



NEW HAMPSHIRE TAXES AND REVENUE: AN OVERVIEW AND COMPARISONS

PRESENTED BY PHIL SLETTEN, RESEARCH DIRECTOR

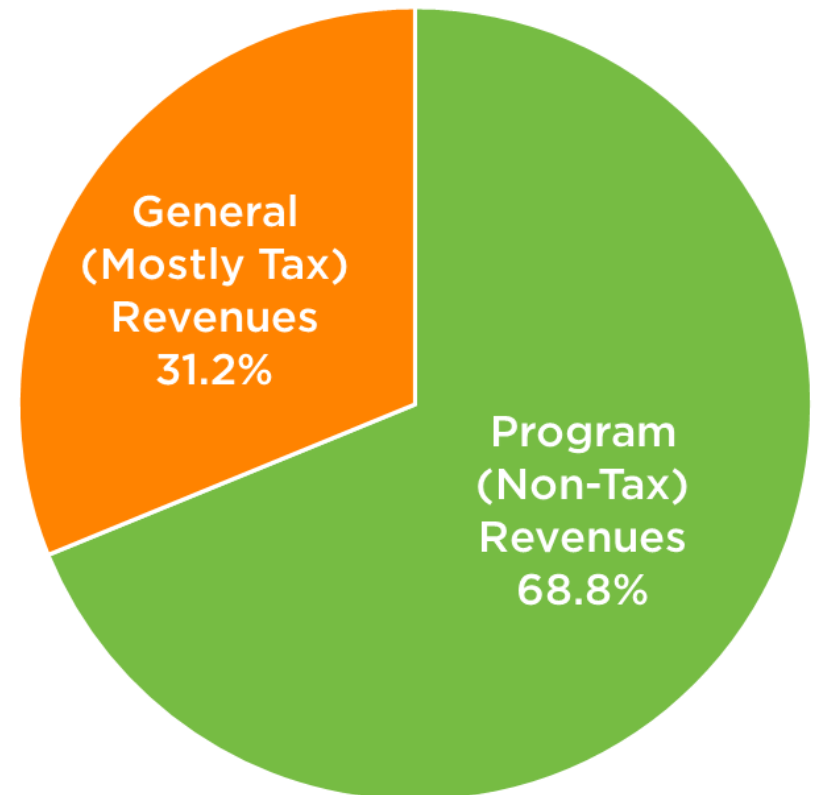
BUDGET AND POLICY CONFERENCE
NEW HAMPSHIRE FISCAL POLICY INSTITUTE

OCTOBER 16, 2023

REVENUE IS MORE THAN TAXES

- Revenue is collected through taxes, 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, including pandemic aid
- Federal government may provide funding for local government initiatives and support for other organizations

GENERAL AND PROGRAM REVENUES FOR THE STATE OF NEW HAMPSHIRE, STATE FISCAL YEAR 2022



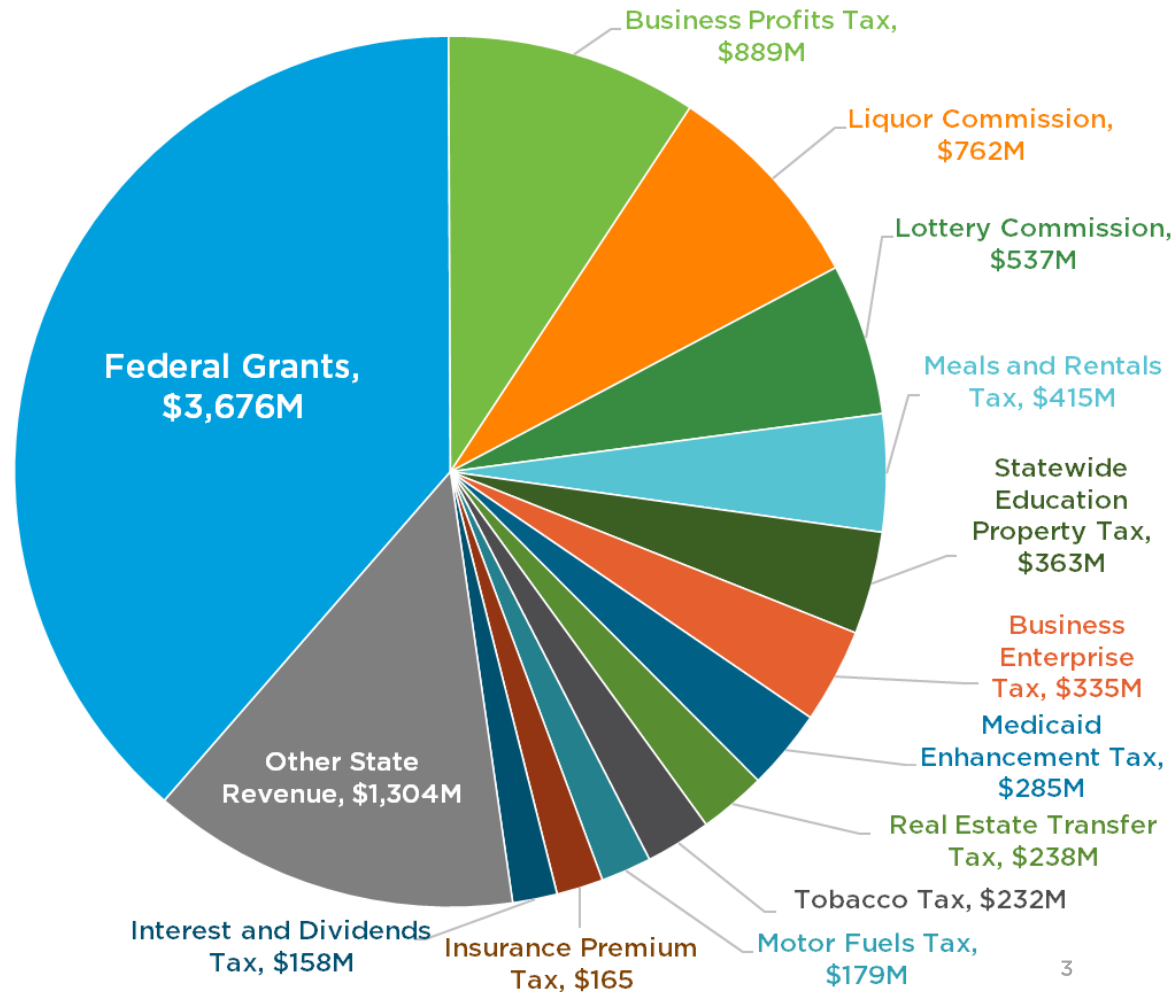
Source: New Hampshire Annual Comprehensive Financial Report, SFY 2022

STATE TAX AND OTHER REVENUES

- Federal transfers significant, still include some pandemic-related aid
- 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

STATE REVENUE SOURCES, GOVERNMENTAL AND ENTERPRISE FUNDS, STATE FISCAL YEAR 2022

Sources: New Hampshire Annual Comprehensive Financial Report, SFY 2022; NH Department of Revenue Administration, 2022 Annual Report; NH Department of Health and Human Services



LARGEST TAX REVENUE SOURCES

Amounts to All Funds (State Fiscal Year 2022)

1. Business Profits Tax - \$889.1 million (estimate)
2. Meals and Rentals Tax - \$415.4 million
3. Statewide Education Property Tax - \$363.3 million
4. Business Enterprise Tax - \$334.9 million (estimate)
5. Medicaid Enhancement Tax - \$285.3 million
6. Real Estate Transfer Tax - \$237.6 million
7. Tobacco Tax - \$231.9 million
8. Motor Fuels Tax - \$179.0 million
9. Insurance Premium Tax - \$165.1 million
10. Interest and Dividends Tax - \$157.5 million

Sources: New Hampshire Annual Comprehensive Financial Report for the Fiscal Year Ending June 30, 2022; New Hampshire Department of Revenue Administration; New Hampshire Treasury Department; New Hampshire Department of Health and Human Services.

LARGEST NON-TAX REVENUE SOURCES

To All Funds (State Fiscal Year 2022)

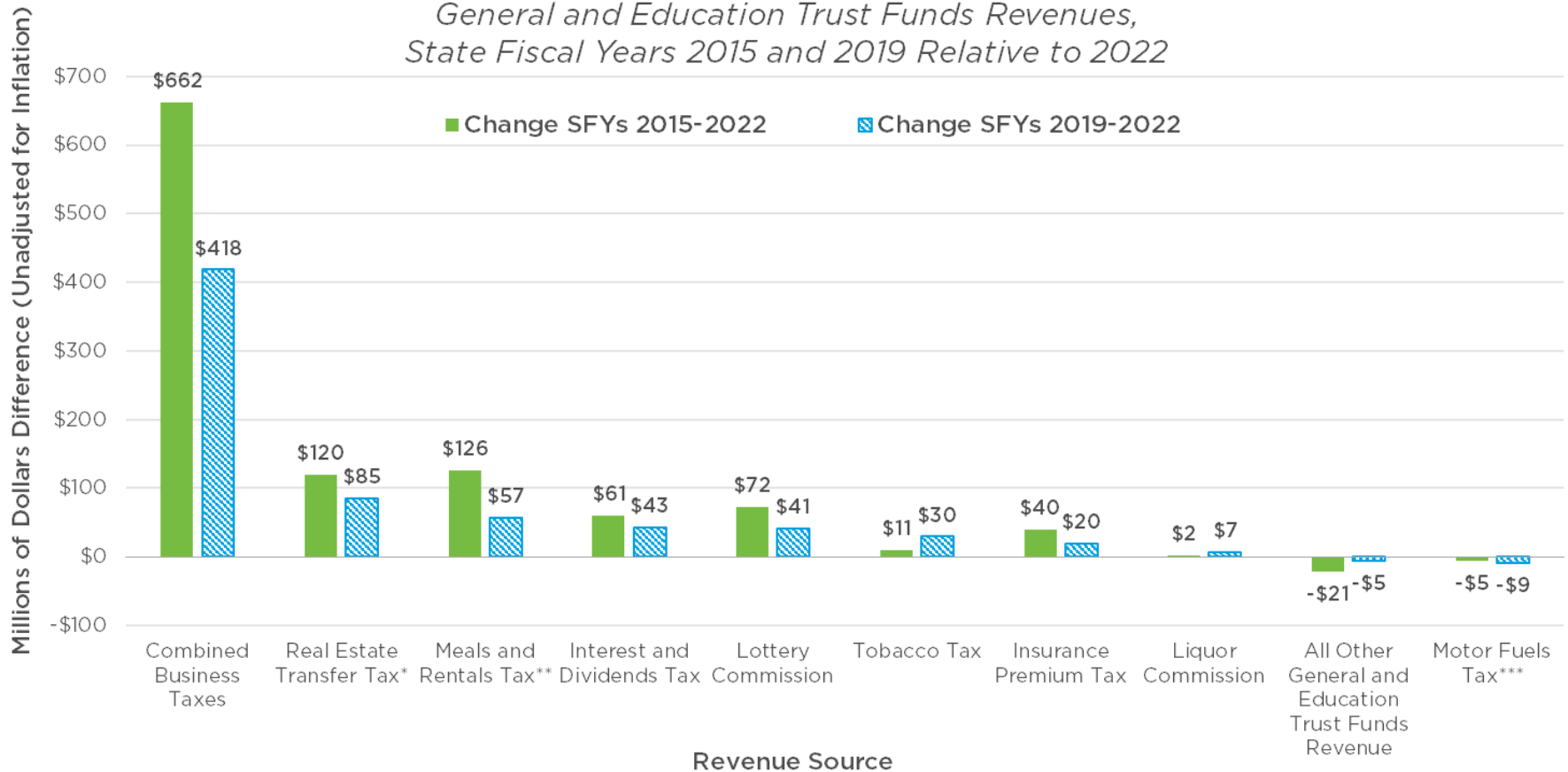
- Federal Grants - \$3,675.9 million
(includes pandemic-related aid transferred to State during SFY 2022 and all other federal transfers to Governmental and Enterprise Funds)
- Liquor Commission Sales and Services - \$761.9 million
(\$172.6 million in operating profits for other State uses)
- Lottery Commission Revenues - \$536.8 million
(\$146.6 million in profits for Education Trust Fund)
- Turnpike Tolling - \$137.8 million

Sources: New Hampshire Annual Comprehensive Financial Report for the Fiscal Year Ending June 30, 2022; New Hampshire Liquor Commission 2022 Annual Comprehensive Financial Report; New Hampshire Lottery Commission Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2022.

REAL ESTATE TRANSFER AND COMBINED BUSINESS TAXES LED RECENT GROWTH

DIFFERENCES IN REVENUE BY SOURCE

*General and Education Trust Funds Revenues,
State Fiscal Years 2015 and 2019 Relative to 2022*

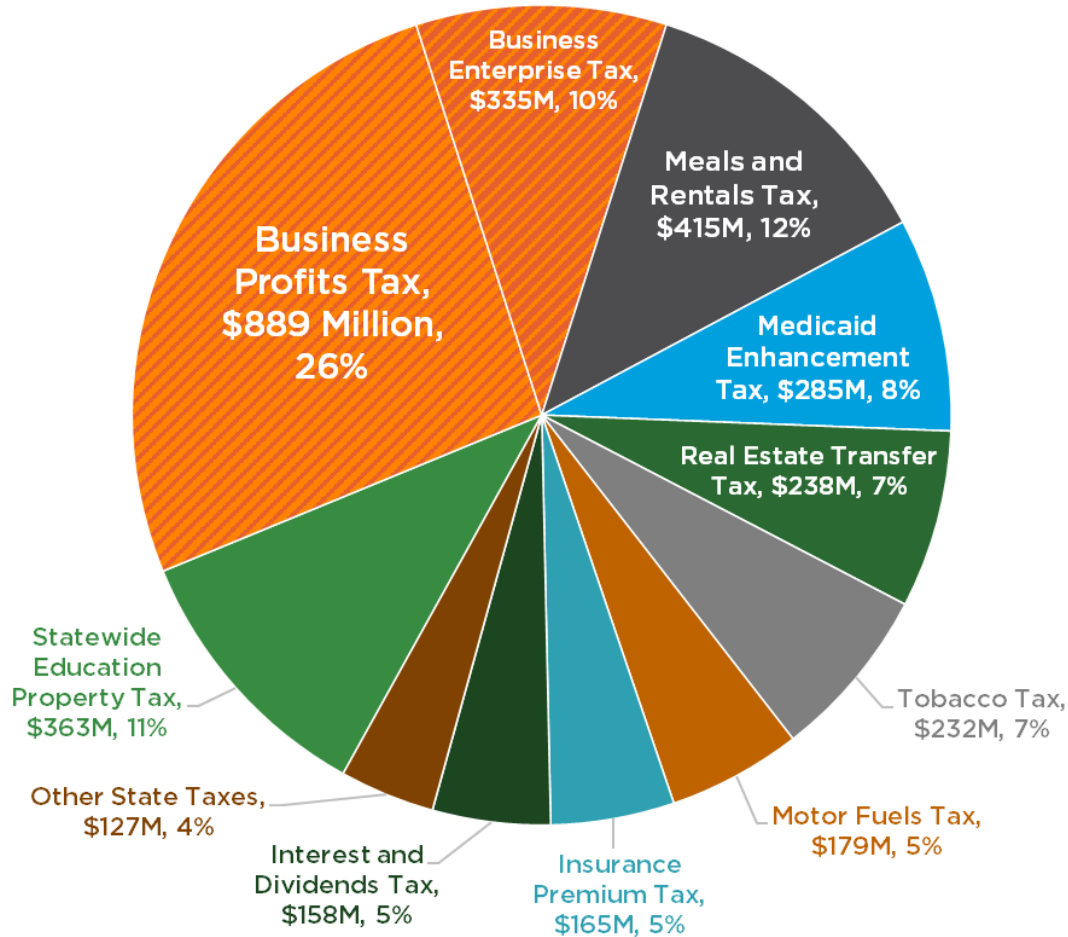


Notes: *Includes \$5M annual transfer to Affordable Housing Fund, starting SFY 2021. **Includes Municipal Revenue Fund transfer, starting SFY 2022. ***Not a General or Education Trust Funds revenue source.

Sources: New Hampshire Annual Comprehensive Financial Reports, SFYs 2015, 2016, 2017, 2019, and 2022; New Hampshire Department of Revenue Administration, 2022 Annual Report

BUSINESS PROFITS TAX IMPORTANCE GROWS

STATE TAXES IN NEW HAMPSHIRE
State Fiscal Year or Tax Year 2022

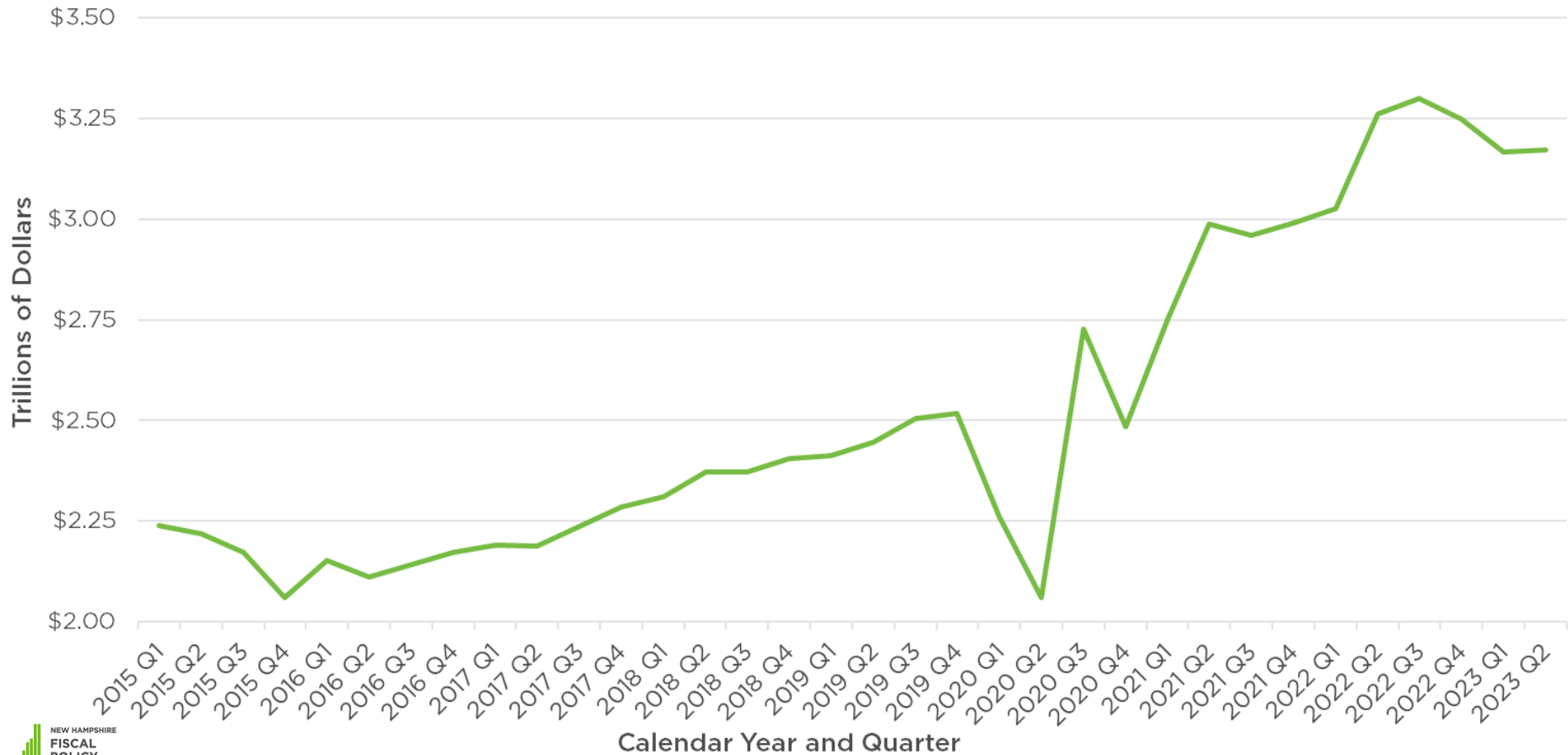


Sources: New Hampshire Annual Comprehensive Financial Report, State Fiscal Year 2022; New Hampshire Department of Revenue Administration, 2022 Annual Report and Completed Public Tax Rates 2022; U.S. Census Bureau, Survey of State and Local Government Finances, 2020 ("Other Local Taxes")

HIGH NATIONAL CORPORATE PROFITS LIKELY BOOSTING STATE REVENUES

U.S. CORPORATE PROFITS BY QUARTER

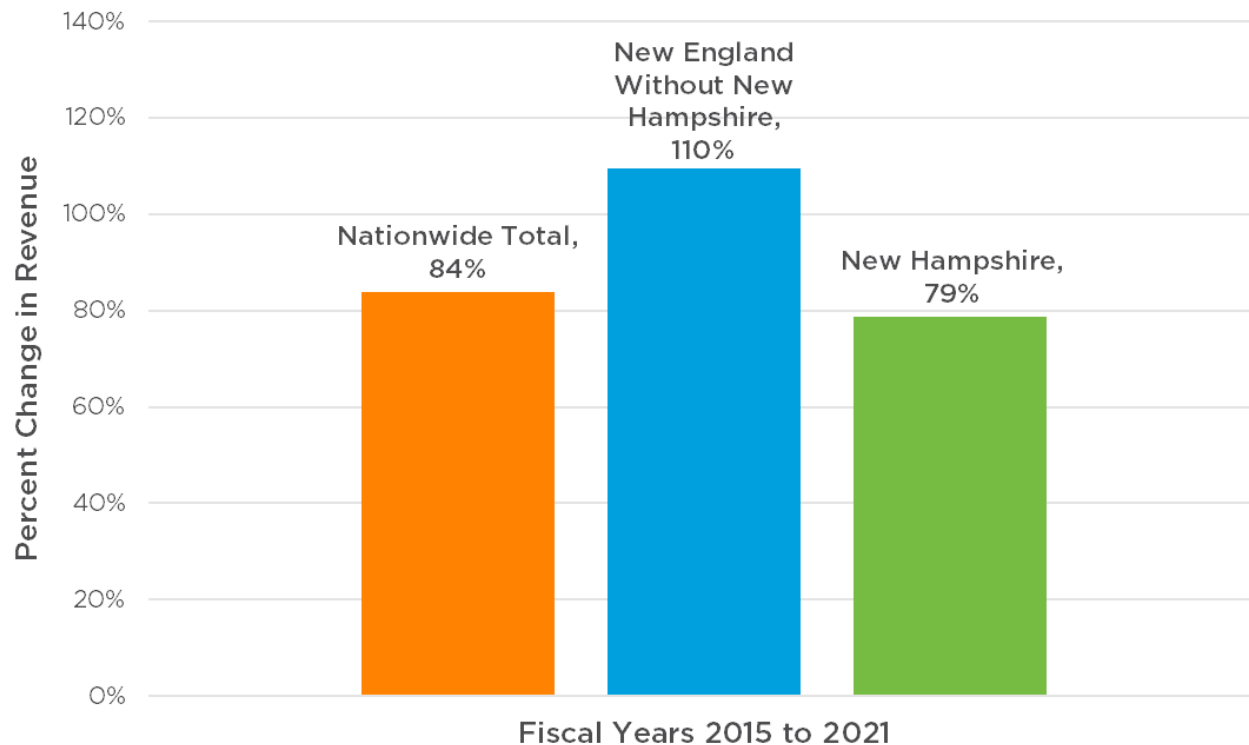
*Corporate Profits Adjusted for Inventory Valuation and Capital Consumption,
Annual Rate, Seasonally Adjusted*



CORPORATE TAX REVENUES IN OTHER STATES SUGGEST NATIONWIDE FACTORS

CHANGE IN STATE CORPORATE TAX REVENUES, FISCAL YEARS 2015-2021

Nationwide and New England Aggregate Figures as Reported by the U.S. Census Bureau, New Hampshire Data from State Financial Audits



Note: New Hampshire data based on Annual Comprehensive Financial Reports, others based on U.S. Census Bureau data. Data for New Hampshire in the U.S. Census Bureau Collections appeared to include an error.

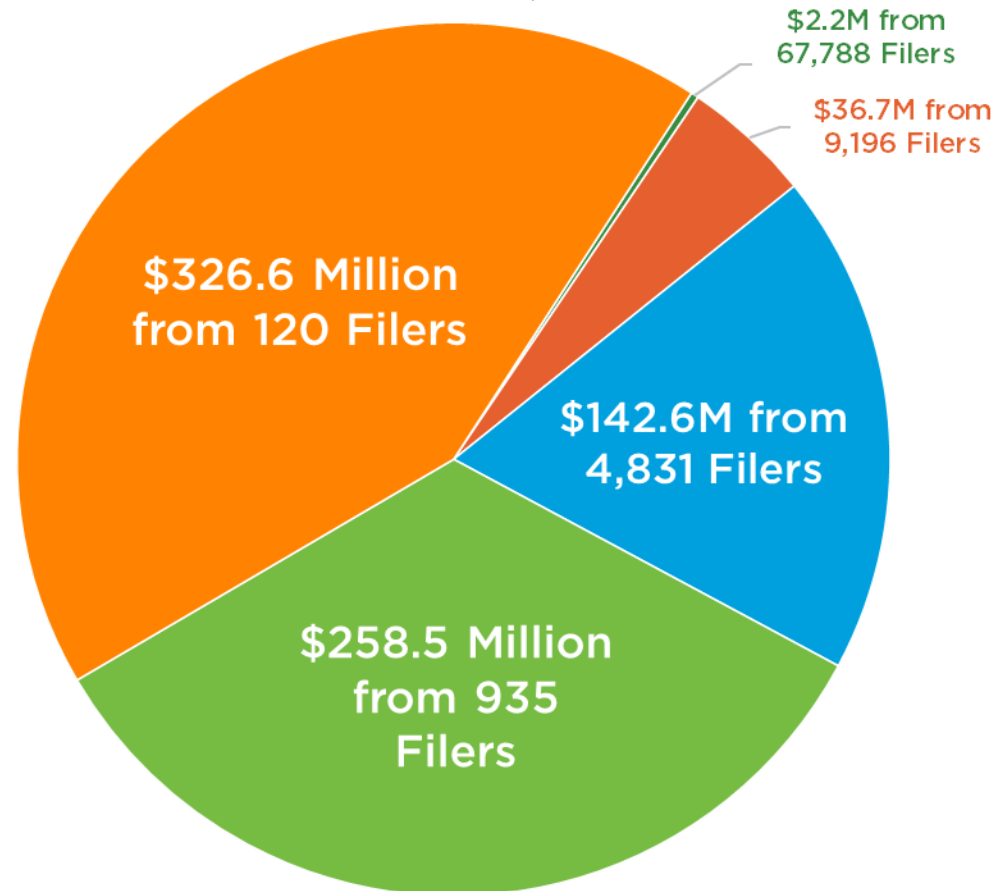
Sources: U.S. Census Bureau, Annual Survey of State Government Finances; New Hampshire Annual Comprehensive Financial Reports

LARGE ENTITIES KEY TO BPT BASE

NEW HAMPSHIRE BUSINESS PROFITS TAX PAID AND NUMBER OF FILERS

Tax Year 2021

Source: New Hampshire Department of Revenue Administration,
2023 Annual Report

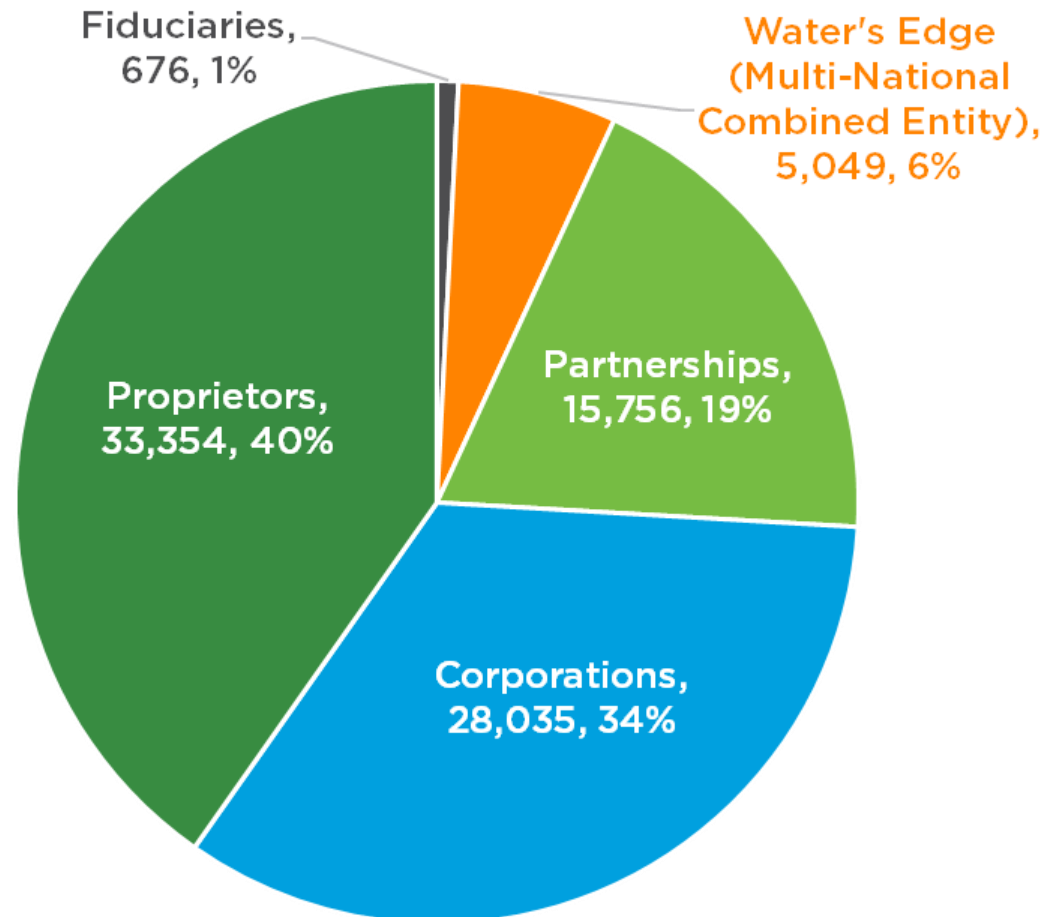


BUSINESS TYPES IN THE BPT BASE

BUSINESS PROFITS TAX FILERS BY TYPE

Tax Year 2021

Source: New Hampshire Department of Revenue Administration, 2023 Annual Report

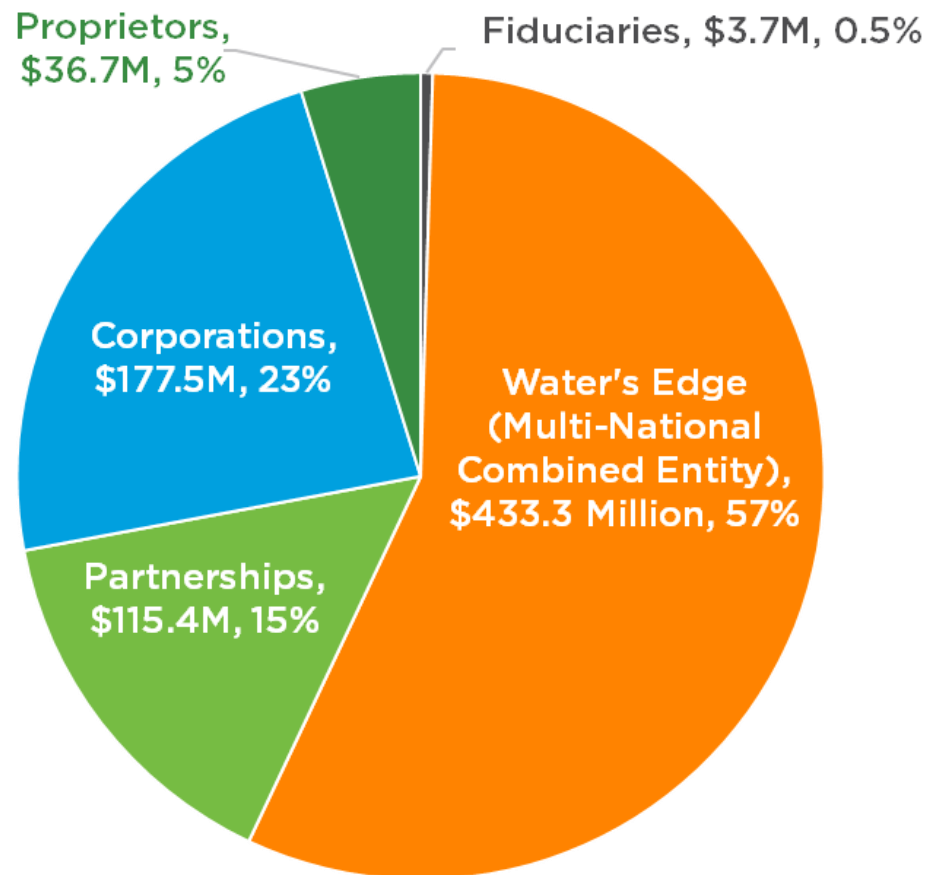


MAJORITY OF TAX REVENUE FROM FILERS WITH SIGNIFICANT OVERSEAS COMPONENT

BUSINESS PROFITS TAX FILERS BY LIABILITY

Tax Year 2021

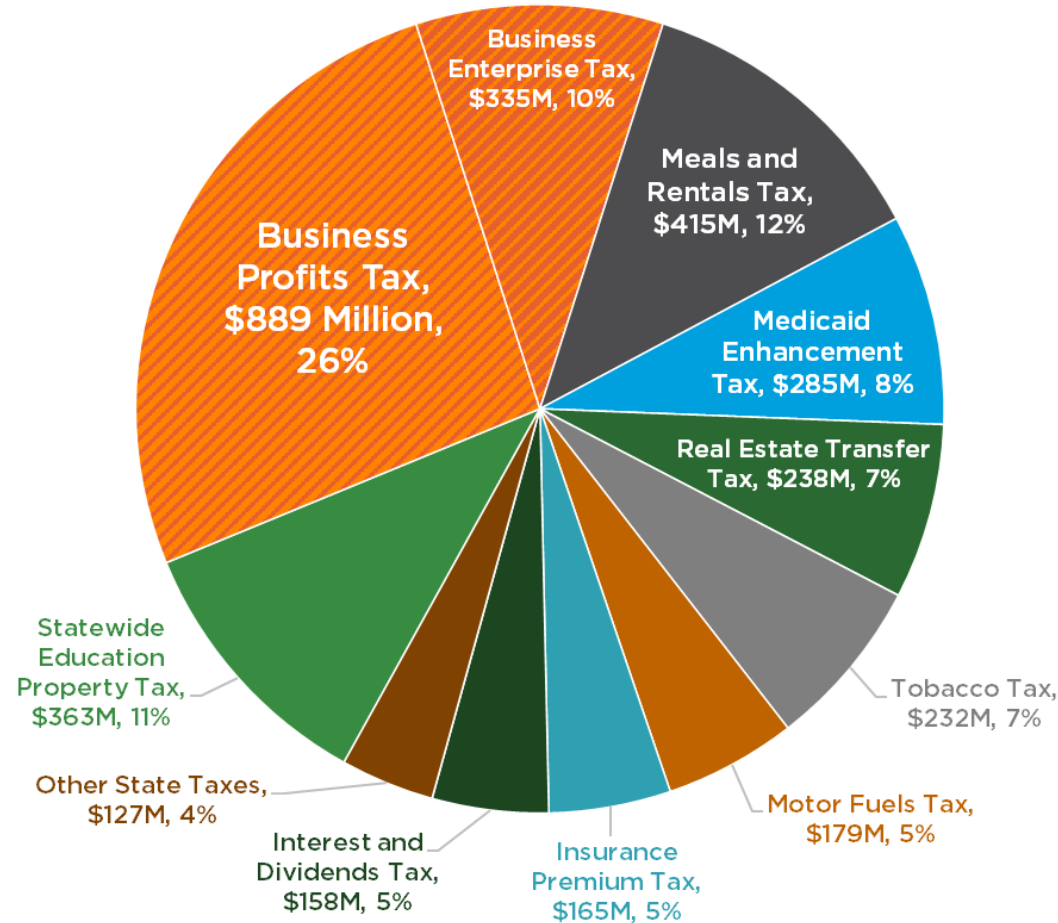
Source: New Hampshire Department of Revenue Administration, 2023 Annual Report



REFRESHER: STATE TAX REVENUE SOURCES

STATE TAXES IN NEW HAMPSHIRE

State Fiscal Year or Tax Year 2022

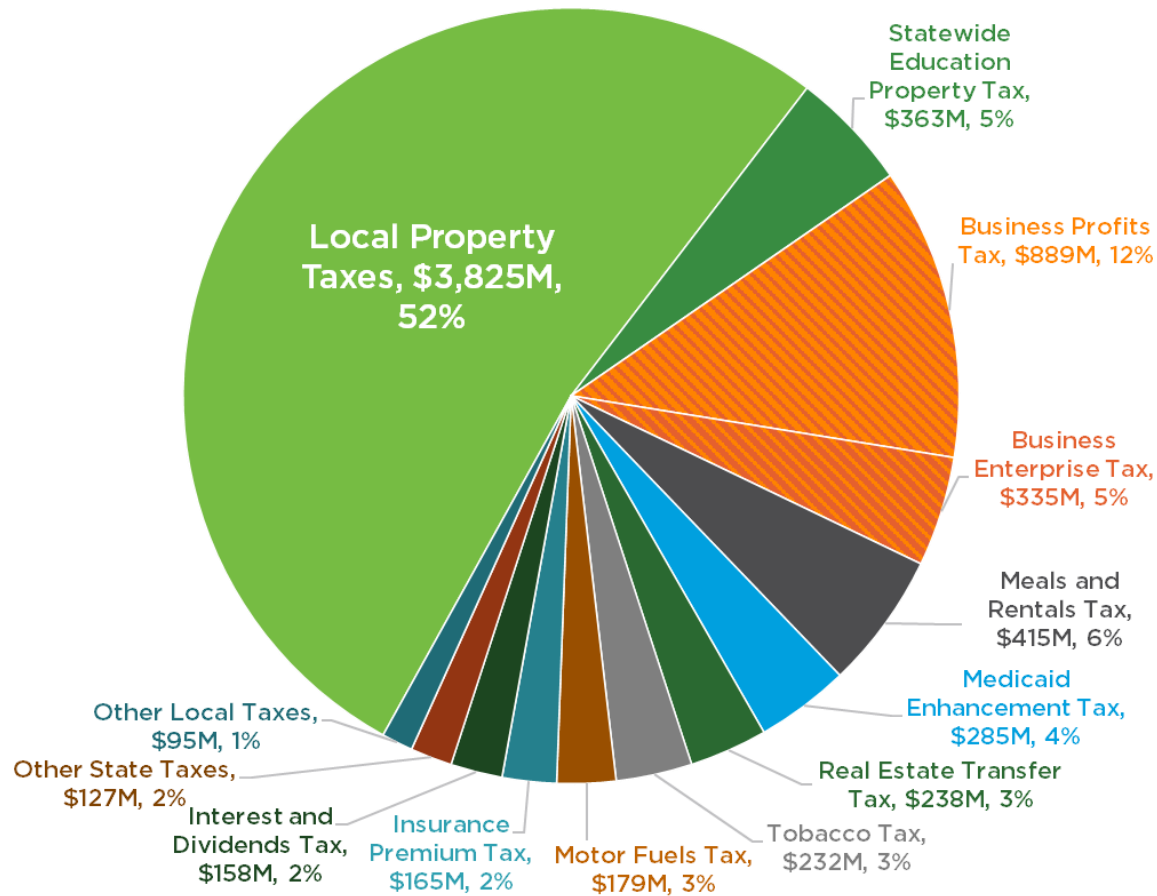


Sources: New Hampshire Annual Comprehensive Financial Report, State Fiscal Year 2022; New Hampshire Department of Revenue Administration, 2022 Annual Report and Completed Public Tax Rates 2022; U.S. Census Bureau, Survey of State and Local Government Finances, 2020 ("Other Local Taxes")

PROPERTY TAXES MORE THAN HALF OF STATE AND LOCAL TAX REVENUES

STATE AND LOCAL TAXES IN NEW HAMPSHIRE

State Fiscal Year or Tax Year 2022



Sources: New Hampshire Annual Comprehensive Financial Report, State Fiscal Year 2022; New Hampshire Department of Revenue Administration, 2022 Annual Report and Completed Public Tax Rates 2022; U.S. Census Bureau, Survey of State and Local Government Finances, 2020 ("Other Local Taxes")

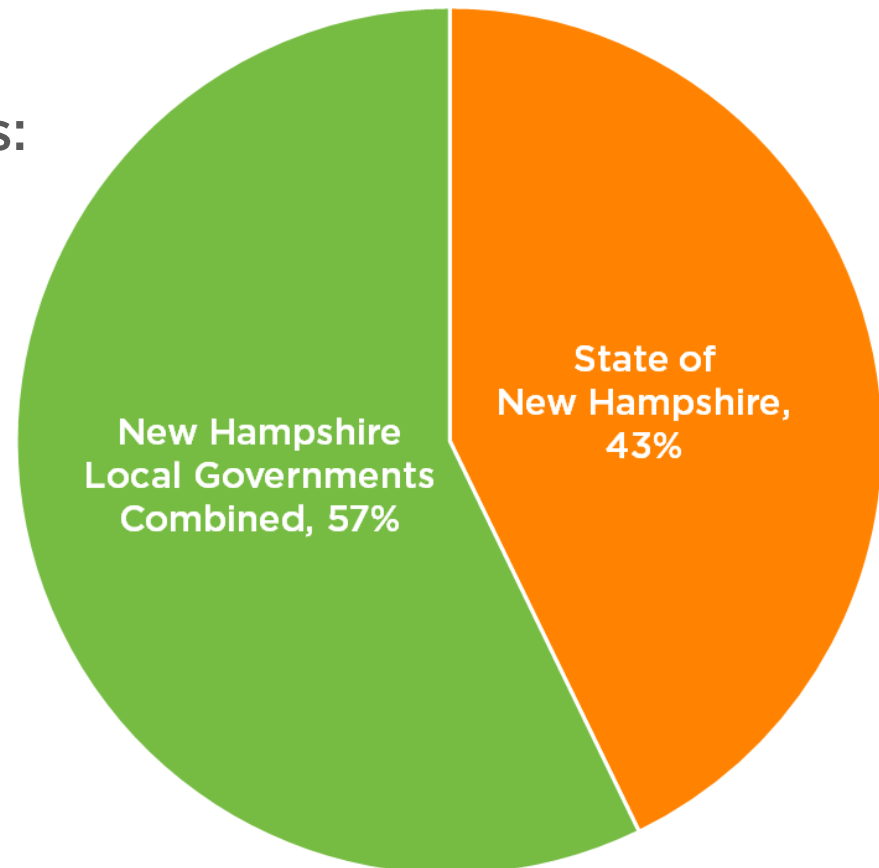
LOCAL GOVERNMENTS AND TAX REVENUE

NEW HAMPSHIRE TAX REVENUE BY GOVERNMENT LEVEL, FISCAL YEAR 2021

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

Local Governments includes:

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



STATE TAXES IN NEW HAMPSHIRE RELATIVELY LOW, INCLUDING IN NORTHEAST

STATE TAX REVENUE PER CAPITA, FISCAL YEAR 2021 REVENUES AND JULY 2021 POPULATION ESTIMATES

	State	Estimated Amount
Highest	Vermont	\$6,342
	California	\$6,341
	Connecticut	\$6,090
	Minnesota	\$5,567
	Hawaii	\$5,560
United States		\$3,802
Lowest	South Dakota	\$2,399
	New Hampshire*	\$2,316
	Florida	\$2,259
	Texas	\$2,212
	Alaska	\$1,435

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

Source: U.S. Census Bureau, 2021 Annual Survey of State and Local Government Finances, Population Estimates Program

TOTAL STATE AND LOCAL TAXES IN NEW HAMPSHIRE ARE NEAR NATIONAL MEDIAN

TOTAL STATE AND LOCAL TAX REVENUE PER CAPITA, FISCAL YEAR 2021 REVENUES AND AND JULY 2021 POPULATION ESTIMATES

State		Estimated Amount
Highest	New York	\$10,331
	Connecticut	\$9,424
	California	\$9,217
	New Jersey	\$8,305
	Massachusetts	\$8,107
United States		\$6,334
<i>New Hampshire* - Ranked 25th</i>		<i>\$5,409</i>
Lowest	South Carolina	\$4,413
	Florida	\$4,381
	Tennessee	\$4,259
	Alabama	\$4,237
	Alaska	\$4,189

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

Source: U.S. Census Bureau, 2021 Annual Survey of State and Local Government Finances, Population Estimates Program

DOLLARS PAID PER PERSON IN PROPERTY TAXES HIGH RELATIVE TO NATIONAL LEVEL

STATE AND LOCAL PROPERTY TAX REVENUE PER CAPITA, FISCAL YEAR 2021 REVENUES AND JULY 2021 POPULATION ESTIMATES

State		Estimated Amount
Highest	New Jersey	\$3,538
	New York	\$3,343
	Connecticut	\$3,276
	New Hampshire*	\$3,046
	Vermont	\$2,992
United States		\$1,898
Lowest	New Mexico	\$936
	Tennessee	\$926
	Oklahoma	\$918
	Arkansas	\$834
	Alabama	\$659

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

Source: U.S. Census Bureau, 2021 Annual Survey of State and Local Government Finances, Population Estimates Program

PROPERTY TAXES KEY TO LOCAL TAX REVENUE IN MANY STATES

PROPERTY TAX REVENUE AS A PERCENTAGE OF ALL LOCAL TAX REVENUE, FISCAL YEAR 2021

State		Estimated Percentage
Highest	Maine	99%
	New Jersey	98%
	Connecticut	98%
	New Hampshire*	97%
	Rhode Island	97%
United States		73%
Lowest	New Mexico	54%
	Maryland	53%
	Louisiana	44%
	Arkansas	41%
	Alabama	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, 2021 Annual Survey of State and Local Government Finances

PROPERTY TAXES IN NEW HAMPSHIRE ARE MAJORITY OF NON-FEDERAL TAXES

PROPERTY TAX REVENUE AS A PERCENTAGE OF ALL STATE AND LOCAL TAX REVENUE, FISCAL YEAR 2021

State		Estimated Percentage
Highest	New Hampshire*	56%
	Alaska	56%
	Texas	46%
	New Jersey	43%
	Maine	42%
United States		30%
Lowest	Louisiana	21%
	New Mexico	18%
	Arkansas	17%
	Delaware	16%
	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, 2021 Annual Survey of State and Local Government Finances

BUSINESS TAXES MORE CRITICAL FOR FUNDING SERVICES IN NEW HAMPSHIRE

STATE CORPORATE INCOME TAX REVENUE AS A PERCENTAGE OF ALL STATE TAX REVENUE, FISCAL YEAR 2021 REVENUES

	State	Estimated Amount
Highest	New Hampshire*	31%
	New Jersey	14%
	Tennessee	13%
	Alaska	12%
	Connecticut	12%
United States		7%
Lowest	Ohio	0.02%
	Nevada	0%
	Texas	0%
	Washington	0%
	Wyoming	0%

*Note: Includes Business Profits Tax and Business Enterprise Tax revenues.

Source: U.S. Census Bureau, 2021 Annual Survey of State and Local Government Finances

PER CAPITA BUSINESS TAX REVENUES SOMEWHAT ABOVE NORTHEAST NEIGHBORS

STATE AND LOCAL CORPORATE INCOME TAX REVENUE PER CAPITA, FISCAL YEAR 2021 REVENUES AND JULY 2021 POPULATION ESTIMATES

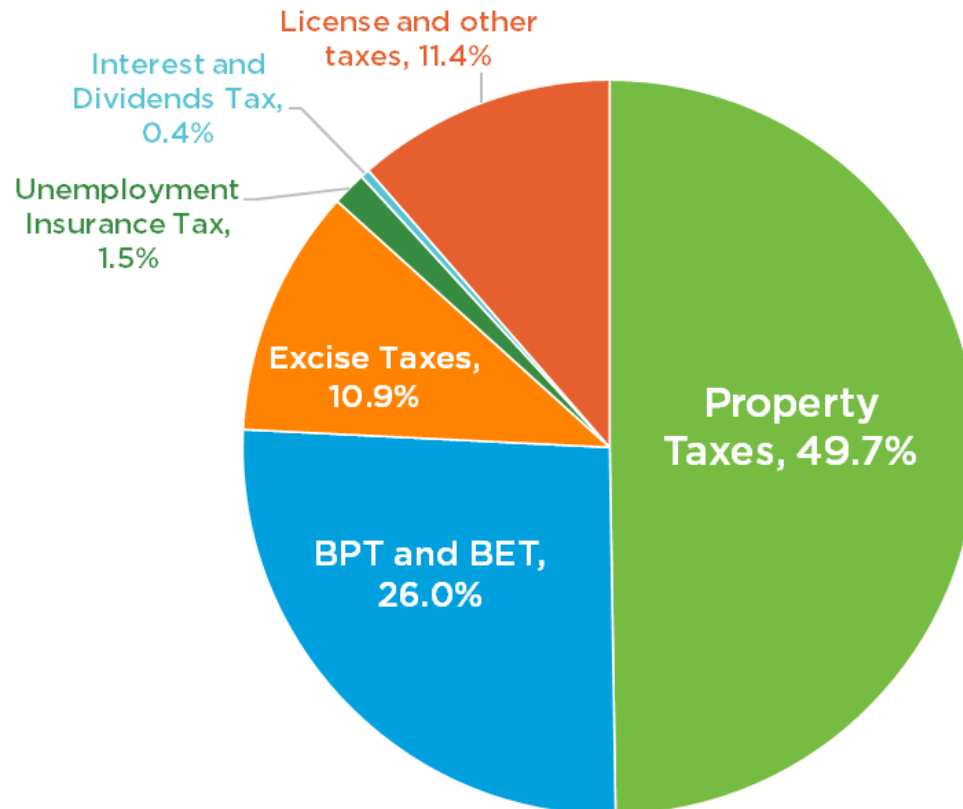
State		Estimated Amount
Highest	New Hampshire*	\$728
	Connecticut	\$720
	California	\$667
	New Jersey	\$643
	New York	\$612
United States		\$297
Lowest	Ohio	\$24
	Nevada	\$0
	Texas	\$0
	Washington	\$0
	Wyoming	\$0

*Note: Includes Business Profits Tax and Business Enterprise Tax revenues.

Sources: U.S. Census Bureau, 2021 Annual Survey of State and Local Government Finances,
Population Estimates Program

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 2021



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

Source: Council on State Taxation, *Total State and Local Business Taxes*, December 2022

FEDERAL AND STATE AID MAY HAVE HELPED EASE PROPERTY TAX INCREASES

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, with many smaller or midsized taxes
- Federal grants and other non-tax revenue sources are key to New Hampshire's finances
- With growing importance of Business Profits Tax, State revenues are increasingly dependent on behavior of corporate profits, and could be more volatile in the future
- Corporate taxes are more important for funding public services, and higher per capita, than in other states
- Property taxes are key for local governments, majority of revenue and nearly all tax revenue
- While New Hampshire State government taxes are relatively low, State and local taxes combined rank in the middle among U.S. states



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