



# HOW PUBLIC SERVICES ARE FUNDED IN NEW HAMPSHIRE AT THE STATE AND LOCAL LEVELS

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# ROAD MAP THROUGH THE REVENUE SYSTEM

- New Hampshire State revenue sources
- Impacts of federal decisions on State revenues
- Federal pandemic-related aid in New Hampshire
- New Hampshire local government revenue sources
- Impacts of State decisions on local revenues

For more information on State revenues, see *Revenue In Review* at [nhfpi.org](https://nhfpi.org).

See also the New Hampshire Department of Revenue Administration and the New Hampshire Annual Comprehensive Financial Report, which provide key information used in this presentation.

# WHY REVENUE IS IMPORTANT



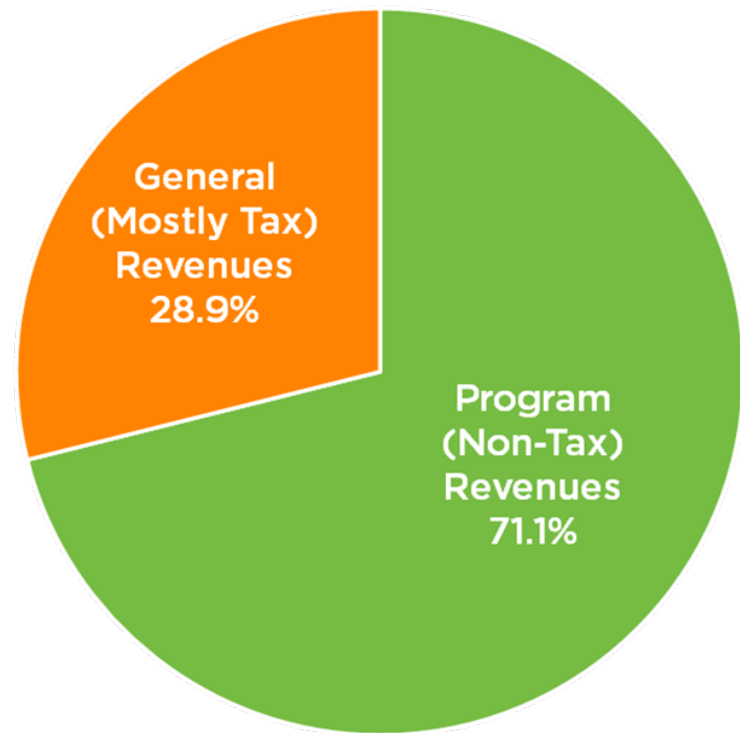
# WHY REVENUE IS IMPORTANT

- Pays for services that help make our communities stronger
- Tangible and direct
  - Roads and bridges
  - Police, fire, and emergency medical services
  - Education (including primary, secondary, and public higher education)
  - Unemployment assistance and job training
  - Public health services and health coverage for those in need
  - Cleaning trash, clearing roads
  - Parks and preserves, including federal, state, and local protected areas
- Less tangible effects
  - Benefits from an educated public and workforce
  - Protects citizens from harm, environmental degradation
  - Long-term investments, with positive returns, made collectively

# WHY “REVENUE”? ISN'T IT JUST TAXES?

- Not all government revenue comes from taxes
- Revenue is also collected 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 2021**  
Source: New Hampshire Annual Comprehensive Financial Report, SFY 2021



# WHICH REVENUES ARE WE DISCUSSING?

## Three Levels of Government Revenue

- State Revenue: money collected through New Hampshire State taxation and other sources, including grants from the federal government
- Local Revenue: money collected by New Hampshire's local governments (counties, school districts, and municipalities), with tax revenue collected primarily through property taxes
- Federal Revenue: money raised from economic activity in New Hampshire and nationwide that flows to state and local budgets, but federal revenue collections are not a focus in this presentation
- Generally, federal grants to the State and certain State revenue sources have legal restrictions on use, such as being directed to a specific program

# NEW HAMPSHIRE'S STATE REVENUE SYSTEM

## QUESTION

**WHAT PERCENTAGE  
OF THE STATE BUDGET  
IS APPROPRIATED TO:**

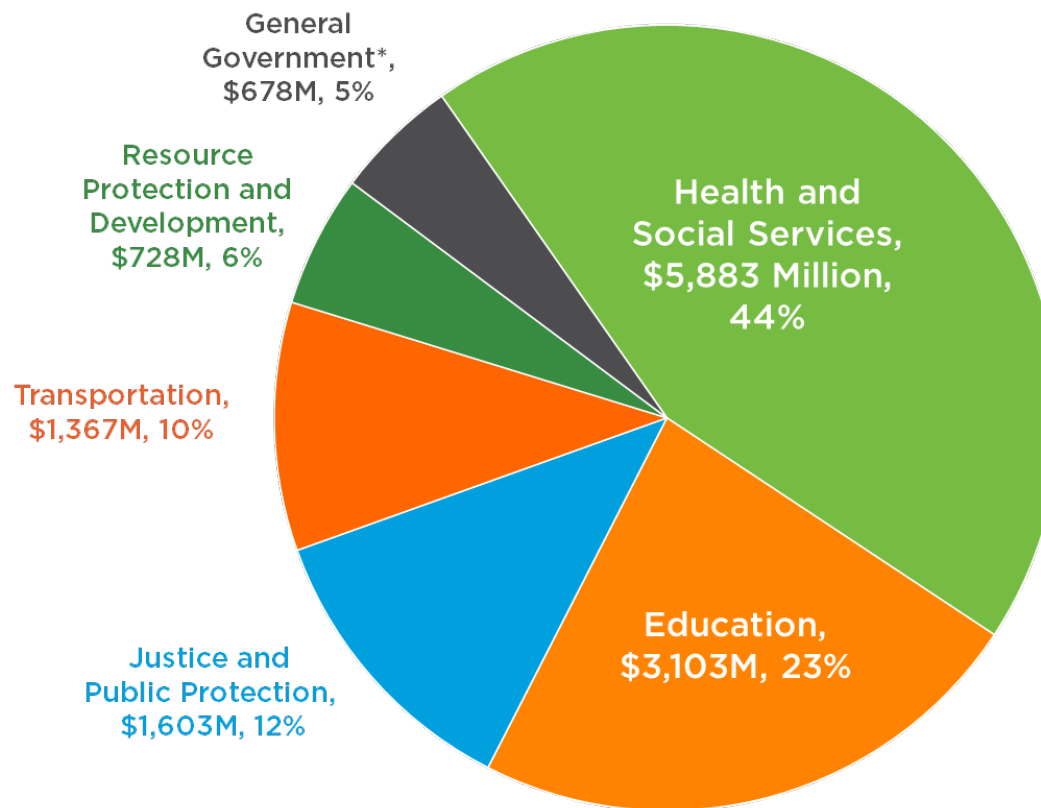
- 1. TRANSPORTATION?**
- 2. EDUCATION?**
- 3. JUSTICE AND PUBLIC PROTECTION?**



# STATE REVENUE SUPPORTS THE STATE'S BUDGET AND OTHER SERVICES

## STATE BUDGET LEGISLATION APPROPRIATIONS

*State Fiscal Years 2022-23 and Trailer Bill SFY 2021 Appropriations*



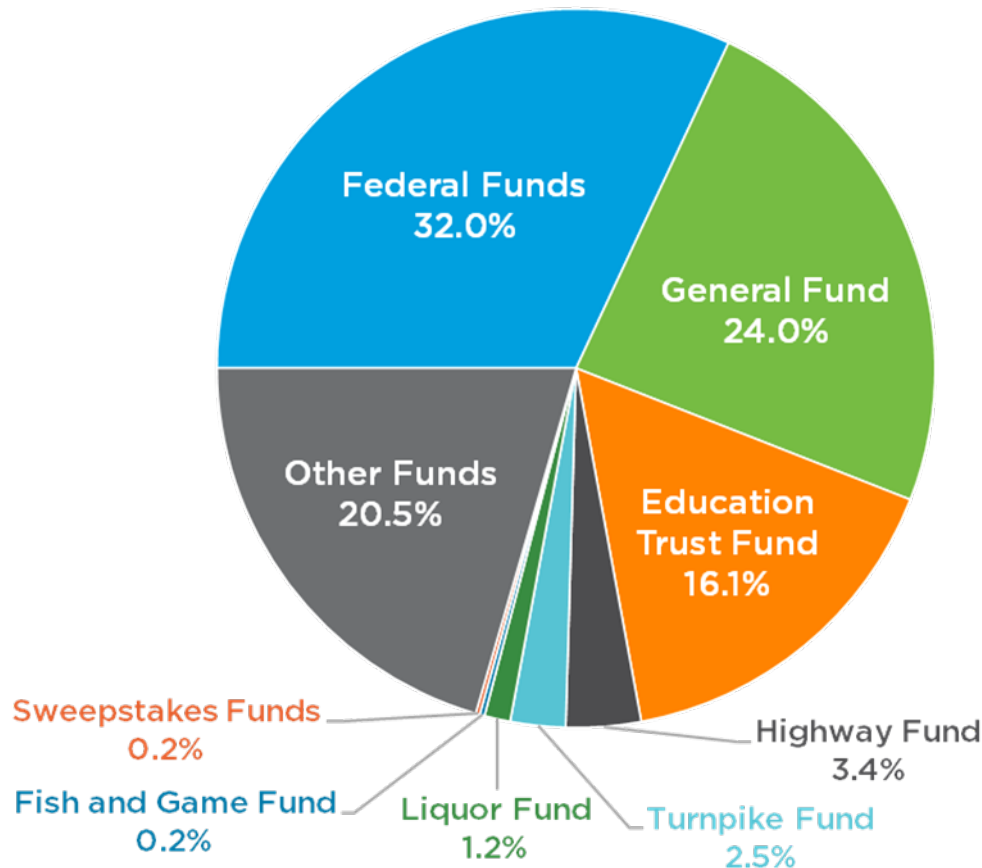
Note: General Government includes HB 2 appropriations for the Affordable Housing Fund, FRM Victim's Fund, and State employee pay raises.

Source: HB 1 and HB 2 as Approved, 2021 Session; New Hampshire Office of Legislative Budget Assistant, Surplus Statements, June 2021

# NEW HAMPSHIRE'S STATE BUDGET FUNDS

## NEW HAMPSHIRE STATE BUDGET, STATE FISCAL YEAR 2022

Source: Chapter 90, Laws of 2021, Section 1.07



- Funds act like accounts
- Interact with one another
- General Fund most flexible
- General Fund fills any Education Trust Fund shortfall
- Lottery revenues, gasoline and motor-vehicle revenues directed by the State Constitution
- Other funds directed by statute
- Federal Funds support about a third of the State Budget

Sources: New Hampshire State Constitution, Part 2, Articles 6-a and 6-b; NHFPI, *Building the Budget*, February 2017.

# FEDERAL FUNDING AND STATE SERVICES

## Medicaid

- Approximately \$2.3 billion expenditure in SFY 2021 from all sources, with more than half of the total supported by federal funds
- About 240,000 Granite Staters had access to health care through the program at the end of June 2022, significant increase (34 percent) during 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 (WIC)
- Temporary Assistance for Needy Families (TANF)
- Veterans' care aid
- Low Income Home Energy Assistance Program (State Fuel Assistance Program)
- Many other areas

Sources: New Hampshire State Treasury; Chapter 90, Laws of 2021; New Hampshire Department of Health and Human Services.

## QUESTIONS

WHERE DOES STATE TAX  
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 - \$147.5 million
- Interest and Dividends Tax - \$120.7 million

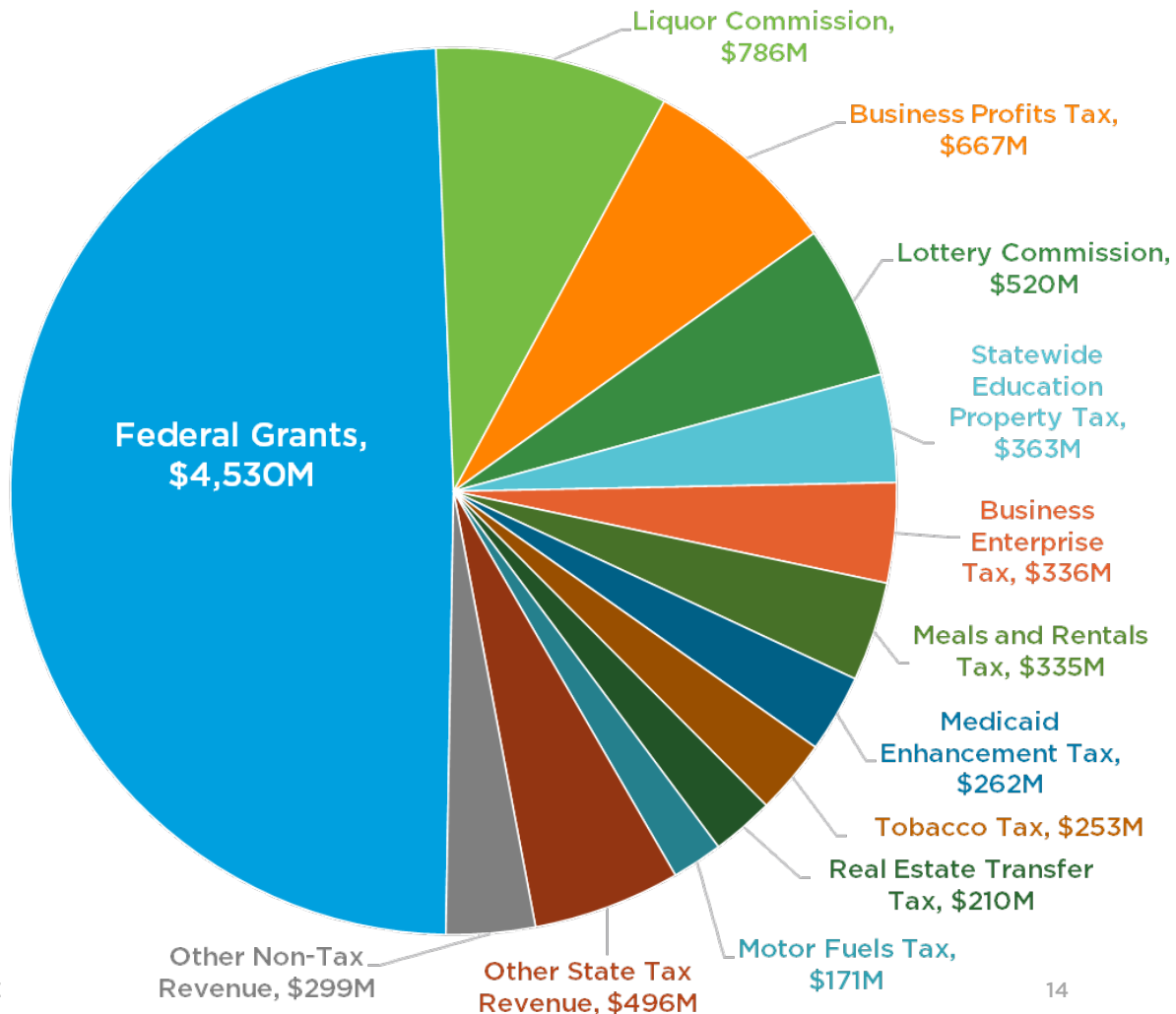
Sources: New Hampshire Annual Comprehensive Financial Report for the Fiscal Year Ending June 30, 2021; New Hampshire Department of Revenue Administration; New Hampshire Treasury Department.

# STATE TAX AND OTHER REVENUES

- Federal transfers still significant outside of pandemic-related aid, all included in this figure's calculations
- Not all federal aid, or all State spending, flows through the State Budget
- Gross revenues from the Liquor Commission and the Lottery Commission are among largest State revenue sources, but many funds go to support internal operations
- Business Profits Tax is the largest State tax revenue source

## STATE REVENUE SOURCES, GOVERNMENTAL AND ENTERPRISE FUNDS, STATE FISCAL YEAR 2021

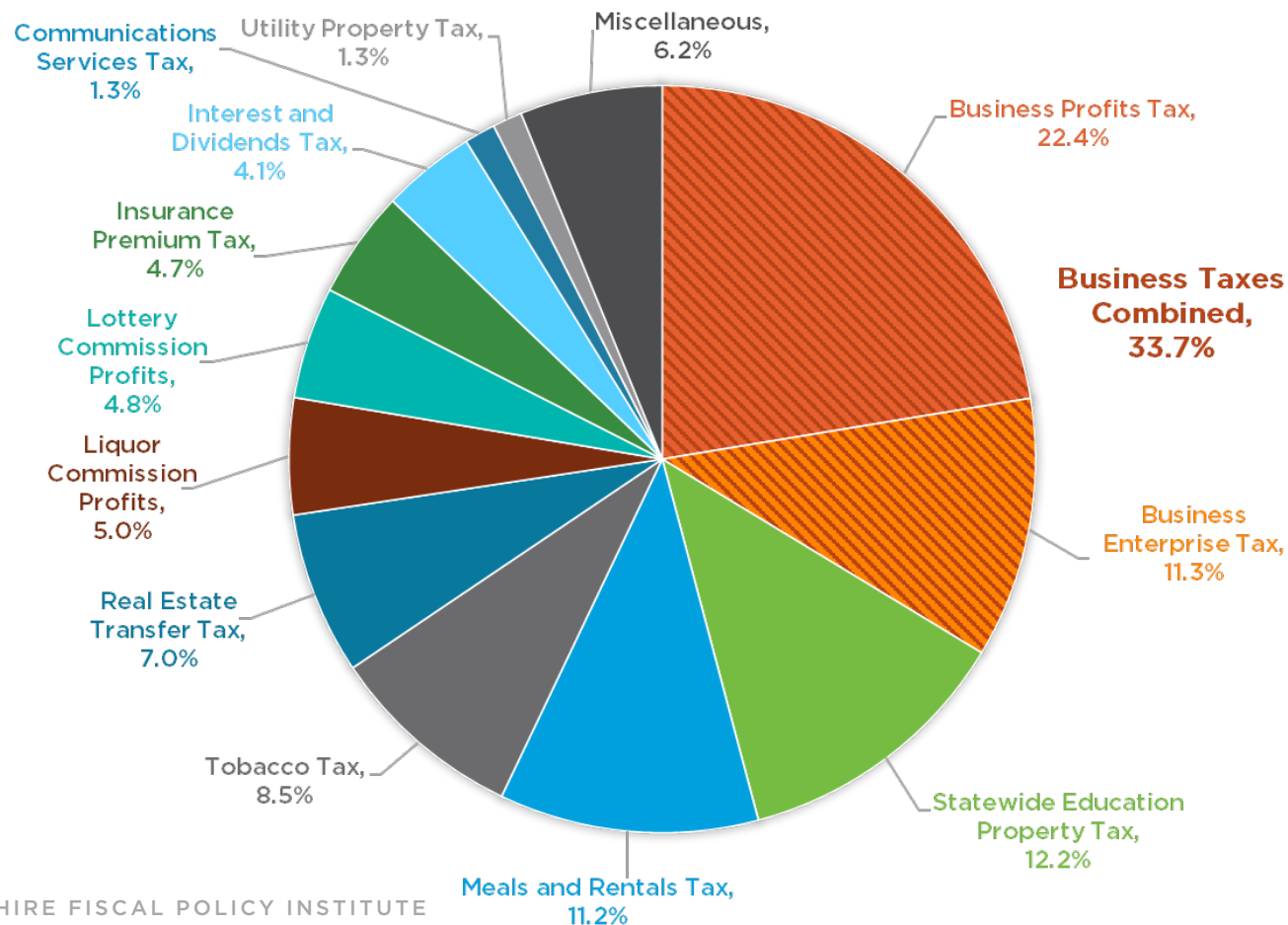
Source: New Hampshire Annual Comprehensive Financial Report, SFY 2021



# GENERAL AND EDUCATION TRUST FUNDS SHARE MANY REVENUE SOURCES

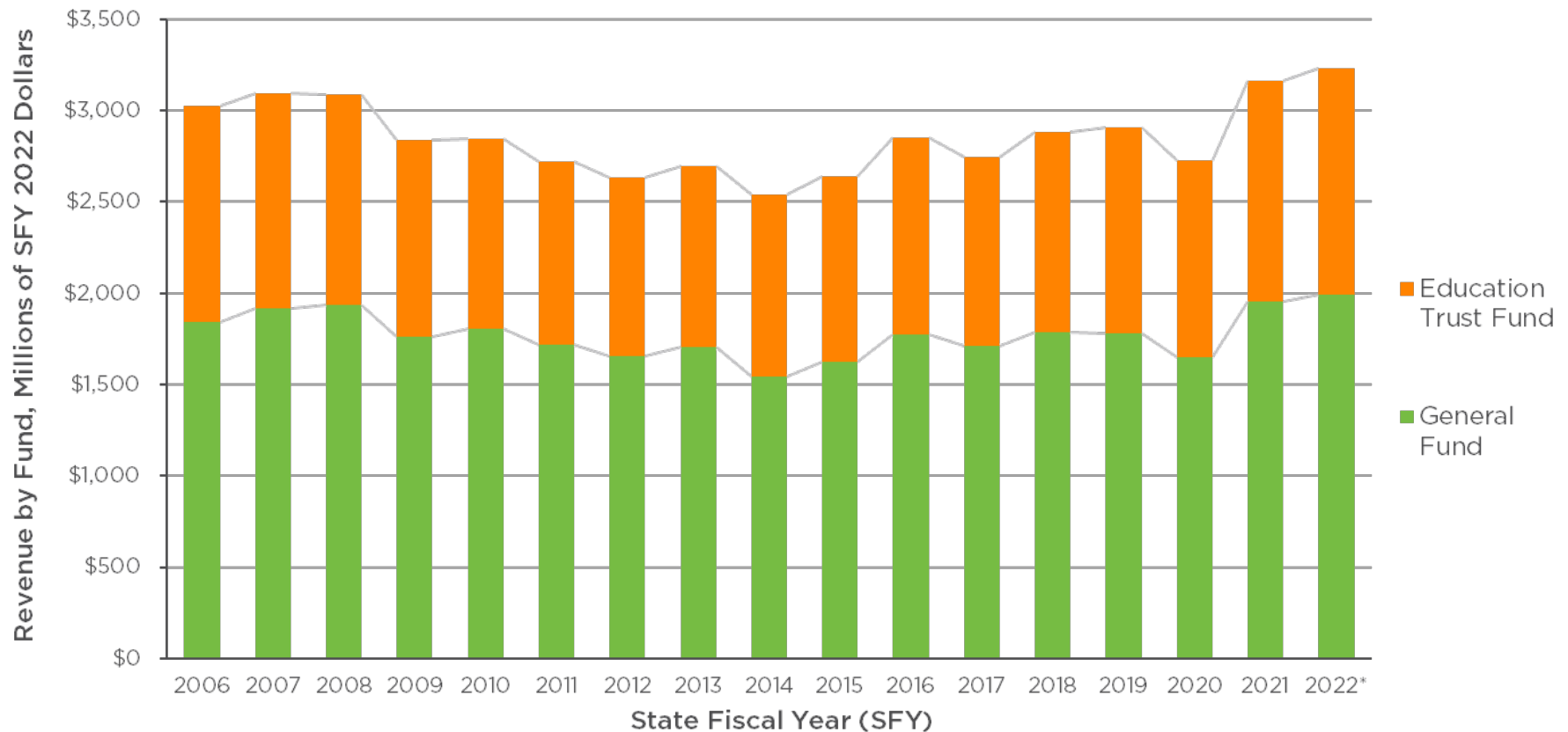
## GENERAL AND EDUCATION TRUST FUNDS COMBINED REVENUE IN STATE FISCAL YEAR 2021

Source: New Hampshire Annual Comprehensive Financial Report, State Fiscal Year 2021



# INFLATION-ADJUSTED REVENUE TO KEY FUNDS SHOWS RECENT GROWTH

## GENERAL AND EDUCATION TRUST FUND REVENUE, ADJUSTED FOR INFLATION



\*Note: 2022 data are preliminary accrual data, not final audited figures.  
Sources: New Hampshire Comprehensive Annual Financial Reports, SFYs 2014-2022  
U.S. Bureau of Labor Statistics Consumer Price Index-Urban, Northeast



# THE TWO PRIMARY BUSINESS TAXES

## Business Profits Tax

- Tax based on gross business profits, adjustments (BET), and apportionment
- Tax base likely about \$6.7 billion in Tax Year 2019
- 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

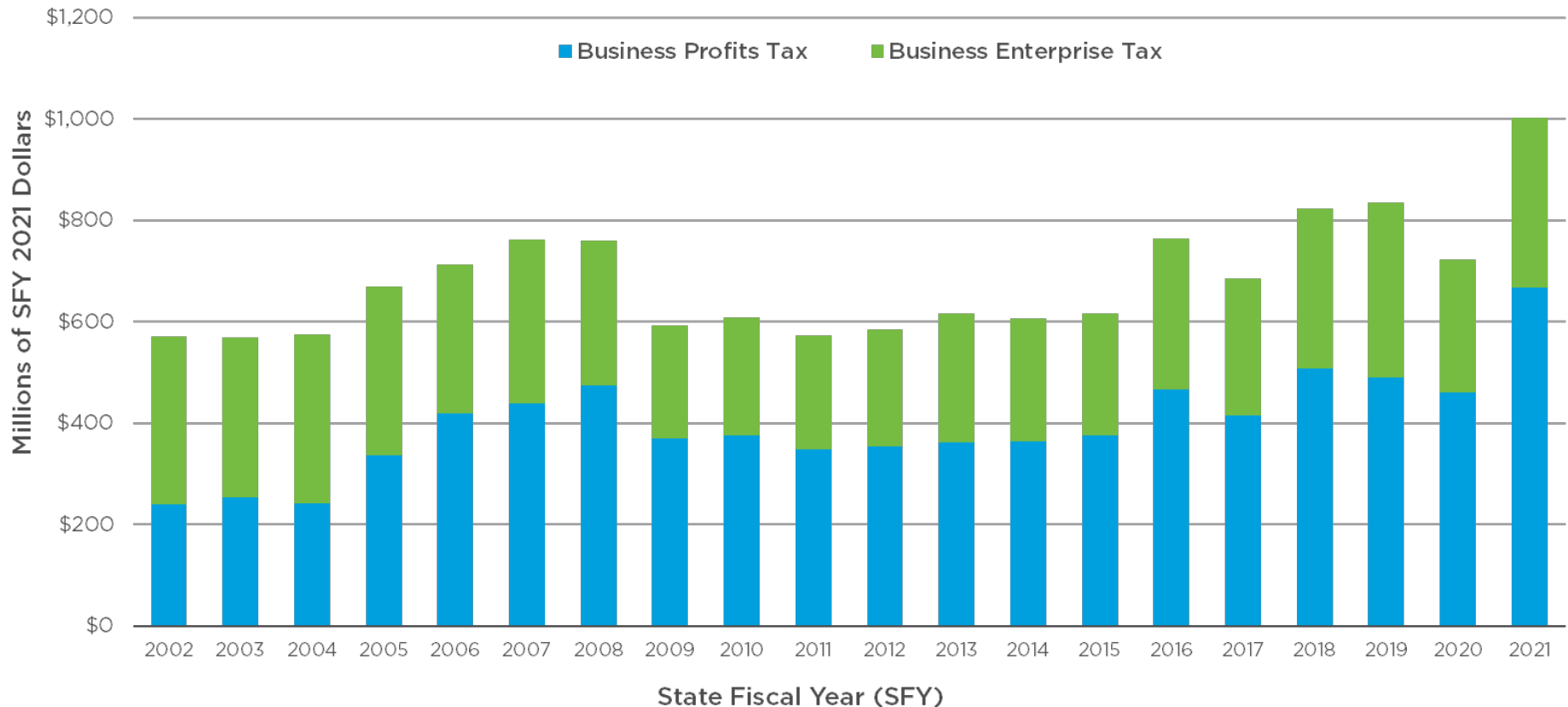
## Business Enterprise Tax

- 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 \$34.4 billion in Tax Year 2019
- Supports the General Fund and the Education Trust Fund
- Recent rate reductions
  - 0.75% in 2001-15, 0.72% in 2016-17, 0.675% in 2018, 0.60% in 2019-21, 0.55% in 2022

Sources: New Hampshire Fiscal Policy Institute, *Revenue in Review*, May 2017; New Hampshire Department of Revenue Administration

# INFLATION-ADJUSTED REVENUE FROM TWO PRIMARY BUSINESS TAXES

NEW HAMPSHIRE BUSINESS PROFITS TAX AND BUSINESS ENTERPRISE TAX  
GENERAL AND EDUCATION TRUST FUNDS INFLATION-ADJUSTED REVENUE



Note: Final sorting between these two taxes not reported fully in the Comprehensive Annual Financial Reports.  
Sources: New Hampshire Annual Comprehensive Financial Reports; U.S. Bureau of Labor Statistics, CPI-U, Northeast

# HIGH NATIONAL CORPORATE PROFITS LIKELY BOOSTING STATE REVENUES

## U.S. CORPORATE PROFITS BY QUARTER

*Corporate Profits Adjusted for Inventory Valuation and Capital Consumption,  
Annual Rate, Seasonally Adjusted*



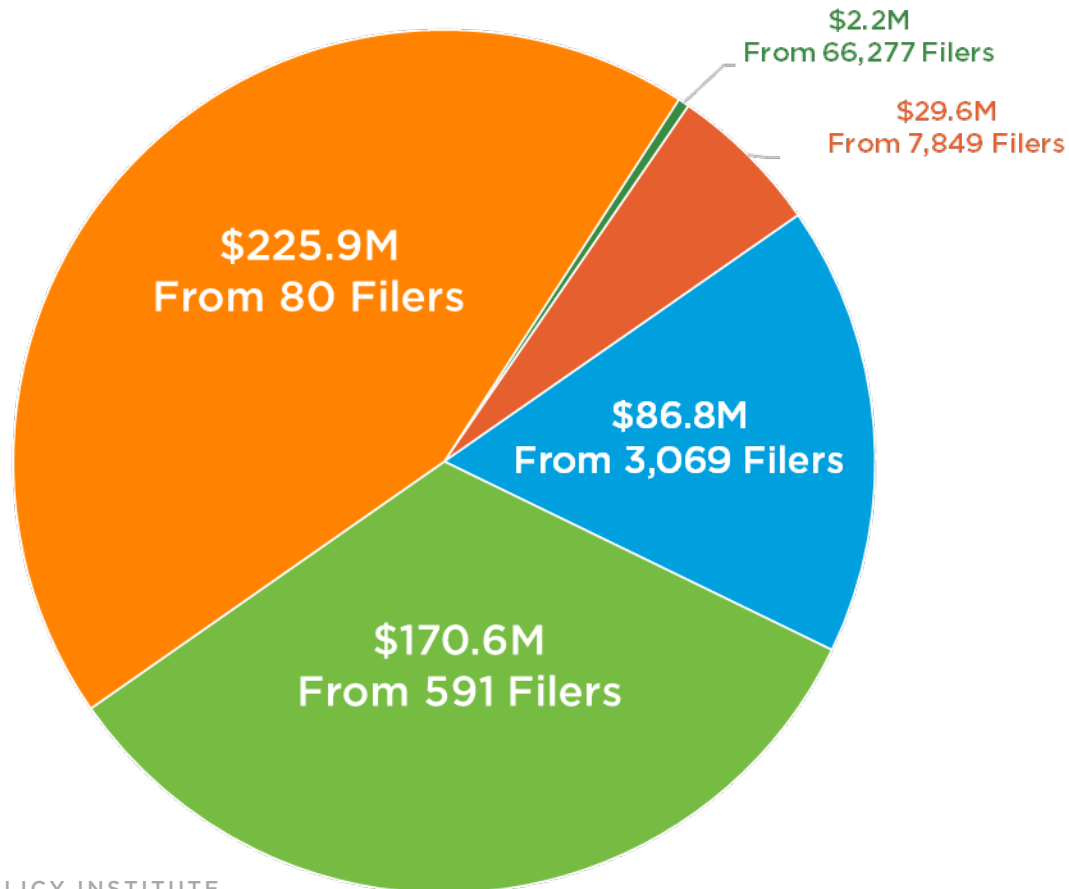
Source: Federal Reserve Bank of St. Louis

# LARGE ENTITIES KEY TO BPT BASE

## NEW HAMPSHIRE BUSINESS PROFITS TAX PAID AND NUMBER OF FILERS

*Tax Year 2019*

Source: New Hampshire Department of Revenue Administration

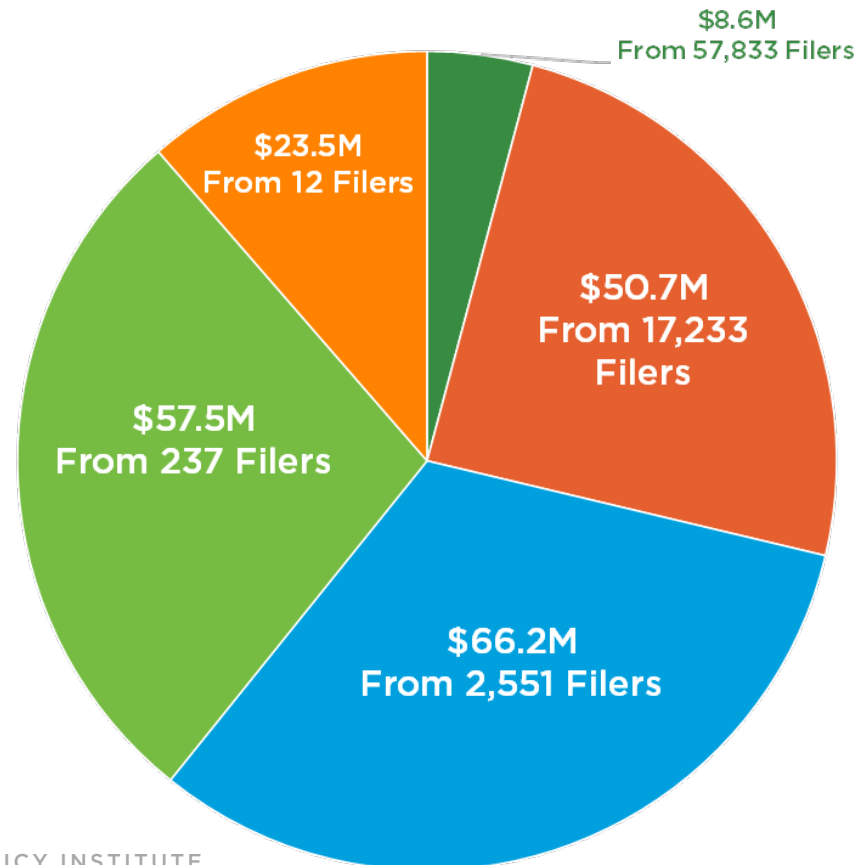


# BROADER TAX BASE FOR BET, NOT DEPENDENT ON LARGE PROFITS

## NEW HAMPSHIRE BUSINESS ENTERPRISE TAX PAID AND NUMBER OF FILERS

*Tax Year 2019*

Source: New Hampshire Department of Revenue Administration

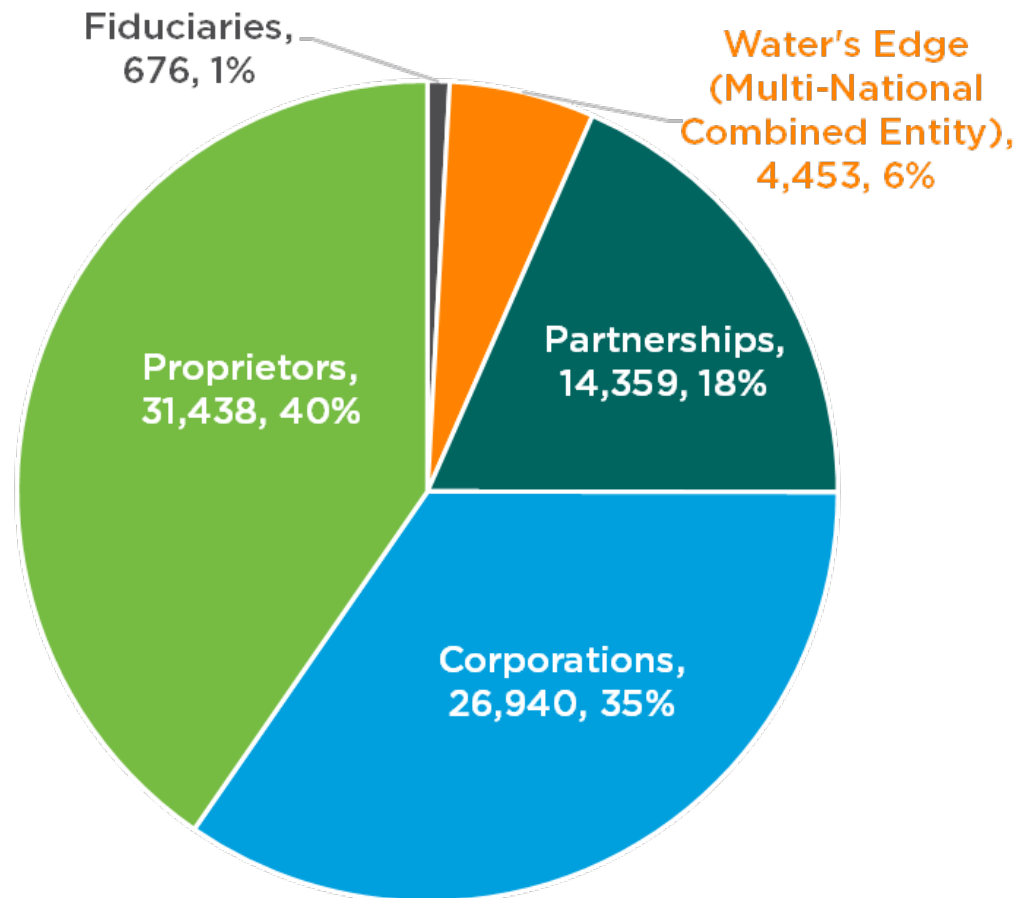


# BUSINESS TYPES IN THE BPT BASE

## BUSINESS PROFITS TAX FILERS BY TYPE

*Tax Year 2019*

Source: New Hampshire Department of Revenue Administration, 2021 Annual Report

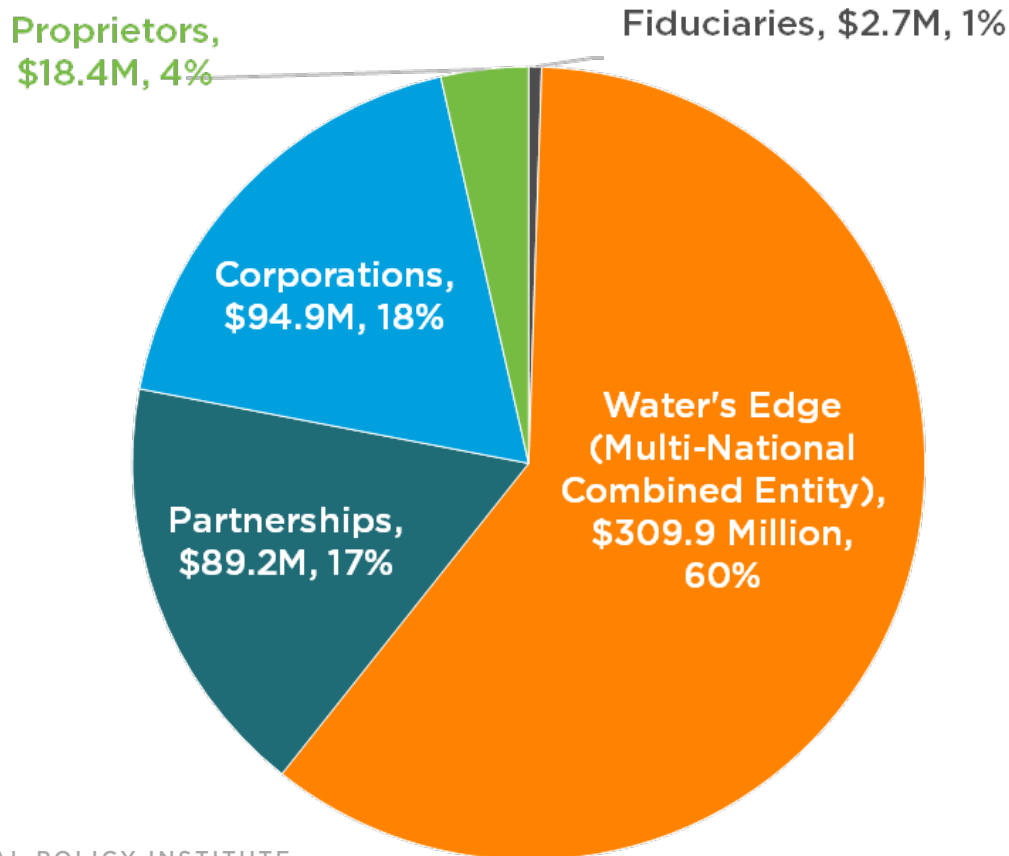


# MAJORITY OF TAX REVENUE FROM FILERS WITH SIGNIFICANT OVERSEAS COMPONENT

## BUSINESS PROFITS TAX FILERS BY LIABILITY

*Tax Year 2019*

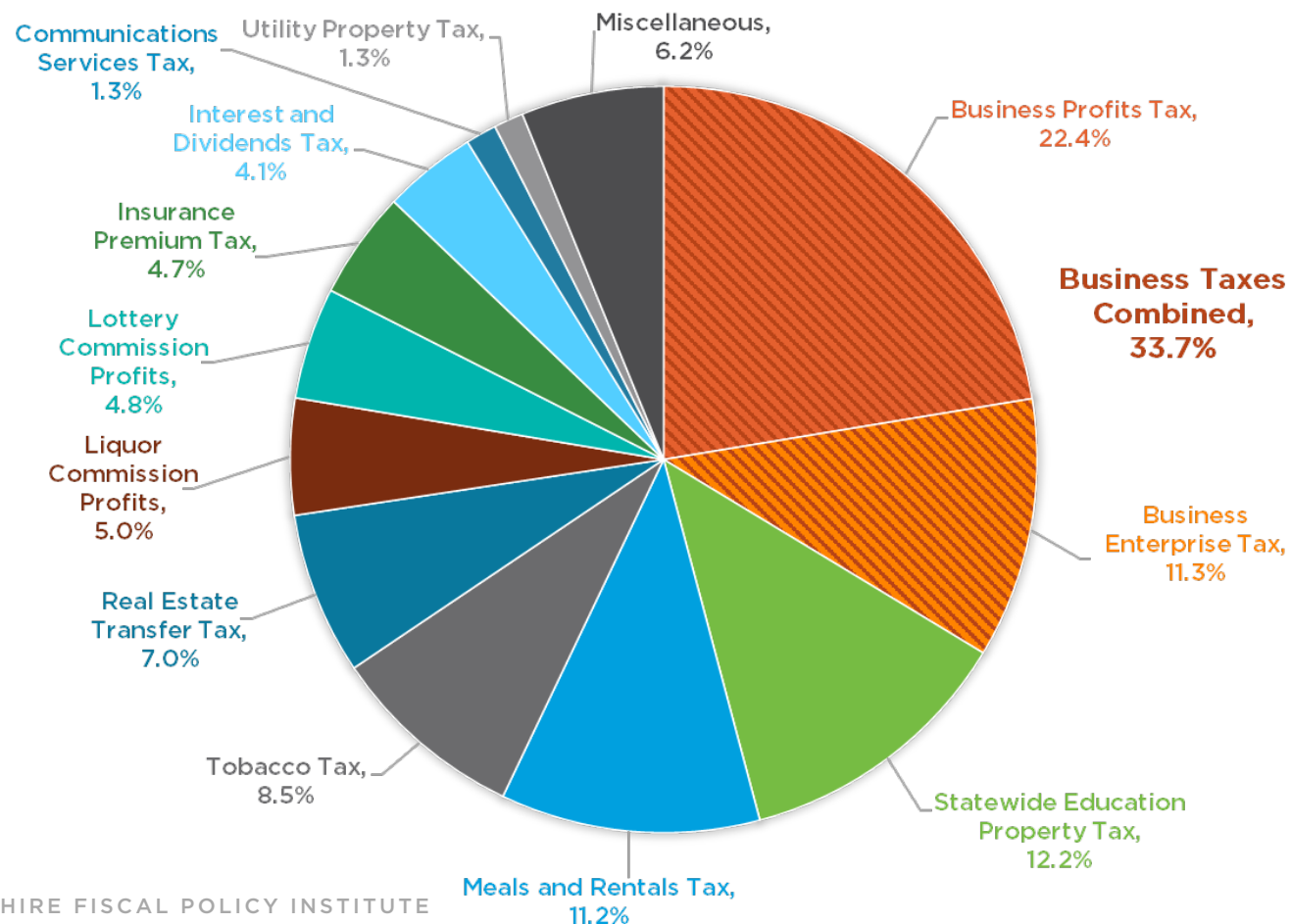
Source: New Hampshire Department of Revenue Administration, 2021 Annual Report



# REVIEW: GENERAL AND EDUCATION TRUST FUNDS TRUST FUNDS REVENUE SOURCES

## GENERAL AND EDUCATION TRUST FUNDS COMBINED REVENUE IN STATE FISCAL YEAR 2021

Source: New Hampshire Annual Comprehensive Financial Report, State Fiscal Year 2021

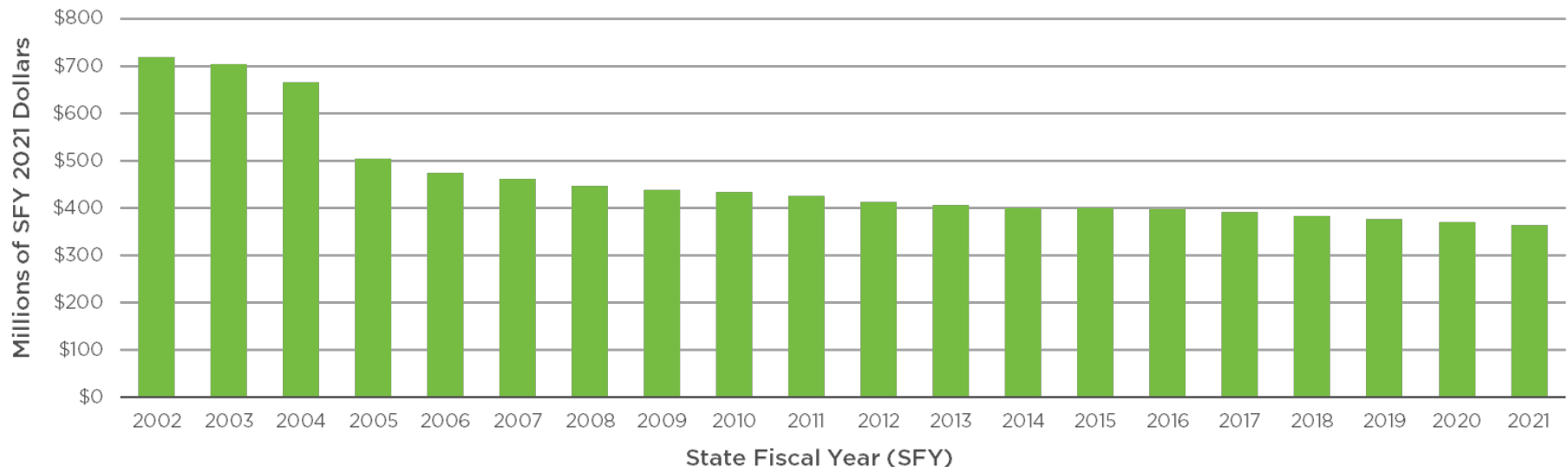




# STATEWIDE EDUCATION PROPERTY TAX

- 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; one-time reduction to \$263 million for SFY 2023
- State requires local governments to raise this revenue
- Retained locally; revenue went to state previously, but not after 2011

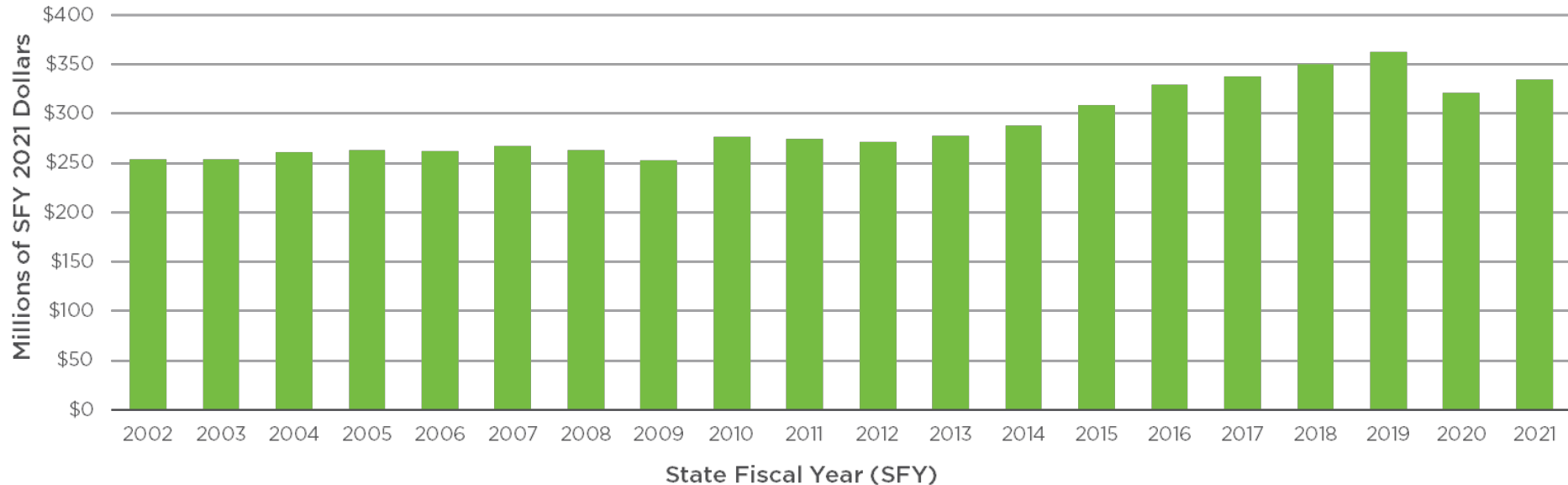
STATEWIDE EDUCATION PROPERTY TAX  
NEW HAMPSHIRE EDUCATION TRUST FUND INFLATION-ADJUSTED REVENUE



# 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 Oct. 2021
- Funds the General Fund, Education Trust Fund (car rentals portion), certain school building aid, State's travel and tourism development agency, municipalities (30 percent directed to a special fund outside State Budget)

**NEW HAMPSHIRE MEALS AND RENTALS TAX  
GENERAL AND EDUCATION TRUST FUNDS INFLATION-ADJUSTED REVENUE**

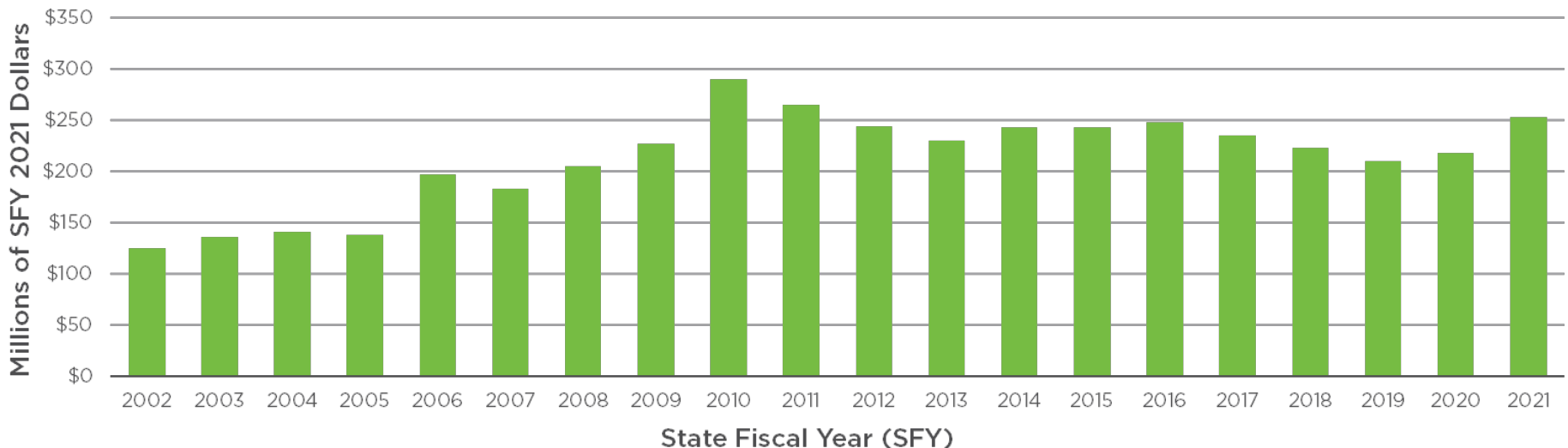


Sources: New Hampshire Annual Comprehensive Financial Reports; U.S. Bureau of Labor Statistics, CPI-U, Northeast

# TOBACCO TAX

- \$1.78 per 20-cigarette pack, adjusted-proportionally for pack size
- 65.03 percent on wholesale price of other tobacco products
- Also includes e-cigarettes, certain nicotine products (8 percent tax)
- Several rate changes in last 25 years (boosted up to \$0.37/pack in 1997)
- Supports General (\$1.00/pack) and Education Trust Funds (\$0.78/pack)

NEW HAMPSHIRE TOBACCO TAX  
GENERAL AND EDUCATION TRUST FUNDS INFLATION-ADJUSTED REVENUE

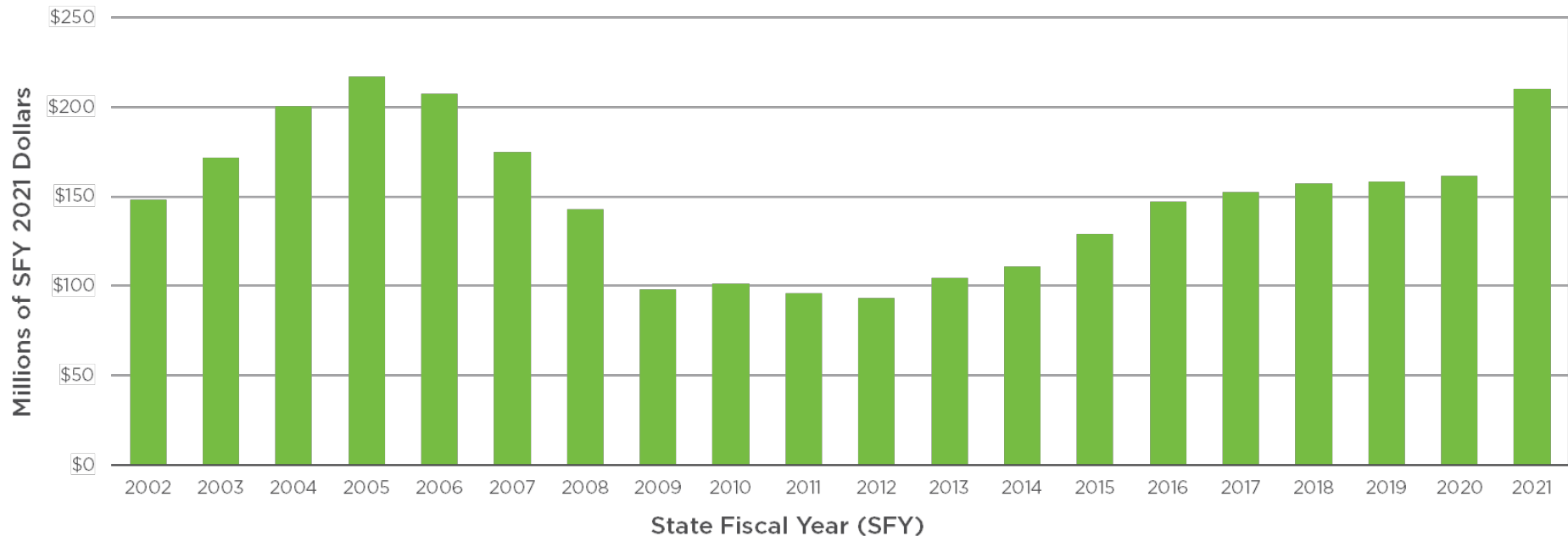


Sources: New Hampshire Annual Comprehensive Financial Reports; U.S. Bureau of Labor Statistics, CPI-U, Northeast

# REAL ESTATE TRANSFER TAX

- \$0.75 per \$100 of sale of real estate or interest in real estate
- Levied against buyer and seller, for total revenue of \$1.50 per \$100
- \$0.25 of the \$0.75 to the Education Trust Fund, rest to General Fund

NEW HAMPSHIRE REAL ESTATE TRANSFER TAX  
GENERAL AND EDUCATION TRUST FUNDS INFLATION-ADJUSTED REVENUE



Sources: New Hampshire Annual Comprehensive Financial Reports; U.S. Bureau of Labor Statistics, CPI-U, Northeast

# INSURANCE PREMIUM TAX

- 1.25 percent on premiums from insurers
- 2 percent health, accident, and certain life insurance premiums
- Supports General Fund, except revenues from those insured under the NH Granite Advantage Health Care Program, which go to the Program's trust fund

NEW HAMPSHIRE INSURANCE PREMIUM TAX  
GENERAL FUND INFLATION-ADJUSTED REVENUE

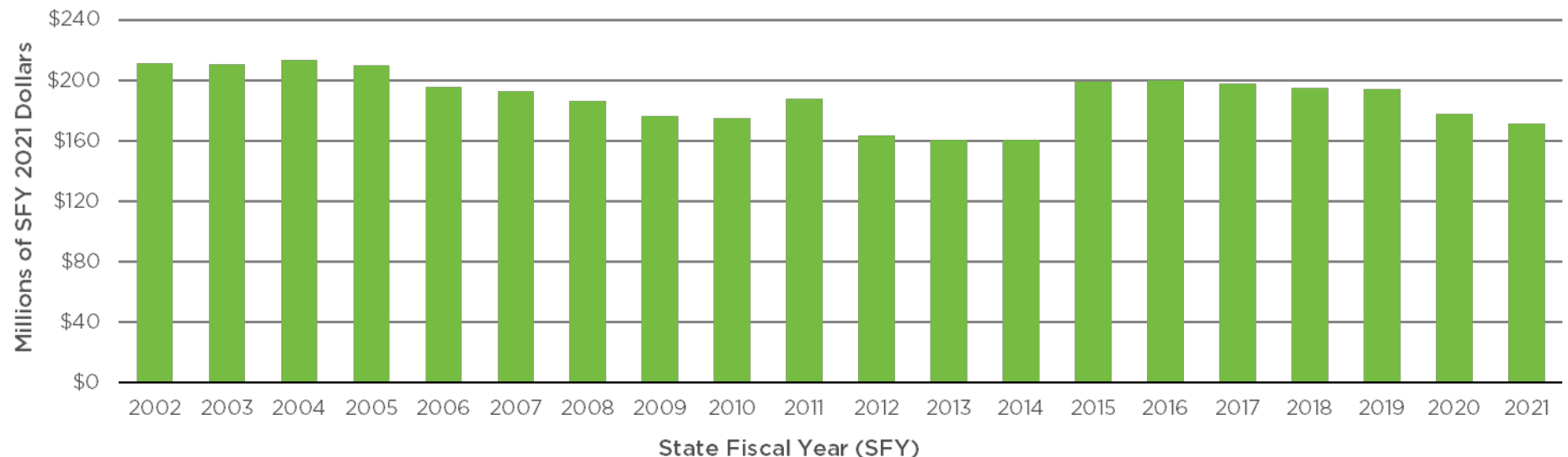


Sources: New Hampshire Annual Comprehensive Financial Reports; U.S. Bureau of Labor Statistics, CPI-U, Northeast

# MOTOR FUELS TAX

- \$0.222 per gallon on motor fuels, aviation fuel taxed at different rate
- Can only be used for highway-related purposes under the State Constitution, other more specific restrictions on parts of revenue
- Revenues go to the Highway Fund, used for interest on highway bonds and notes as well as for highway-related operations

**NEW HAMPSHIRE MOTOR FUELS TAX  
HIGHWAY FUND INFLATION-ADJUSTED REVENUE**



Sources: New Hampshire Annual Comprehensive Financial Reports; U.S. Bureau of Labor Statistics, Consumer Price Index-Urban, Northeast

# INTEREST AND DIVIDENDS TAX

- 5 percent tax on interest, dividend, and distribution income from assets
- Individuals, joint filers, and 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 entirely under current law, starting in 2023

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



Sources: New Hampshire Annual Comprehensive Financial Reports; U.S. Bureau of Labor Statistics, CPI-U, Northeast

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

## NEW HAMPSHIRE INTEREST AND DIVIDENDS TAX FILERS BY INCOME AND TAX PAID, TAX YEAR 2019

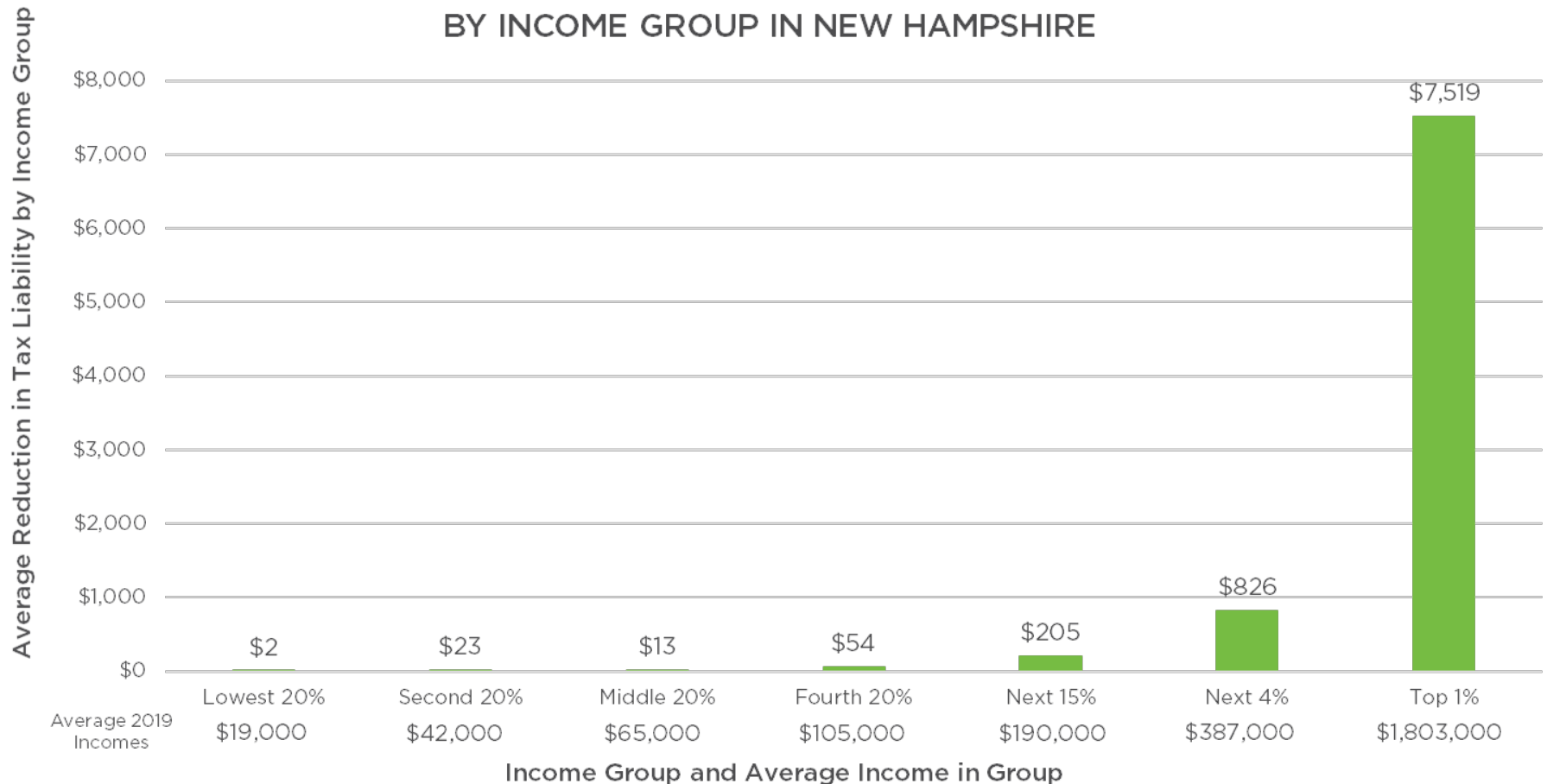
Taxable Interest and Dividend Income of At Least:	Percentage of Filers	Percentage of Total Tax Revenue Paid
\$5,000,000	0.03%	9.51%
\$2,000,000	0.12%	16.97%
\$1,000,000	0.32%	25.18%
\$200,000	2.61%	50.96%
\$20,000	25.41%	89.54%
\$10,000	38.84%	95.31%
\$20	79.08%	100.00%
\$0	100.00%	100.00%
<b>Total Filers/Revenue</b>	<b>71,785</b>	<b>\$119,533,123</b>

Source: New Hampshire Department of Revenue Administration, 2021 Annual Report



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

## AVERAGE TAX REDUCTION FROM INTEREST AND DIVIDENDS TAX ELIMINATION BY INCOME GROUP IN NEW HAMPSHIRE



Source: Institute on Taxation and Economic Policy, May 2021

# OTHER KEY STATE TAXES

## **Medicaid Enhancement Tax**

- 5.4 percent of charges hospitals make for services
- \$262.3 million in SFY 2021, leverages federal dollars
- Revenues to Uncompensated Care and Medicaid Fund

## **Communications Services Tax**

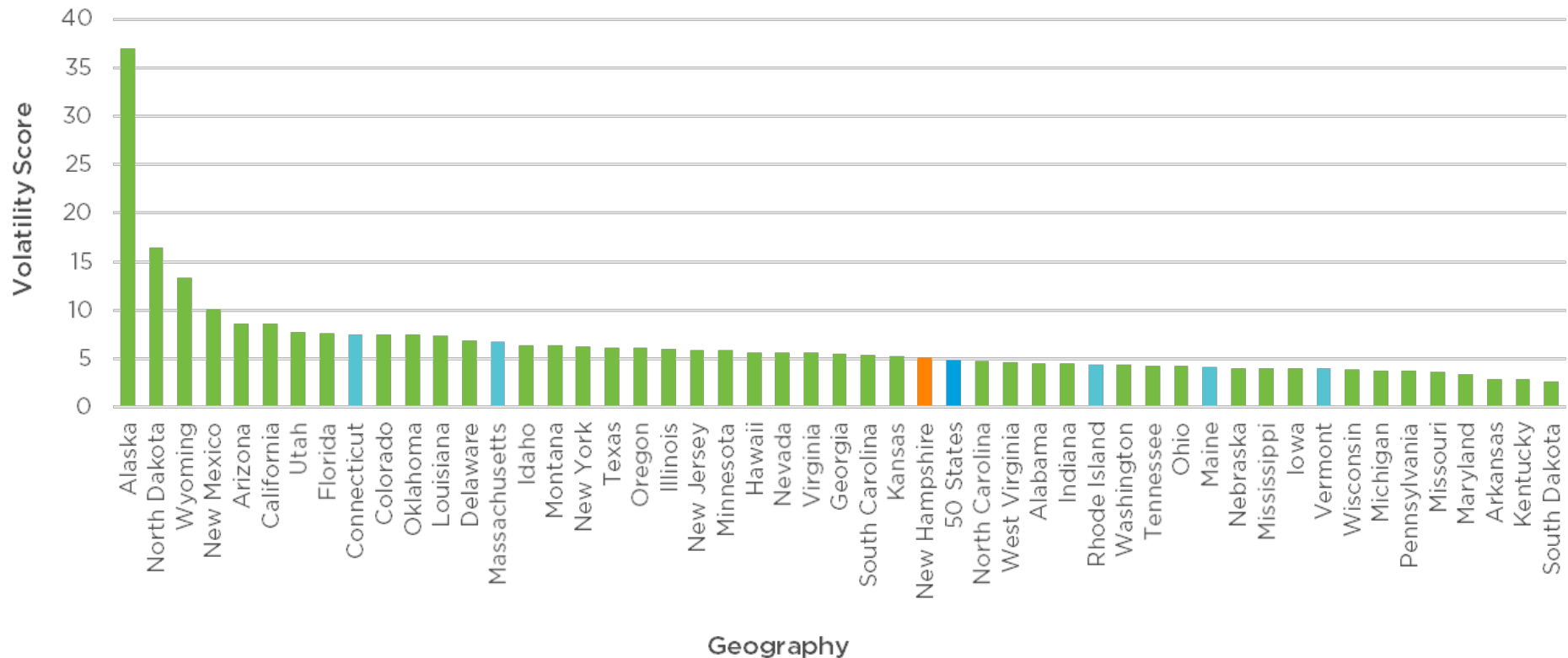
- 7 percent tax on two-way communications services
- Does not include internet providers, landline phones key to tax base
- Declining revenue source, \$40.0 million in SFY 2021

## **Utility Property Tax**

- \$6.60 per \$1,000 levied on machinery, real estate, structures for commercial electricity, natural gas, or petroleum distribution, and certain water and sewer infrastructure
- Relatively stable revenue source, \$38.2 million in SFY 2021

# NEW HAMPSHIRE TAX REVENUES NEAR AVERAGE VOLATILITY

## STATE TAX REVENUE VOLATILITY, FISCAL YEARS 2000-2019

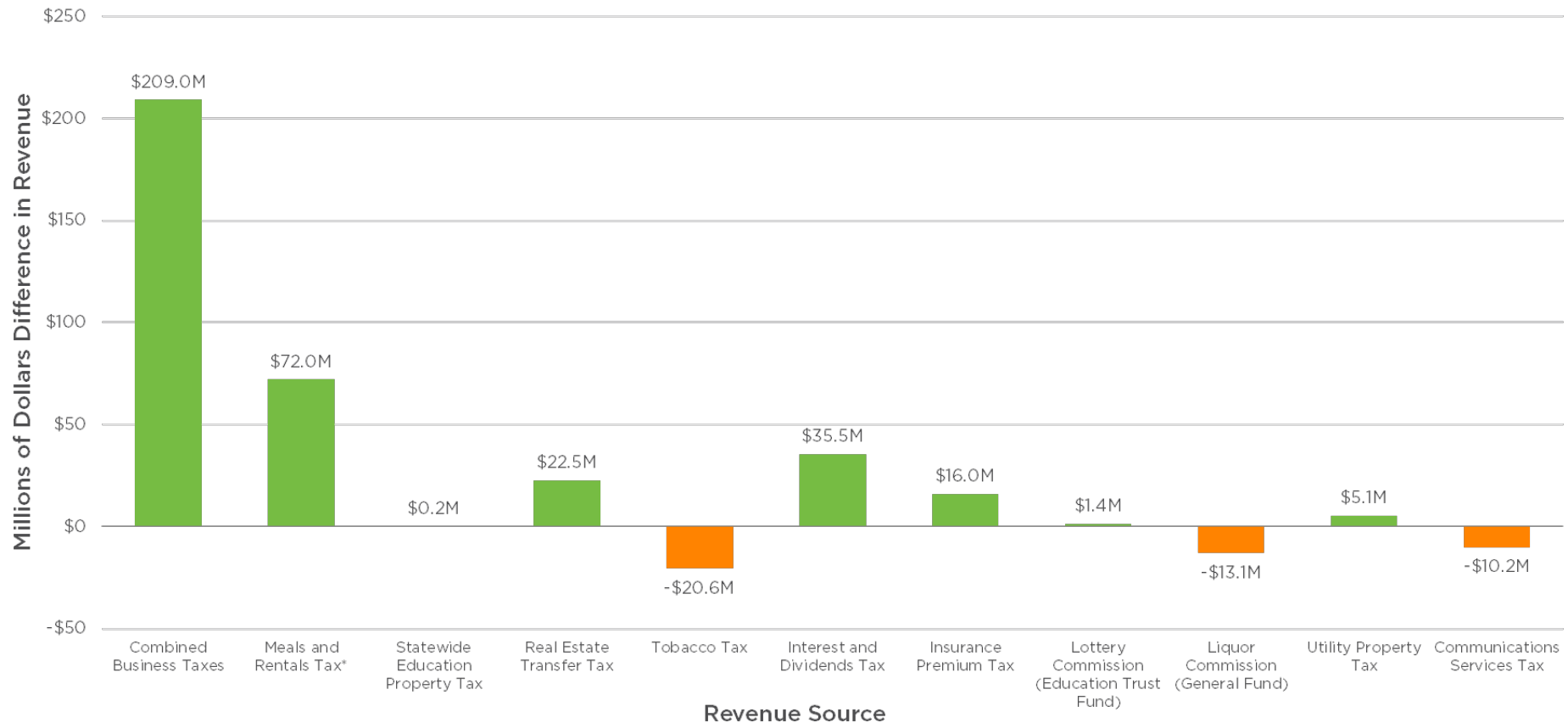


Source: The Pew Charitable Trusts, Tax Revenue Swings Complicate State Budgeting, April 27, 2021

# RECENT INCREASE IN REVENUES FOLLOWING PANDEMIC IMPACT DECREASE

## CHANGES IN KEY GENERAL AND EDUCATION TRUST FUNDS REVENUE SOURCES

*Differences in Revenue, State Fiscal Year 2021 to Preliminary State Fiscal Year 2022 Figures*



\*Note: Revenues transferred to Meals and Room Municipal Revenue Fund included here for year-over-year comparison purposes.

Sources: New Hampshire Annual Comprehensive Financial Report for the Fiscal Year Ending June 30, 2021; New Hampshire Department of Revenue Administration, Preliminary Accrual, SFY 2022.

## QUESTION

WHAT ARE THE LARGEST  
NON-TAX REVENUE SOURCES  
FOR THE STATE?

# LARGEST NON-TAX REVENUE SOURCES

## To All Funds (State Fiscal Year 2021)

- Federal Grants - \$4,529.8 million  
(includes pandemic-related aid transferred to State in SFY 2021 and all other federal transfers to Governmental and Enterprise Funds)
- Liquor Commission Sales - \$786.4 million  
(\$168.7 million in operating profits for other State uses)
- Lottery Commission Sales - \$519.7 million  
(\$144.2 million in profits for Education Trust Fund)
- Turnpike Tolling - \$122.1 million

Sources: New Hampshire Annual Comprehensive Financial Report for the Fiscal Year Ending June 30, 2021; New Hampshire Liquor Commission 2021 Comprehensive Annual Financial Report; New Hampshire Lottery Commission Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2021.

# ENTERPRISE REVENUES AND FUNDS

## **Liquor Commission**

- Operates State liquor stores that are sole source for liquor and spirits, while certain wine may be sold from licensed businesses; beer is taxed
- Pays for its own operations, the Alcohol Abuse Prevention and Treatment Fund, non-federal expanded Medicaid, and the General Fund

## **Lottery Commission**

- Sells lottery tickets and oversees racing, charitable gaming, Keno, sports betting; several recent expansions to scope of gaming
- Per constitutional requirement, profits go to the Education Trust Fund

## **Turnpike System**

- Tolls users of three turnpikes to operate, construct, and maintain them
- Not all 89 miles of turnpike highway are tolled, sections can be transferred from other Department of Transportation ownership

## **Unemployment Compensation Fund**

- Charges employers at a variable rate, funds unemployment payments

# STATE REVENUE SYSTEM: STRENGTHS AND WEAKNESSES

- Reliance on many revenue streams, most with narrow bases
- High importance of non-tax revenue sources, such as profits from liquor and lottery sales
- Fortunes do not rise or fall with changes in a single revenue source, adds stability to the revenue system relative to some other states
- Policymaker flexibility might be more limited because of narrower bases, large or many adjustments may be needed to react to changes
- Narrow bases more likely to disappear with changing economy
- Certain revenue sources likely to be declining over time, such as the Tobacco Tax and the Communications Services Tax
- Changing demographics may complicate sustainability
- Reliance on federal sources results in limited options if funding from the federal government is reduced



# FEDERAL ASSISTANCE TO THE STATE, COUNTIES, AND LOCAL GOVERNMENTS DURING THE PANDEMIC

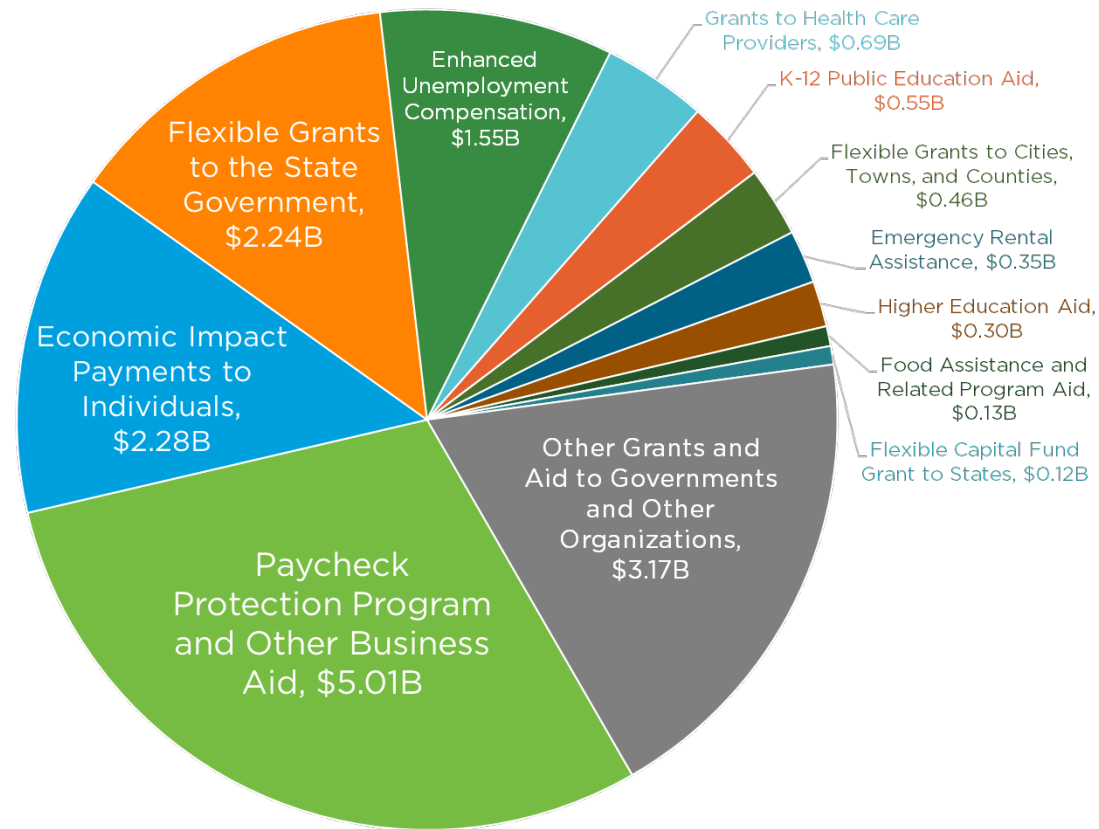
## QUESTION

**DID YOUR JURISDICTION RECEIVE  
ONE-TIME FUNDING FROM THE  
FEDERAL GOVERNMENT SINCE  
MARCH 2020?**

# OVER \$16 BILLION TO NEW HAMPSHIRE

## FEDERAL ASSISTANCE RELATED TO COVID-19 IN NEW HAMPSHIRE

*Total of Nearly \$16.9 billion Through July 7, 2022*



Note: Sums may include small amounts of double-counting due to summation mismatches. Totals presented are derivations. Small amounts of aid to individuals are also included in the "Other Grants and Aid" section, including aid for funeral expenses.  
Source: New Hampshire Office of Legislative Budget Assistant, Federal COVID-19 Funds, New Hampshire Allocations, July 7, 2022.

# FUNDING AND SUPPORT PROVIDED BY FEDERAL ASSISTANCE IN 2020

- Assistance to individuals and families
  - Enhanced unemployment compensation benefits
  - Extended unemployment compensation benefits
  - Economic Impact Payments
  - Food assistance enhancements
- Grants to businesses
  - Payroll Protection Program
  - Disaster loans for small businesses
- Aid to governments
  - Coronavirus Relief Fund (\$1.25 billion to New Hampshire)
  - Emergency Rental Assistance
  - Local public education aid
  - Higher education and other education aid
  - Other grants to state and local governments
- Relief funds for health care providers

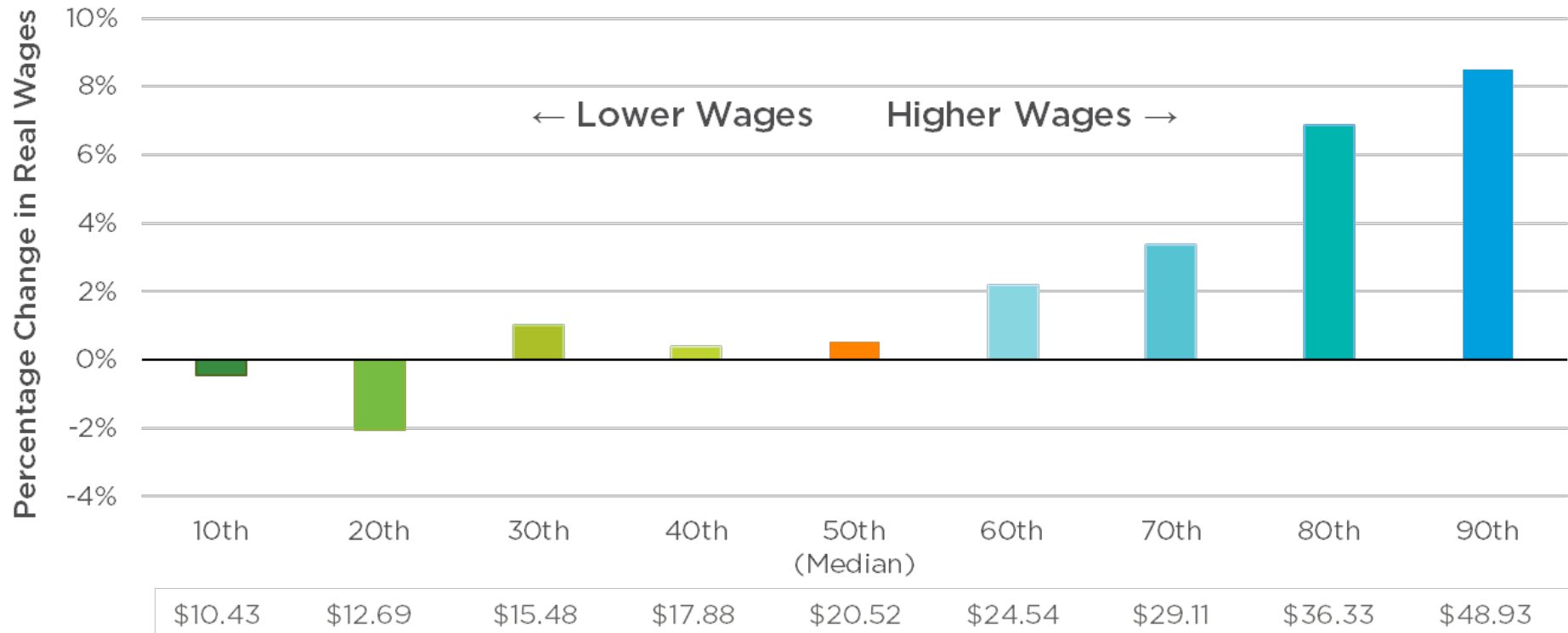
# SUPPORT FOR INDIVIDUALS PROVIDED BY THE AMERICAN RESCUE PLAN ACT

- Unemployment compensation expanded, added \$300 per week
- Economic Impact Payments, \$1,400 for individuals
- Supplemental Nutrition Assistance Program benefits increased by 15 percent through to end of September 2021
- Continuation of Pandemic EBT program for students out of school
- Expanded and fully-refundable Child Tax Credit in 2021
  - May have reached about 85 percent of New Hampshire children
  - Estimates suggest credit might have reduced child poverty by more than a quarter
- Expanded Earned Income Tax Credit for certain adults in 2021
- Health coverage subsidies for individual marketplace purchasers
- Emergency rental assistance, \$152 million for New Hampshire renters (through the New Hampshire Housing Finance Authority)
- Support for child care aid grants for eligible individuals (\$30 million to individuals) and to support child care centers (\$48 million)

Sources: NHFPI, Federal American Rescue Plan Act Directs Aid to Lower-Income Children, Unemployed Workers, and Public Services, March 26, 2021; Columbia University, Sixth Child Tax Credit Payment Kept 3.7 million Children Out of Poverty in December, January 18, 2022.

# REAL WAGES IN NEW HAMPSHIRE DID NOT GROW FOR LOWER-INCOME WORKERS

CHANGE FROM 2004-2006 TO 2017-2019 AVERAGES BY WAGE DECILE



## Relative Wage Percentiles and Corresponding 2017-2019 Hourly Wage Estimates

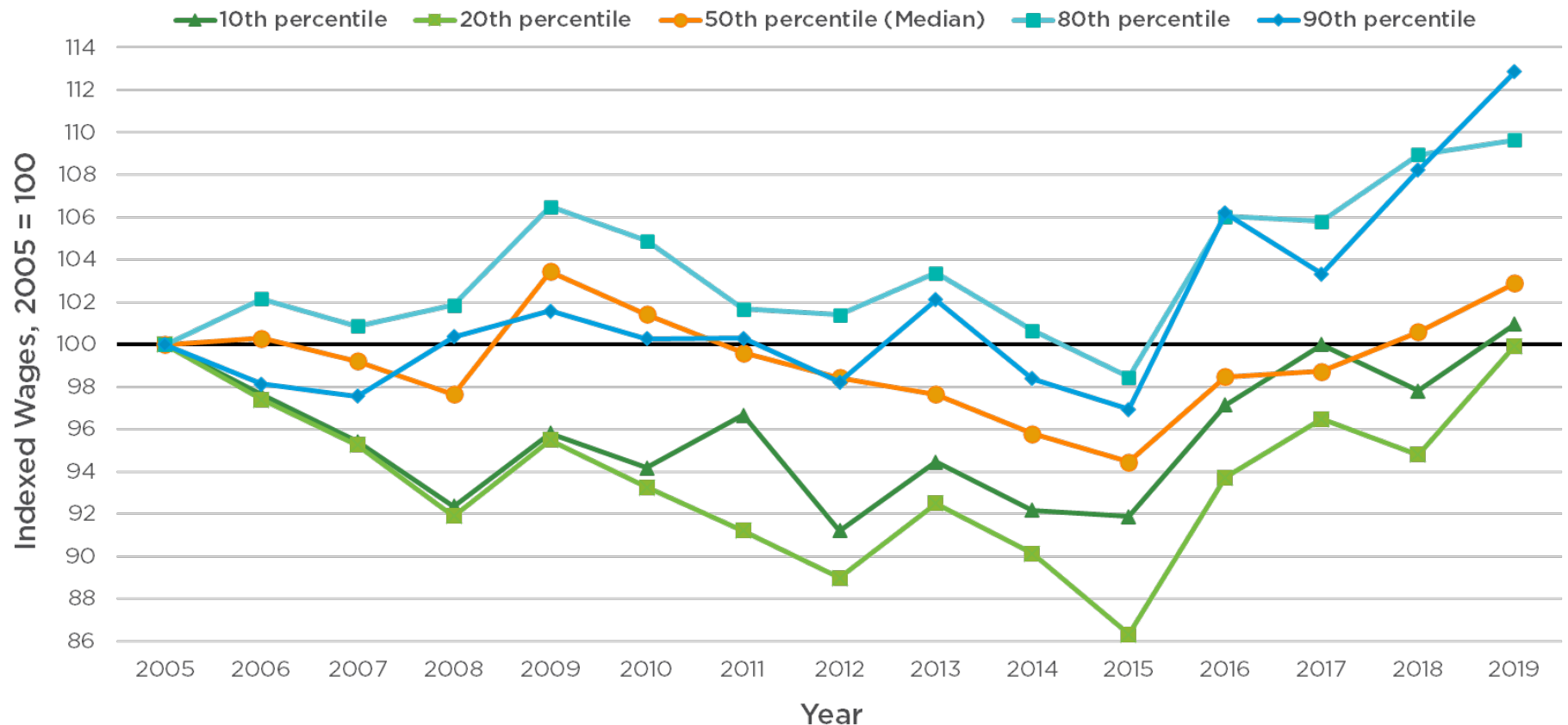
Note: Inflation adjustment using Consumer Price Index-Urban-Research Series (current methods).

Includes workers aged 16 years and older and all income from work.

Source: Economic Policy Institute analysis of Current Population Survey Outgoing Rotation Group data

# LESS PURCHASING POWER IN LOW WAGES DURING RECOVERY FROM LAST RECESSION

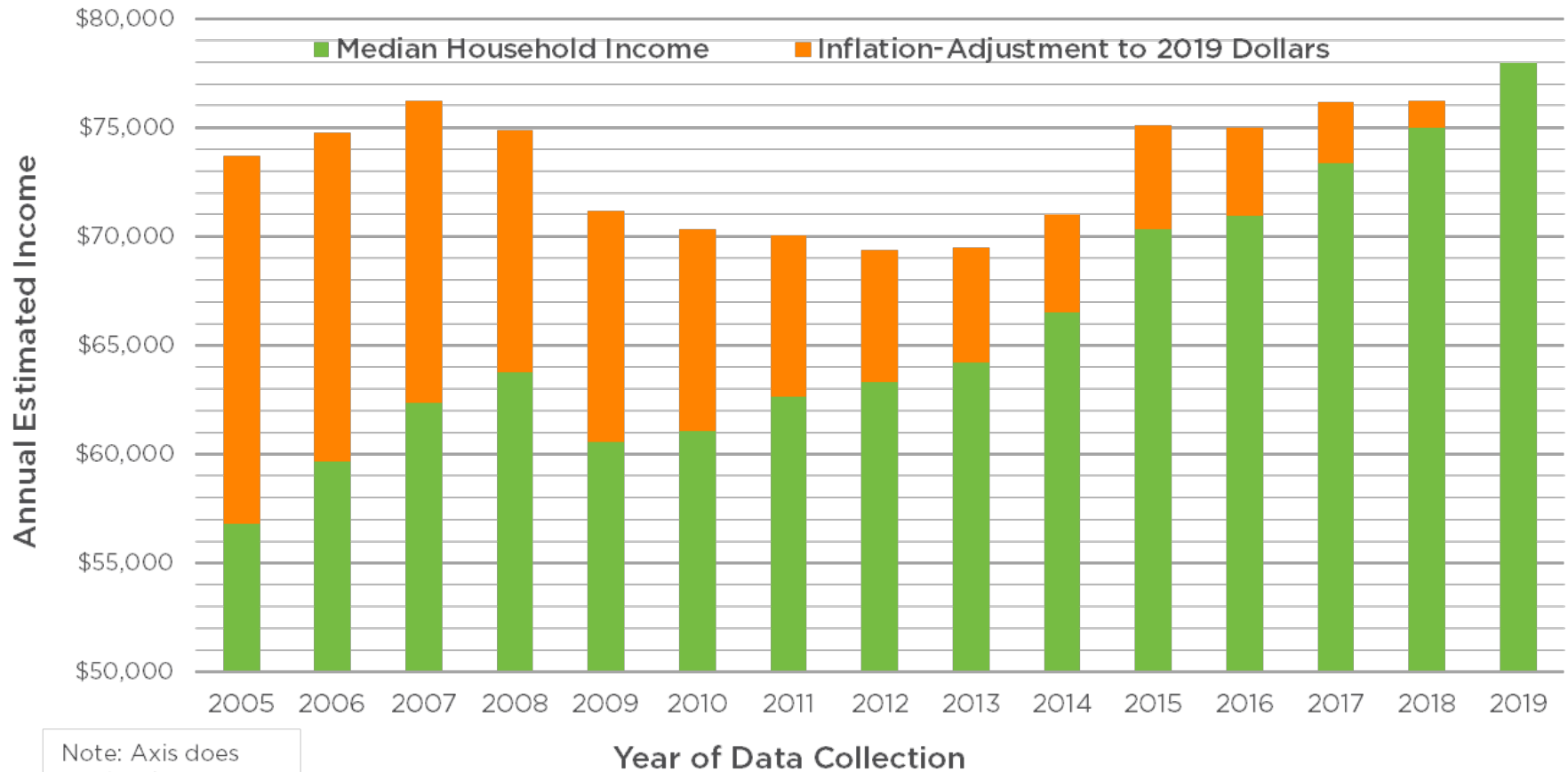
## INFLATION-ADJUSTED WAGES IN NEW HAMPSHIRE



Notes: Inflation adjustment using Consumer Price Index-Urban-Research Series (current methods).  
Includes workers aged 16 years and older and all income from work.  
Source: Economic Policy Institute analysis of Current Population Survey Outgoing Rotation

# HOUSEHOLD INCOME RECOVERY DELAYED

## MEDIAN HOUSEHOLD INCOME IN NEW HAMPSHIRE



Note: Axis does not begin at zero.

Sources: U.S. Census Bureau, American Community Survey One-Year Estimates;  
U.S. Bureau of Labor Statistics, Consumer Price Index-Urban, Northeast Region



# HOUSEHOLD ECONOMIC SECURITY IMPACTS

- About 22 percent fewer New Hampshire residents were employed in mid-April 2020 than in mid-February 2020
- 47 percent of New Hampshire households lost employment income between the March 13, 2020 and July 2-21, 2020 U.S. Census Bureau surveys
- U.S. 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.”
- In November 2020, about one in four U.S. adults said they were worse off financially than they were a year earlier, dropped to one in five in late 2021
- In 2020, 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 80% “doing okay” for white adults, 64% for both Black and Hispanic adults
- 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 their savings during the pandemic and not having any more (30% for less than \$50,000 per year)

Sources: NHFPI, *Designing a State Budget to Meet New Hampshire’s Needs During and After the COVID-19 Crisis*, February 8, 2021; U.S. Census Bureau, Household Pulse Survey; U.S. Federal Reserve System Board of Governors, Report on the Economic Well-Being of U.S. Households in 2020, May 2021 and May 2022; 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

# SIGNIFICANT PANDEMIC-RELATED AID FOR GOVERNMENTS AND ORGANIZATIONS

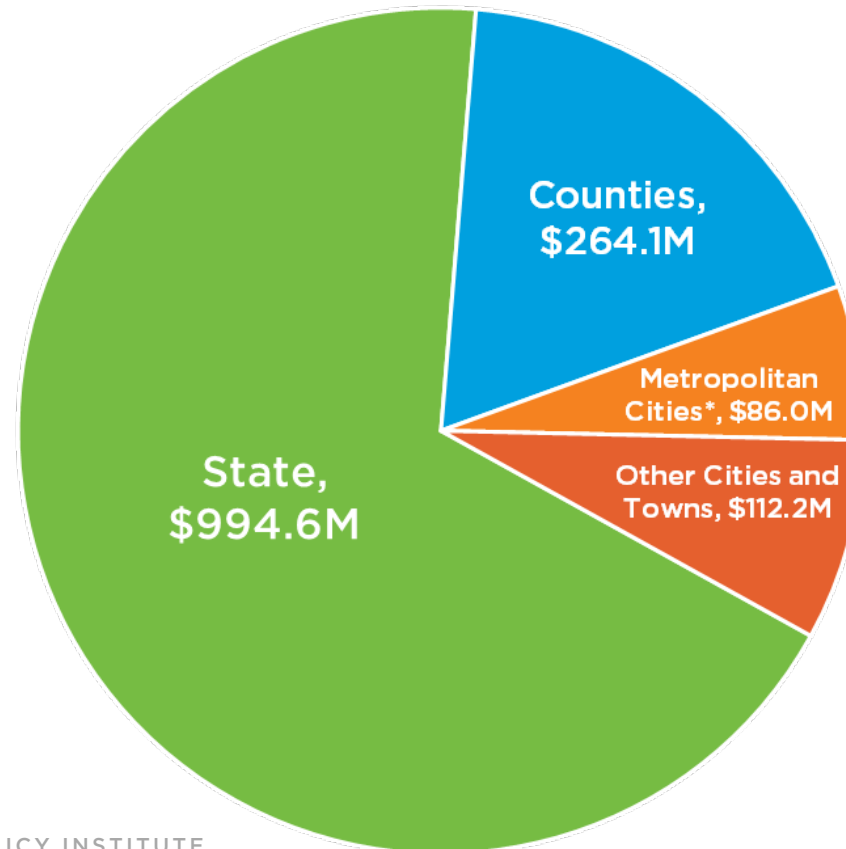
- Billions of federal dollars have come to the state for a variety of purposes, including directed and more flexible funds
- Flexible aid from the American Rescue Plan Act, “Coronavirus State and Local Fiscal Recovery Funds,” to be used to:
  - Respond to public health and economic impacts of the pandemic
  - Provide premium pay and support for essential workers
  - Replace lost public sector revenue due to the pandemic to support government services
  - Make necessary investments in water, sewer, and broadband infrastructure
- Federal government encouraged recipients “to consider funding uses that foster a strong, inclusive, and equitable recovery, especially uses with long-term benefits for health and economic outcomes.”
- School districts also received aid, but a separate appropriation for different purposes

For more information, see NHFPI’s resource page: [The American Rescue Plan Act and New Hampshire: Recent and Updated Resources](#).

# CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS IN NEW HAMPSHIRE

## NEW HAMPSHIRE'S ALLOCATIONS OF AMERICAN RESCUE PLAN ACT CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS

Source: U.S. Department of the Treasury, *Coronavirus State and Local Fiscal Recovery Funds*,  
accessed May 16, 2021

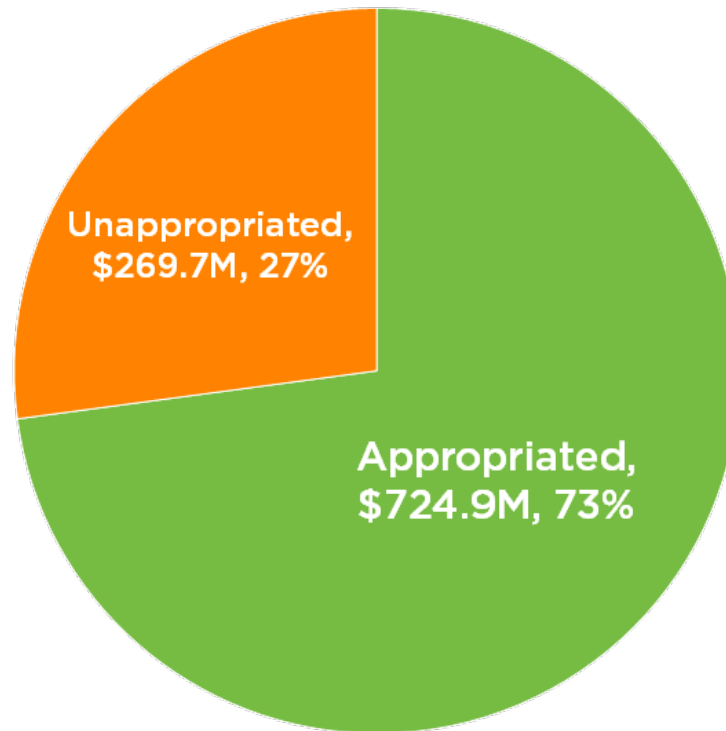


\*"Metropolitan Cities" in New Hampshire include Dover, Manchester, Nashua, Portsmouth, and Rochester.

# MAJORITY OF STATE CORONAVIRUS STATE FISCAL RECOVERY FUNDS APPROPRIATED

## AMERICAN RESCUE PLAN ACT CORONAVIRUS STATE FISCAL RECOVERY FUNDS IN NEW HAMPSHIRE

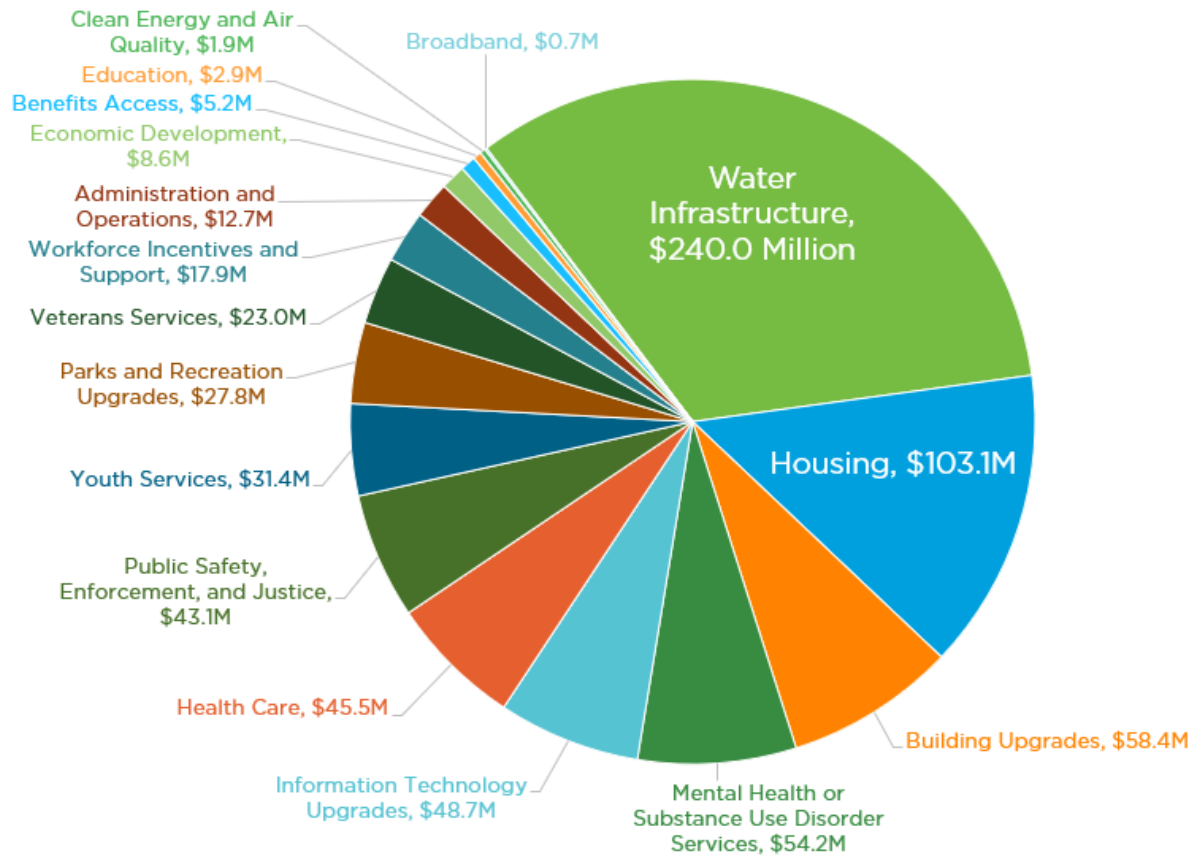
*As of August 9, 2022*



Source: NHFPI analysis of Joint Legislative Fiscal Committee and  
Executive Council approvals, May 2021-July 2022

# STATE APPROPRIATIONS FOR WIDE VARIETY OF PURPOSES

## NEW HAMPSHIRE'S CORONAVIRUS STATE FISCAL RECOVERY FUND ALLOCATIONS, AS OF AUGUST 9, 2022



Source: NHFPI analysis of Joint Legislative Fiscal Committee and Executive Council approvals, May 2021 - July 2022

# COMPARING STATE AND LOCAL GOVERNMENT REVENUES

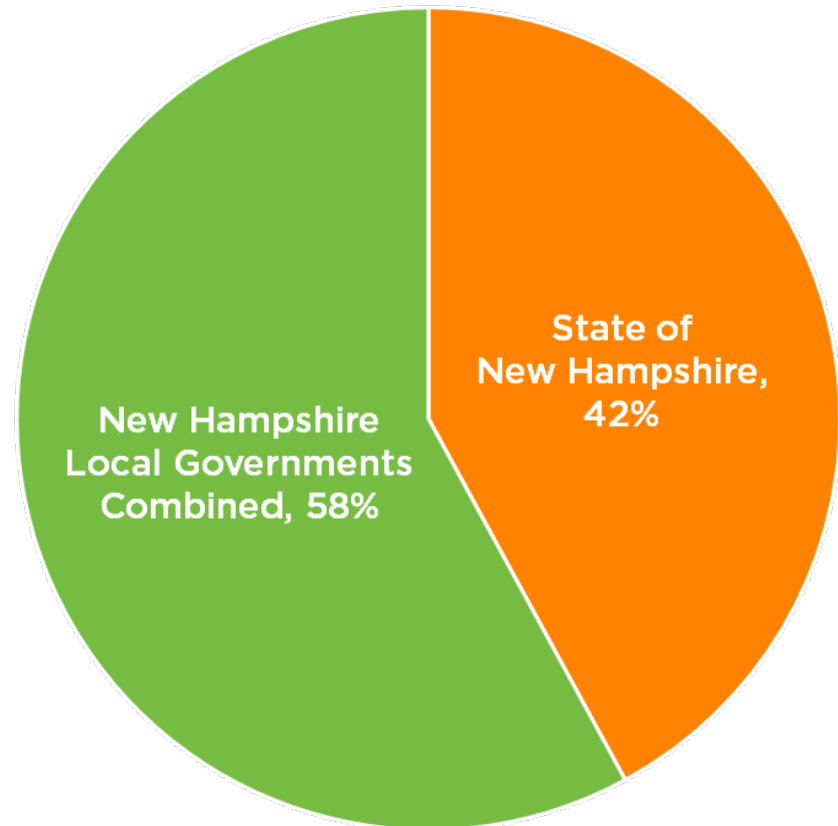
# LOCAL GOVERNMENTS AND TAX REVENUE

## NEW HAMPSHIRE TAX REVENUE BY GOVERNMENT LEVEL, FISCAL YEAR 2019

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

### Local Governments includes:

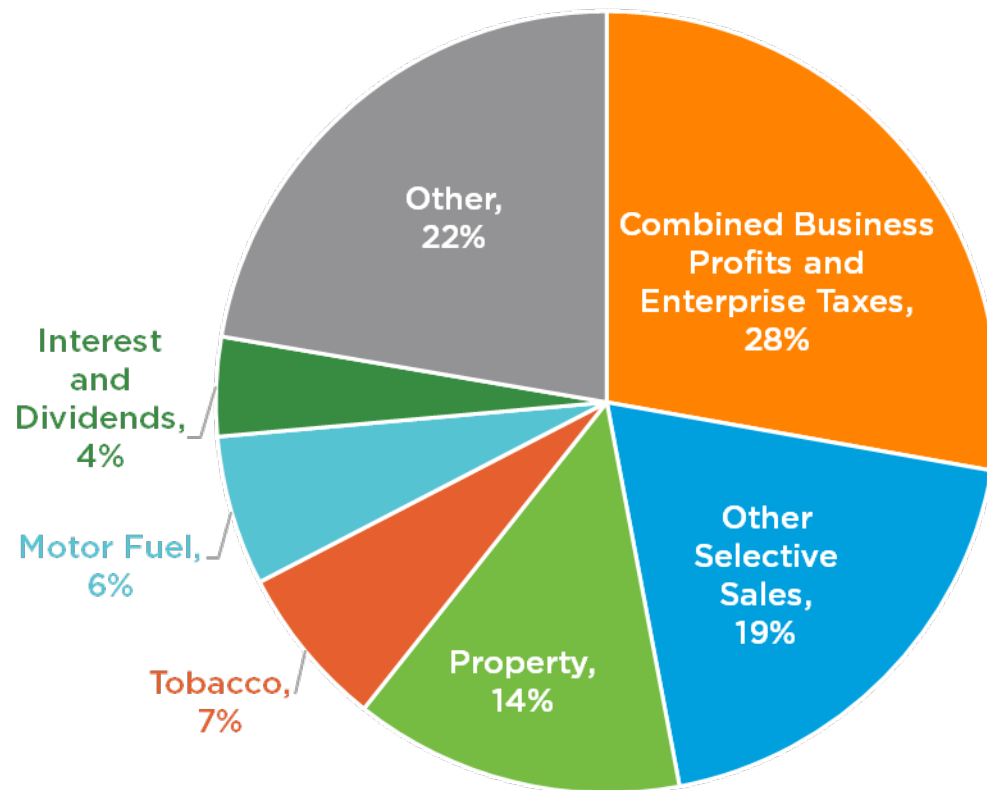
- Municipal governments (town and city)
- School districts
- County governments



# FEWER LOCAL TAX REVENUE SOURCES

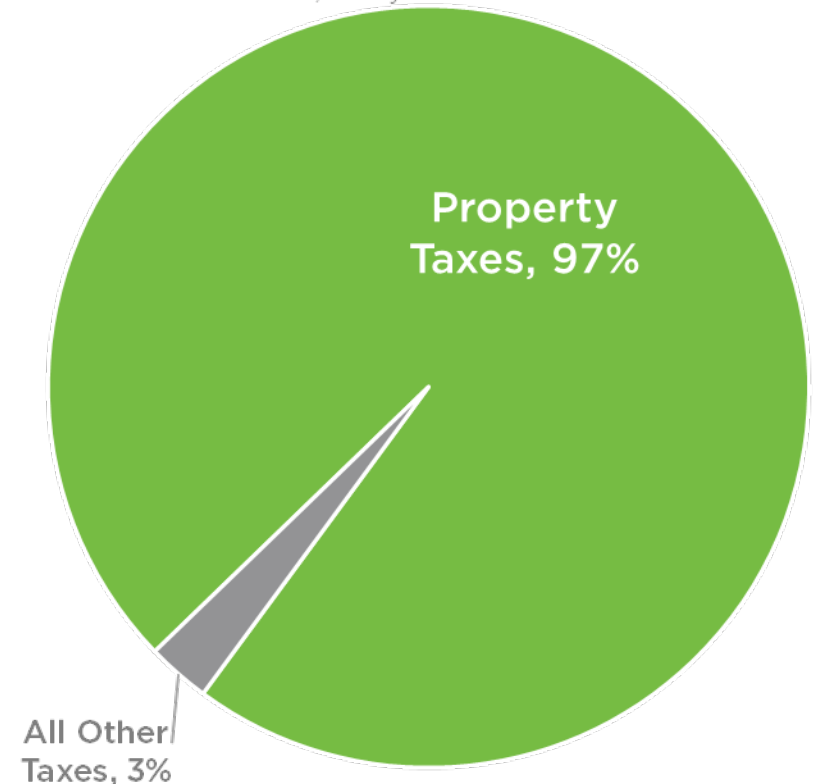
## ALL STATE TAX REVENUE IN NEW HAMPSHIRE FISCAL YEAR 2019

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



## ALL LOCAL TAX REVENUE IN NEW HAMPSHIRE FISCAL YEAR 2019

Note: Apparent double-counting of the Statewide Education Property Tax removed from local revenues.  
Source: U.S. Census Bureau, Survey of State and Local Government Finances





# PROPERTY TAXES KEY TO LOCAL TAX REVENUE IN MANY STATES

## PROPERTY TAX REVENUE AS A PERCENTAGE OF ALL LOCAL TAX REVENUE, FISCAL YEAR 2019

State		Estimated Percentage
Highest	Maine	99%
	Connecticut	99%
	New Jersey	98%
	New Hampshire*	97%
	Rhode Island	97%
United States		72%
Lowest	Arkansas	54%
	North Dakota	53%
	New Mexico	46%
	Alabama	43%
	Delaware	40%

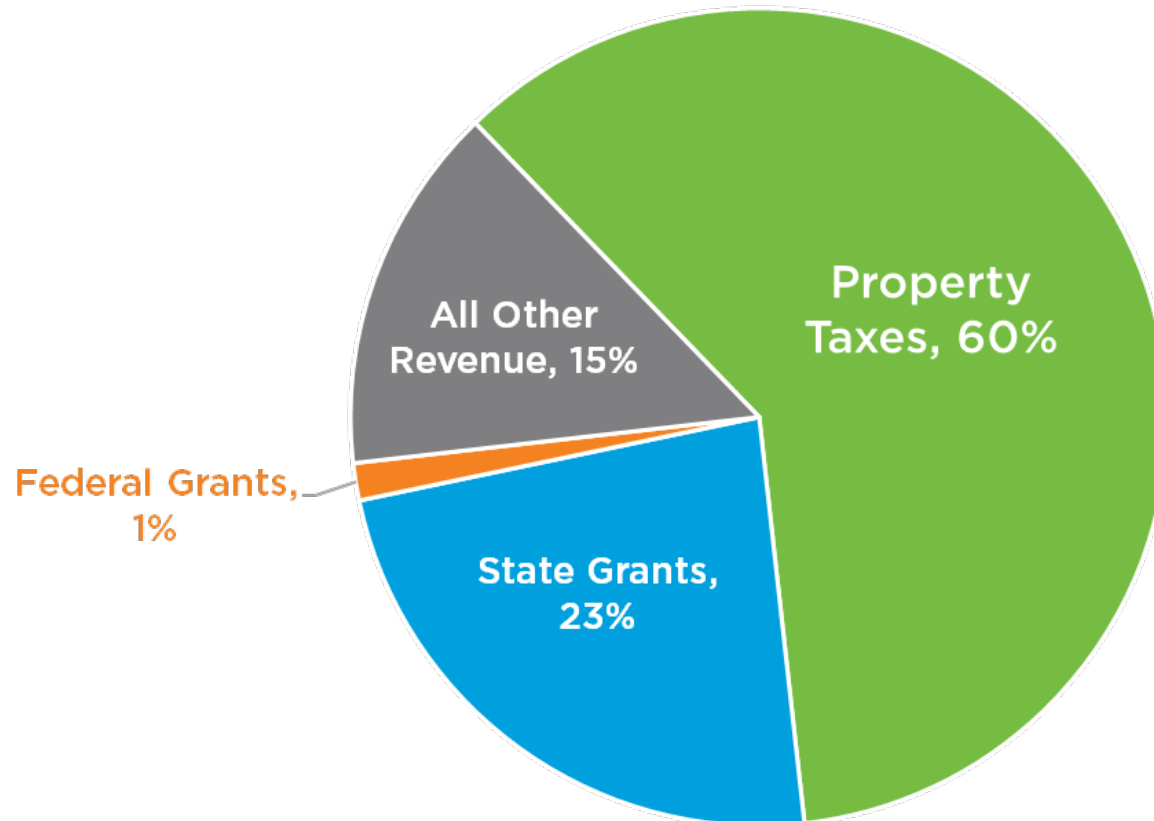
\*Note: Apparent double-counting of Statewide Education Property Tax removed from local property tax revenues in New Hampshire calculations.

Source: U.S. Census Bureau, 2019 Annual Survey of State and Local Government Finances

# PROPERTY TAX RECEIPTS A MAJORITY OF LOCAL REVENUE IN NEW HAMPSHIRE

## LOCAL GOVERNMENT REVENUE SOURCES NEW HAMPSHIRE, FISCAL YEAR 2019

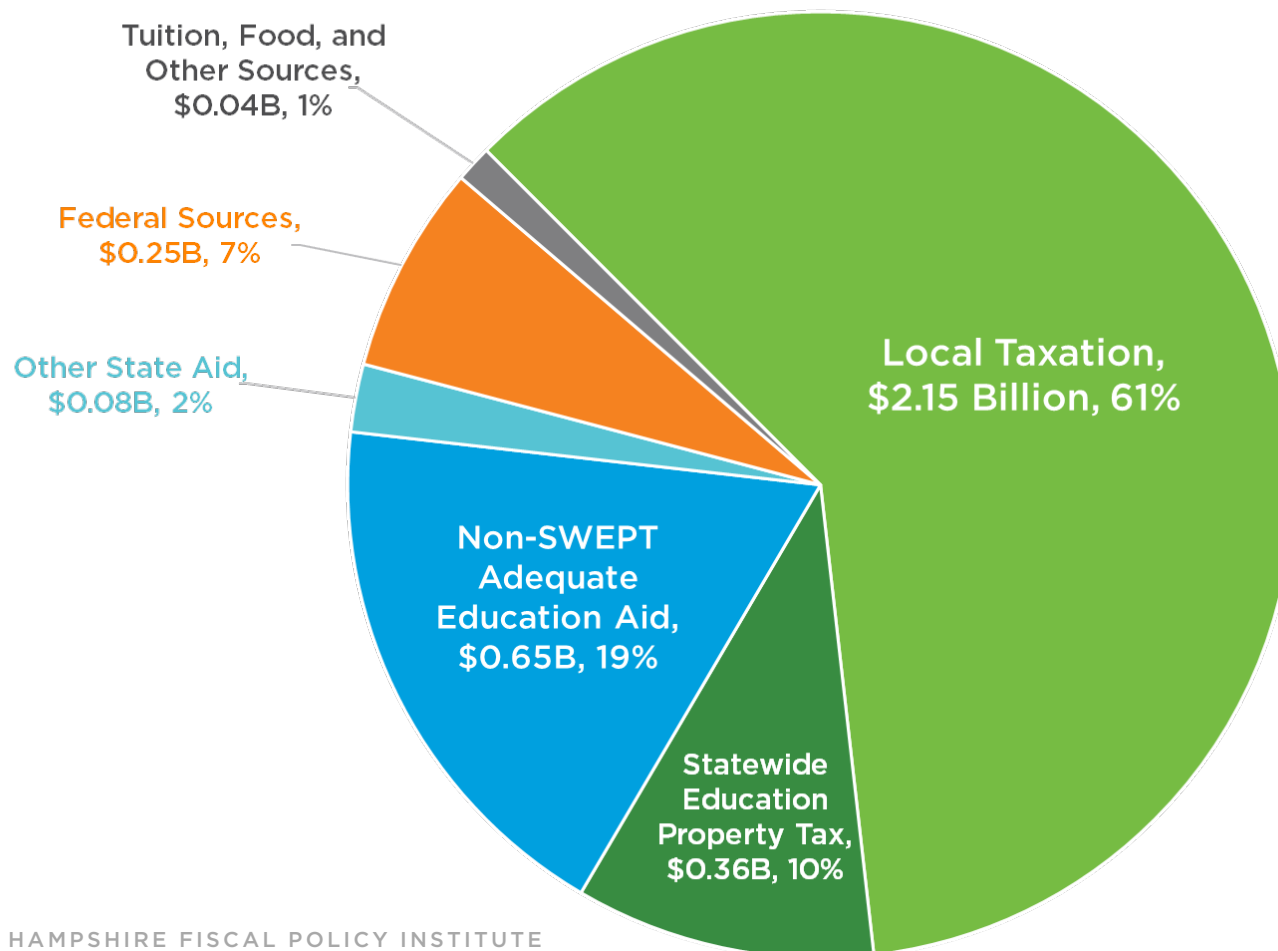
Source: U.S. Census Bureau, Survey of State and Local Government Finances



# MOST LOCAL PUBLIC SCHOOL DISTRICT REVENUE PRODUCED BY PROPERTY TAXES

## AGGREGATE SCHOOL DISTRICT REVENUE 2020-2021

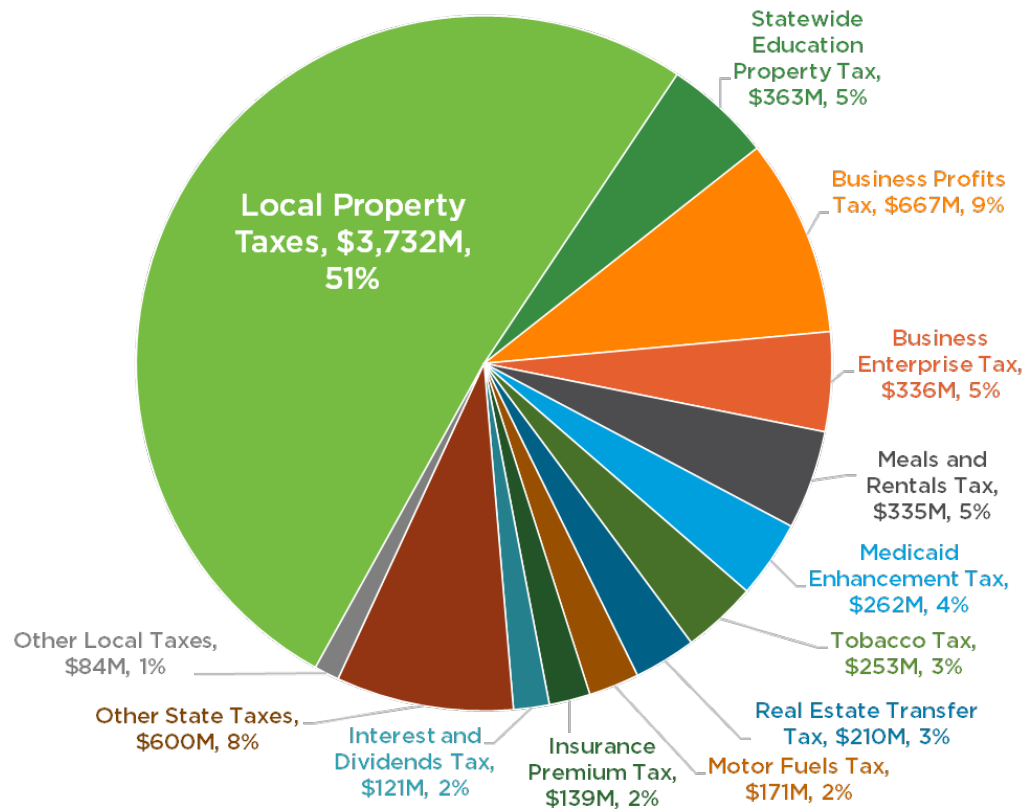
Source: New Hampshire Department of Education, December 27, 2021



# PROPERTY TAXES MORE THAN HALF OF STATE AND LOCAL TAX REVENUES

## STATE AND LOCAL TAXES IN NEW HAMPSHIRE

*State Fiscal Year or Tax Year 2021*



Sources: New Hampshire Annual Comprehensive Financial Report, State Fiscal Year 2021; New Hampshire Department of Revenue Administration, Completed Public Tax Rates 2021; U.S. Census Bureau, Survey of State and Local Government Finances, 2019 ("Other Local Taxes")

# PROPERTY TAXES IN NEW HAMPSHIRE

## A LARGE SHARE OF TAX REVENUE

### PROPERTY TAX REVENUE AS A PERCENTAGE OF ALL STATE AND LOCAL TAX REVENUE, FISCAL YEAR 2019

State		Estimated Percentage
Highest	New Hampshire*	57%
	Texas	45%
	New Jersey	44%
	Maine	44%
	Alaska	43%
United States		31%
Lowest	New Mexico	18%
	Washington	18%
	Louisiana	17%
	Arkansas	17%
	Alabama	16%

\*Note: Apparent double-counting of Statewide Education Property Tax removed from local property tax revenues in New Hampshire calculations.

Source: U.S. Census Bureau, 2019 Annual Survey of State and Local Government Finances

# DOLLARS PAID PER PERSON IN PROPERTY TAXES RELATIVELY HIGH

## STATE AND LOCAL PROPERTY TAX REVENUE PER CAPITA, FISCAL YEAR 2019 REVENUES AND APRIL 2020 CENSUS COUNTS

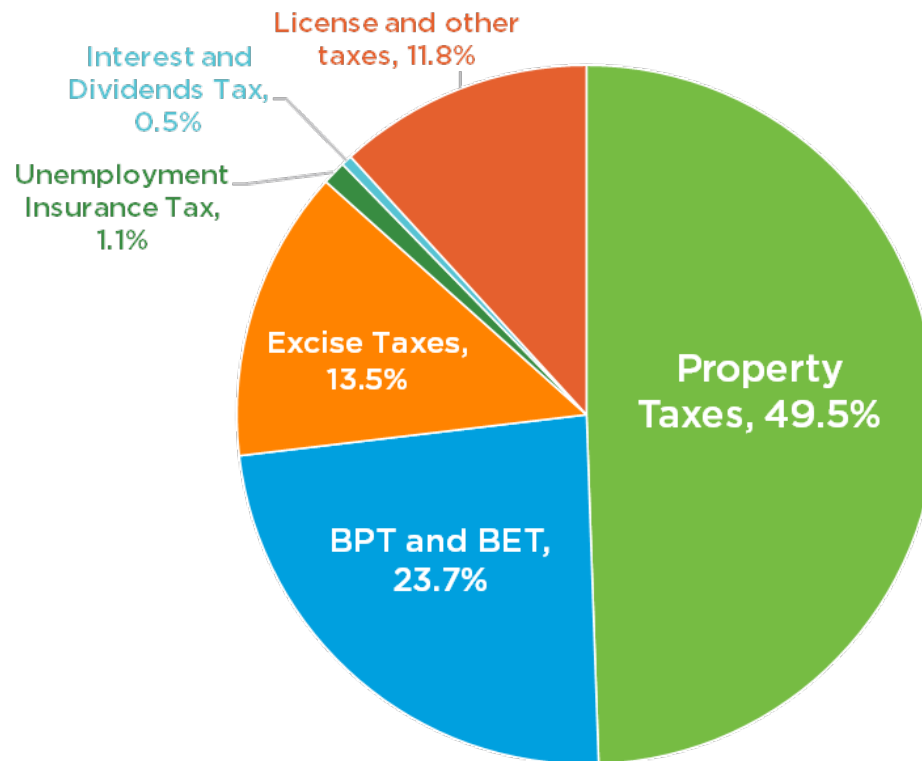
State		Estimated Amount
Highest	New Jersey	\$3,357
	Connecticut	\$3,179
	New York	\$3,033
	New Hampshire*	\$2,910
	Vermont	\$2,755
United States		<b>\$1,743</b>
Lowest	New Mexico	\$877
	Oklahoma	\$825
	Tennessee	\$822
	Arkansas	\$789
	Alabama	\$599

\*Note: Apparent double-counting of Statewide Education Property Tax removed from local property tax revenues in New Hampshire calculations.

Source: U.S. Census Bureau, 2019 Annual Survey of State and Local Government Finances

# HALF OF STATE AND LOCAL TAX DOLLARS PAID BY BUSINESSES ARE PROPERTY TAXES

TAXES PAID BY BUSINESSES,  
NEW HAMPSHIRE STATE AND LOCAL TAXES,  
FISCAL YEAR 2020



Note: Totals do not sum to 100 percent due to rounding.

Source: Council on State Taxation, *Total State and Local Business Taxes*, Oct. 2021

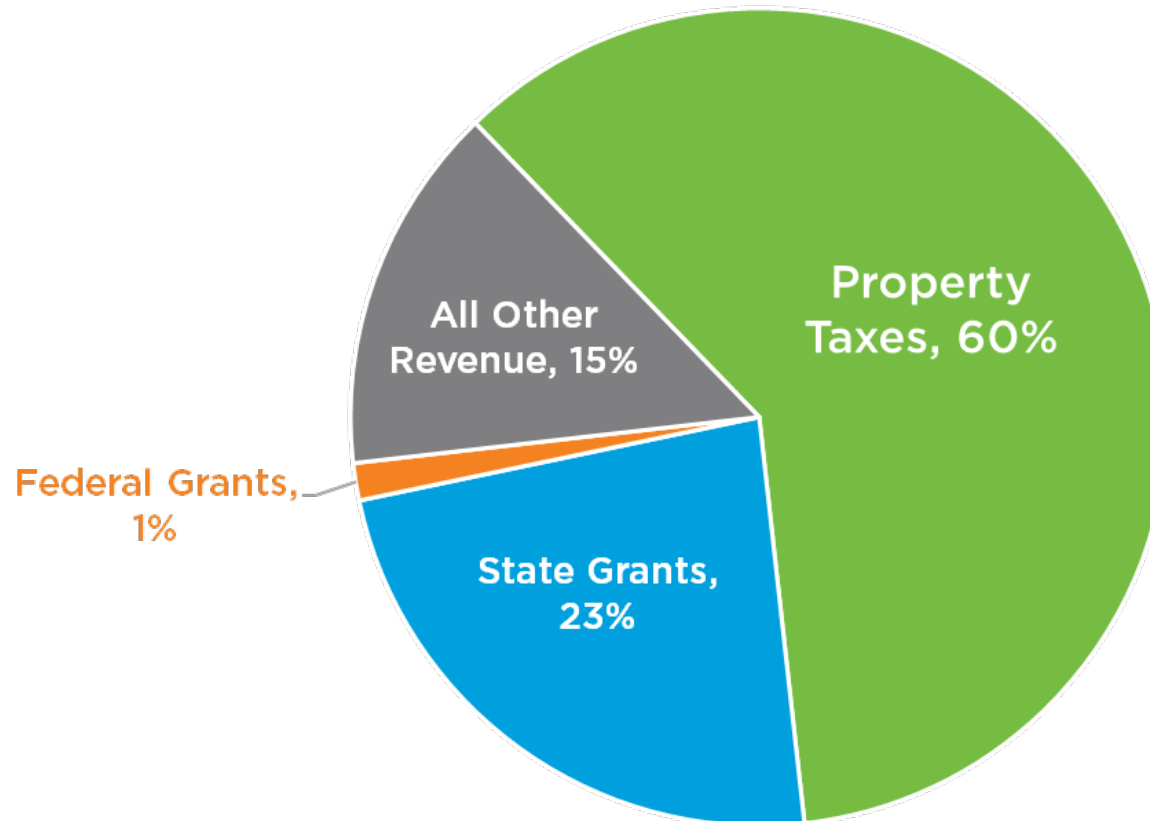
# INTERACTIONS BETWEEN STATE AND LOCAL BUDGETS AND REVENUES



# PROPERTY TAX RECEIPTS A MAJORITY OF LOCAL REVENUE IN NEW HAMPSHIRE

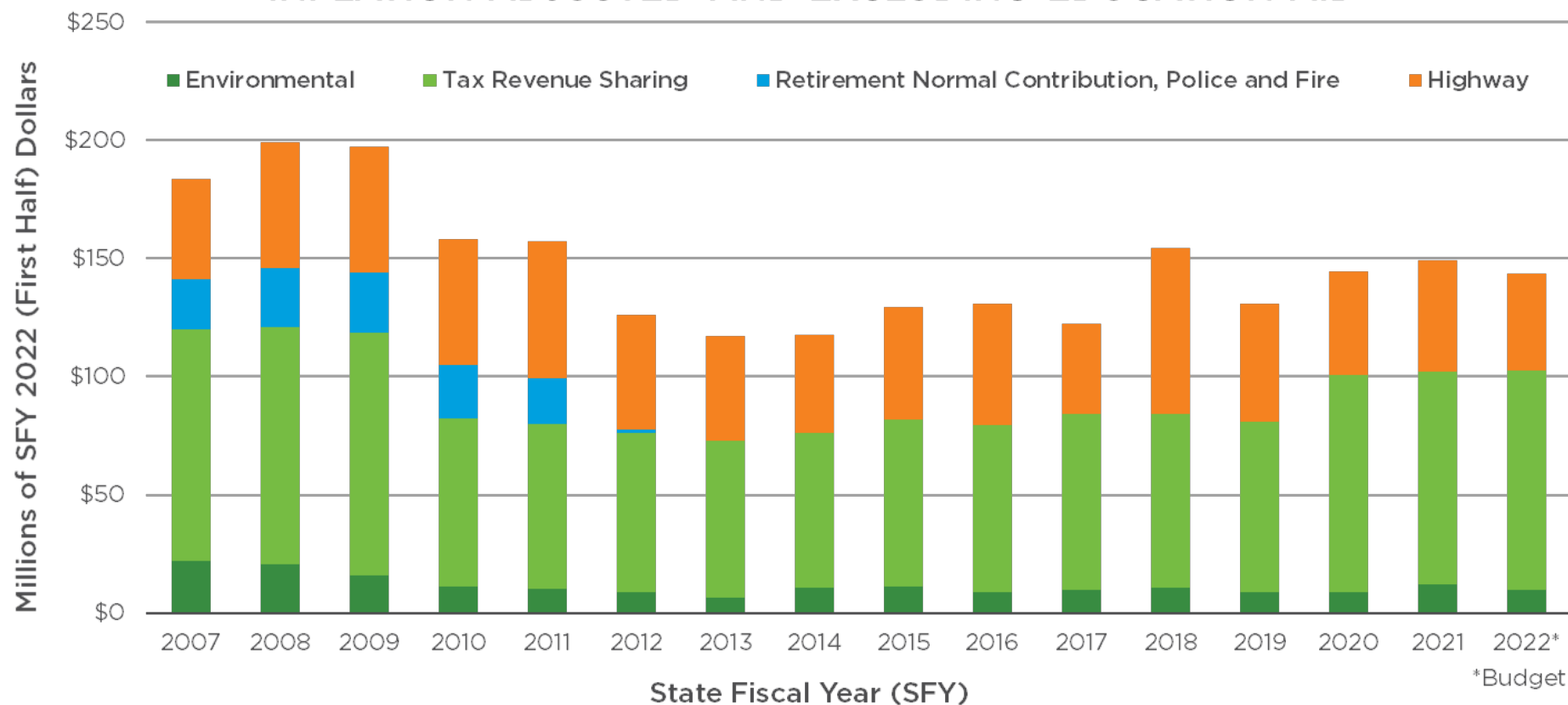
## LOCAL GOVERNMENT REVENUE SOURCES NEW HAMPSHIRE, FISCAL YEAR 2019

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



# STATE AID TO MUNICIPALITIES DECLINED AFTER THE GREAT RECESSION

## NEW HAMPSHIRE STATE AID TO LOCAL GOVERNMENTS, INFLATION-ADJUSTED AND EXCLUDING EDUCATION AID



Sources: New Hampshire Office of Legislative Budget Assistant, *State Aid to Cities, Towns, and School Districts*, October 1, 2021; U.S. Bureau of Labor Statistics, Consumer Price Index-Northeast, State Fiscal Year Adjustment from NHFPI Calculations

# CHANGES IN NON-EDUCATION FUNDING FOR LOCAL GOVERNMENTS

- Meals and Rentals Tax distribution to municipalities newly set at 30 percent of revenue in law, previously 40 percent, but formula to reach that percentage had been suspended most years in the last decade
- Meals and Rentals Tax distribution based on per capita payments, differs from the SFYs 2020-2021 State Budget \$20 million per year aid, which were distributed based on the number of resident students and the number of free and reduced-price meal eligible students in residence
- Traditional revenue sharing program has been suspended since 2010
- Since SFY 2013, State contribution to local teacher, police, and firefighter retirement costs has been suspended; 35 percent in SFY 2009 and earlier; one-time appropriation for 7.5 percent of costs for SFY 2023
- Environmental grants for drinking water and wastewater facilities and landfills have declined in aggregate; recent State Budgets have included small increases or one-time boosts in funding
- Highway and bridge aid funding has fluctuated over time, recently an influx of one-time funds in several different one-time appropriations; legislation this year appropriated \$66 million for road and bridge maintenance, for example

# EXAMPLES OF CHANGES IN LOCAL AID

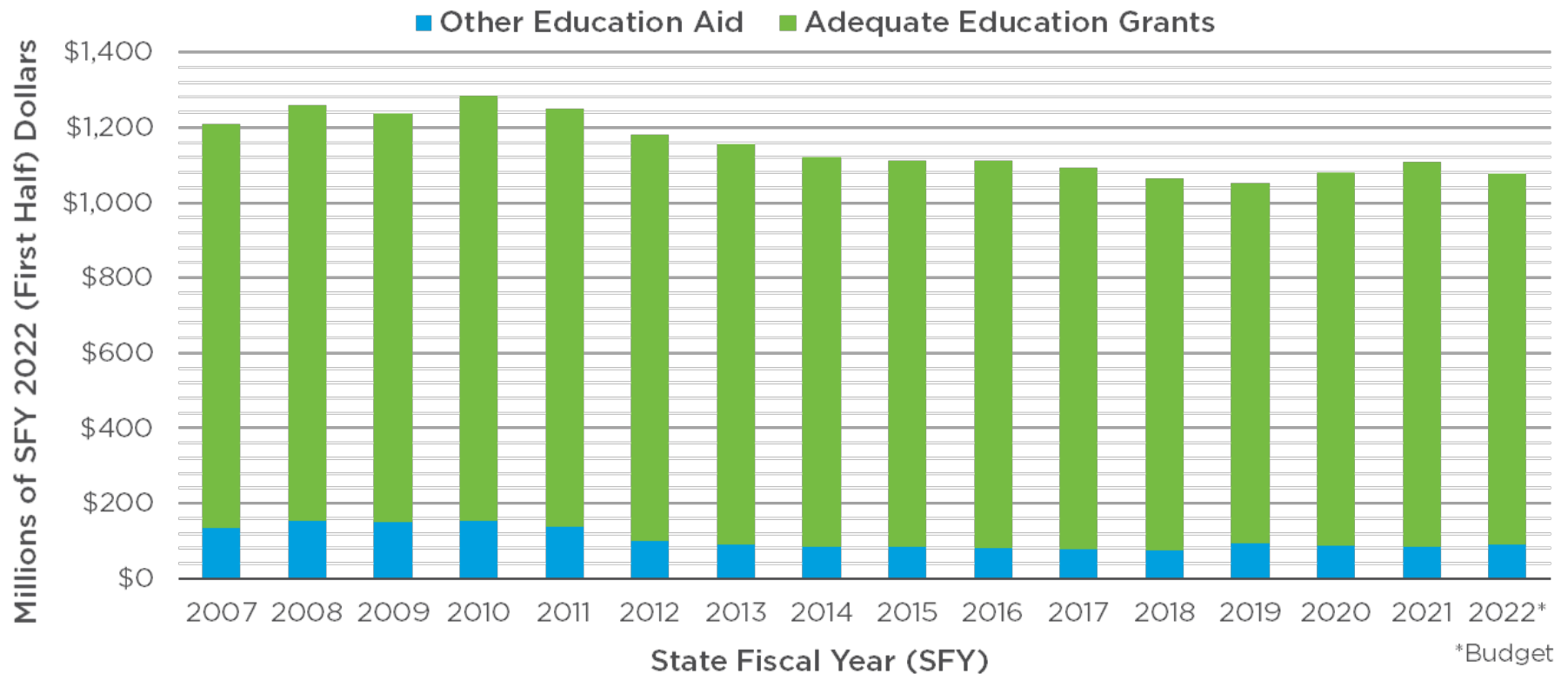
## DIFFERENCES IN KEY STATE AID FOR SELECTED MUNICIPALITIES, STATE BUDGETS FOR SFYs 2022-2023 vs. SFYs 2020-2021

Municipality	Change in Municipal Revenue Sharing Aid	Change in Adequate Education Aid (Includes SWEPT as Aid)
Bedford	\$493,732	-\$231,277
Berlin	-\$176,507	-\$1,135,155
Dover	\$309,572	\$763,498
Franklin	-\$157,975	\$44,976
Hillsborough	-\$58,232	-\$688,444
Laconia	-\$156,646	\$714,123
Londonderry	\$459,448	\$59,120
Manchester	-\$1,823,711	\$201,190
Nashua	-\$419,555	\$1,997,097
Peterborough	\$68,853	\$91,637
Stratham	\$190,908	-\$140,155
Windham	\$356,530	\$663,455
Wolfeboro	\$71,778	-\$294,858

Sources: NHFPI analysis of data from the Office of Legislative Budget Assistant and the New Hampshire Department of Education

# EDUCATION AID PRIMARILY TIED TO STUDENT ENROLLMENT

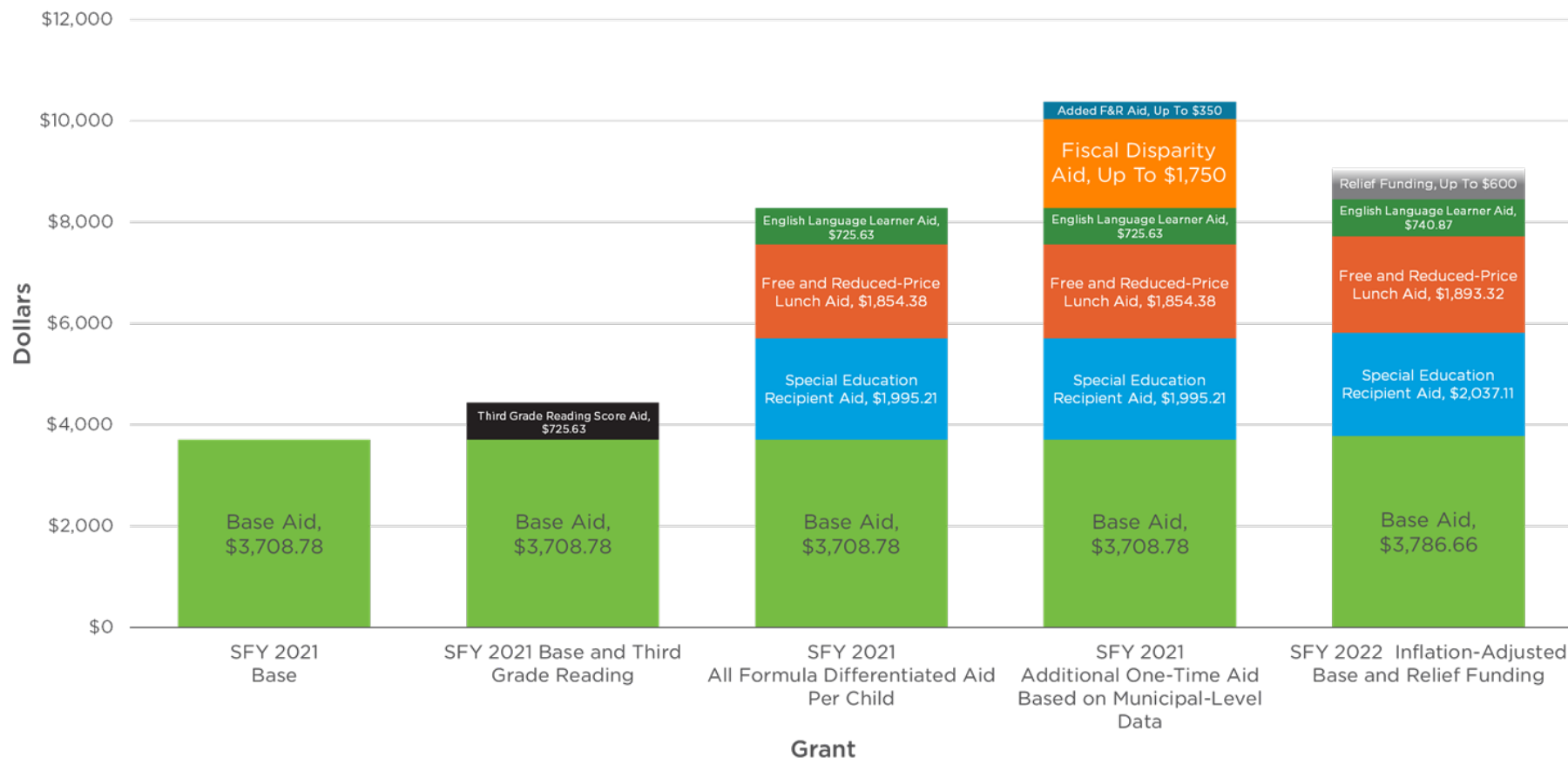
## EDUCATION AID TO LOCAL GOVERNMENTS NEW HAMPSHIRE STATE BUDGET, INFLATION-ADJUSTED DOLLARS



Sources: New Hampshire Office of Legislative Budget Assistant, *State Aid to Cities, Towns, and School Districts*, October 1, 2021; U.S. Bureau of Labor Statistics, Consumer Price Index-Northeast, State Fiscal Year Adjustment from NHFPI Calculations

# ADEQUATE EDUCATION GRANTS PRIMARY FORM OF STATE EDUCATION FUNDING

STATE ADEQUATE EDUCATION AID PER PUPIL FOR  
NEW HAMPSHIRE LOCAL PUBLIC SCHOOL DISTRICTS



Sources: New Hampshire Office of Legislative Budget Assistant, Fiscal Issue Brief, Calculating Education Grants, January 2019, and updated version January 2021; Chapter 91, Laws of 2021.

# STATE EDUCATION FUNDING IN NH SMALLER PORTION THAN IN OTHER STATES

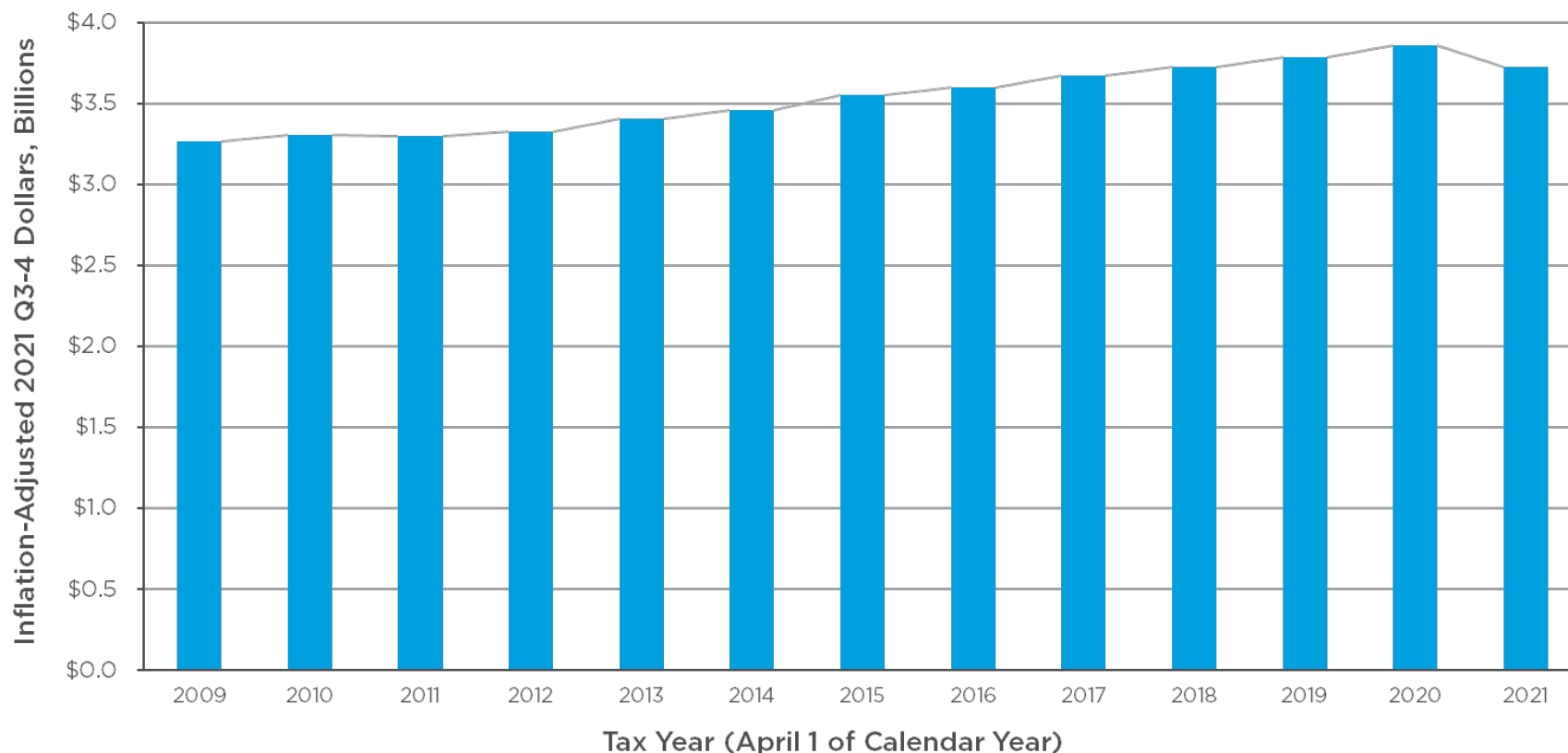
## STATE FUNDING FOR ELEMENTARY AND SECONDARY LOCAL PUBLIC EDUCATION AS A PERCENTAGE OF ALL REVENUE TO THESE SCHOOLS, FISCAL YEAR 2020

State or Nation	Percentage Funding for Local Public Education from State Sources	Estimated Rank Among 50 States
Vermont	91%	1
Hawaii	90%	2
Arkansas	75%	3
Washington	71%	4
New Mexico	68%	5
<b>United States</b>	<b>47%</b>	<b>--</b>
Connecticut	37%	46
Texas	34%	47
South Dakota	34%	48
Nebraska	33%	49
New Hampshire	31%	50

Source: U.S. Census Bureau, 2020 Annual Survey of School System Finances

# GENERAL UPWARD TREND IN PROPERTY TAXES INTERRUPTED WITH ADDITIONAL AID

**NEW HAMPSHIRE TOTAL LOCAL PROPERTY TAX COMMITMENT**  
**TAX YEAR, INFLATION-ADJUSTED DOLLARS**



Note: Inflation-adjustment based on the second half of same numbered calendar year.

Sources: New Hampshire Department of Revenue Administration;  
U.S. Bureau of Labor Statistics Consumer Price Index-Urban, Northeast



# KEY TAKEAWAYS

- New Hampshire State government has a wide array of revenue sources, has been fortunate during the pandemic
- 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
- Aggregate reduction in inflation-adjusted State aid to local governments following Great Recession
- Federal response to the pandemic and the rebound in the economy have made resources available for public services
- Federal funding presents substantial opportunity for building an equitable, sustainable, and inclusive economic recovery

# ADDITIONAL RESOURCES

- Issue Brief: The State Budget for Fiscal Years 2022 and 2023 – August 17, 2021  
<https://nhfpi.org/resource/the-state-budget-for-fiscal-years-2022-and-2023/>
- Publication: Revenue in Review: An Overview of New Hampshire's Tax System and Major Revenue Sources – May 24, 2017  
<https://nhfpi.org/resource/revenue-in-review-an-overview-of-new-hampshires-tax-system-and-major-revenue-sources/>
- Resource Pages: Budget, Revenue & Tax  
<https://nhfpi.org/topic/budget/> and  
<https://nhfpi.org/topic/revenue-tax/>
- Resource Page: The American Rescue Plan Act and New Hampshire: Recent and Updated Resources  
<https://nhfpi.org/resource/the-american-rescue-plan-act-and-new-hampshire-recent-and-updated-resources/>



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