New Analysis: Low-Income Taxpayers in New Hampshire Pay Three Times the Tax Rate Paid by the We Richest Granite Staters

CONCORD, NH – A new study released today by the Institute on Taxation and Economic Policy (ITEP) finds that the lowest income Granite Staters pay an effective tax rate that is three times that paid by the state’s wealthiest residents. The report, titled Who Pays? A Distributional Analysis of the Tax Systems in All 50 States, factors in all major state and local taxes, including personal and corporate income taxes, property taxes, sales and other excise taxes.

“This report provides important context for New Hampshire policymakers as they endeavor to build the next state budget,” said Jeff McLynch, executive director of the New Hampshire Fiscal Policy Institute (NHFPI). “Our tax system asks much more of those individuals who are least able to pay, making it even harder for them as they struggle to get ahead. Policymakers should explore reforms that will make the tax system more fair to hard working Granite Staters.”

Who Pays? examines how state and local tax systems affect non-elderly individuals and families at all income levels and finds that New Hampshire’s low- and middle-income residents pay a significantly higher percentage of their income in taxes than those in the top one percent. NHFPI has published an updated fact sheet to provide context for the Granite State. Key findings for 2012 include:

- Individuals and families that comprised the poorest fifth of taxpayers in New Hampshire, on average, paid 8.3 percent of their incomes in state and local taxes.
- Individuals and families in the middle of the income distribution, those with incomes between $44,000 and $70,000, paid 6.6 percent in taxes.
- The top 1 percent of income earners experienced an average effective tax rate of 2.6 percent, with an average income of slightly more than $1.3 million.

New Hampshire’s tax structure will be the focus of a panel discussion at NHFPI’s upcoming conference, Building a Better Budget: Meeting Today’s Needs, Preparing for Tomorrow. Participating panelists include Carl Davis, senior policy analyst for ITEP. Building a Better Budget will be held on Friday, January 23, 2015 from 8:30 a.m. to 2:00 p.m. at the Grappone Conference Center in Concord, NH. The event registration fee is $45. Pre-registration is required via the NHFPI website; online registration is available through January 14. Complete details and links to register may be found at www.nhfpi.org/nhfpi-policy-conference.

The New Hampshire Fiscal Policy Institute is an independent, non-profit, non-partisan organization dedicated to exploring, developing, and promoting public policies that foster economic opportunity and prosperity for all New Hampshire residents, with an emphasis on low- and moderate-income families and individuals. Learn more at www.nhfpi.org.

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