may view any changes.

Fiscal Year 2020. The State issued financial statements for the fiscal year ended June 30, 2020 on December 22, 2020 with an unqualified auditor's opinion from KPMG. The fiscal year 2020 audited financial statements were filed with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system on December 24, 2020.

The State received the statewide report on internal control over financial reporting and on compliance and other matters (Yellow book letter) on December 22, 2020 from KPMG, detailing one significant deficiency (not material weaknesses) identified during the fiscal year 2020 audit related once again to the prior year credit carryover concerns. The State will continue to work diligently to ensure that additional internal controls are implemented to remedy these issues.

The State received the statewide management letter from KPMG in April, 2021, detailing concerns identified during the fiscal year 2020 audit. The management letter will identify certain control deficiencies and other observations (not significant deficiencies or material weaknesses). The State has implemented additional internal controls to remedy these issues and will continue to work diligently on the issues identified. The management letter is available at *http://www.gencourt.state.nh.us/LBA/AuditReports/contractedaudits.aspx.*

Single Audit. The fiscal year 2020 Single Audit of Federal Financial Assistance Programs was conducted by KPMG and resulted in certain compliance findings (material weaknesses and significant deficiencies) identified during the audit and can be found within the audit report located on the State's website at *http://www.gencourt.state.nh.us/LBA/AuditReports/contractedaudits.aspx.*

Fiscal Year 2021. The State issued financial statements for the fiscal year ended June 30, 2021 on December 22, 2021 with an unqualified auditor's opinion from KPMG. The fiscal year 2021 audited financial statements were filed with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system on December 22, 2021.

The State received the statewide report on internal control over financial reporting and on compliance and other matters (Yellow book letter) on December 22, 2021 from KPMG, detailing one significant deficiency (not material weaknesses) identified during the fiscal year 2021 audit related once again to the prior year credit carryover concerns. The State continues to believe current state accounting policy is appropriate, however, State officials have discussed the credit carryover potential liability with the Legislature. The fiscal year 2022-2023 budget trailer bill (HB 2) included provisions to both study limiting the Business Tax Credit Carry Over, and to institute a future "cap" on the amount that can be carried over by a taxpayer.

KPMG has not been engaged to perform and has not performed, since the date of any report referenced herein, any procedures on the financial statements addressed in such reports. KPMG has also not performed any procedures relating to this Information Statement.

MISCELLANEOUS

Any provisions of the constitution of the State, of laws and of other documents set forth or referred to in the Information Statement are only summarized and such summaries do not purport to be complete statements of any of such provisions. Only the actual text of such provisions can be relied upon for completeness and accuracy.

This Information Statement contains forecasts, projections and estimates that are based on current expectations. In light of the important factors that may materially affect the financial condition of the State of New Hampshire generally and other economic and financial matters, the inclusion in this Information Statement of such forecasts, projections and estimates should not be regarded as a representation by the State that such forecasts, projections and estimates will occur. Such forecasts, projections and estimates are not intended as representations of fact or guarantees of results.

This Information Statement contains certain forward-looking statements that are subject to a variety of risks and uncertainties that could cause actual results to differ from the projected results, including without limitation general economic and business conditions, conditions in the financial markets, the financial condition of the State of New Hampshire and various state agencies and authorities, receipt of federal grants, litigation, arbitration, force majeure events and various other factors that are beyond the control of the State and its various agencies and authorities. Because of the inability to predict all factors that may affect future decisions, actions, events or financial circumstances, what actually happens may be different from what is set forth in such forward-looking statements. Forward-looking statements are indicated by use of such words as "may," "will," "should," "intends," "expects," "believes," "anticipates," "estimates" and other.

All estimates and assumptions in the Information Statement have been made on the best information available and are believed to be reliable, but no representations whatsoever are made that such estimates and assumptions are correct. So far as any statements in the Information Statement involve any matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact. The various tables may not add due to rounding of figures.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Information Statement.

Neither the State's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

The information, estimates and assumptions and expressions of opinion in the Information Statement are subject to change without notice. Neither the delivery of this Information Statement nor any sale made pursuant to any offering document of which the Information Statement is a part shall, under any circumstances, create any implication that there has been no change in the affairs of the State or its agencies, authorities or political subdivisions since the date of this Information Statement, except as expressly stated.

ADDITIONAL INFORMATION

Additional information concerning the State and certain of its departments and agencies, including periodic public reports relating to the financial position of the State and annual or biennial reports of such departments and agencies, may be obtained upon request from the office of the State Treasurer, Monica I. Mezzapelle, State Treasurer, State House Annex, Concord, New Hampshire.

EXHIBIT A

STATE OF NEW HAMPSHIRE

AUDITED FINANCIAL STATEMENTS

FOR FISCAL YEAR 2021

(Included by Reference and Filed with the Municipal Securities Rulemaking Board)

[THIS PAGE INTENTIONALLY LEFT BLANK]

STATE OF NEW HAMPSHIRE • GENERAL OBLIGATION CAPITAL IMPROVEMENT BONDS 2022 SERIES A

Mixed Sources
Product group from well managed forests, controlled sources and recycled wood or fiber.

Printed by: ImageMaster, LLC
www.imagemaster.com