



# THE NEW STATE BUDGET FOR NEW HAMPSHIRE FISCAL YEARS 2026-2027

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The New Hampshire Fiscal Policy Institute:

- is a **nonpartisan, independent research nonprofit organization** that examines issues related to the State Budget, the economy, policy decisions, and the financial security of Granite Staters, particularly issues relevant to people with low and moderate incomes.
- **does not lobby for or against specific pieces of legislation**
- receives **no funding from governments**. Individuals, foundations, and other organizations support the work.
- has been cited in over 200 news stories so far in 2025, including the State Budget and State revenues, housing and child care costs, the estimated ongoing impacts of “long COVID,” and the state’s economy.

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# OUR ROADMAP THROUGH THE STATE BUDGET

1. The Basics of the State Budget
2. The State Budget Process
3. How the State Budget is Funded
4. Challenges Going into this State Budget Cycle
5. An Overview of Key Changes Made by the New State Budget, by Service Category
6. Your Questions

# THE BASICS OF THE STATE BUDGET

# THE BASICS OF THE STATE BUDGET

## Two-year, or Biennial, Operating Budget

- Funds *most*, but not all, State operations for two State Fiscal Years (SFYs), typically beginning shortly after the budget is approved
- The new State Budget provides funding for SFYs 2026-2027, which spans July 1, 2025 to June 30, 2027, from two years of projected revenue projected
- State Budget, currently being implemented, appropriated approximately \$15.89 billion for SFYs 2026-2027 combined

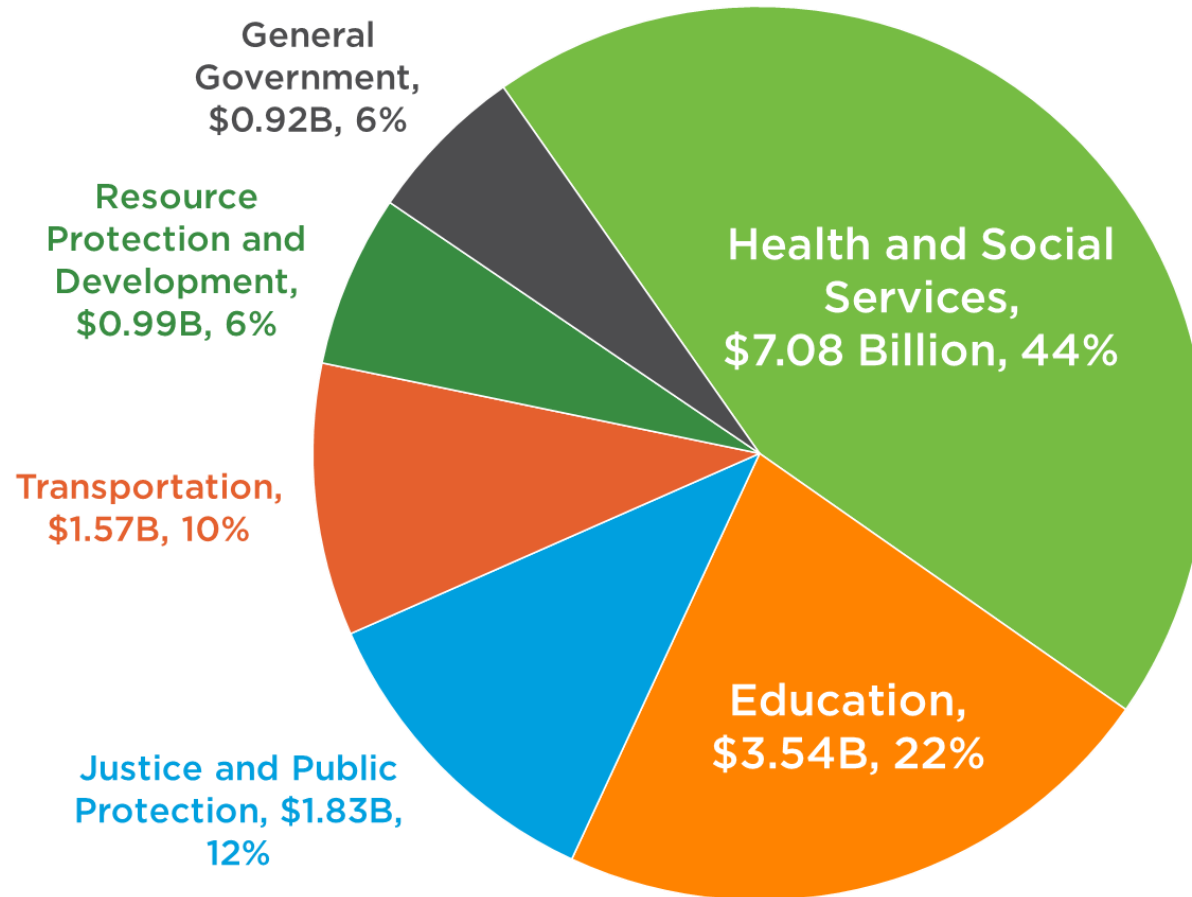
## Comprised of Two Separate Pieces of Legislation

- Operating Budget Bill, typically House Bill 1 or “HB 1,” holds the line-item appropriations with the amount of money in each component of State programs, standardized class lines for expenditures
- Trailer Bill, typically House Bill 2 or “HB 2,” is the companion omnibus bill with policy changes and appropriations separate from HB 1

# BUDGET APPROPRIATIONS IN SIX CATEGORIES

## STATE BUDGET APPROPRIATIONS BY CATEGORY

*State Fiscal Years 2026-2027 Appropriations,  
Includes Trailer Bill Appropriations*



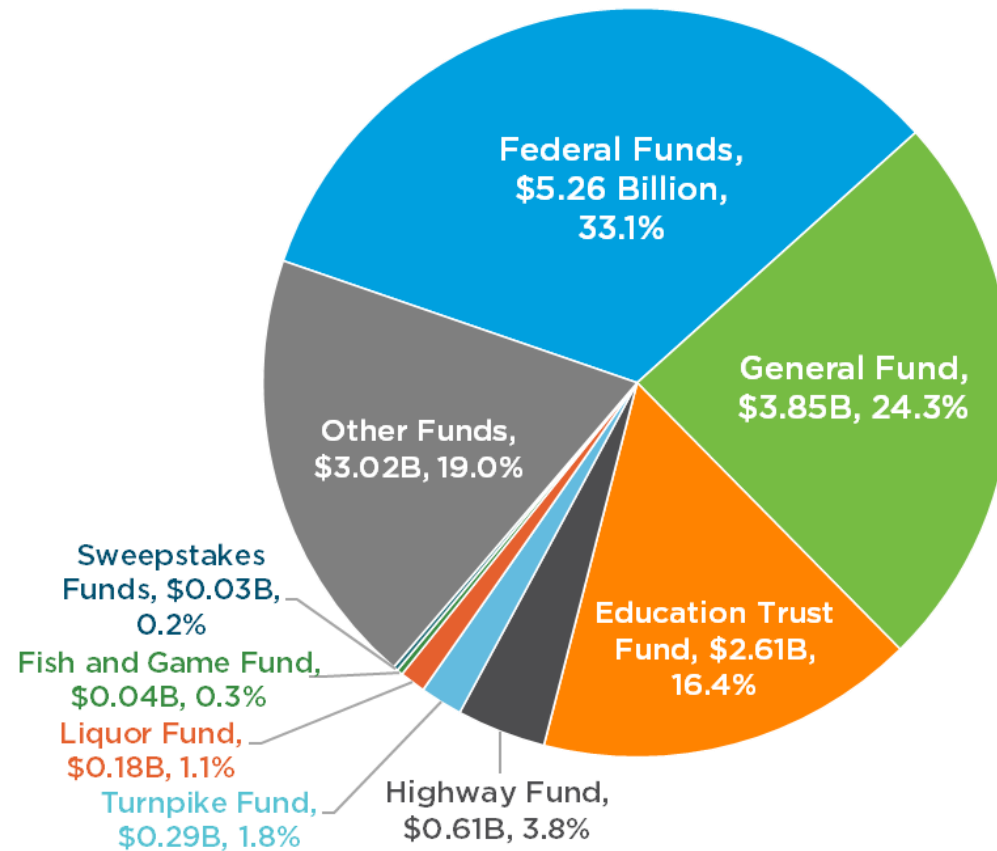
Note: These figures account for inter-agency transfers.

Sources: Chapters 140-142, Laws of 2025; Office of Legislative Budget Assistant Surplus Statements

# STATE BUDGET EXPENDITURES AND FUNDING SOURCES ORGANIZED INTO FUNDS

## THE NEW HAMPSHIRE STATE BUDGET FOR FISCAL YEARS 2026 AND 2027, BY FUND

*Includes Operating Budget and Trailer Bill Appropriations*



Sources: New Hampshire Office of Legislative Budget Assistant Surplus Statements;  
Chapters 140-142, Laws of 2025

# A BUDGET IN TWO BILLS

## STATE BUDGET

### Operating Budget Bill (Typically House Bill 1)

#### Operating Budget Line Items

(House Bill 1, Sections 1.00 to 1.07)

Line Item 1	\$X,XXX
Line Item 2	\$XX
Line Item 3	\$XXX
Organization, Class, and Agency Notes	
Line Items Total	\$XX,XXX

#### Text Following Line Items

- Sections 1.08 Through Final Section
- Back of Budget Funding Adjustments
- Revenue Estimates
- Budget Footnotes



### Trailer Bill (Typically House Bill 2)

#### Omnibus Bill Text

Policy Language in Sentences,  
Which Can Include:

- Policy Changes Paired With Line Item Changes
- Additional Appropriations
- Allocations of Surplus Revenue from the Prior Biennium
- Policy on Other Topics



# NOT THE ONLY SPENDING AUTHORITY: EXPENDITURES OUTSIDE THE STATE BUDGET

## Capital Budget

- Typically called HB 25, covers six years with opportunity for changes every two years
- Can borrow money to balance and fund expenditures, unlike operating budget
- Allocates funding, including State General Funds, to support projects and debt service

## Ten Year Transportation Improvement Plan

- Identified upcoming planned projects, construction dates, and costs
- Altered every two years by Legislature, typically legislation in even-numbered years

## Other Expenditures

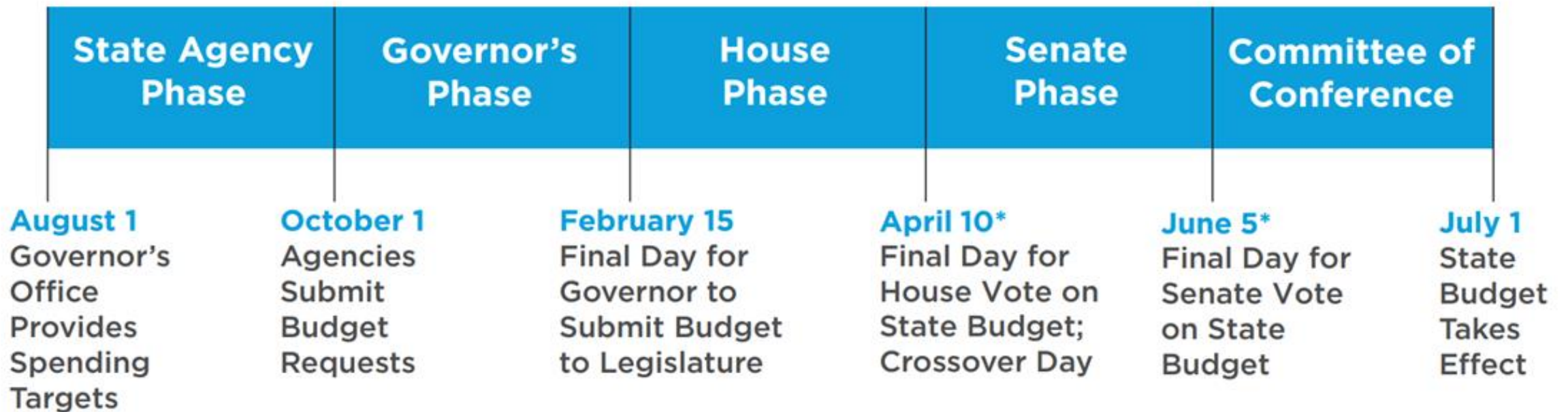
- Bills that are not accounted for the State Budget can also appropriate funds
- State agency spending requests can be granted by the Joint Legislative Fiscal Committee
- Some operations are supported by separate, off-budget funds established by the Legislature
- Example: Funding for Medicaid Expansion/Granite Advantage Program under the Patient Protection and Affordable Care Act is not enumerated in the State Budget, although the current State Budget included language reauthorizing the program

# QUESTIONS ABOUT THE BASICS OF THE STATE BUDGET?

# THE STATE BUDGET PROCESS

# BUDGET CREATED IN A YEARLONG PROCESS, TYPICALLY WITH FIVE PHASES

## State Budget Process Timeline



\*Dates set by legislative leadership each session; all other dates specified in statute.

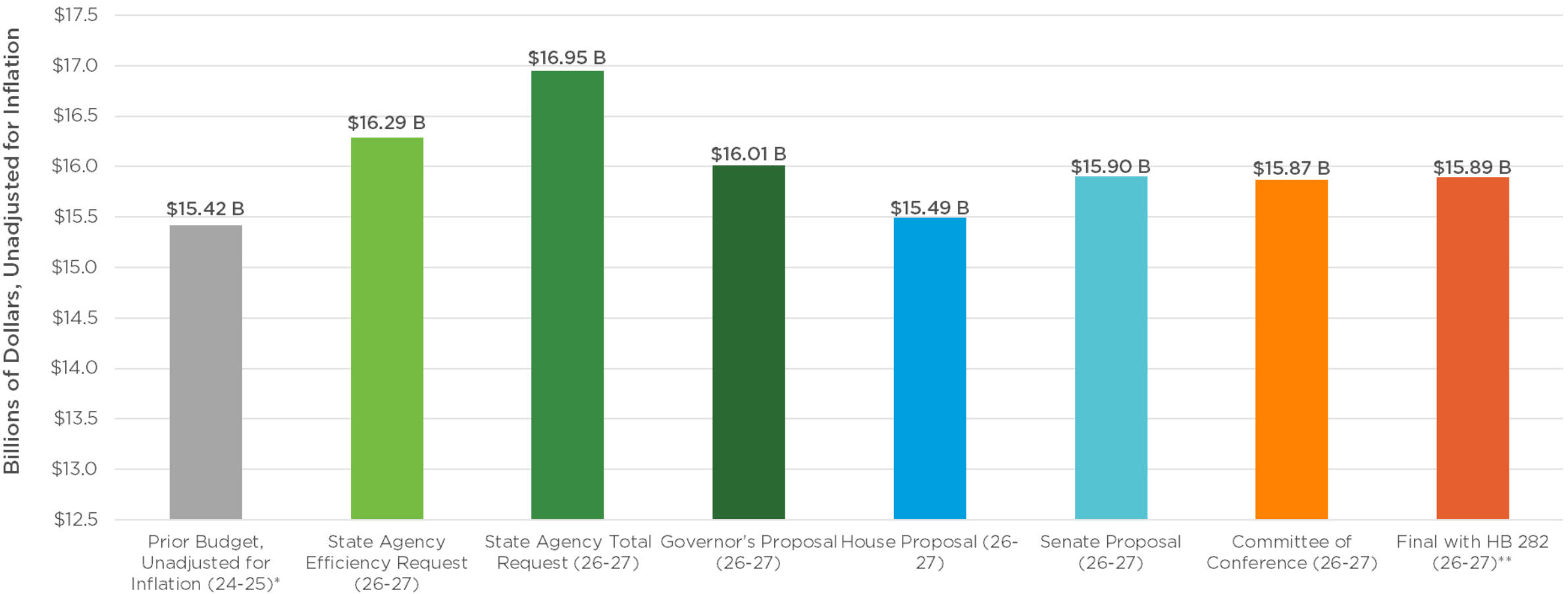
# UNUSUAL COMPONENTS OF THE 2025 PROCESS

- Legislative revenue estimates, usually produced by the House Ways and Means Committee for the House phase and the Senate Ways and Means Committee for the Senate phase, were revised by the Finance Committees in each phase
- Potential gubernatorial veto, and initial failure to pass a final budget through the Legislature, led to the creation and Legislature's passage of a temporary funding bill, often called a "continuing resolution"
- Final passage included three bills: House Bill 1, House Bill 2, and House Bill 282, which modified House Bill 2 with an amendment on the final day
- Committee of Conference bill was not the final version
- Contrast from 2023, when there was no Committee of Conference

# BUDGET PROPOSALS VARIED SUBSTANTIALLY

## NEW HAMPSHIRE STATE BUDGET APPROPRIATIONS BY ITERATION

*Adjusted for Accounting Differences Relative to Prior Budget*



Budget Iteration and State Fiscal Years

Notes: \*Adjusted to include Municipal Revenue Sharing through the Meals and Rentals Tax, which is accounted for in other proposals here, for appropriate comparison. \*\*Includes changes to the State Budget Trailer Bill made by House Bill 282.

Sources: Chapters 79 and 106, Laws of 2023; New Hampshire Department of Administrative Services; Governor's Operating Budget Proposal and HB 2 as Introduced, 2025 Session; 2025-1474h, 2025-1488h; Office of Legislative Budget Assistant, Surplus Statements and Compare Reports, April 11, June 5, June 19, June 27, 2025; 2025-2865c; 2025-2871c; Chapter 142, Laws of 2025

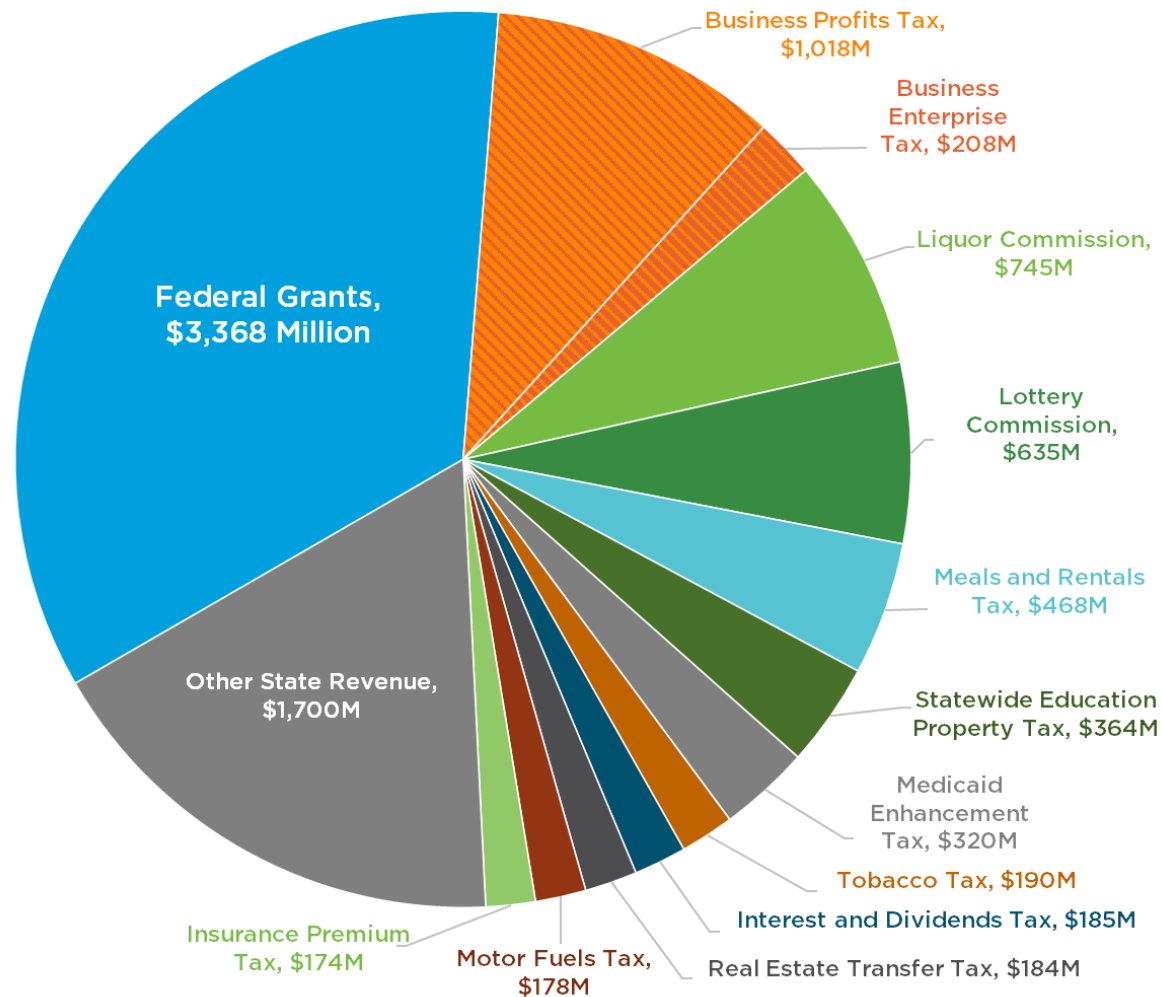
# QUESTIONS ABOUT THE STATE BUDGET PROCESS?

# THE STATE BUDGET: HOW IS IT FUNDED?



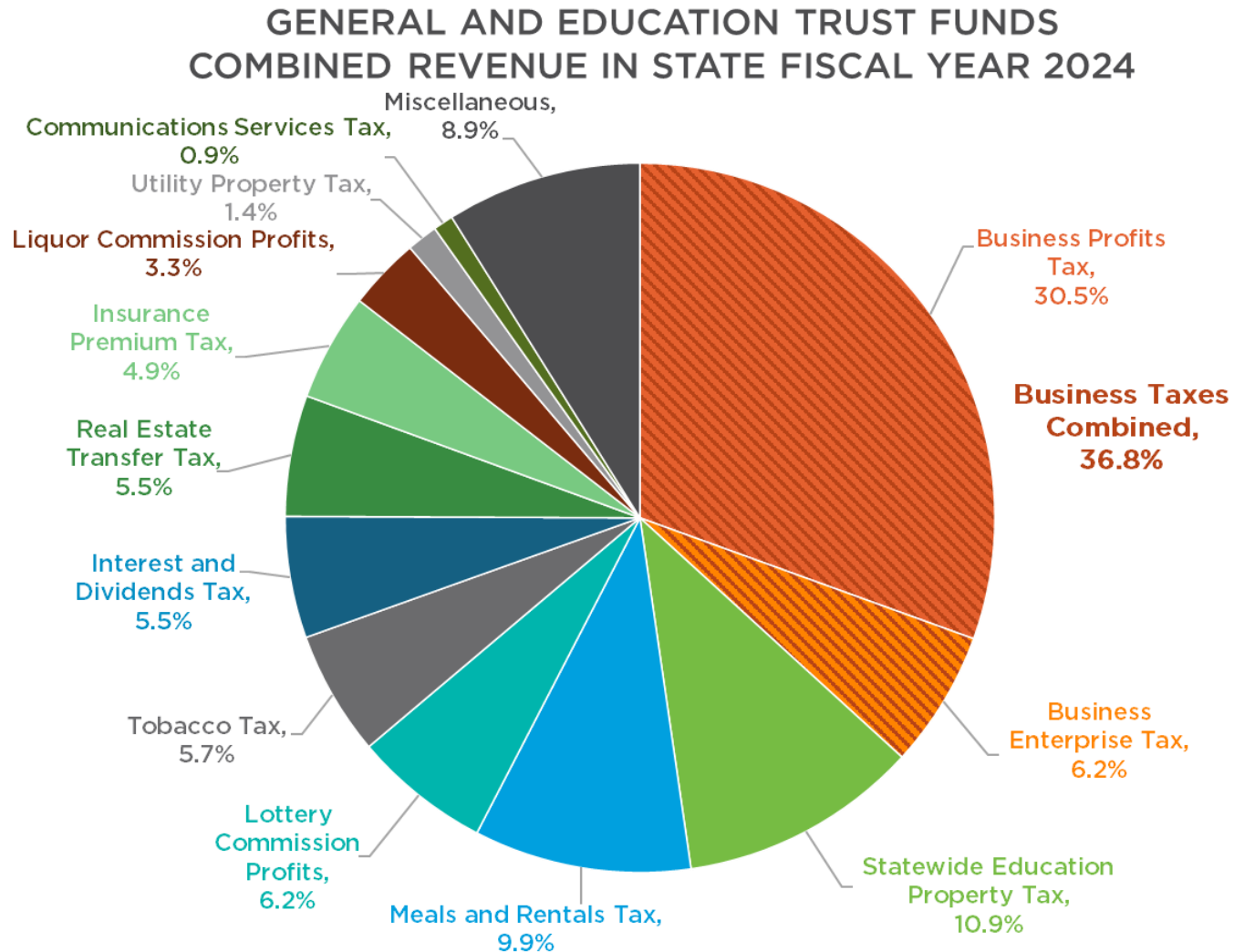
# NEW HAMPSHIRE STATE REVENUES

STATE REVENUE SOURCES, GOVERNMENTAL AND  
ENTERPRISE FUNDS, STATE FISCAL YEAR 2024



- Federal transfers significant, typical among U.S. states as fraction of total revenue
- Not all federal aid flows through the State Budget
- Gross revenues from the Liquor Commission and the Lottery Commission are among largest State revenue sources, but most revenues generated used to support internal operations
- Business Profits Tax is the largest State tax revenue source, and revenues are commonly combined with Business Enterprise Tax revenues prior to final audits

# GENERAL AND EDUCATION TRUST FUNDS SHARE KEY LARGE REVENUE SOURCES



Source: New Hampshire Annual Comprehensive Financial Report, State Fiscal Year 2024

# THE TWO PRIMARY BUSINESS TAXES

## Business Profits Tax (BPT)

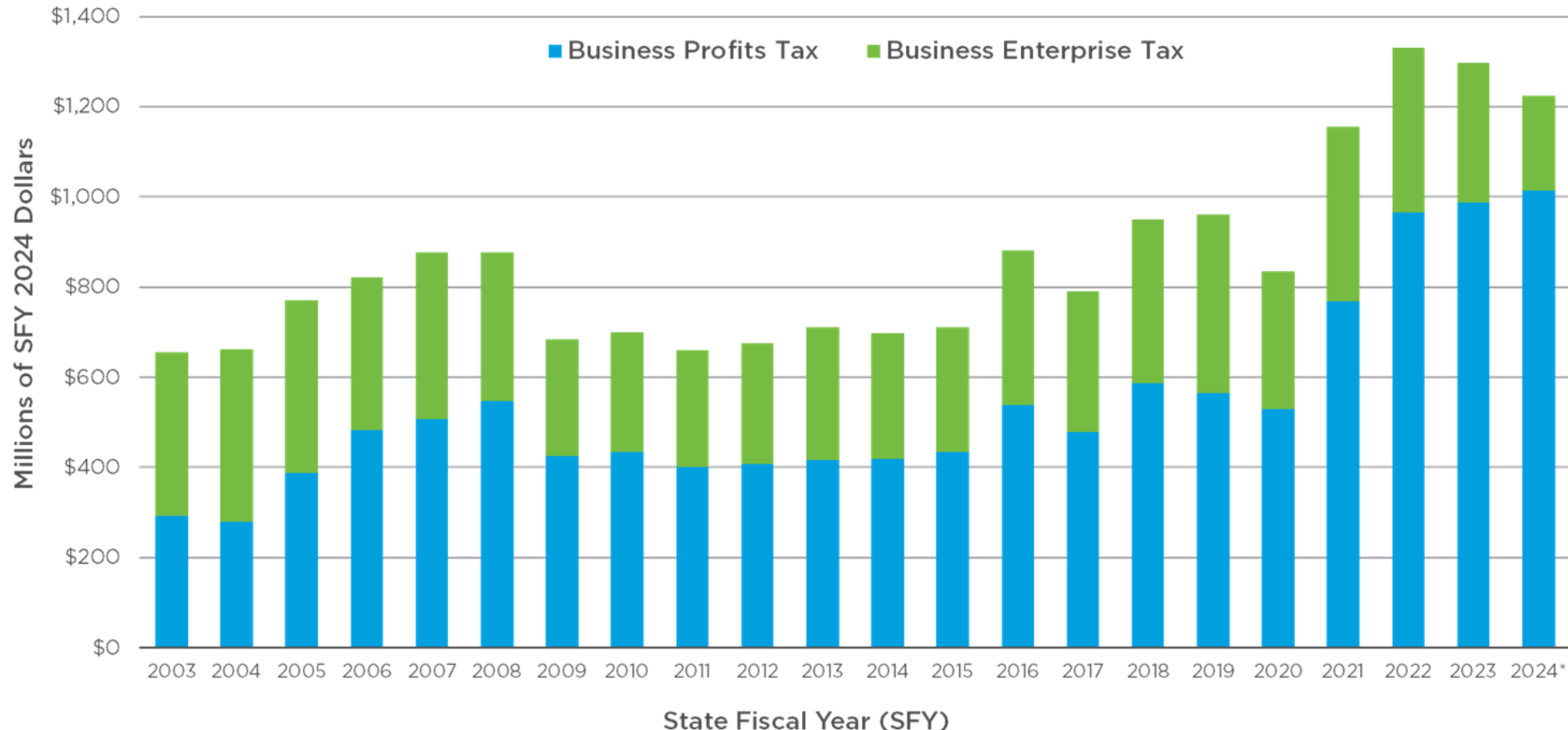
- Traditional state corporate income tax
- Tax based on net business profits after adjustments (BET) and apportionment
- Tax base likely about \$10.7 billion in Tax Year 2022
- Recent rate reductions:  
2001-2015: 8.5%, 2016-17: 8.2%,  
2018: 7.9%, 2019-21: 7.7%, 2022: 7.6%,  
2023: 7.5%
- Supports the General Fund (61%) and the Education Trust Fund (39%)

## Business Enterprise Tax (BET)

- Unique among state business taxes, based on compensation and interest paid or accrued and dividends paid, adjustments, and apportionment
- Broader tax base, likely about \$43.3 billion in Tax Year 2022
- Recent rate reductions  
2001-2015: 0.750%, 2016-17: 0.720%,  
2018: 0.675%, 2019-21: 0.600%,  
2022: 0.550%
- Supports the General Fund (61%) and the Education Trust Fund (39%)

# SUBSTANTIAL GROWTH FROM BUSINESS TAXES DURING LAST DECADE, EVEN AFTER INFLATION

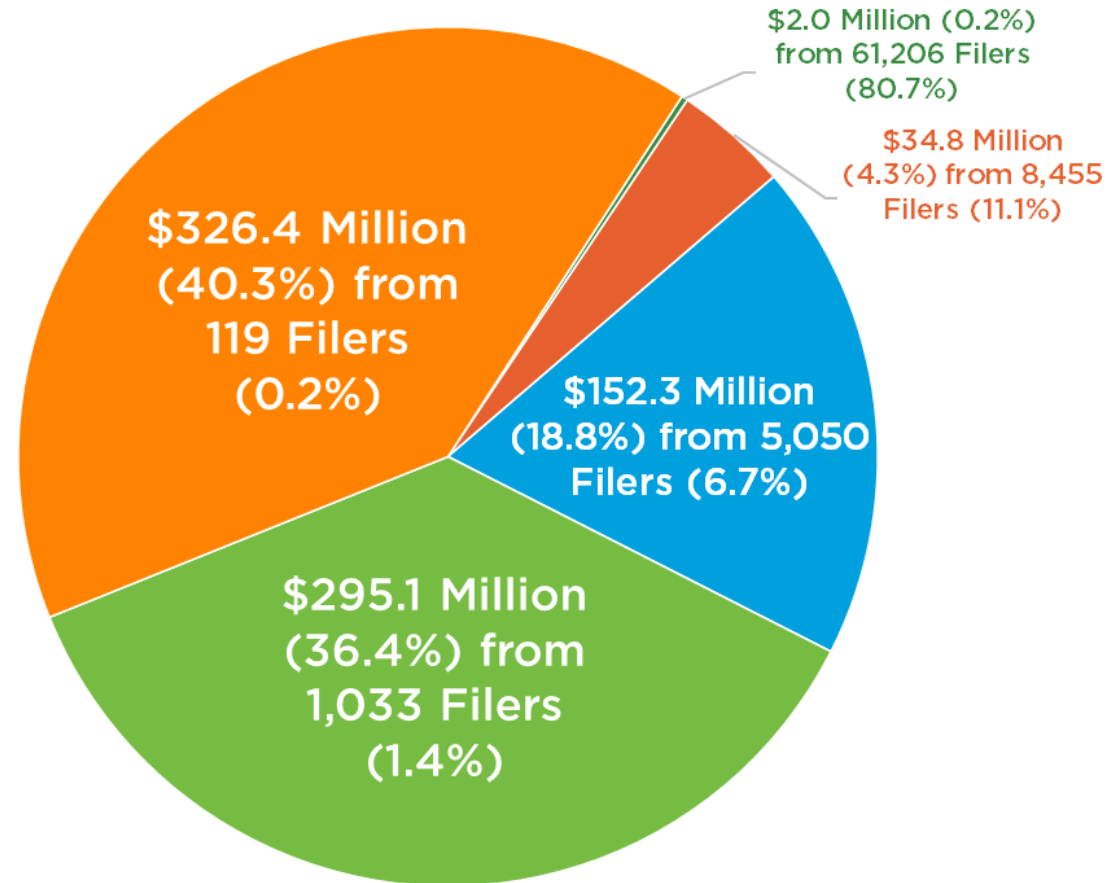
NEW HAMPSHIRE BUSINESS PROFITS TAX AND BUSINESS ENTERPRISE TAX  
GENERAL AND EDUCATION TRUST FUNDS INFLATION-ADJUSTED REVENUE



- BPT appears to be primary driver of revenue growth
- BPT versus BET assumptions in cash revenue splits have changed over time as BPT revenues have increased

# LARGE FILERS KEY TO BPT REVENUES

## NEW HAMPSHIRE BUSINESS PROFITS TAX PAID AND NUMBER OF FILERS, TAX YEAR 2022

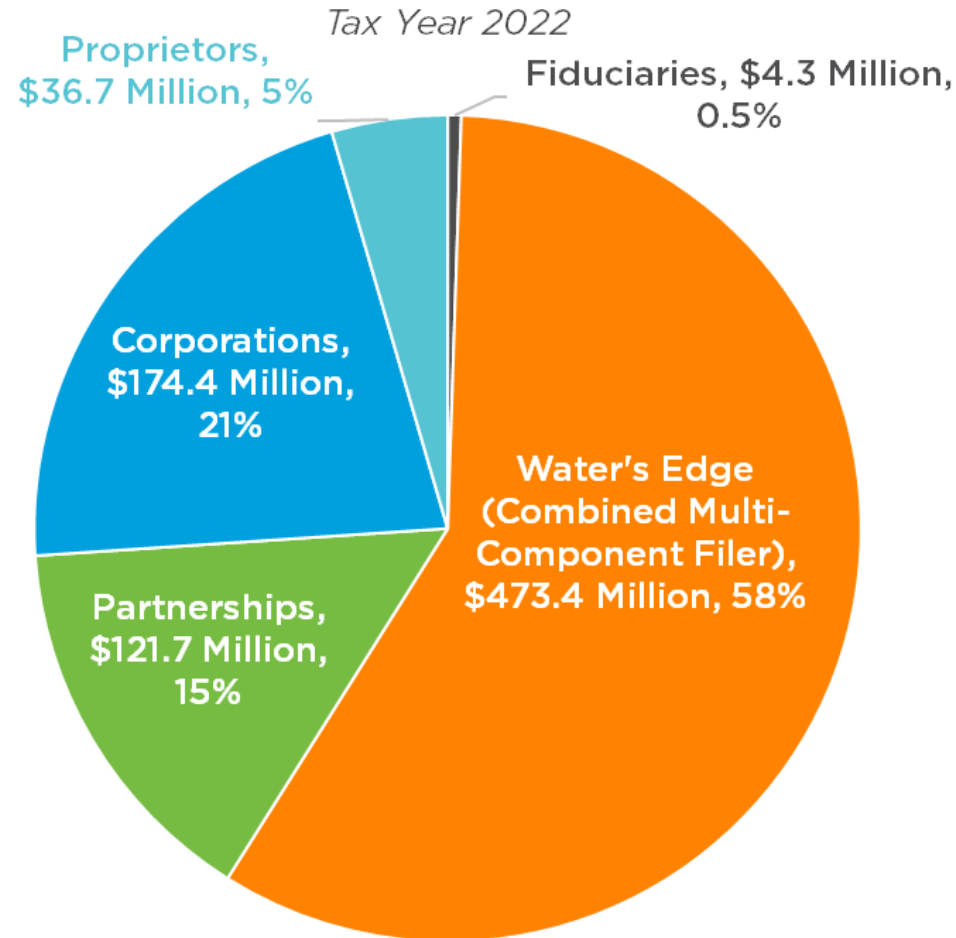


Note: Draft data as of August 12, 2024.

Source: New Hampshire Department of Revenue Administration,  
2024 Annual Report

# MORE THAN HALF OF BPT REVENUES FROM COMPLEX, COMBINED-REPORTING FILERS

## BUSINESS PROFITS TAX FILERS BY LIABILITY

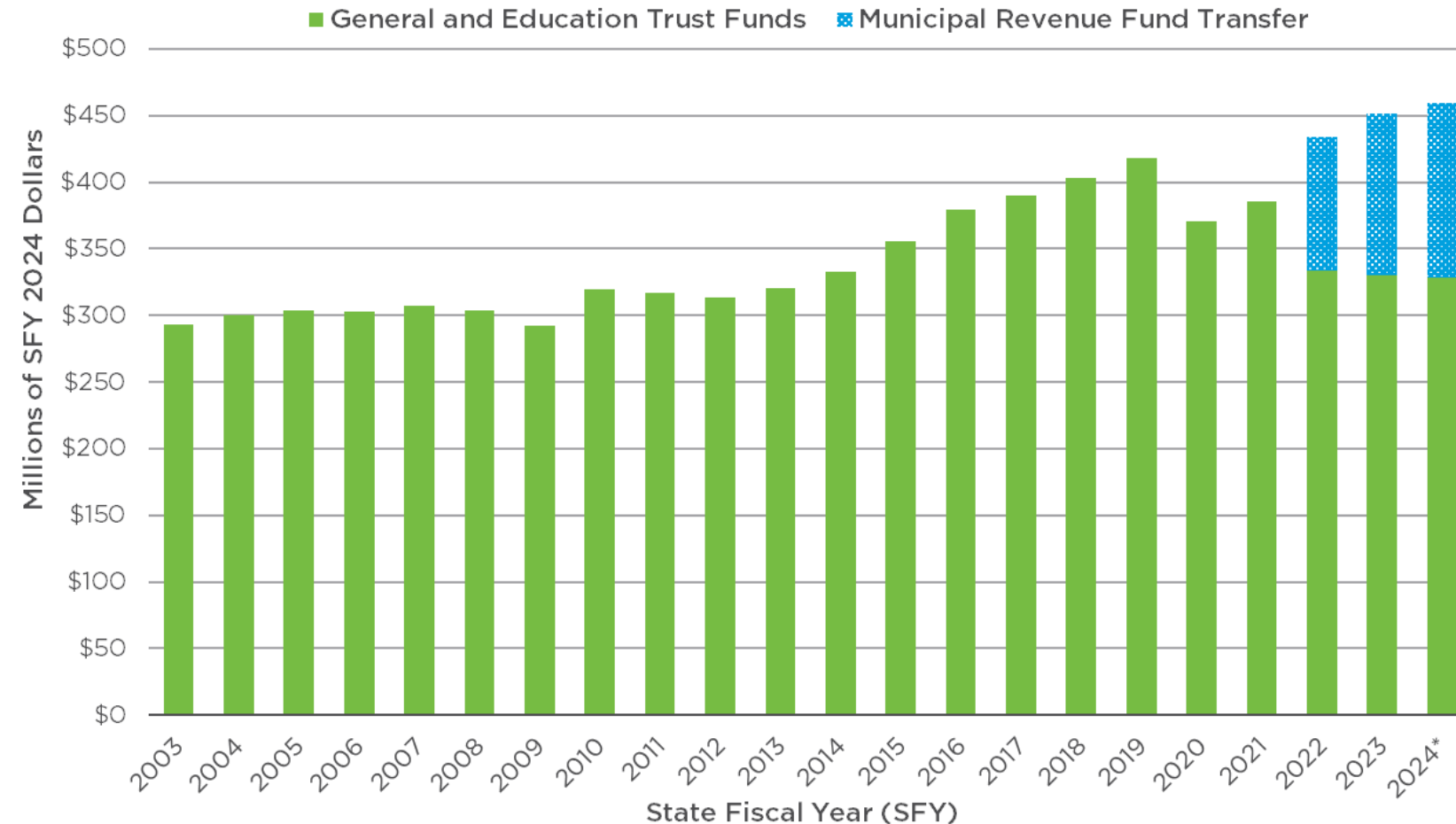


Note: Draft data as of August 12, 2024.

Source: New Hampshire Department of Revenue Administration, 2024 Annual Report

# THE MEALS AND RENTALS TAX

## NEW HAMPSHIRE MEALS AND RENTALS TAX INFLATION-ADJUSTED REVENUE



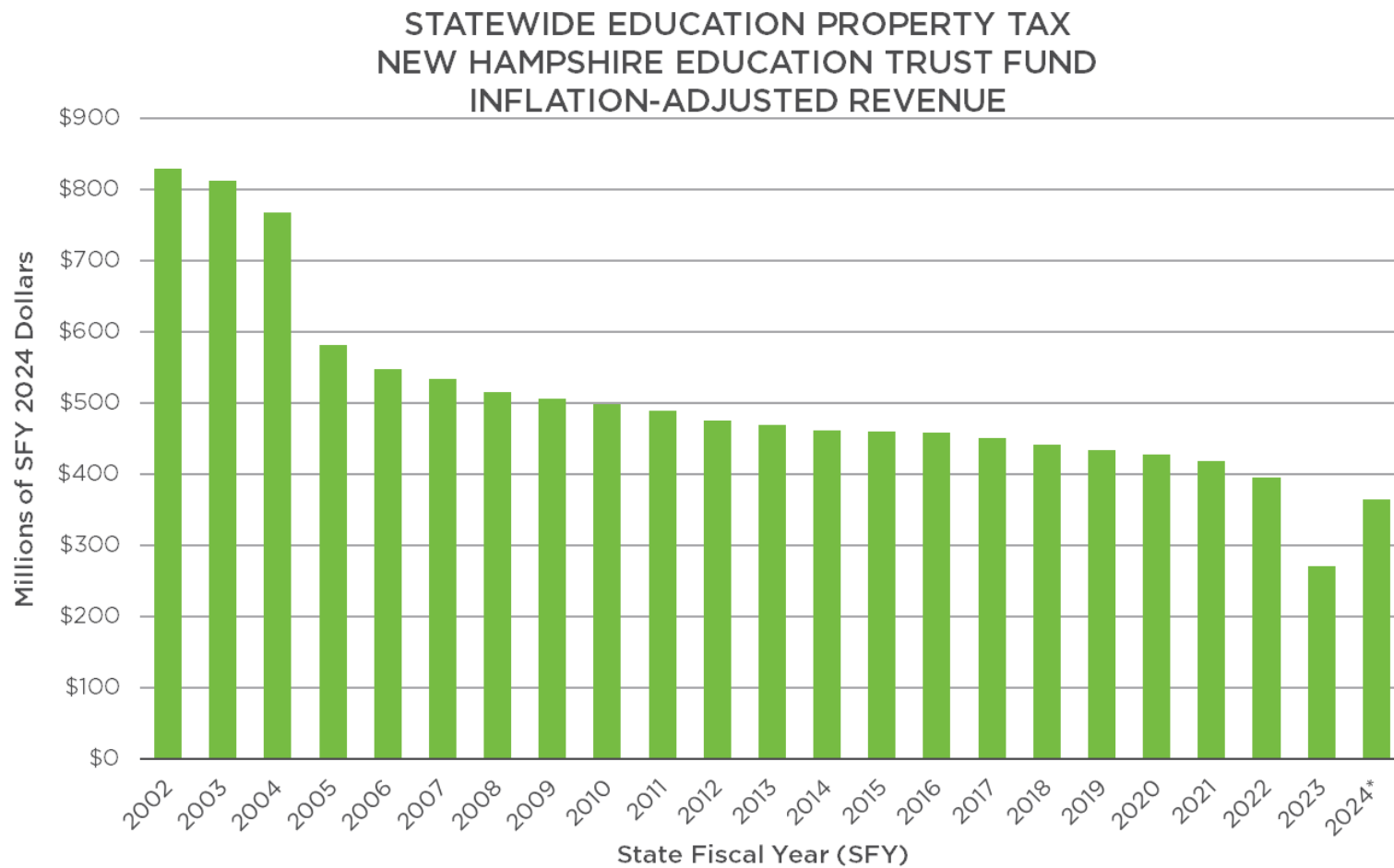
\*Note: Data based on unaudited preliminary accrual receipts.

Sources: NH Annual Comprehensive Financial Reports; Department of Administrative Services Monthly Revenue Focus, June SFY 2024 Preliminary Accrual; U.S. Bureau of Labor Statistics, CPI-U, Northeast

- Tax of 8.5 percent levied on most purchases of food or beverages from restaurants, also on hotel rooms and car rentals
- Rate was 9 percent from mid-2010 to late 2021
- Funds the General Fund, Education Trust Fund (car rentals portion), certain school building aid costs, State's travel and tourism development agency, municipalities (30 percent directed to a special fund)

# THE 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



\*Note: Preliminary data based on unaudited cash receipts.

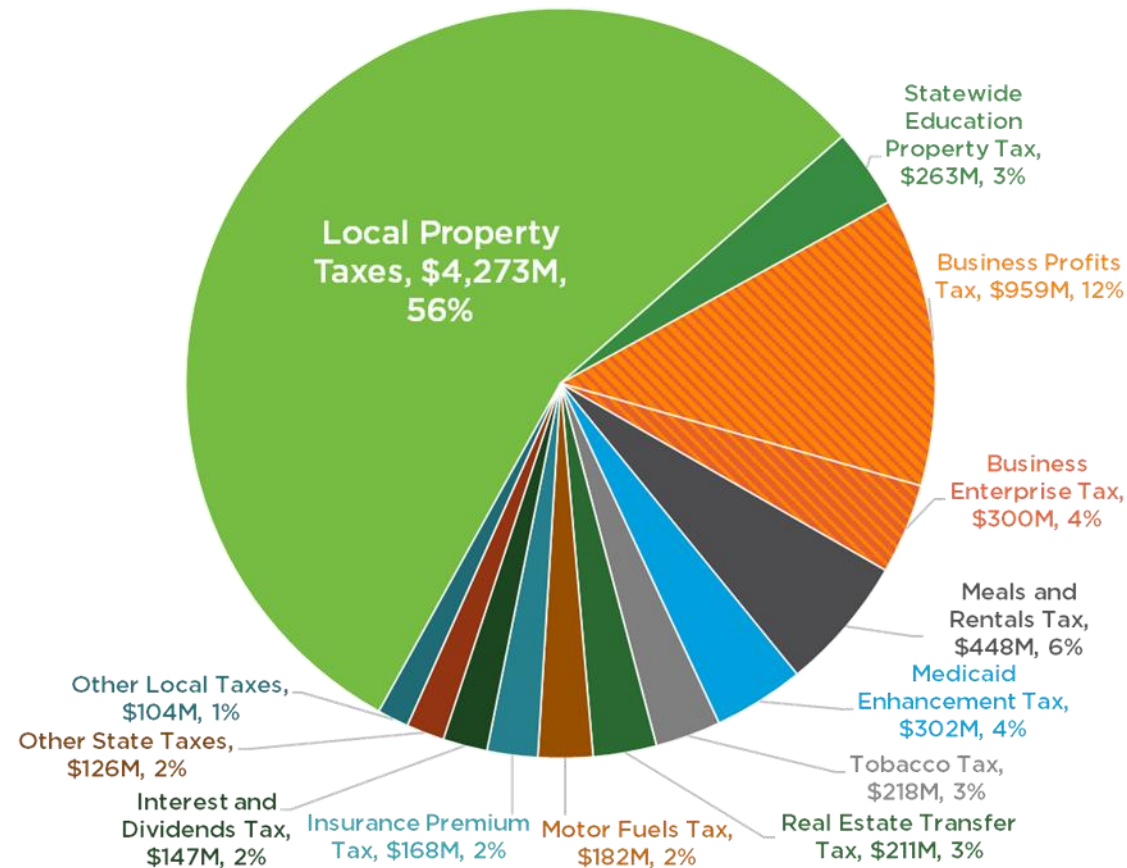
Sources: New Hampshire Annual Comprehensive Financial Reports; Department of Administrative Services Monthly Revenue Focus, June SFY 2024; U.S. Bureau of Labor Statistics, CPI-U, Northeast



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

## STATE AND LOCAL TAXES IN NEW HAMPSHIRE

*State Fiscal Year or Tax Year 2023*



Sources: New Hampshire Annual Comprehensive Financial Report, State Fiscal Year 2023; New Hampshire Department of Revenue Administration, 2023 Annual Report and Completed Public Tax Rates 2023; U.S. Census Bureau, Survey of State and Local Government Finances, 2021; Joint Legislative Fiscal Committee, FIS 23-311

# QUESTIONS ABOUT HOW THE STATE BUDGET IS FUNDED?

# FISCAL CHALLENGES GOING INTO THIS BUDGET CYCLE

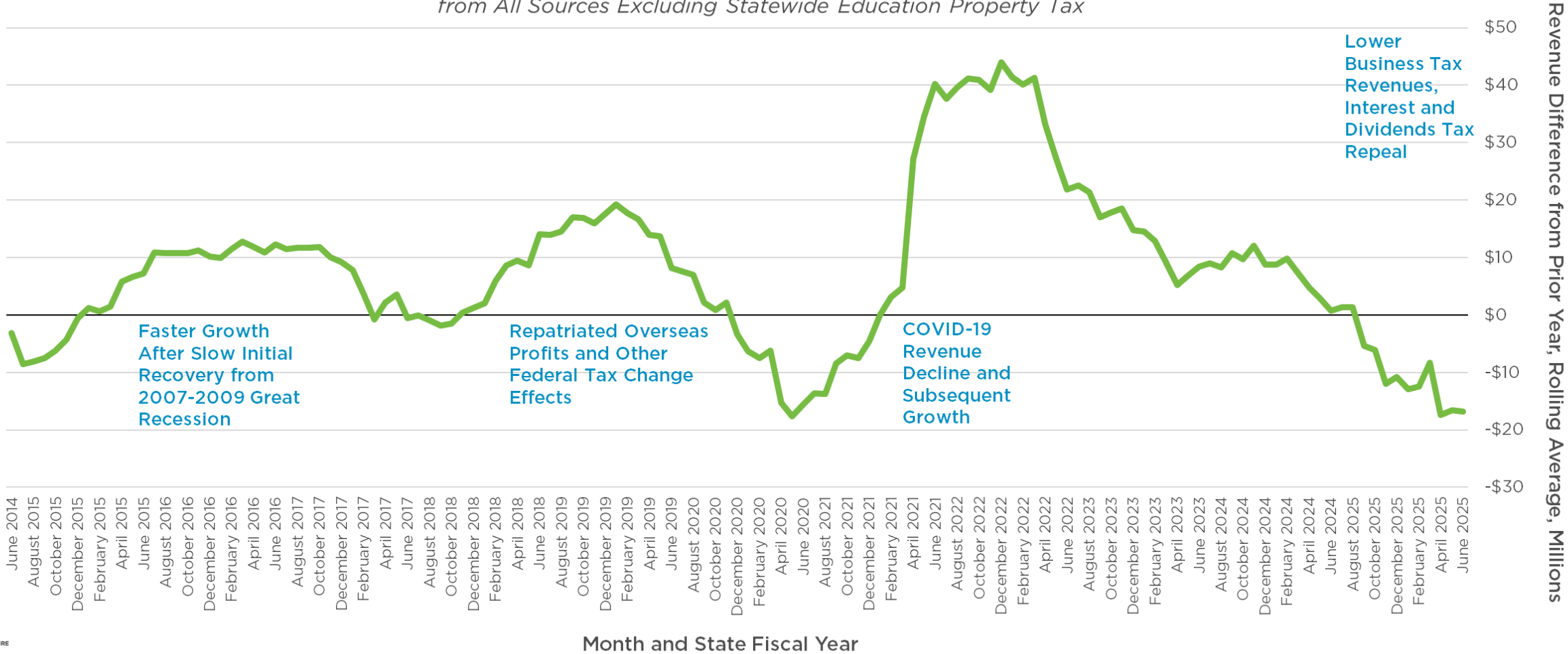
# CHALLENGES ENTERING THIS BUDGET CYCLE

- Interest and Dividends Tax (\$184.6 million to General Fund, or 8.8% of General Fund revenues, last fiscal year) repealed effective January 2025
- Falling revenues from State business taxes and interest earned on cash holdings
- Youth Development Center settlements: paid \$161 million in 296 settled claims as of March 2025, \$1.1 billion pending in 808 filed claims, claims period open until June 2025; \$165 million to settle claims appropriated previously, outlays capped at \$75 million per year
- Court cases associated with the Youth Development Center and children in the care of the State could generate substantial liabilities outside of settlement process
- Decisions related to education funding from the State Supreme Court; second-largest State expenditure, timing of decisions was unknown (both completed now)
- Construction of a new State prison for men, potentially \$500-\$600 million, annual bond payments could be substantial
- Changes to federal funding to the State for operations, with about one in three dollars to fund State services coming from the federal government

# REVENUE DECLINE FOLLOWS RECENT GROWTH

## DIFFERENCES OVER TIME IN NEW HAMPSHIRE COMBINED GENERAL AND EDUCATION TRUST FUNDS MONTHLY CASH RECEIPTS

Twelve-Month Rolling Averages of Monthly Cash Receipts to the General and Education Trust Funds Relative to Prior Year from All Sources Excluding Statewide Education Property Tax

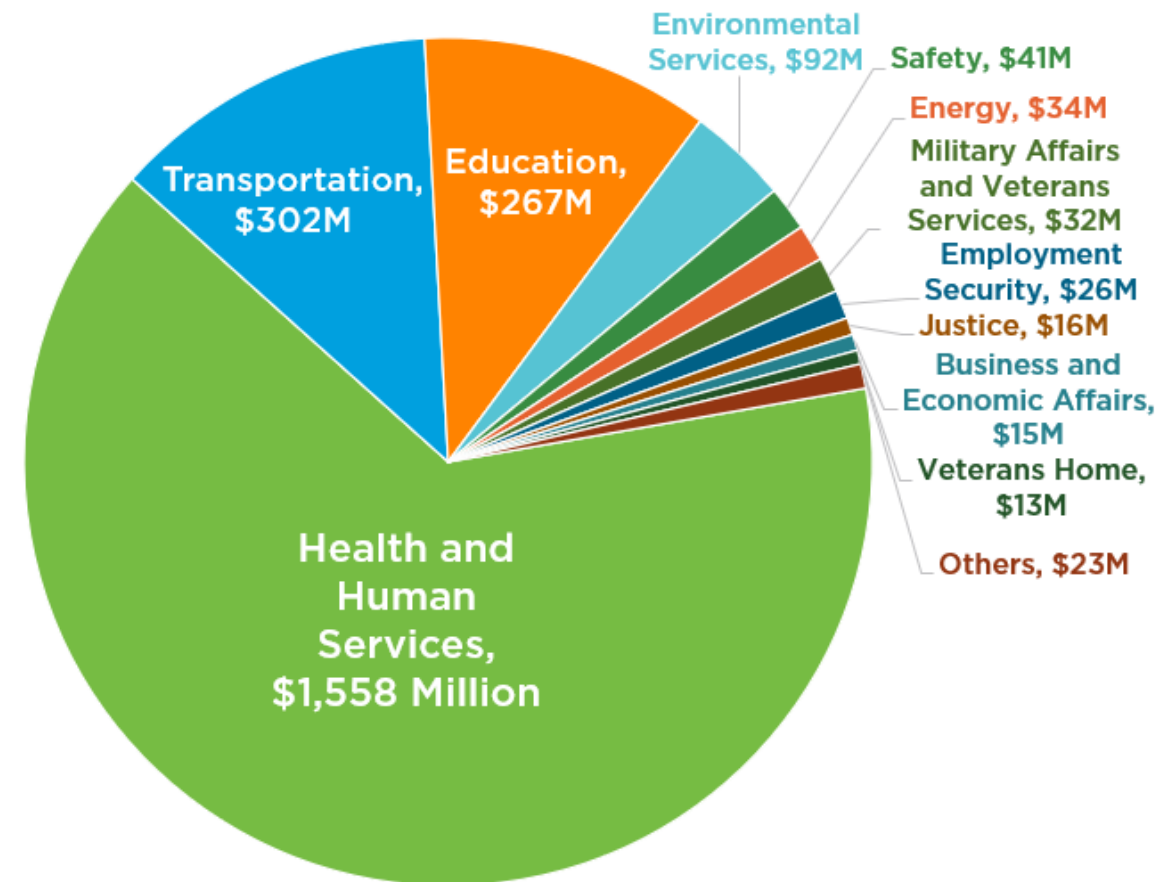


Note: Medicaid Enhancement Tax excluded from historical data. Statewide Education Property Tax excluded due to tax targeting a certain amount collected.  
Sources: New Hampshire Department of Administrative Services, Monthly Revenue Focus Reports

# FEDERAL FUNDS FLOW TO MOST STATE AGENCIES TO SUPPORT SERVICES

## FEDERAL FUNDS IN THE NEW HAMPSHIRE STATE BUDGET BY STATE AGENCY, SFY 2025

- Medicaid, the single-largest program the state operates, provided health coverage to 185,307 Granite Staters (May 2025); more than half of program expenses federally-funded
- Food assistance, certain housing aid, mental and behavioral health supports, and substance abuse prevention also administered by the State Department of Health and Human Services
- Many federal transportation programs provide support for highway and transit operations
- Education supports for food in schools, certain educator trainings, certain special education costs



Source: Chapter 106, Laws of 2023

# QUESTIONS ABOUT RECENT FISCAL CHALLENGES?

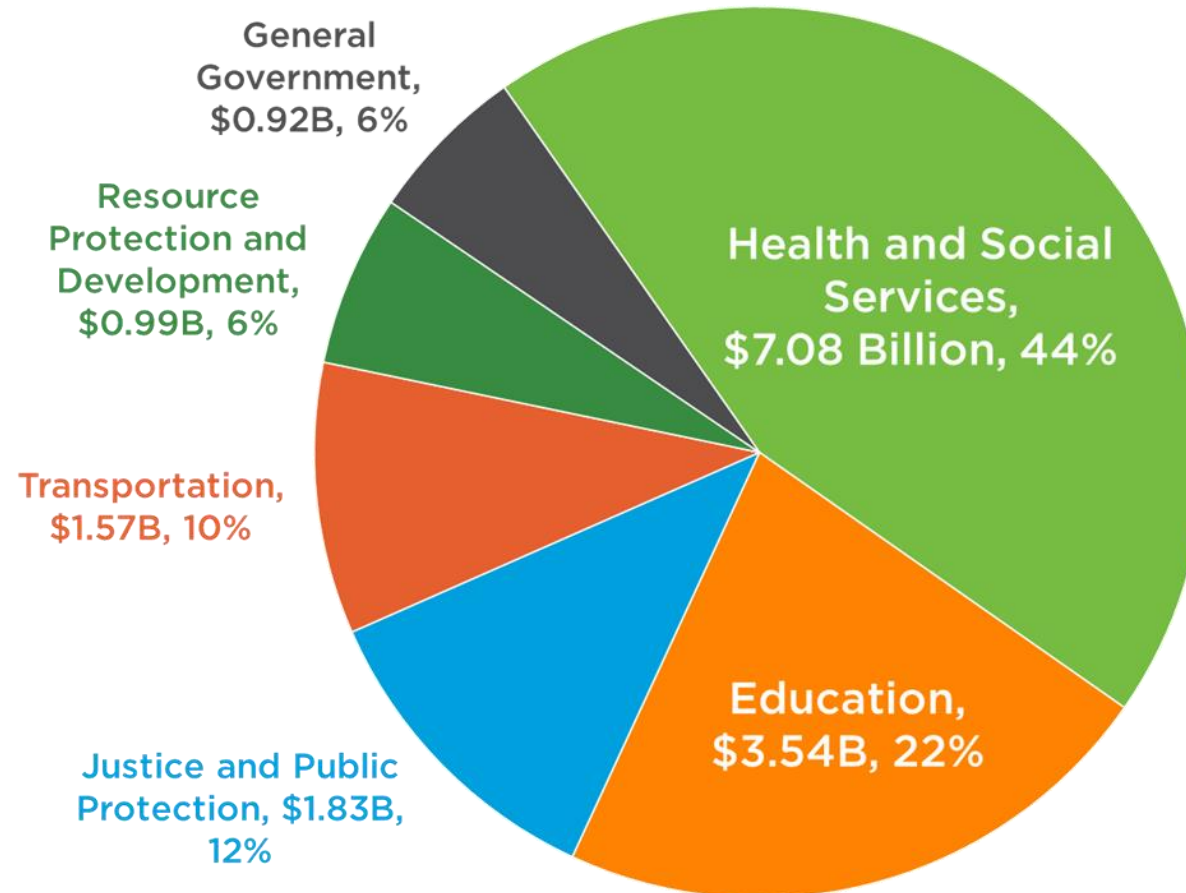
# THE NEW STATE BUDGET: AN OVERVIEW



# DETAILS BY CATEGORY OF SERVICE AREA

## STATE BUDGET APPROPRIATIONS BY CATEGORY

*State Fiscal Years 2026-2027 Appropriations,  
Includes Trailer Bill Appropriations*



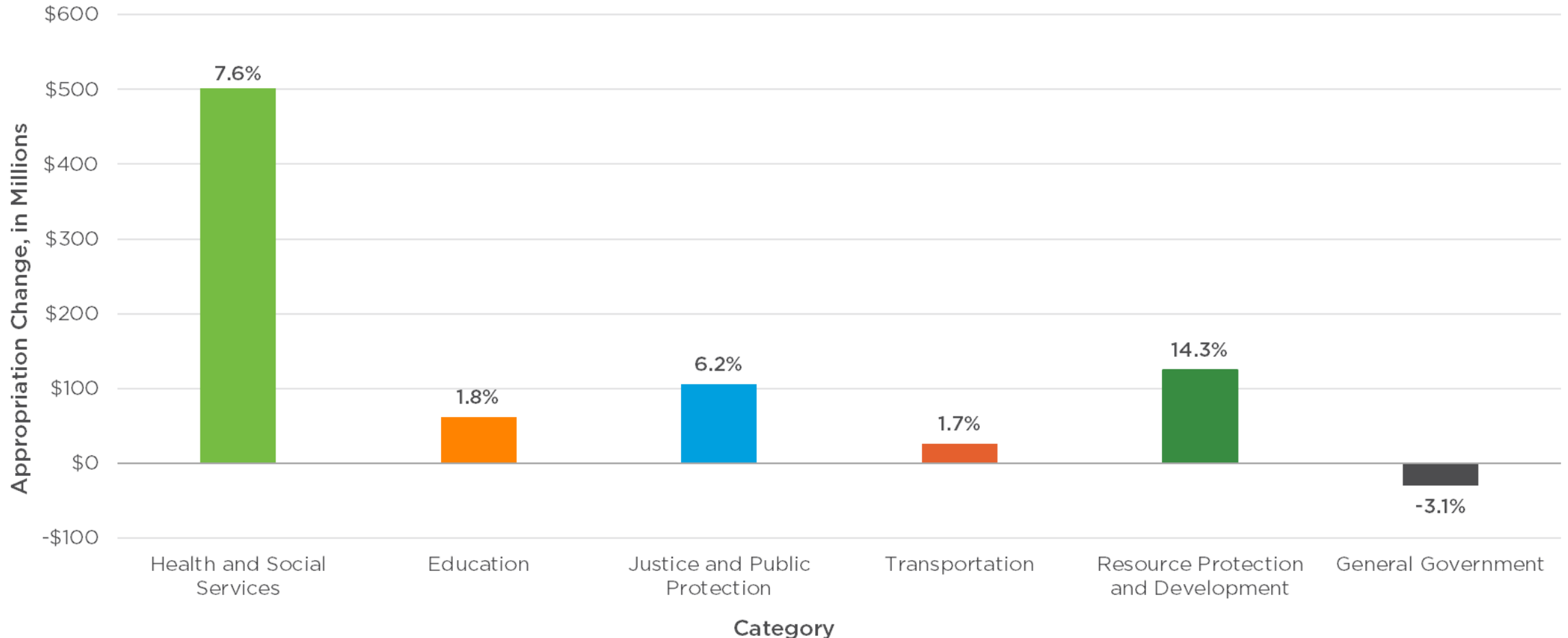
Note: These figures account for inter-agency transfers.

Sources: Chapters 140-142, Laws of 2025; Office of Legislative Budget Assistant Surplus Statements

# FUNDING CHANGES BY CATEGORY

## CHANGES IN TOTAL STATE BUDGET EXPENDITURES BY CATEGORY

*Appropriation Changes from SFYs 2024-2025 as Enacted to SFYs 2026-2027 as Enacted*



Note: These changes account for inter-agency transfers and accounting differenced between budgets.  
Sources: Chapters 140-142, Laws of 2025; Chapters 79 and 106, Laws of 2023; Office of Legislative Budget Assistant Surplus Statements

# HEALTH AND SOCIAL SERVICES

# MEDICAID PREMIUMS FOR CERTAIN ENROLLEES

- Enrollees with certain incomes in the New Hampshire Granite Advantage Health Care Program, part of Medicaid often known as “Medicaid Expansion” for adults with low incomes, and for families with children enrolled in Medicaid would pay premiums
- Monthly premiums for Granite Advantage adults with incomes between the poverty guideline and 138% of the poverty guideline, dependent on household size
  - \$60 per month, or \$720 per year, for a single adult with income between \$15,650 to \$21,597 in 2025
  - \$90 per month, or \$1,080 per year, for a family of three with incomes between \$26,650 and \$36,777
- Monthly premiums for families with children enrolled in the Children’s Health Insurance Program component of Medicaid and incomes 255% to 323% of poverty
  - \$190 per month, or \$2,280 per year, for a two-person household with incomes \$53,933 to \$68,315
  - \$230 per month, or \$2,760 per year, for a family of four, incomes of \$67,958 and \$86,080
- Expected to collect \$19.3 million in total during biennium
- Not clear how these provisions, signed into New Hampshire law June 27, 2025 and due to take effect starting this biennium, will interact with the federal copayments required in the federal reconciliation bill signed July 4, 2025

# MEDICAID WORK REQUIREMENTS

- Enrollees in Granite Advantage (58,857 total in May 2025) who do not have exemptions would have to participate in eligible work or community engagement activities for at least 100 hours per month, if federal government approves request
  - Eligible activities include public- or private-sector employment, job readiness or related educational programs, mental health or substance use disorder treatment or recovery services, and community service activities
  - Exemptions include parents or caretakers of children up to 12 years old with only one parent exempt in the two-parent household, pregnant women, enrollees compliant with work requirements for certain other federal assistance programs, adults experiencing a disability or caring for someone with a disability
- Approximately 65 percent of Medicaid-enrolled adults age 19-54 not covered by federal disability insurance were working in 2023
- New Hampshire attempted work requirements in 2019, stopped implementation when nearly 17,000 adults were set to lose coverage
- Not clear how these provisions might interact with coming federal work requirements

# DEVELOPMENTAL SERVICES FUNDING

## STATE BUDGETED FUNDING FOR DEVELOPMENTAL SERVICES



Separately, \$10.0 million during the biennium for room and board for individuals with disabilities and acquired brain disorders living in staffed residences.

# OTHER MEDICAID FUNDING PROVISIONS

- Funded a call center to help with Medicaid eligibility processing at \$3.8 million
- Provided \$3.0 million for long-term care eligibility determinations backlog
- Implemented a new agreement between hospital and the State regarding flow of Medicaid Enhancement Tax funds and payments for uncompensated care
- Increased support for uncompensated care at community mental health centers, with \$6.0 million (11.2 percent) increase in the first year of the budget relative to SFY 2025
- First-year boost of \$57.4 million (23.4 percent) for nursing facility payments, followed by a second-year increase of \$22.3 million
- Reduced budgeted funding for the Choices for Independence Medicaid Waiver services for older adults and adults with physical disabilities in their homes and communities following boost of as much as 50 percent in last State Budget
- Increased Medicaid copayments for prescription drugs from \$1-\$2 to \$4
- Established a new program with the Medicaid Managed Care Organizations to incentivize lower-cost outpatient procedures

# POLICY SUPPORTS FOR CHILDREN AND PARENTS

- New maternal health supports, including:
  - rural maternal health trainings for EMS
  - requiring depression screenings during well-child visits for pregnant or postpartum patients to be covered by private insurance or Medicaid
  - required insurance coverage for home visiting during pregnancy and up to 12 months postpartum
  - creation of a perinatal psychiatric provider consult line
  - protection for unpaid time off for 25 hours of postpartum and infant care for employers with over 19 employees
- Adverse Childhood Experiences Prevention and Treatment Program, including \$300,000 for Medicaid reimbursements and childhood mental health trainings
- \$15 million in federal Temporary Assistance for Needy Families funding, if permissible, for early care and education workforce supports, similar to prior State Budget
- Accelerates payment timing to child care providers under Child Care Scholarship Program, creates and funds presumptive eligibility pilot program
- Office of the Child Advocate, which conducts oversight of child well-being operations from outside the NH DHHS, reduced from nine positions to five positions



# OTHER CHANGES AND HEALTH INITIATIVES

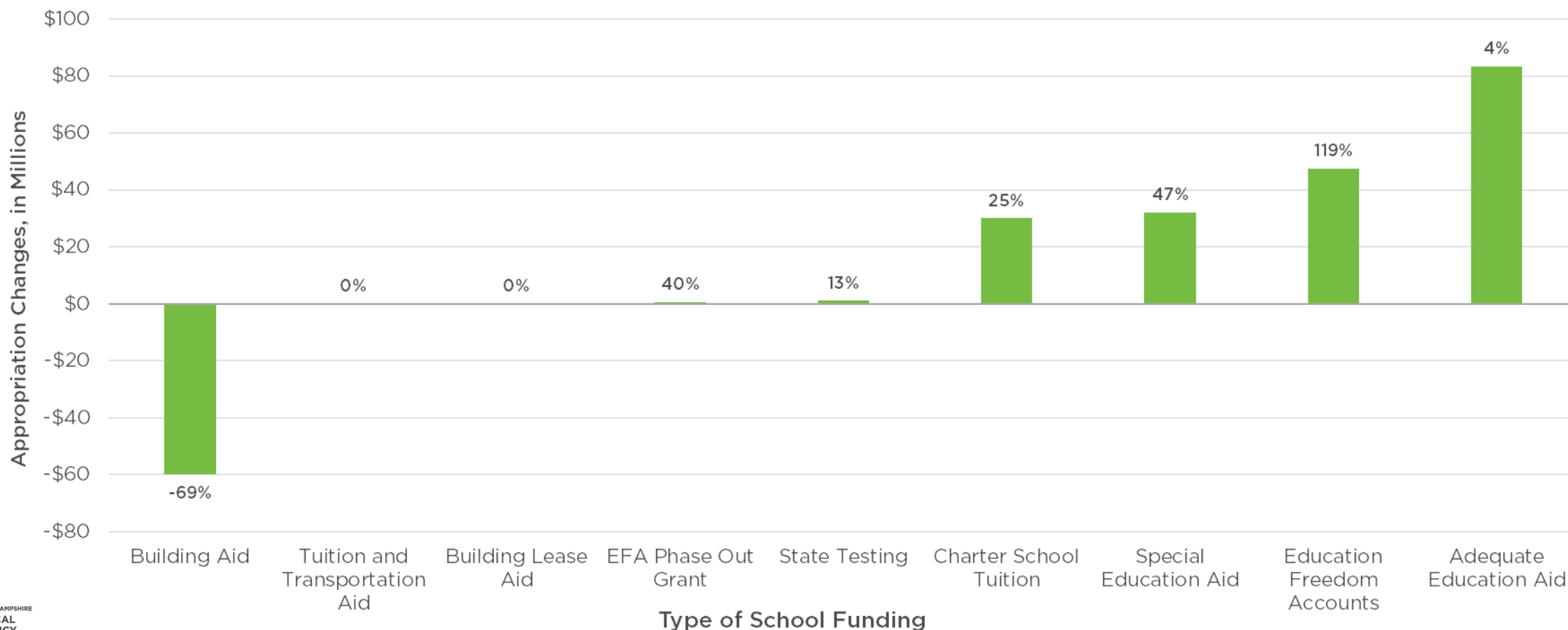
- Requires \$51.0 million in unspecified budget reductions at the NH DHHS
- Added funding for homelessness and housing shelter services
- Lowered funding for the Family Planning Program to \$1.0 million from last year's rate of \$1.7 million per biennium, carve out specifically for Coos County health
- Defunded the Tobacco Prevention and Cessation Program to keep in statute
- Boosted funding for Temporary Assistance to Needy Families payments and assistance in federal and State funds
- Allocated \$30,000 in General Funds towards WIC Farmer's Market Nutrition Program, to be matched with federal funding
- Funded positions to support Summer EBT Program with \$105,000 in General Funds
- Repealed Prescription Drug Affordability Board
- Repealed State rulemaking authority related to requiring childhood vaccinations
- Authorized sale of the Sununu Youth Services Center building, the Tirrell House (homeless shelter services), and the Anna Philbrook Center

# EDUCATION

# ENROLLMENT, FORMULAS, AND POLICY CHANGES DRIVE FUNDING SHIFTS

## CHANGES IN BUDGETED EDUCATION FUNDING FROM THE PRIOR STATE BUDGET TO THE NEW STATE BUDGET

*Includes Trailer Bill and Surplus Statement Appropriations, SFYs 2024-2025 as Enacted Compared to SFYs 2026-2027 as Enacted*



Sources: Chapters 140-142, Laws of 2025; Chapters 79 and 106, Laws of 2023; Office of Legislative Budget Assistant Surplus Statements

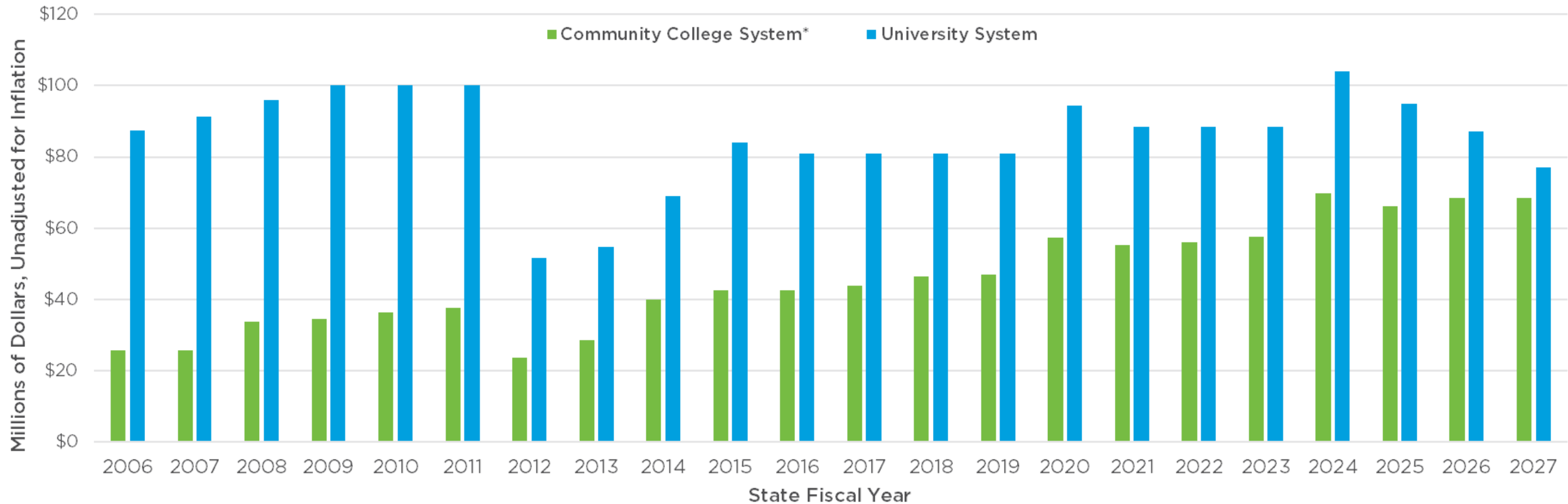
# EDUCATION FUNDING AND POLICY CHANGES

- Increased Special Education Aid to school districts by \$32.0 million (47.2 percent)
- Retained scheduled increase of base per-pupil funding amount at \$4,351, with additions for students eligible for free and reduced-price school meals, English language learners, and special education services
- Added provisions directing more funds to school districts with lower taxable local property values per pupil with Fiscal Capacity Disparity Aid
- Increased funding for public charter schools, primarily due to enrollment
- Increased funding for Education Freedom Accounts to reflect elimination of income cap in separate legislation, added provision allowing partial cap on enrollment to be eliminated if it had not been raised for two consecutive years
- Introduced a funding reduction to large school districts by capping Extraordinary Needs Grants for districts with more than 5,000 students, currently only projected to impact Manchester, with an expected reduction of about \$10 million in SFY 2028

# 17.6% REDUCTION IN STATE FUNDING TO THE UNIVERSITY SYSTEM

## NEW HAMPSHIRE PUBLIC HIGHER EDUCATION FUNDING IN THE STATE BUDGET

*Includes Certain One-Time Appropriations for Certain Projects or Initiatives*



\*Note: Prior to SFY 2012, the Community College System was organized differently, and its entire structure was included in the State Budget. In this graph, only General Fund line item and one-time Trailer Bill appropriations are included in the historical data.

Sources: New Hampshire State Operating Budgets and Trailer Bills as Enacted; Chapters 140 and 141, Laws of 2025

# OTHER EDUCATION AND RELATED POLICY CHANGES

- \$12 million from UNIQUE scholarship program funding moved to General Fund
- School districts required to create and implement policies that will prohibit cell phone use, including all “personal communication device use,” by students between the first “bell rings” to the “dismissal bell” with approved exceptions related to certain student medical, disability, or language needs
- Prohibition on diversity, equity, and inclusion initiatives, including programs, training, or policies, at public entities, including school districts with risks to all State funding for non-compliance
  - “DEI” defined as “any program, policy, training, or initiative that classifies individuals based on a characteristic” including “age, sex, gender identity, race, creed, color, marital status, familial status, physical or mental disability or national origin...sexual orientation” in the referenced statute “for the purpose of achieving demographic outcomes, rather than treating individuals equally under the law.”
  - Department of Education must report to the Legislature about all existing DEI-related contracts in public schools, review all contracts, and report on process for eliminating DEI-related provisions
  - Prohibition also applies to state, city, town, and county governments

# JUSTICE AND PUBLIC PROTECTION

# CORRECTIONS, YOUTH DEVELOPMENT CENTER FUNDS, AND OTHER CHANGES

- Eliminated 54 positions at the Department of Corrections across most aspects of agency operations, includes \$10.0 million in unspecified “back-of-budget” reductions
- Added \$20.0 million to the Youth Development Center settlement fund, also proposed appropriating all funding from the Sununu Youth Services Center sale to the settlement fund; separately funded \$10.0 million to settle one case out of court
- Shifted oversight of the YDC settlement fund to the Executive Branch
- Added prohibitions on certain foreign ownership of properties in New Hampshire
- Added unspecified back-of-budget reduction of \$1.0 million to Liquor Commission
- Added \$5.2 million for Sheriff reimbursements, court security, and YDC management
- Contributed \$3.0 million to fund Child Advocacy Centers at the Department of Justice and \$800,000 for the Internet Crimes Against Children Task Force
- Provided \$600,000 to the Northern Border Alliance
- Required unspecified \$521,000 in reductions in funding at the Human Rights Commission and established an advisory council for the Commission



# RESOURCE PROTECTION AND DEVELOPMENT AND THE DEPARTMENT OF ENERGY

# RENEWABLE ENERGY, ARTS FUNDING REDUCED AND BUILDING STREAMLINED

- Shifted \$28 million out of the Renewable Energy Fund to support General Fund appropriations, keeping an estimated \$2.0 million to support ongoing projects
- Funding for the Division of the Arts at the Department of Natural and Cultural Resources reduced, may be backfilled with a tax credit against State business taxes of up to \$700,000, with planned matching federal funds
- Reorganized relationships between environmental agencies with regard to endangered species protection to require building permits to be acted upon or automatically accepted within 60 days
- Increased funding drawn by the budget from the Drinking Water and Groundwater Trust Fund, and specifically allocated \$11.55 million from the Trust Fund for regional water infrastructure projects in PFAS-impacted southern towns in SFY 2026
- Raised many environmental permitting fees set in statute, including for dredging, land alteration, and certain registration fees

# TRANSPORTATION AND DEPARTMENT OF SAFETY

# ELIMINATED MOTOR VEHICLE INSPECTIONS

- Motor vehicle safety inspections eliminated starting in February 2026; emissions inspections eliminated by September 2026
- State will submit a waiver request to the federal government relative to the elimination of emissions inspections
- Department of Transportation funding overall relatively stable, about a 1.0 percent funding change from last State Budget
- Boosted funding for transit operations to access a federal match, similar to the last State Budget biennium
- Regional planning commission State Budget funding reduced
- Increased motor vehicle registration fees, collecting \$31.5 million more during the biennium

# GENERAL GOVERNMENT AND REVENUE CHANGES

# RETIREMENT SYSTEM FUNDING AND AGENCY REORGANIZATIONS

- Boosted retirement benefits for certain police and firefighting personnel who had benefits changed in 2011 to 2013 time period, funding at \$42.0 million for the biennium, adding a cap on maximum benefits provided through retirement system to set of employees
- Housing Appeals Board funding reduced, administratively attached to Board of Tax and Land Appeals
- Extended lapsing funds for Housing Champions Program
- Partially defunded State Commission on Aging, limiting appropriations to a flexible \$300,000 for biennium
- Governor required to find \$32.0 million in unspecified revenue increases or expenditure reductions during biennium
- Total “back-of-budget” reductions: \$112.7 million

# EXPANDED GAMBLING PROJECTED TO GENERATE MORE REVENUE

- Legalized video lottery terminals in New Hampshire, will tax 31 percent of the revenue and direct it to the Governor's Commission on Addiction, Treatment, and Prevention, charities in the state, the Education Trust Fund, and the General Fund; total anticipated revenue would be \$185.3 million during budget biennium
- Removed existing \$50 cap on maximum wagers, expanded hours for Keno gaming, established high-stakes tournaments with buy-ins of \$2,500 or more, and raised maximum ticket price for lottery drawings from \$30 to \$50
- Eliminated the Council for Responsible Gaming and transferred duties to the NH Department of Health and Human Services
- Increased many fees, including motor vehicle fees

# KEY TAKEAWAYS AND YOUR QUESTIONS



# KEY TAKEAWAYS

- State Budget is two pieces of legislation constructed over a nearly year-long process, funding most (but not all) State operations
- Both economic factors and policy decisions reduced revenue this budget cycle, and key potential expenditures, such as the YDC settlements, presented challenges
- Current State Budget includes status quo funding for many State agencies, but substantial shifts and reductions in key areas
- Increases in funding for Special Education Aid, school districts with lower property values, Education Freedom Accounts, certain police and firefighter retirees, nursing facilities, Youth Development Center settlement funding, and water infrastructure
- Decreased funding for the University System, Department of Corrections positions, tobacco prevention services, arts funding, the Office of the Child Advocate, family planning, the Housing Appeals Board, and prescription drug affordability efforts
- Gambling expansions projected to generate significant revenue, while Medicaid premiums and work requirements could lead to lower enrollments
- Medicaid, transportation, and other policy changes interact with federal policies

# ADDITIONAL NHFPI RESOURCES

- Weekly Newsletter: <https://nhfpi.org/subscribe>
- Blog: Legislature Passes Budget Paired with Changes to Retirement Benefits, School Funding – June 27, 2025: <https://nhfpi.org/blog/legislature-passes-budget-paired-with-changes-to-retirement-benefits-school-funding/>
- Blog: Committee of Conference Budget Nearly Matches Senate Version on Spending, Trims Retirement and University System Appropriations – June 23, 2025: <https://nhfpi.org/blog/committee-of-conference-budget-nearly-matches-senate-version-on-spending-trims-retirement-and-university-system-appropriations/>
- State Budget Webinar Series: <https://nhfpi.org/events/examining-the-state-budget-2025-webinar-series/>
- Resource Page: Budget: <https://nhfpi.org/topic/budget/>

# QUESTIONS AND ANSWERS



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