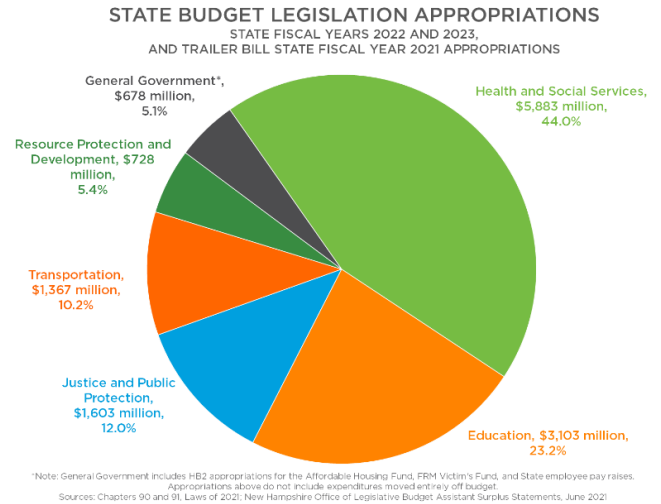


# Overview of Fiscal Policy in New Hampshire

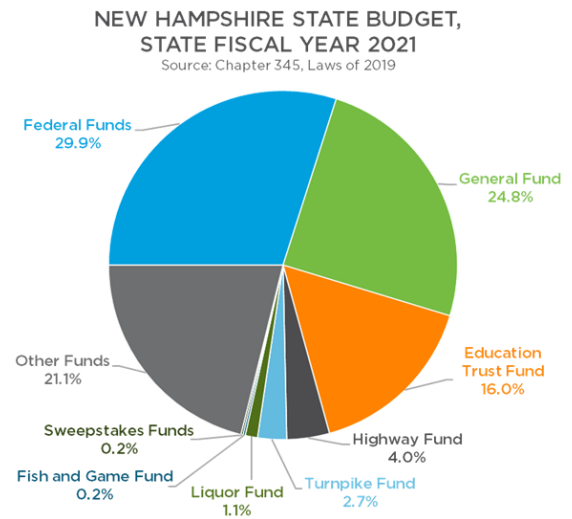
## State Budget Categories

- Six broad categories of expenditures
- Health and Social Services is the largest, with significant support from federal dollars (about half of the Department of Health and Human Services budget is funded with federal transfers)
- Education is the next largest, with the majority of appropriations supporting State aid to local public school districts
- Combined, the Education and the Health and Social Services categories comprised two-thirds of State Budget expenditures



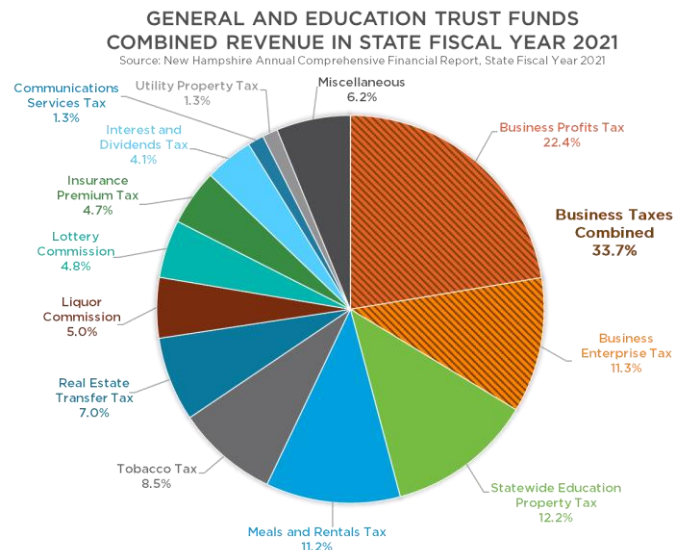
## State Budget Funds

- About 30 percent of the State Budget is funded with federal funds, which does not include other federal funds supporting operations outside the State Budget (such as certain transportation projects, expanded Medicaid, many capital expenditures)
- The General Fund and the Education Trust Fund share many revenue sources, and the General Fund fills any shortfall in the Education Trust Fund
- Turnpike toll revenues support the Turnpike Fund, and motor fuels tax revenues support the Highway Fund, both of which have restricted uses
- Liquor Fund supports certain Liquor Commission administrative operations; profits from the Liquor Commission support other state funds



## General & Education Trust Funds Revenue

- Largest State tax revenue source is the Business Profits Tax, which is often filed and collected with the Business Enterprise Tax (third largest); together, these two taxes accounted for one in three dollars of General and Education Trust Funds revenue in State Fiscal Year 2021
- Statewide Education Property Tax revenue is raised and retained locally; State does not collect the revenue but requires locals to administer the tax
- Lottery Commission profits support education
- General and Education Trust Funds do not receive revenue from certain key sources, such as the Medicaid Enhancement Tax

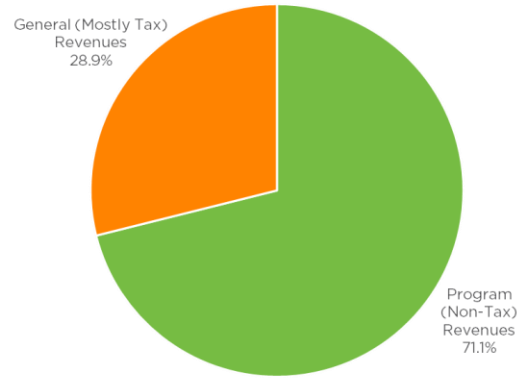


## State Revenues

- Considering all State revenues, more than two out of every three dollars were sourced from non-tax revenue sources, such as federal grants (including pandemic aid), tolls, liquor and lottery revenues, and fees, in SFY 2021
- New Hampshire's level of reliance on federal grants is not atypical; most states draw significant revenue from federal programs, particularly Medicaid
- Generally, State revenues are relatively diverse, and New Hampshire's State tax revenues are less volatile overall than tax revenues in most other states

### GENERAL AND PROGRAM REVENUES NEW HAMPSHIRE, STATE FISCAL YEAR 2021

Source: New Hampshire Annual Comprehensive Financial Report, SFY 2021

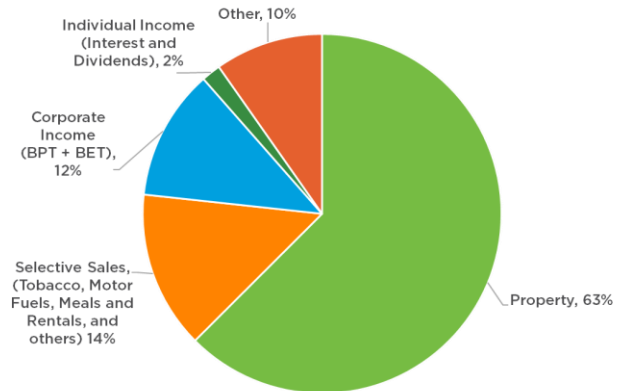


## State and Local Tax Revenues

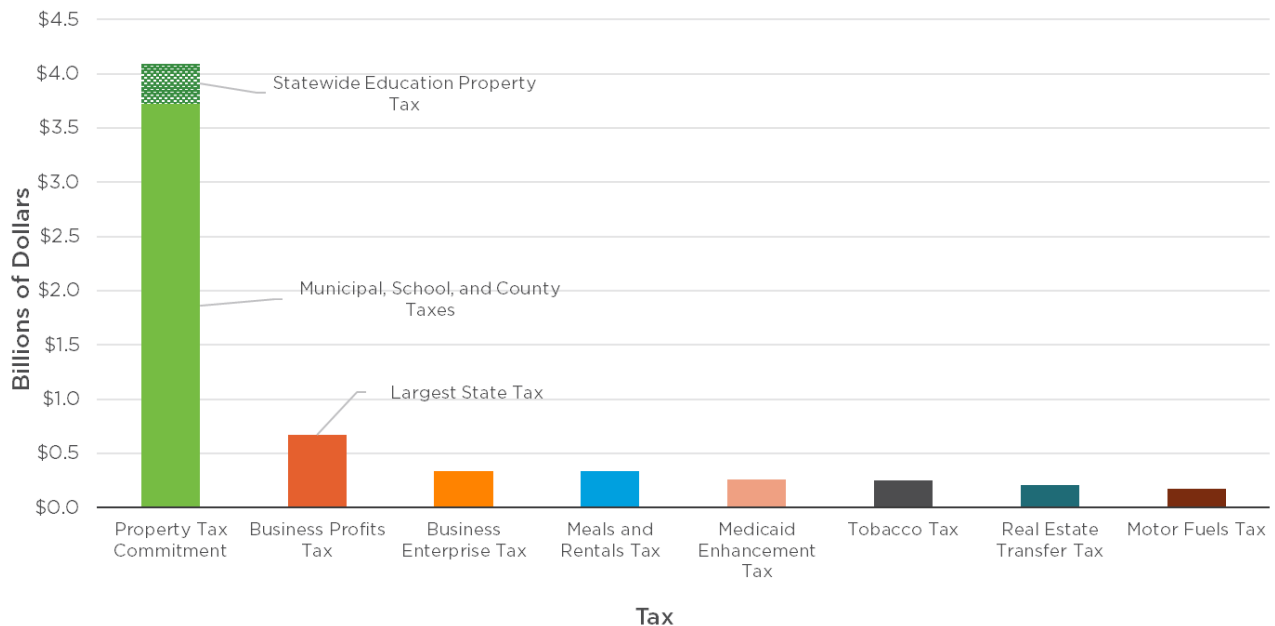
- Considering all tax revenue for the State government and local governments, including municipalities, school districts, and counties, the majority of tax dollars collected are through property taxes, nearly all of which are local property taxes with revenue retained locally
- Local governments have no other major tax revenue option, so increased costs or reduced revenues from other sources (such as reduced State aid) typically must be met with funding decreases or property tax increases
- New Hampshire has the greatest percentage of combined state and local tax revenue sourced from property taxes of any state

### NEW HAMPSHIRE STATE AND LOCAL GOVERNMENT TAX REVENUE, FISCAL YEAR 2019

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



### LARGEST STATE AND LOCAL TAXES IN NEW HAMPSHIRE, TAX YEAR OR STATE FISCAL YEAR 2021



Sources: New Hampshire Department of Revenue Administration, New Hampshire Department of Administrative Services