THE NEW HAMPSHIRE ECONOMY AND FUNDING FOR PUBLIC SERVICES

PRESENTED BY PHIL SLETTEN, SENIOR POLICY ANALYST

NEW LEADERS COUNCIL-NEW HAMPSHIRE
FEBRUARY 26, 2022
PART ONE:
THE NEW HAMPSHIRE ECONOMY,
BEFORE AND DURING
THE COVID-19 PANDEMIC
NEW HAMPSHIRE COUNTIES
HIGHEST MEDIAN HOUSEHOLD INCOMES CLOSER TO BOSTON METRO AREA

ESTIMATED MEDIAN HOUSEHOLD INCOMES RELATIVE TO STATEWIDE MEDIAN BY MUNICIPALITY

Comparison to State Estimate
Statistical Significance measured at 90% confidence level

- Statistically Significantly Below, Population Below 1,000
- Statistically Significantly Below, Population Above 1,000
- Statistically Significantly Above, Population Below 1,000
- Statistically Significantly Above, Population Above 1,000
- No Statistically Significant Difference, Population Below 1,000
- No Statistically Significant Difference, Population Above 1,000

Source: U.S. Census Bureau, American Community Survey

NEW HAMPSHIRE FISCAL POLICY INSTITUTE
UPWARD TREND IN INEQUALITY
GINI INDEX OF INCOME INEQUALITY BETWEEN HOUSEHOLDS IN NEW HAMPSHIRE AND THE UNITED STATES

New Hampshire  United States

Note: Margins of Error represent 90 percent confidence intervals
Source: U.S. Census Bureau, American Community Survey, One-Year Estimates
CERTAIN RACIAL AND ETHNIC GROUPS HAVE MUCH HIGHER POVERTY RATES

INDIVIDUAL POVERTY RATES BY SELECTED GROUP
2015-2019 ESTIMATES, NEW HAMPSHIRE

Poverty Thresholds, 2019 Annual Income:

- Single Adult Under 65 Years Old: $13,300
- One Adult Under 65 with One Child: $17,622
- Two Adults with One Child: $20,578
- Two Adults with Two Children: $25,926

Notes: Margin of error bars represent 90 percent confidence intervals, Hispanic origin included in non-white races
Source: U.S. Census Bureau, American Community Survey Five-Year Estimates, 2015-2019
INCOMES VARY BY POPULATION GROUP

MEDIAN HOUSEHOLD AND PER CAPITA INCOME
BY RACE AND ETHNICITY, 2015-2019 ESTIMATES, NEW HAMPSHIRE

Householder Attribute
Notes: Margin of error bars represent 90 percent confidence intervals, Hispanic origin included in non-white races
Source: U.S. Census Bureau, American Community Survey Five-Year Estimates, 2015-2019
MOST COUNTY POPULATIONS HAVE GROWN RELATIVE TO 1990

RELATIVE POPULATION CHANGE BY NEW HAMPSHIRE COUNTY

Source: U.S. Census Bureau, Decennial Census

NEW HAMPSHIRE FISCAL POLICY INSTITUTE
POPULATION GROWTH FASTER IN SOUTHEAST, RECREATION AREAS

PERCENT POPULATION CHANGE BY MUNICIPALITY

New Hampshire, 2010 to 2020,

Shading Relative to Statewide Growth Rate

Source: U.S. Census Bureau, Decennial Census Counts

Population Change Relative to Statewide Growth

More Than 20% =
Less Than -20% =
INCREASING RACIAL AND ETHNIC DIVERSITY IN ALL COUNTIES

PERCENTAGE OF COUNTY POPULATION IDENTIFYING AS A MEMBER OF A RACIAL OR ETHNIC MINORITY GROUP IN NEW HAMPSHIRE

Source: U.S. Census Bureau, Decennial Census
IMPACTS OF PANDEMIC ON HOUSEHOLD SAVINGS AND ASSETS UNEVEN

• Federal Reserve System Board of Governors: “...financial challenges in 2020 were uneven, and frequently left those who entered the year with fewer resources further behind.”¹

• In November 2020, about one in four U.S. adults said they were worse off financially than they were a year earlier¹

• Share with a bachelor’s degree at least “doing okay” financially was 89%, compared to 45% for adults with less than a high school degree; at least “doing ok” 80% for white adults, 64% for both Black and Hispanic adults¹

• 38% of households reported serious financial problems in mid-2021 (59% for those with below $50,000 per year in income), and 19% reported losing all savings during pandemic and not having any more (30% for less than $50,000 per year)²

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² Harvard T.H. Chan School of Public Health, Robert Wood Johnson Foundation, NPR, Household Experiences in American During the Delta Variant Outbreak, survey conducted in August-September 2021, published October 2021
FEDERAL POLICY RESPONSE TO PANDEMIC APPEARED TO LIMIT POVERTY

ESTIMATED MONTHLY U.S. POVERTY RATE AND SUPPLEMENTAL POVERTY MEASURE, WITH AND WITHOUT PANDEMIC LEGISLATION

Note: Axis does not begin at zero.


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Note: Axes do not begin at zero.


POLICY RESPONSE APPEARED TO REDUCE HARDSHIP IN NEW HAMPSHIRE

PERCENTAGE OF ADULTS LIVING IN HOUSEHOLDS WHERE IT HAS BEEN SOMEWHAT OR VERY DIFFICULT TO PAY FOR USUAL HOUSEHOLD EXPENSES DURING THE LAST SEVEN DAYS IN NEW HAMPSHIRE

Survey Period (Years 2020-2022)

Note: Margin of error bars represent 90 percent confidence intervals
FEDERAL FISCAL STIMULUS WAS EFFECTIVE 
RETURNS ON INVESTMENT FROM CERTAIN POLICIES 

*Fiscal Stimulus Multipliers, 2021*

<table>
<thead>
<tr>
<th>Selected Policy Change Analyzed</th>
<th>Economic Growth Per $1 Invested</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supplemental Nutrition Assistance Program Benefits</td>
<td>$1.61</td>
</tr>
<tr>
<td>Supplemental Unemployment Insurance</td>
<td>$1.49</td>
</tr>
<tr>
<td>Work-Share Unemployment Insurance</td>
<td>$1.37</td>
</tr>
<tr>
<td>Aid to State and Local Governments</td>
<td>$1.34</td>
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<tr>
<td>Low Income Home Energy Assistance Program (LIHEAP)</td>
<td>$1.31</td>
</tr>
<tr>
<td>Transportation Infrastructure Spending</td>
<td>$1.29</td>
</tr>
<tr>
<td>Earned Income Tax Credit</td>
<td>$1.27</td>
</tr>
<tr>
<td>Child Tax Credit</td>
<td>$1.25</td>
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<tr>
<td>Childcare (Universal Child Care Act)</td>
<td>$1.19</td>
</tr>
<tr>
<td>Universal Pre-Kindergarten</td>
<td>$1.17</td>
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<tr>
<td>Care for Older Adults</td>
<td>$1.15</td>
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<tr>
<td>Economic Impact Payments</td>
<td>$1.09</td>
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<td>Payroll Tax Holiday for Employees</td>
<td>$1.07</td>
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<tr>
<td>Payroll Tax Holiday for Employers</td>
<td>$0.95</td>
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<tr>
<td>Personal Income Tax Rate</td>
<td>$0.88</td>
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<tr>
<td>Student Loan Debt Forgiveness</td>
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<td>Dividend and Capital Gain Tax Rate Reduction</td>
<td>$0.38</td>
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<td>Corporate Tax Rate Reduction</td>
<td>$0.32</td>
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<tr>
<td>Net Operating Losses</td>
<td>$0.24</td>
</tr>
</tbody>
</table>

Note: Evaluated relative to the parameters of the federal 2021 American Rescue Plan Act as proposed in January 2021. 
STATE ECONOMY RECOVERING, BUT EMPLOYMENT REMAINS LOWER

NEW HAMPSHIRE'S ECONOMY AND EMPLOYMENT
Inflation-Adjusted Quarterly Gross State Product and Three-Month Averages of Employment

Gross State Product, Billions of 2012 Dollars

Number of Residents Employed

Year and Quarter

Sources: U.S. Bureau of Economic Analysis, New Hampshire Employment Security
OLDER AND YOUNGER ADULTS MORE LIKELY TO HAVE LEFT LABOR FORCE

CHANGE IN LABOR FORCE PARTICIPATION RATES BY AGE

New Hampshire, Change from 2019 to 2021

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Participation Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age 16 to 19</td>
<td>-2.3%</td>
</tr>
<tr>
<td>Age 20 to 24</td>
<td>-1.7%</td>
</tr>
<tr>
<td>Age 25 to 34</td>
<td>-3.1%</td>
</tr>
<tr>
<td>Age 35 to 44</td>
<td>-0.4%</td>
</tr>
<tr>
<td>Age 45 to 54</td>
<td>-1.2%</td>
</tr>
<tr>
<td>Age 55 to 64</td>
<td>-3.5%</td>
</tr>
<tr>
<td>Age 65 to 74</td>
<td>-3.5%</td>
</tr>
<tr>
<td>Age 75 and over</td>
<td>1.1%</td>
</tr>
</tbody>
</table>

Source: New Hampshire Employment Security
LACK OF CHILD CARE ACCESS SLOWS THE RECOVERY

CHILD CARE DISRUPTIONS FOR YOUNG CHILDREN
Percentage of New Hampshire Adults in Households Where Children Under 5 Were Unable to Attend Child Care Arrangements in the Last 4 Weeks

- Experienced Child Care Disruptions: 37%
- Did Not Indicate Experiencing Disruptions, or Had No Response: 63%

PANDEMIC MAY HAVE ACCELERATED A LONG-TERM LABOR FORCE DECLINE

NEW HAMPSHIRE’S LABOR FORCE SIZE AND PARTICIPATION RATE
Twelve-Month Rolling Average, 2000-2021

LONG-TERM LABOR FORCE DECLINE FUELED BY AGE DEMOGRAPHICS

NEW HAMPSHIRE DEMOGRAPHICS BY AGE, 2019

Source: U.S. Census Bureau Population Estimates Program, July 1 Estimates
LONG-TERM LABOR FORCE DECLINE FUELED BY AGE DEMOGRAPHICS

NEW HAMPSHIRE DEMOGRAPHICS BY AGE, 2019

Source: U.S. Census Bureau Population Estimates Program, July 1 Estimates
LONG-TERM LABOR FORCE DECLINE FUELED BY AGE DEMOGRAPHICS

NEW HAMPSHIRE DEMOGRAPHICS BY AGE, 2019

Number of People in Each Age Group

Source: U.S. Census Bureau Population Estimates Program, July 1 Estimates
WORKERS WITH LOW WAGES HIT THE HARDEST IN PANDEMIC’S FIRST YEAR

PERCENT CHANGE IN EMPLOYMENT IN NEW HAMPSHIRE

Notes: Change in employment rates (not seasonally adjusted) indexed to January 4-31, 2020. This series is based on payroll data from Paychex and Intuit, worker-level data on employment and earnings from Earnin, and timesheet data from Kronos.

IN THE LAST RECOVERY, REAL WAGES DID NOT GROW FOR MANY WORKERS

NEW HAMPSHIRE WAGE CHANGES BY DECILE
Change from 2004-2006 to 2017-2019 Averages

Percentage Change in Real Wages

Lower Wages          Higher Wages

<table>
<thead>
<tr>
<th>10th</th>
<th>20th</th>
<th>30th</th>
<th>40th</th>
<th>50th (Median)</th>
<th>60th</th>
<th>70th</th>
<th>80th</th>
<th>90th</th>
</tr>
</thead>
<tbody>
<tr>
<td>$10.43</td>
<td>$12.69</td>
<td>$15.48</td>
<td>$17.88</td>
<td>$20.52</td>
<td>$24.54</td>
<td>$29.11</td>
<td>$36.33</td>
<td>$48.93</td>
</tr>
</tbody>
</table>

Relative Wage Percentiles and Corresponding 2017-2019 Hourly Wage Estimates

Note: Inflation adjustment using Consumer Price Index-Urban-Research Series (current methods). Includes workers aged 16 years and older, all income from work.
RECENT ESTIMATES SUGGEST REAL MEDIAN WAGES DID NOT GROW IN 2021

INFLATION-ADJUSTED CHANGES IN MEDIAN WAGES, 2021 MONTHLY ESTIMATES FOR NEW HAMPSHIRE

- Total Private
- Professional and Business Services
- Manufacturing
- Trade, Transportation, and Utilities
- Leisure and Hospitality
- Educational and Health Services

Notes: Consumer Price Index-Urban, Northeast used as basis for inflation-adjustment. Only private sector employment included.
COST GROWTH OUTPACING INCOMES FOR MANY NEW HAMPSHIRE HOUSEHOLDS

MASSACHUSETTS INSTITUTE OF TECHNOLOGY LIVING WAGE CALCULATOR
New Hampshire, 2020-2021
TWO WORKING ADULTS, ONE CHILD: $68,104

- Housing, $14,592
- Transportation, $9,889
- Civic Engagement, $3,341
- Other Necessities, $5,514
- Child Care, $9,300
- Medical, $7,561
- Food, $8,406
- Taxes, $9,500
HOUSING SUPPLY AND COSTS A CRITICAL CONSTRAINT IN NEW HAMPSHIRE

HOUSE AND CONDO PRICES AND SUPPLY
New Hampshire Single Family Home and Condo Median Sale Prices and Months of Inventory, Twelve Month Rolling Averages

Source: New Hampshire Association of Realtors
RENTAL COSTS REMAIN ON LONG-TERM UPWARD TREND, LIMITED SUPPLY

MEDIAN MONTHLY RENTAL COSTS AND VACANCY RATES
New Hampshire Statewide Data, Two Bedroom Apartments

Source: New Hampshire Housing Finance Authority
COST BURDEN OF RENT HIGHER FOR LOWER-INCOME RENTERS

New Hampshire Median Household Income Estimates, 2019:

- Overall: $77,933
- Owner-Occupied Units: $95,271
- Renter-Occupied Units: $45,095

About 41 percent of all renter households during 2015-2019 had less than $35,000 in annual income.

Source: U.S. Census Bureau

NEW HAMPSHIRE FISCAL POLICY INSTITUTE
KEY TAKEAWAYS ON THE ECONOMY

• New Hampshire’s economy greatly benefits from the proximity to metropolitan Boston, benefits decrease as distance grows
• Recovery from the COVID-19 pandemic has been uneven
• Federal assistance provided significant economic stimulus, mitigated poverty and boosted incomes in 2021
• Workforce constraints on New Hampshire’s economy stem from health and child care limitations, long-term trends
• Impacts on household budgets, inflation outpaced median wage growth in 2021
• Housing and long-term demographic trends will continue to generate economic headwinds
• An inclusive, equitable recovery could help boost well-being for all Granite Staters
QUESTIONS ABOUT THE NEW HAMPSHIRE ECONOMY?
PART TWO:
FUNDING PUBLIC SERVICES IN NEW HAMPSHIRE
WHY REVENUE IS IMPORTANT

• Pays for services that help make our communities stronger
• Tangible and direct
  o Roads and bridges
  o Police, fire, and emergency medical services
  o Education (including primary, secondary, and public higher education)
  o Public health services and health coverage for those in need
  o Cleaning trash, clearing roads
  o Parks and preserves, including federal, state, and local protected areas
• Less tangible effects of services
  o Benefitting from an educated public and workforce
  o Protecting citizens from harm, environmental degradation
  o Long-term investments, with positive returns, made collectively
WHY “REVENUE”? ISN’T IT JUST TAXES?

- Not all government revenue comes from taxes
- Collections through fees, charges, interest, and programs that sell products or services
- Federal programs, grants, and aid supply a large amount of revenue to the State government directly, also may provide funding for local government initiatives and support for other organizations

**GENERAL AND PROGRAM REVENUES**
**NEW HAMPSHIRE, STATE FISCAL YEAR (SFY) 2020**

- General (Mostly Tax) Revenues: 28.4%
- Program (Non-Tax) Revenues: 71.6%
NEW HAMPSHIRE’S STATE REVENUE SYSTEM
NEW HAMPSHIRE’S STATE BUDGET FUNDS

NEW HAMPSHIRE, STATE FISCAL YEAR 2021

Source: Chapter 345, Laws of 2019

- Funds act like accounts
- Interact with one another
- General Fund most flexible
- General Fund fills any Education Trust Fund shortfall
- Lottery revenues dedicated to state education aid to school districts by constitution
- Gasoline, motor vehicle tax and fee revenues constitutionally-protected
- Others protected by statute

Sources: New Hampshire State Constitution, Part 2, Articles 6-a and 6-b; NHFPI, Building the Budget, February 2017.
FEDERAL FUNDING IN THE STATE BUDGET

Medicaid

• Approximately $2.1 billion expenditure in SFY 2020, more than half of that total is federal funds
• About 236,800 Granite Staters have access to health care through the program at the end of January 2022, significant increase during the pandemic

Other Program Areas

• Federal transportation aid
• Education aid – special education, school meals, professional development
• Water pollution and infrastructure funds, clean and drinking water programs
• Food Stamps/Supplemental Nutrition Assistance Program (SNAP)
• Women, Infants, and Children Nutrition Program
• Temporary Assistance for Needy Families
• Veterans’ care aid
• Low Income Home Energy Assistance Program (State Fuel Assistance Program)
• Many other areas

Sources: New Hampshire Office of Legislative Budget Assistant; Chapter 155, Laws of 2017; New Hampshire Department of Health and Human Services.
WHERE DOES NON-FEDERAL STATE REVENUE COME FROM?

WHAT ARE THE FIVE LARGEST TAX REVENUE SOURCES?
LARGEST TAX REVENUE SOURCES

To All Funds (State Fiscal Year 2021)

- Business Profits Tax - $667.2 million (estimate)
- Statewide Education Property Tax - $363.1 million
- Business Enterprise Tax - $336.0 million (estimate)
- Meals and Rentals Tax - $334.7 million
- Medicaid Enhancement Tax - $262.3 million
- Tobacco Tax - $252.6 million
- Real Estate Transfer Tax - $209.8 million
- Motor Fuels Tax - $171.0 million
- Insurance Premium Tax - $138.9 million
- Interest and Dividends Tax - $120.7 million

LARGEST NON-TAX REVENUE SOURCES

To All Funds (State Fiscal Year 2021)

• Federal Grants - $3,581.7 million (includes pandemic-related aid)
• Liquor Commission Sales - $786.4 million ($150.2 million in operating profits for other State use)
• Lottery Commission Sales - $519.0 million ($144.2 million in profits for Education Trust Fund)
• Turnpike Tolling - $122.1 million

THE TWO PRIMARY BUSINESS TAXES

Business Profits Tax
- Tax based on gross business profits, adjustments (BET), and apportionment
- Tax base likely about $6.6 billion in Tax Year 2018
- Supports the General Fund and the Education Trust Fund
- Recent rate reductions
  - 8.5% in 2001-2015, 8.2% in 2016-2017, 7.9% in 2018, 7.7% in 2019-2021, 7.6% in 2022

Business Enterprise Tax
- Relatively unique among state business taxes, based on compensation and interest paid or accrued and dividends paid, adjustments, and apportionment
- Broader tax base, likely about $34.2 billion in Tax Year 2018
- Supports the General Fund and the Education Trust Fund
- Recent rate reductions
  - 0.75% in 2001-2015, 0.72% in 2016-2017, 0.675% in 2018, 0.60% in 2019-2021, 0.55% in 2022

Sources: New Hampshire Fiscal Policy Institute, Revenue in Review, May 2017; New Hampshire Department of Revenue Administration
SMALL NUMBER OF FILERS FUND LARGE PORTION OF BUSINESS PROFITS TAX

NEW HAMPSHIRE BUSINESS PROFITS TAX
PAID AND NUMBER OF FILERS
Tax Year 2019

- $225.9M from 80 Filers
- $170.6M from 591 Filers
- $86.8M from 3,069 Filers
- $29.6M from 7,849 Filers
- $2.2M from 66,277 Filers

Source: New Hampshire Department of Revenue Administration
BUSINESS TYPES IN THE BPT BASE

BUSINESS PROFITS TAX FILERS BY TYPE
DRAFT DATA, TAX YEAR 2018

- Corporations, 25,623, 34%
- Partnerships, 13,388, 18%
- Water’s Edge (Multi-State/Nationals), 4,189, 6%
- Fiduciaries, 572, 1%
- Proprietors, 30,571, 41%

Source: New Hampshire Department of Revenue Administration, 2018 Annual Report
WATER’S EDGE FILERS PAY MAJORITY OF TAX REVENUE

BUSINESS PROFITS TAX FILERS BY LIABILITY
DRAFT DATA, TAX YEAR 2018

- Corporations, $81,384,942, 16%
- Partnerships, $100,946,766, 19%
- Water’s Edge (Multi-State/Nationals), $321,282,380, 62%
- Proprietors, $14,887,124, 3%
- Fiduciaries, $2,237,061, 0%

Source: New Hampshire Department of Revenue Administration, 2018 Annual Report
STATEWIDE EDUCATION PROPERTY TAX

- Established in 1999 to support newly created Education Trust Fund for Adequate Education Grants funding education on a per pupil basis
- Set to raise $363 million in 2005, does not adjust for inflation
- State requires local governments to raise this revenue
- Retained locally; revenue went to state previously, but not after 2011

STATEWIDE EDUCATION PROPERTY TAX
NEW HAMPSHIRE EDUCATION TRUST FUND INFLATION-ADJUSTED REVENUE

Millions of FY2020 Dollars

State Fiscal Year

MEALS AND RENTALS TAX

- Tax of 8.5 percent levied on most purchases of food or beverages from restaurants, also on hotel rooms and car rentals; 9 percent before SFY 2022
- Funds the General Fund, Education Trust Fund (car rentals portion), certain school building aid, State’s travel and tourism development agency, municipalities (30 percent or revenue collected back to municipalities on a per capita basis)

**NEW HAMPSHIRE MEALS AND RENTALS TAX**

**GENERAL AND EDUCATION TRUST FUNDS INFLATION-ADJUSTED REVENUE**

INTEREST AND DIVIDENDS TAX

- 5 percent tax on interest, dividend, and distribution income from assets
- Individuals, joint filers, certain companies and partnerships
- Filing threshold of $2,400, and $4,800 for joint filers; additional $1,200 exemptions for older adults, blind individuals, or certain disabilities
- To be phased out in current law, starting next year

NEW HAMPSHIRE INTEREST AND DIVIDENDS TAX
GENERAL FUND INFLATION-ADJUSTED REVENUE

Millions of SFY 2020 Dollars

## HIGH-INCOME INDIVIDUALS KEY PART OF INTEREST AND DIVIDENDS TAX BASE

<table>
<thead>
<tr>
<th>Taxable Interest and Dividend Income of At Least:</th>
<th>Percentage of Filers</th>
<th>Percentage of Total Tax Revenue Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>$5,000,000</td>
<td>0.02%</td>
<td>6.69%</td>
</tr>
<tr>
<td>$2,000,000</td>
<td>0.12%</td>
<td>15.93%</td>
</tr>
<tr>
<td>$1,000,000</td>
<td>0.32%</td>
<td>24.10%</td>
</tr>
<tr>
<td>$200,000</td>
<td>2.40%</td>
<td>48.99%</td>
</tr>
<tr>
<td>$20,000</td>
<td>25.07%</td>
<td>89.04%</td>
</tr>
<tr>
<td>$10,000</td>
<td>38.54%</td>
<td>95.09%</td>
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<td>$20</td>
<td>79.69%</td>
<td>100.00%</td>
</tr>
<tr>
<td>$0</td>
<td>100.00%</td>
<td>100.00%</td>
</tr>
<tr>
<td><strong>Total Filers/Revenue</strong></td>
<td><strong>66,284</strong></td>
<td><strong>$105,888,793</strong></td>
</tr>
</tbody>
</table>

Source: New Hampshire Department of Revenue Administration, 2020 Annual Report
HOW DO STATE AND LOCAL REVENUES COMPARE?
LOCAL GOVERNMENTS AND REVENUES

Local Governments includes:

- Municipal governments (town and city)
- School districts
- County governments

NEW HAMPSHIRE TAX REVENUE
BY GOVERNMENT LEVEL,
FISCAL YEAR 2018

Source: U.S. Census Bureau, 2018 Survey of State and Local Government Finances
FEWER LOCAL TAX REVENUE SOURCES

ALL STATE TAX REVENUE IN NEW HAMPSHIRE FISCAL YEAR 2018
Source: U.S. Census Bureau, Survey of State and Local Government Finances

- Corporate Income (BPT and BET) 27%
- Other 22%
- Individual Income (I&D) 4%
- Motor Fuel 6%
- Tobacco 7%
- Property 14%
- Other Selective Sales 20%

ALL LOCAL TAX REVENUE IN NEW HAMPSHIRE FISCAL YEAR 2018
Source: U.S. Census Bureau, Survey of State and Local Government Finances

- Property Taxes, 98%
- All Other Taxes, 2%
PROPERTY TAX RECEIPTS A MAJORITY OF LOCAL REVENUE IN NEW HAMPSHIRE

LOCAL GOVERNMENT REVENUE SOURCES
NEW HAMPSHIRE, FISCAL YEAR 2018

Source: U.S. Census Bureau, Survey of State and Local Government Finances

- Property Taxes, 62%
- State Grants, 22%
- Federal Grants, 1%
- All Other Revenue, 14%
MOST LOCAL PUBLIC SCHOOL DISTRICT REVENUE PRODUCED BY PROPERTY TAXES

SCHOOL DISTRICT REVENUE 2019-2020

Source: New Hampshire Department of Education, December 21, 2020

- Local Taxation, $2.10 billion, 62%
- Non-SWEPT Adequate Education Aid, $0.60 billion, 18%
- Statewide Education Property Tax, $0.36 billion, 11%
- Other State Aid, $0.09 billion, 3%
- Federal Sources, $0.16 billion, 5%
- Tuition, Food, and Other Sources, $0.04 billion, 1%
# Property Taxes in New Hampshire

A Large Share of Tax Revenue

## Property Tax as a Percentage of All State and Local Tax Revenue

Fiscal Year 2015

<table>
<thead>
<tr>
<th>State</th>
<th>Estimated Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Highest</strong></td>
<td></td>
</tr>
<tr>
<td>New Hampshire</td>
<td>66%</td>
</tr>
<tr>
<td>Alaska</td>
<td>57%</td>
</tr>
<tr>
<td>New Jersey</td>
<td>46%</td>
</tr>
<tr>
<td>Vermont</td>
<td>44%</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>43%</td>
</tr>
<tr>
<td><strong>United States</strong></td>
<td>31%</td>
</tr>
<tr>
<td><strong>Lowest</strong></td>
<td></td>
</tr>
<tr>
<td>Arkansas</td>
<td>18%</td>
</tr>
<tr>
<td>Delaware</td>
<td>18%</td>
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<tr>
<td>Hawaii</td>
<td>18%</td>
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<tr>
<td>Alabama</td>
<td>17%</td>
</tr>
<tr>
<td>North Dakota</td>
<td>13%</td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau, 2015 Annual Surveys of State and Local Government Finances
KEY TAKEAWAYS FOR REVENUE

• New Hampshire State government has wide array of revenue sources, including key federal resources

• Two primary business taxes are critical State revenue sources, and the Business Profit Tax disproportionately collects revenues from high-profit, multi-national entities

• Several key State taxes, including the Business Profits Tax, Business Enterprise Tax, Meals and Rentals Tax, and Interest and Dividends Tax all permanently lowered recently

• Property taxes are key for local governments, majority of revenue and nearly all tax revenue

• Federal policy decisions impact State finances, and State policy decisions impact local finances

• Available resources impact the ability of public sector to help build an equitable, inclusive recovery from the pandemic
ADDRESS: 100 North Main Street, Suite 400, Concord, NH 03301
PHONE: 603.856.8337
WEBSITE: www.nhfpi.org
EMAIL: info@nhfpi.org
TWITTER: @NHFPI
FACEBOOK: NewHampshireFiscalPolicyInstitute