



# THE COST OF LIVING OVER TIME AND FUNDING FOR PUBLIC SERVICES IN NEW HAMPSHIRE

PHIL SLETTEN, NHFPI RESEARCH DIRECTOR

FRANCESTOWN RECREATION COMMITTEE

JANUARY 28, 2026

FOR THESE SLIDES AND OTHER UPDATES: <https://nhfpi.org/subscribe>

# ABOUT NHFPI

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 NHFPI's work.
- was referenced by news media outlets using our research and analysis **more than 850 times** last year.

[Sign Up For Our Newsletter](#)

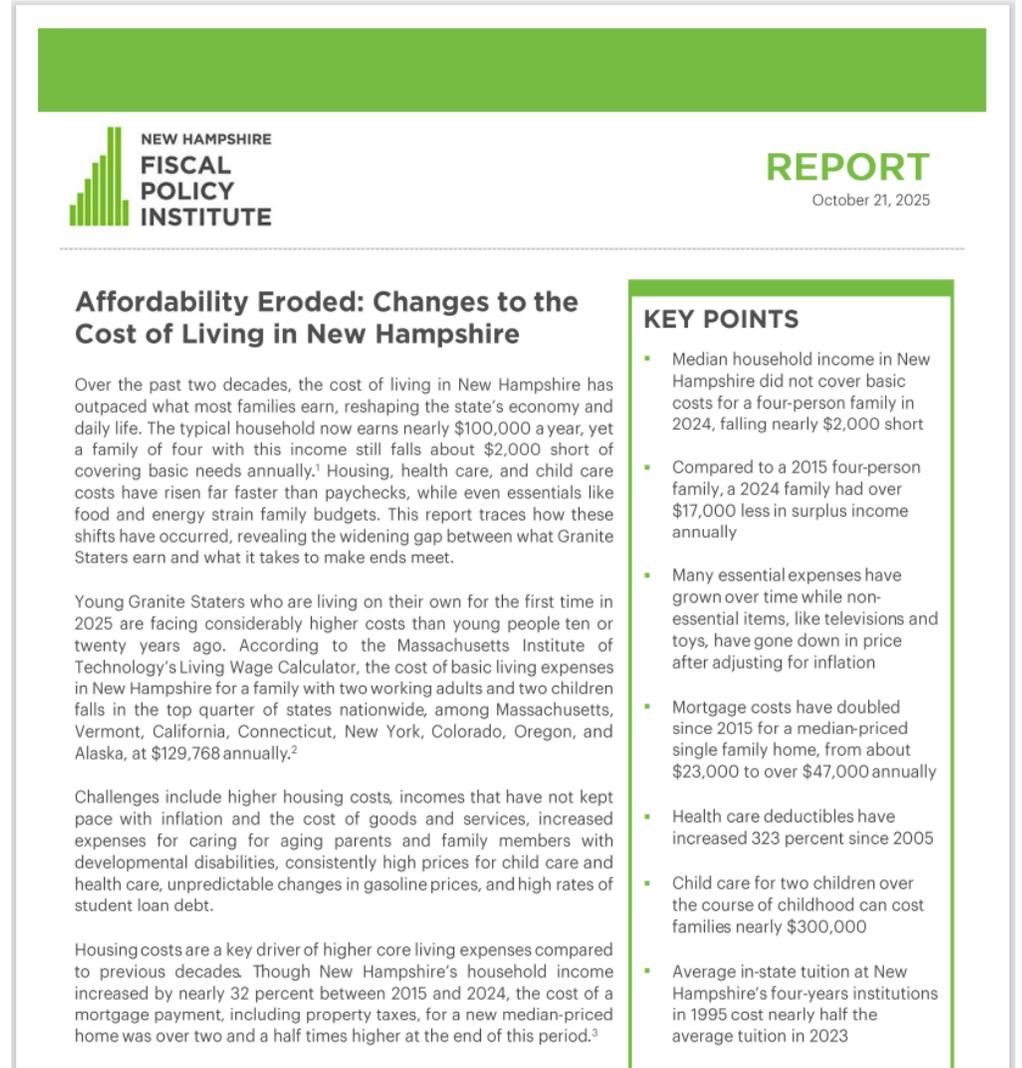
[nhfpi.org/subscribe](https://nhfpi.org/subscribe)



# CHANGES IN THE COST OF LIVING IN NEW HAMPSHIRE OVER TIME

# A SUMMARY OF NHFPI'S COST OF LIVING ANALYSIS, MORE DETAILS IN THE REPORT

- Report published Tuesday, October 21, 2025 and available online for public use
- Citations and a deeper dive into the methodologies behind all the data we are about to present are available at [nhfpi.org](https://nhfpi.org)



**NEW HAMPSHIRE FISCAL POLICY INSTITUTE**

**REPORT**  
October 21, 2025

### Affordability Eroded: Changes to the Cost of Living in New Hampshire

Over the past two decades, the cost of living in New Hampshire has outpaced what most families earn, reshaping the state's economy and daily life. The typical household now earns nearly \$100,000 a year, yet a family of four with this income still falls about \$2,000 short of covering basic needs annually.<sup>1</sup> Housing, health care, and child care costs have risen far faster than paychecks, while even essentials like food and energy strain family budgets. This report traces how these shifts have occurred, revealing the widening gap between what Granite Staters earn and what it takes to make ends meet.

Young Granite Staters who are living on their own for the first time in 2025 are facing considerably higher costs than young people ten or twenty years ago. According to the Massachusetts Institute of Technology's Living Wage Calculator, the cost of basic living expenses in New Hampshire for a family with two working adults and two children falls in the top quarter of states nationwide, among Massachusetts, Vermont, California, Connecticut, New York, Colorado, Oregon, and Alaska, at \$129,768 annually.<sup>2</sup>

Challenges include higher housing costs, incomes that have not kept pace with inflation and the cost of goods and services, increased expenses for caring for aging parents and family members with developmental disabilities, consistently high prices for child care and health care, unpredictable changes in gasoline prices, and high rates of student loan debt.

Housing costs are a key driver of higher core living expenses compared to previous decades. Though New Hampshire's household income increased by nearly 32 percent between 2015 and 2024, the cost of a mortgage payment, including property taxes, for a new median-priced home was over two and a half times higher at the end of this period.<sup>3</sup>

#### KEY POINTS

- Median household income in New Hampshire did not cover basic costs for a four-person family in 2024, falling nearly \$2,000 short
- Compared to a 2015 four-person family, a 2024 family had over \$17,000 less in surplus income annually
- Many essential expenses have grown over time while non-essential items, like televisions and toys, have gone down in price after adjusting for inflation
- Mortgage costs have doubled since 2015 for a median-priced single family home, from about \$23,000 to over \$47,000 annually
- Health care deductibles have increased 323 percent since 2005
- Child care for two children over the course of childhood can cost families nearly \$300,000
- Average in-state tuition at New Hampshire's four-years institutions in 1995 cost nearly half the average tuition in 2023

# BASIS FOR ANALYSIS: A GRANITE STATE FAMILY OF FOUR



- Two adults with two young children
- Key living costs able to be traced over a twenty-year period for a family with this structure during those points in time

# QUESTION

## THREE YEARS ANALYZED: 2005, 2015, AND 2024

In which year (**2005**, **2015**, or **2024**) was it the *easiest* for this family, earning the median household income for all household sizes, to afford the basic expenses below?

- Mortgage payment for a newly-purchased median-priced single-family house, with property taxes
- Child care for two children under five years old
- Food
- Health care
- Gasoline

# HOUSING DROVE THE BIGGEST COST CHANGES



Monthly Payment After Purchasing Median-Priced Single-Family House, 5% Downpayment, Average Property Tax and 30-Year Fixed Mortgage Rate, 2024 Dollars, Total for Year

- 2005: \$36,285 (\$3,024 per month in 2024 dollars)
- 2015: \$22,987 (\$1,916 per month in 2024 dollars)
- 2024: \$47,249 (\$3,937 per month)

# EARLY CARE AND EDUCATION EXPENSES GENERATED NEXT-LARGEST COST INCREASE



Center-Based Care for an Infant  
and a Four-Year Old, 2024 Dollars,  
Annual Cost

- 2005: \$24,960
- 2015: \$27,357
- 2024: \$29,082

# CAREGIVING COSTS SIGNIFICANT FOR ALL AGES

- In 2024, the average price for caring for a New Hampshire infant in center-based care was \$16,040, while the price for a toddler in center-based care was \$14,870
- For older adults or individuals with disabilities that require skilled nursing or intermediate care facility, annual private pay cost was estimated to be \$141,712 in July 2024
- Yearly Medicaid costs in the State Budget estimated to be \$114,734 for nursing facility care per enrollee
- Home and community-based care was considerably less expensive overall, with the Choices for Independence program costs averaging \$31,977 per enrollee

# FOOD COSTS CHANGES LIMITED RELATIVE TO INFLATION OVER TWO DECADES



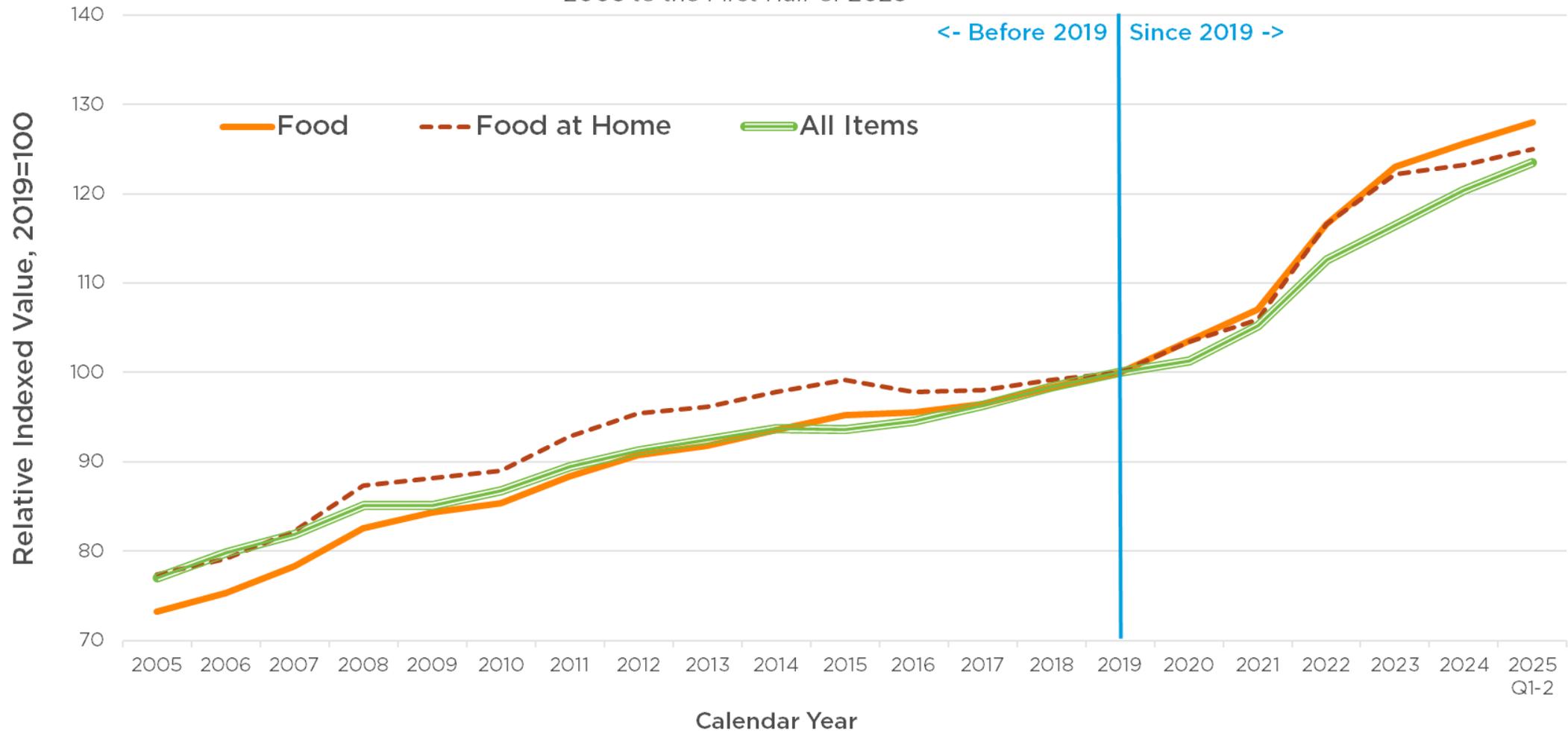
Four-Person Household Median Income Food Plan Cost from The U.S. Department of Agriculture, 2024 Dollars

- 2005: \$11,581
- 2015: \$12,259
- 2024: \$11,877

# FOOD PRICE INCREASES FASTER SINCE 2019

## RELATIVE PRICE CHANGES FOR FOOD

Consumer Price Index-Northeast, All Items, All Food Items, All Food Items for Consumption at Home, 2005 to the First Half of 2025



# GASOLINE COSTS FELL BELOW INFLATION, BUT ARE VOLATILE IN SHORT PERIODS



Two Cars with Average Miles Per Gallon and Miles Driven per Car with New England Regular Gas Prices in Each Year, 2024 Dollars

- 2005: \$4,477
- 2015: \$2,842
- 2024: \$2,603

# HEALTH CARE COSTS ROSE TO BECOME A LARGER SHARE OF HOUSEHOLD BUDGETS



EMERGENCY

Reported Annual Expenditures on Health Care Costs for a Four-Person Family in the Northeast, All in 2024 Dollars

- 2005: \$6,451
- 2015: \$9,547
- 2024: \$10,850

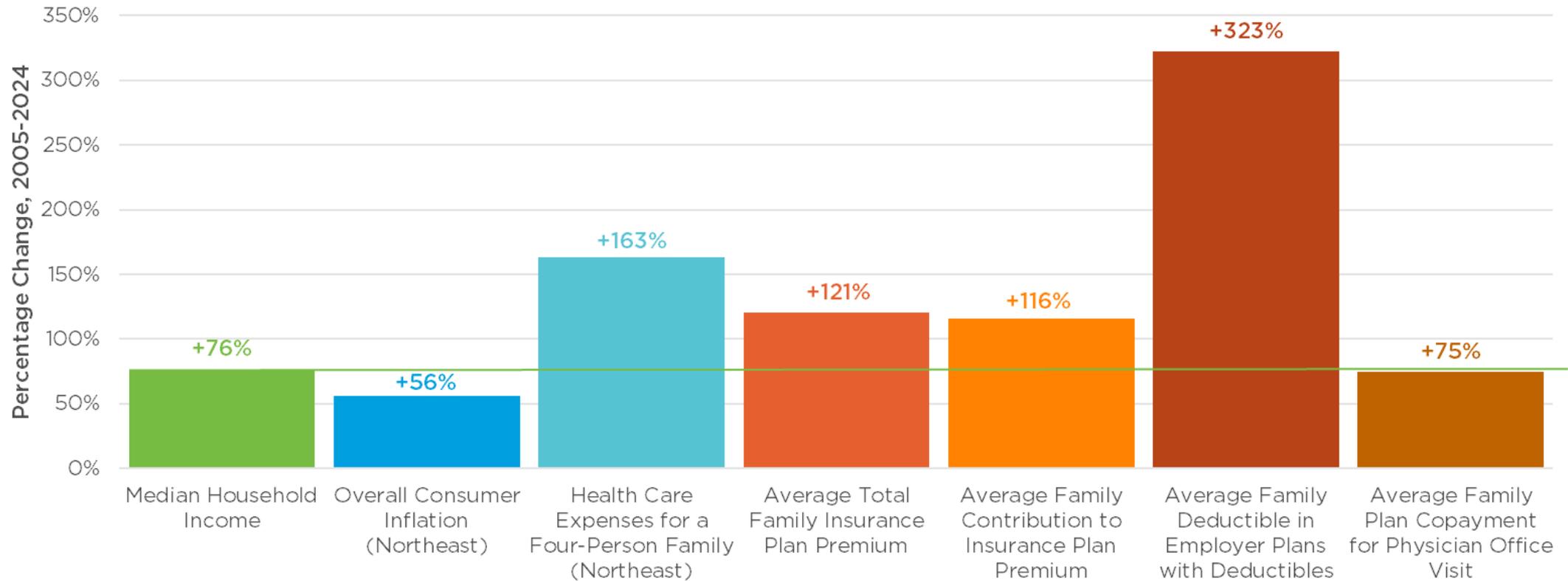
# HEALTH CARE COSTS: MULTIPLE COMPONENTS

- Total cost, paid by insurers, employers, individuals, companies, and governments, totaled about \$14,000 per person in 2024
- Focus in this analysis on specific kinds of costs, what do families face in their budgets?
  - Premiums to maintain coverage
  - Deductibles to pay before coverage begins
  - Copayments and coinsurance for specific services or procedures
  - Non-premium costs are “out-of-pocket” costs
  - Some costs split with employers



# DIFFERENT TYPES OF HEALTH CARE COSTS RISE UNEVENLY

## CHANGES IN HEALTH-RELATED COSTS FOR NEW HAMPSHIRE RESIDENTS



### Income or Cost Measure

All data specifically reflect New Hampshire figures or, where indicated for Consumer Price Index inflation data, for the Northeastern United States, including the six New England states, New York, New Jersey, and Pennsylvania.

Sources: U.S. Census Bureau, American Community Survey; U.S. Bureau of Labor Statistics; U.S. Agency for Healthcare Research and Quality, Medical Expenditure Panel Survey

# HOUSING IS KEY DRIVER OF COST OF LIVING CHANGES, FOLLOWED BY CHILD, HEALTH CARE

## COSTS OF BASIC LIVING EXPENSES FOR A FAMILY OF FOUR IN NEW HAMPSHIRE

*Basic Living Costs in 2005, 2015, and 2024,*

*Dollars Adjusted to 2024 Dollars Using the Northeast Consumer Price Index for All Urban Consumers*

Income and Living Expenses	2005	2015	2024
<b><i>Median Household Income (All Household Sizes)</i></b>	<b><i>\$88,749</i></b>	<b><i>\$90,434</i></b>	<b><i>\$99,782</i></b>
Mortgage Payment for a Newly-Purchased Median-Priced House	\$36,285	\$22,987	\$47,249
Child Care for Two Children Under 5 Years Old	\$24,960	\$27,357	\$29,082
Food for Median Income Household	\$11,581	\$12,259	\$11,877
Average Expenditures for Health Care	\$6,451	\$9,547	\$10,850
Gasoline for Two Average Cars, Average Miles Driven	\$4,477	\$2,842	\$2,630
<b><i>Remaining Funds for Other Expenses</i></b>	<b><i>\$4,994</i></b>	<b><i>\$15,443</i></b>	<b><i>-\$1,906</i></b>

Note: Table depicts several major household expenses, but is not intended to be a comprehensive budget. For data sources, methodology, and supporting research, see NHFPI's October 2025 Report, *Affordability Eroded: Changes to the Cost of Living in New Hampshire*.

# KEY RISING COSTS IMPACT ORGANIZATIONAL BUDGETS, INCLUDING 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

## QUESTION

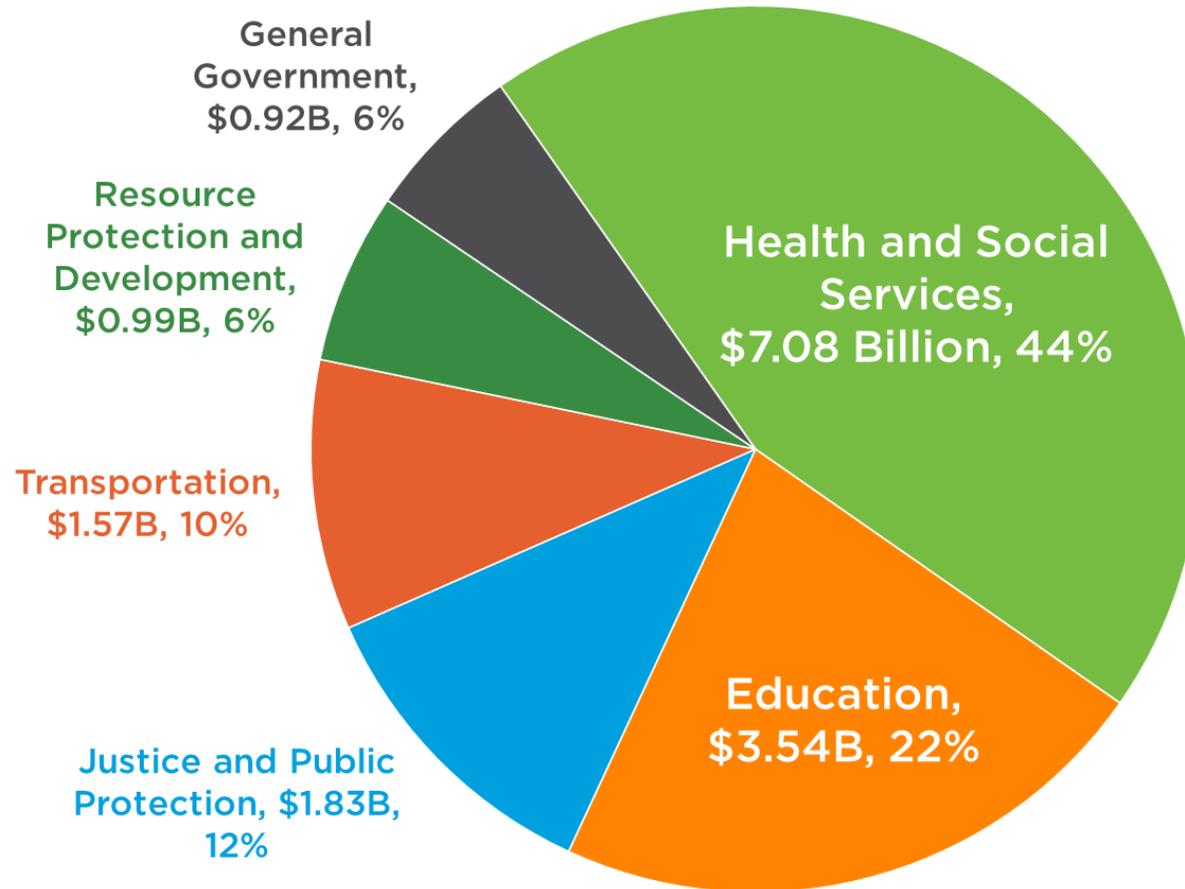
**WHAT PERCENTAGE  
OF THE STATE BUDGET  
IS APPROPRIATED TO:**

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

# BUDGET APPROPRIATIONS IN SIX CATEGORIES

## STATE BUDGET APPROPRIATIONS BY CATEGORY

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



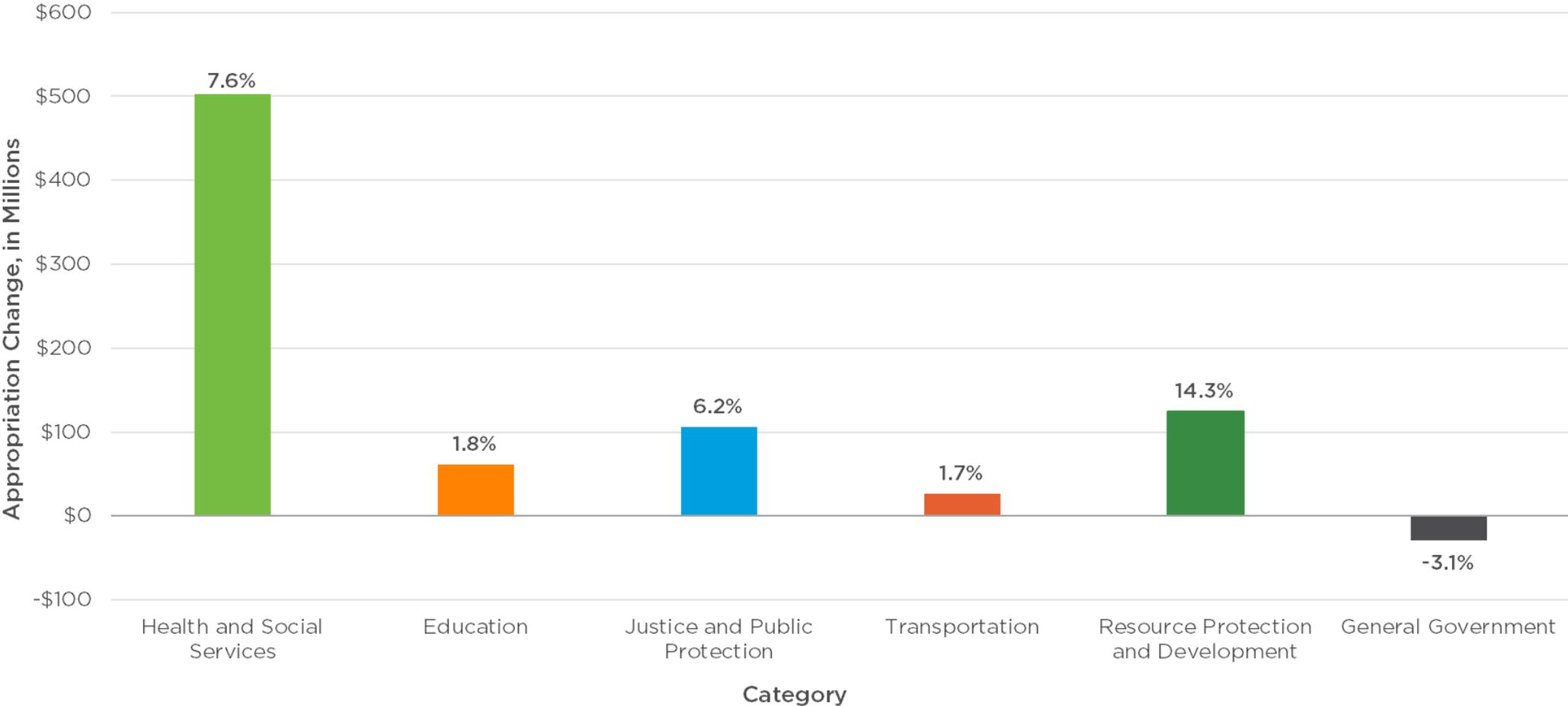
Note: These figures account for inter-agency transfers.

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

# OVERALL BUDGET INCREASED: \$15.4B to \$15.9B

## 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 differences between budgets, but do not account for all allocations of State employee pay increases in the SFYs 2024-2025 State Budget.

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

# CHALLENGES ENTERING THIS BUDGET CYCLE

- Interest and Dividends Tax (\$184.6 million to General Fund, or 8.8% of General Fund revenues, in SFY 2024) repealed effective January 2025
- Falling revenues from State business taxes and interest earned on cash holdings
- Youth Development Center settlements: paid \$239 million in 425 settled claims as of December 2025, of \$1.8 billion total from 2,127 filed claims; \$165 million to settle claims appropriated before this budget, 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 (two 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

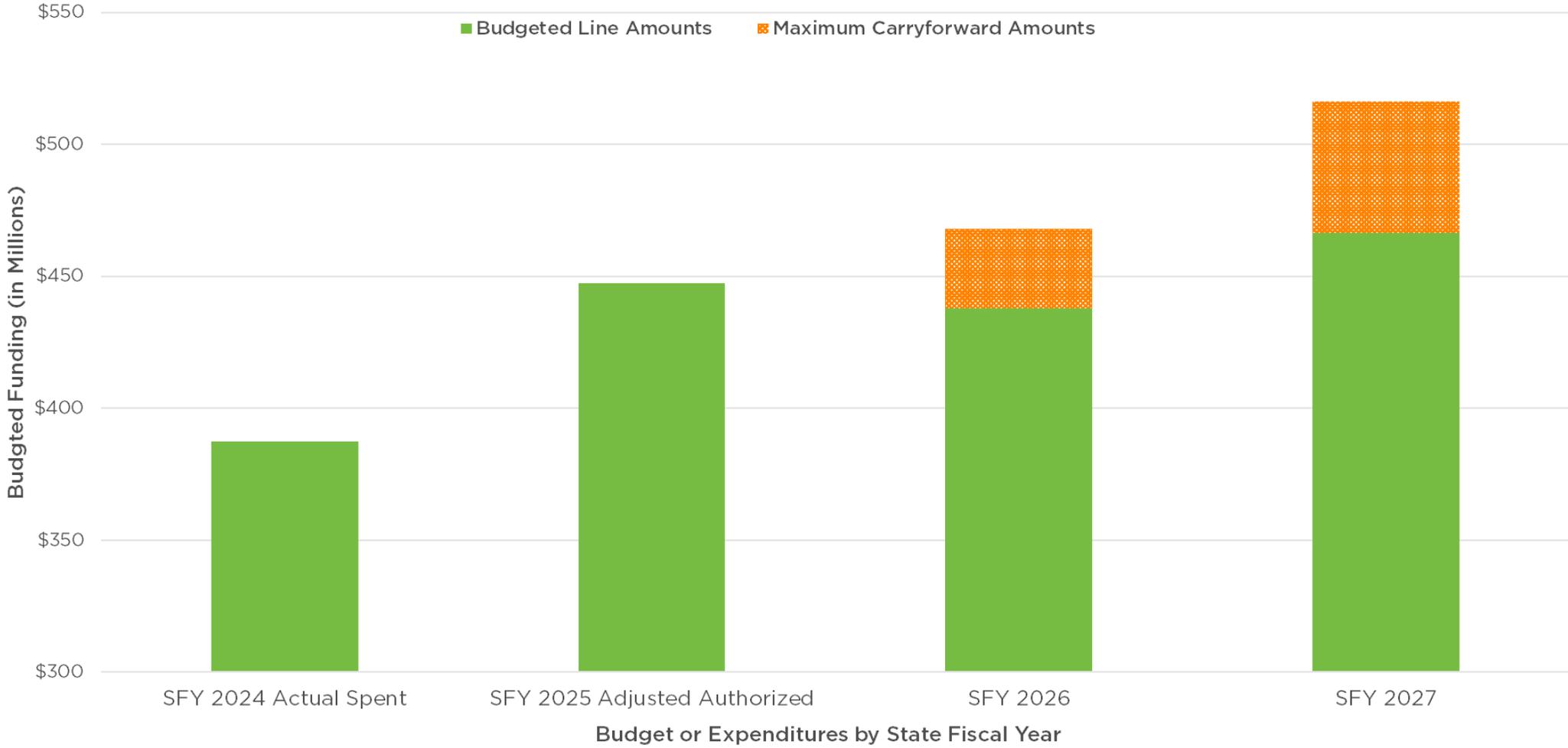
# STATE BUDGET POLICY CHANGES AFFECTING LIVING COSTS AND ACCESS TO SERVICES

# 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

# 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.

# MEDICAID WORK REQUIREMENTS

- Enrollees in Granite Advantage (53,536 total in December 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 16-54 and not covered by federal disability insurance were working in 2023 (KFF)
- Provisions may not interact with new federal work requirements

# 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
- 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

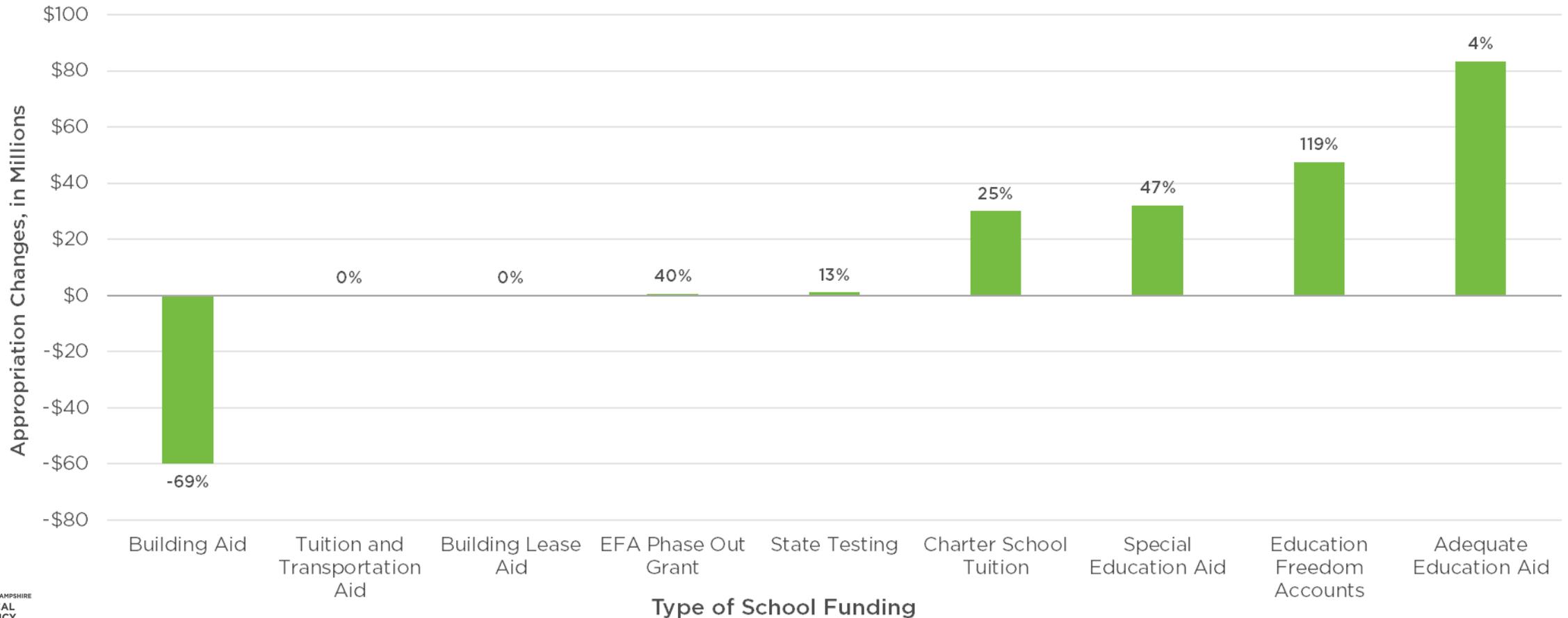
# OTHER HEALTH CHANGES AND INITIATIVES

- Requires \$51.0 million in unspecified budget reductions at the NH DHHS (total of about \$112.7 million in funding reductions unspecified in budget)
- 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
- 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

# 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

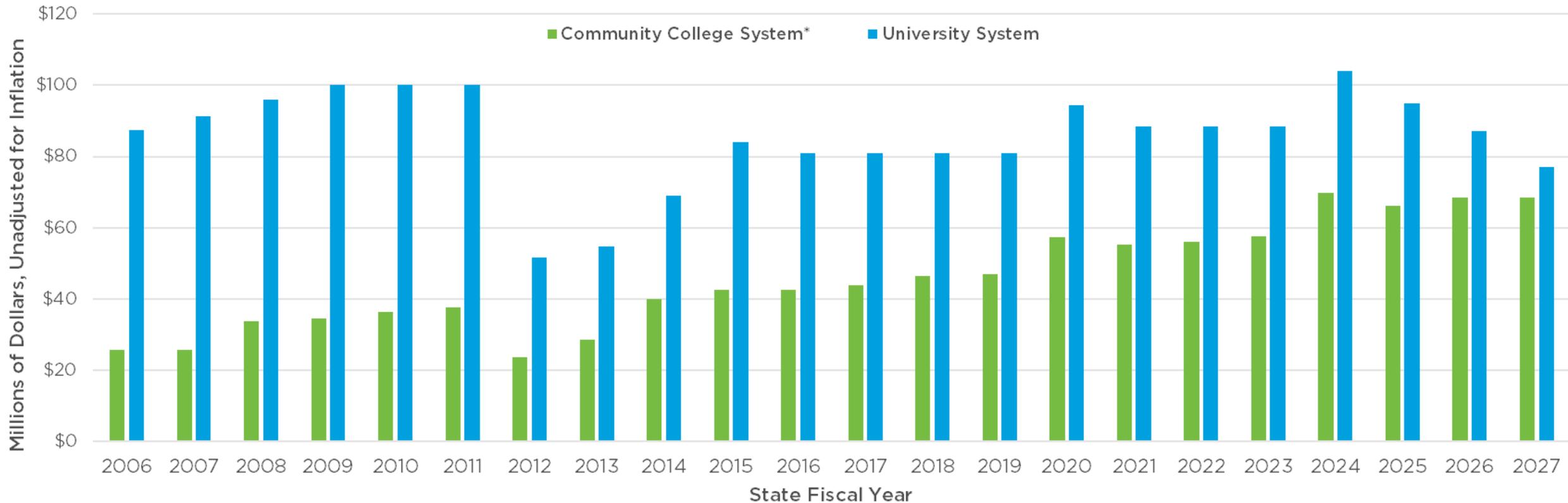
# EDUCATION FUNDING AND POLICY CHANGES

- Increased Special Education Aid to school districts by \$32.0 million (47.2%)
- 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 projected to impact only 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

# ELIMINATED MOTOR VEHICLE INSPECTIONS, RAISED VEHICLE AND ENVIRONMENTAL FEES

- 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
- Increased motor vehicle registration fees, expected to collect \$31.5 million more than prior policy during the biennium
- Raised many environmental permitting fees set in statute, including for dredging, land alteration, and certain registration fees (125 fees raised in total in State Budget)
- Shifted \$28 million out of the Renewable Energy Fund to support General Fund appropriations, keeping an estimated \$2.0 million to support ongoing projects
- 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

# THE STATE BUDGET: HOW IS IT FUNDED?

## QUESTION

**WHAT ARE THE TEN LARGEST  
STATE TAX REVENUE SOURCES?**

# LARGEST STATE TAX REVENUE SOURCES

## Audited Amounts to All Funds (State Fiscal Year 2025)

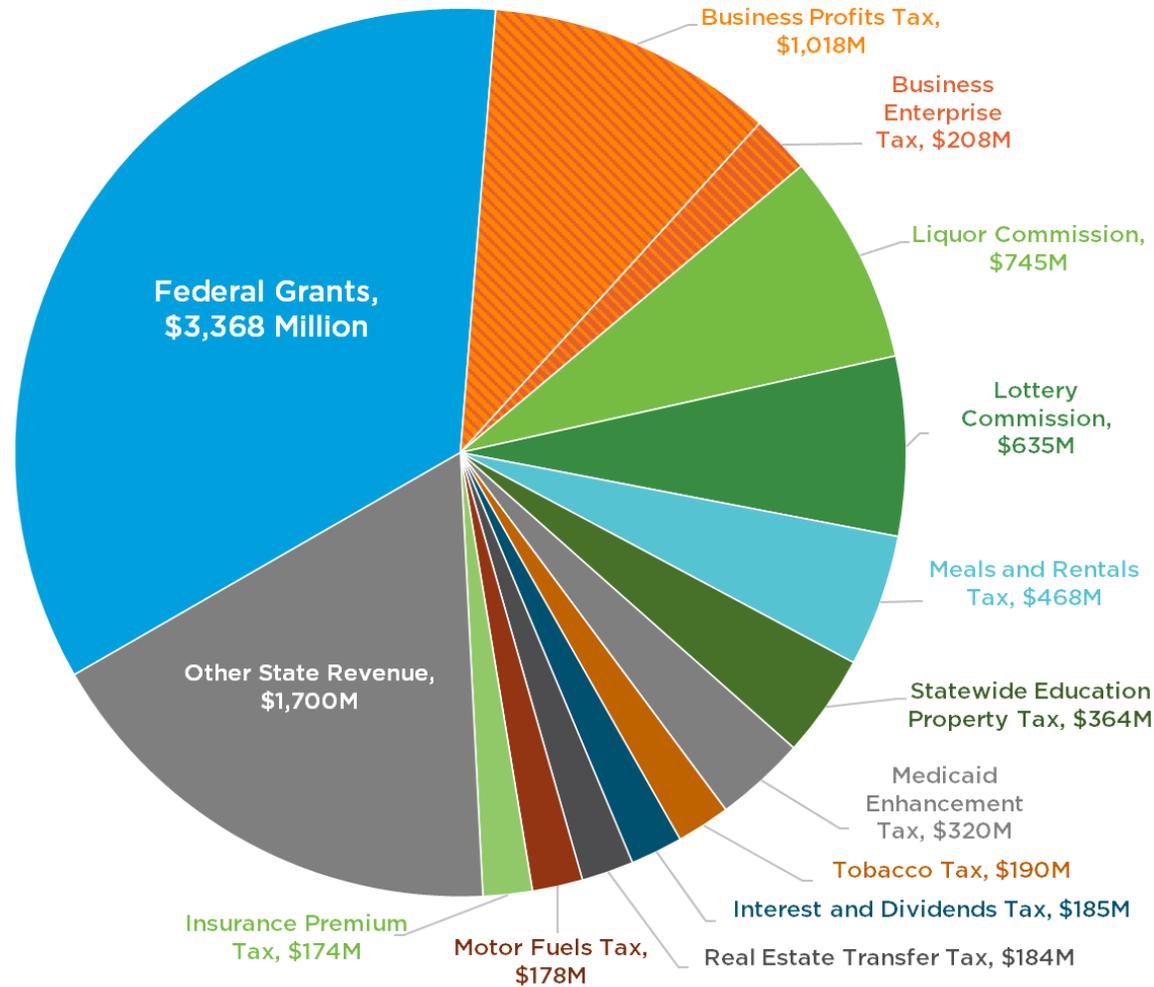
1. Business Profits Tax\* - \$834.2 million
2. Meals and Rentals Tax - \$481.9 million
3. Statewide Education Property Tax - \$364.4 million
4. Medicaid Enhancement Tax - \$347.8 million
5. Business Enterprise Tax\* - \$261.4 million
6. Real Estate Transfer Tax - \$210.3 million
7. Motor Fuels Tax - \$188.2 million
8. Insurance Premium Tax - \$187.1 million
9. Tobacco Tax - \$184.4 million
10. Interest and Dividends Tax - \$72.7 million (partially repealed)

\*Estimated splits between the two business taxes. Detailed splits available by Tax Year after all returns are filed.

Source: New Hampshire Annual Comprehensive Financial Report for Fiscal Year 2025; New Hampshire Department of Revenue Administration

# 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
- Federal Medicaid payments totaled \$1.4 billion in SFY 2024, largest single State revenue source
- 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

# THE TWO PRIMARY BUSINESS TAXES

## Business Profits Tax (BPT)

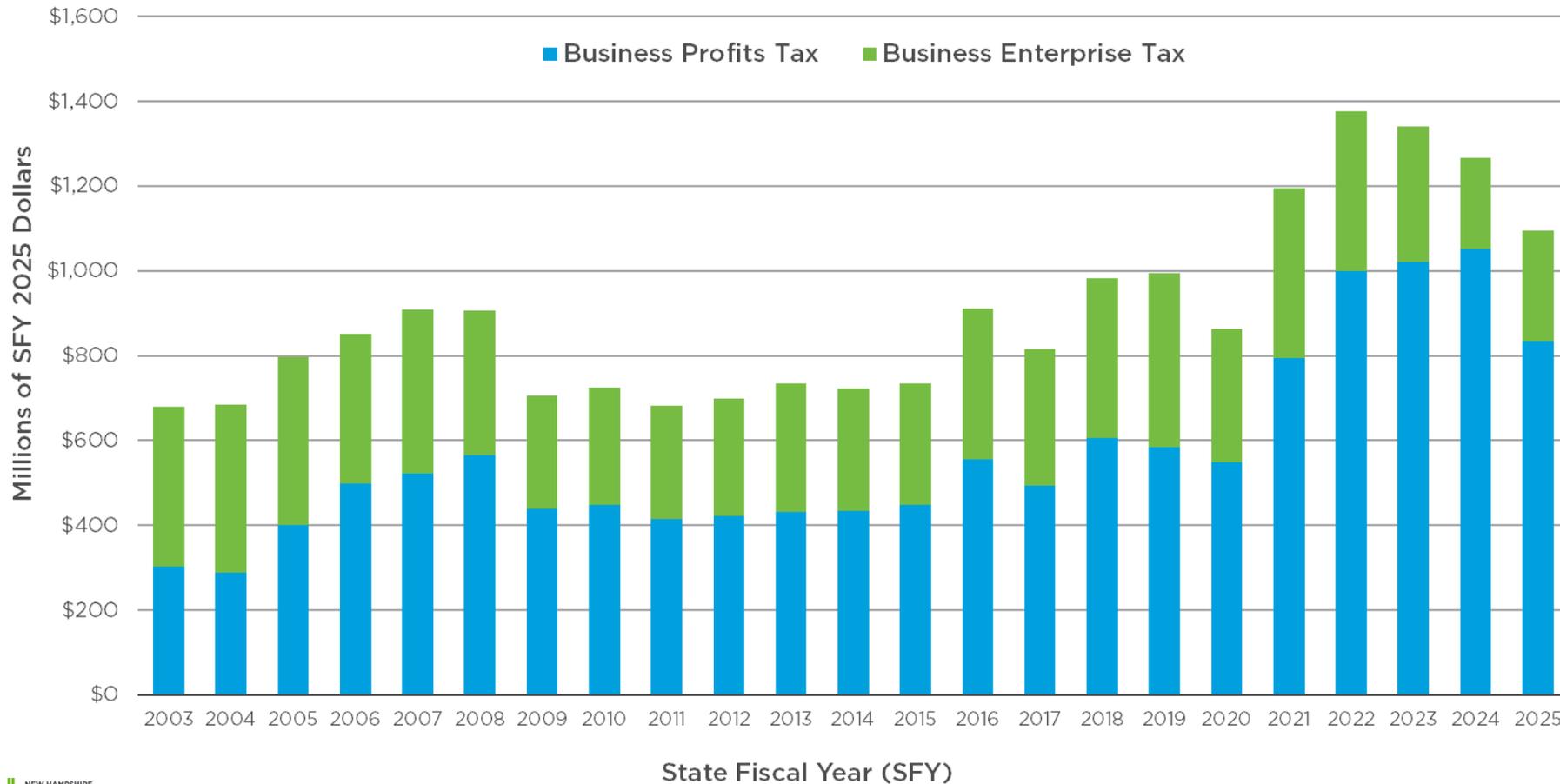
- Traditional state corporate income tax
- Tax based on net business profits after adjustments (BET) and apportionment
- Tax base likely about \$10.1 billion in Tax Year 2023
- Recent rate reductions:
  - 2001-2015: 8.5%, 2016-17: 8.2%, 2018: 7.9%, 2019-21: 7.7%, 2022: 7.6%, 2023: 7.5%
- Supports the 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 \$45.9 billion in Tax Year 2023
- 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

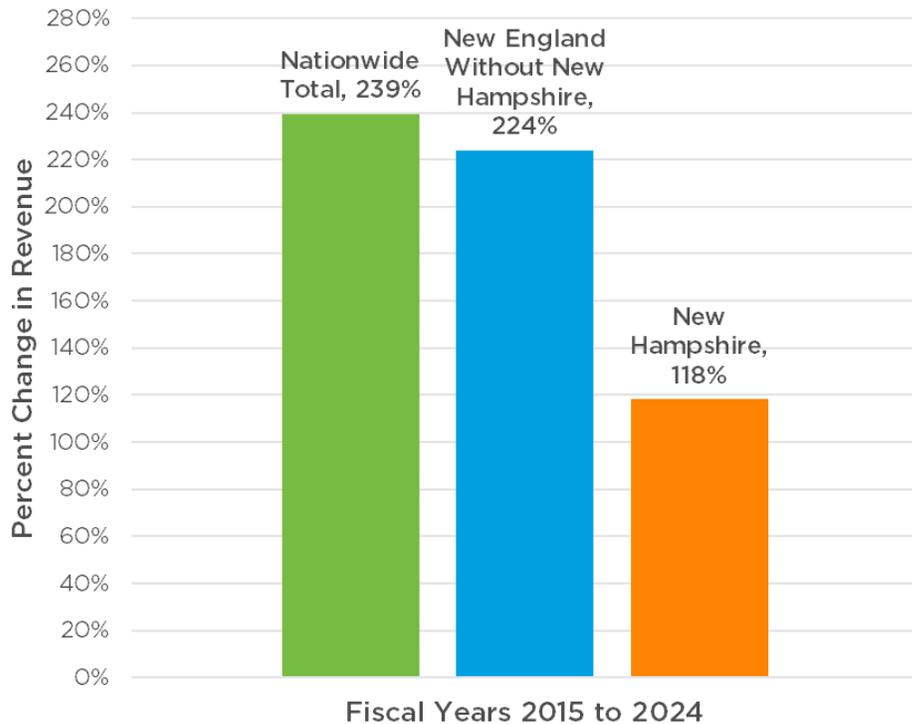


- BPT appears to be primary driver of revenue growth
- BPT versus BET assumptions in cash revenue splits have changed over time as BPT revenues have increased

# REVENUE GROWTH SLOWED BY TAX RATE REDUCTIONS, ESPECIALLY FOR BET SEPARATELY

## CHANGE IN STATE CORPORATE TAX REVENUES, 2015-2024

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

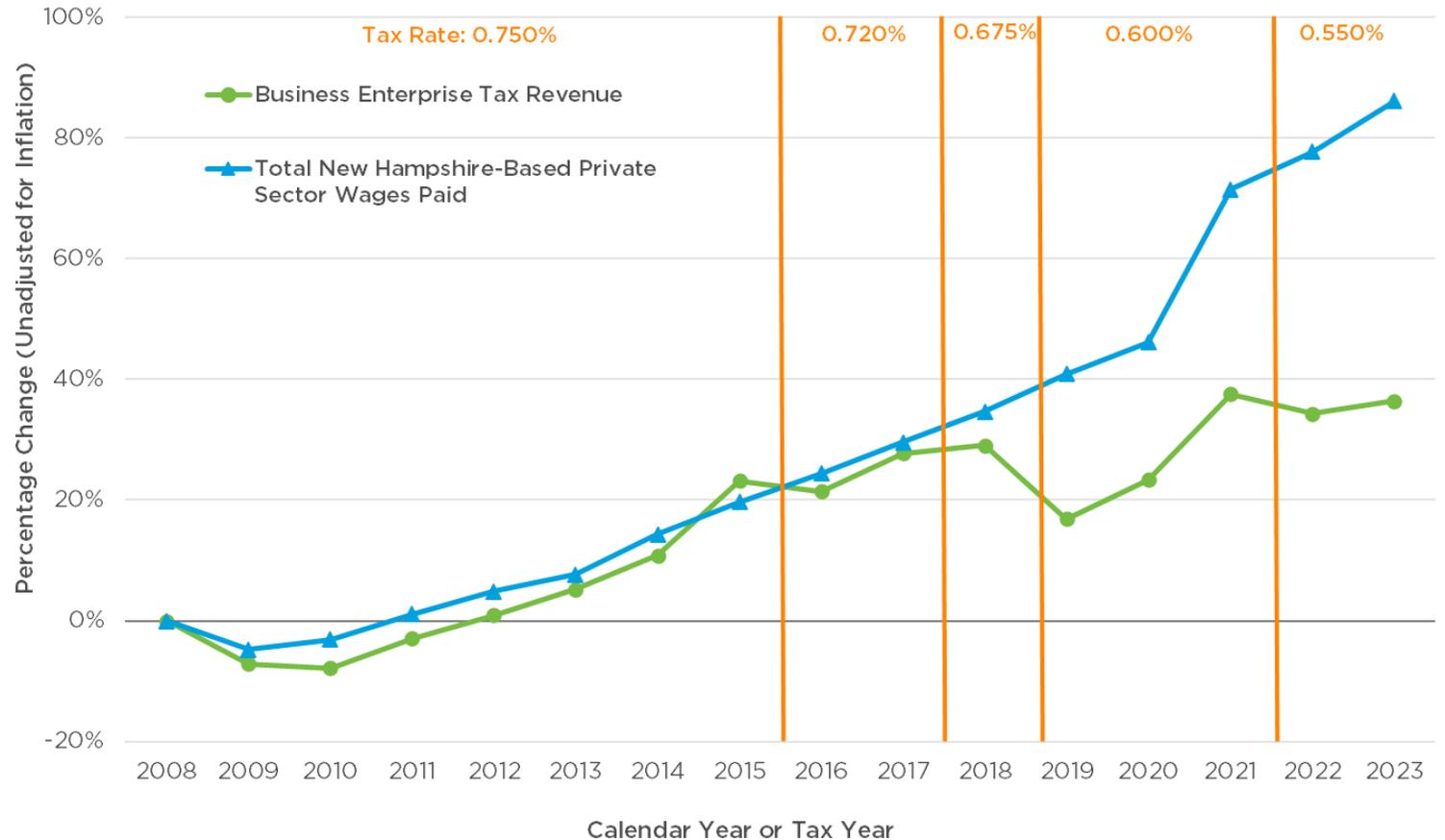


Note: New Hampshire data based on Annual Comprehensive Financial Reports, others based on U.S. Census Bureau data. Data for New Hampshire in the U.S. Census Bureau Collections appeared to include an error.

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

## BUSINESS ENTERPRISE TAX REVENUES AND WAGES

New Hampshire, Percentage Changes Relative to 2008



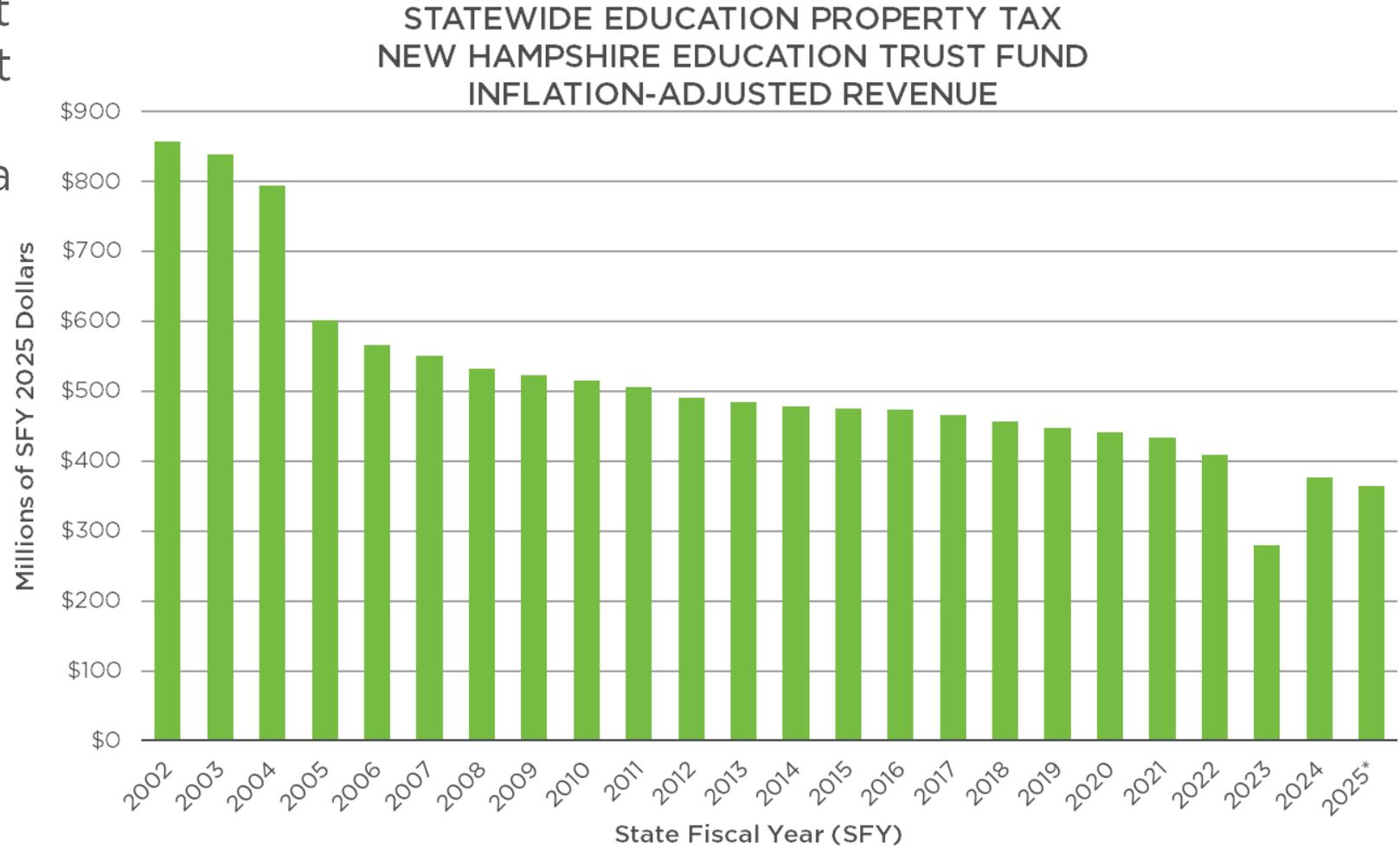
Source: New Hampshire Department of Revenue Administration, Annual Reports; New Hampshire Employment Security, Covered Employment and Wages; U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages

## QUESTION

WHAT DO YOU KNOW ABOUT  
THE STATEWIDE EDUCATION  
PROPERTY TAX (SWEPT)?

# 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



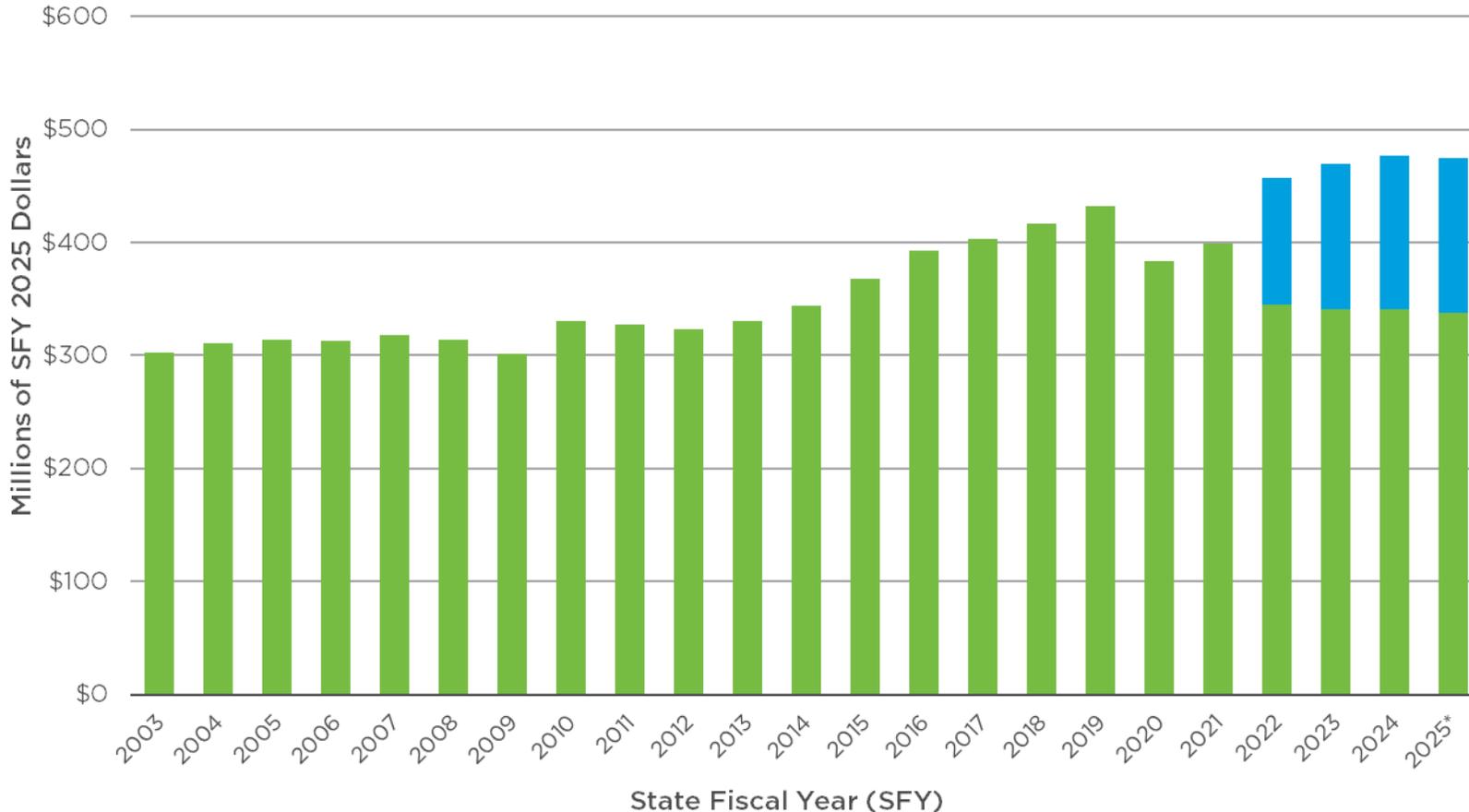
\*Note: Preliminary data based on unaudited cash receipts.

Sources: New Hampshire Annual Comprehensive Financial Reports; Department of Administrative Services Monthly Revenue Focus, June SFY 2025; U.S. Bureau of Labor Statistics, CPI-U, Northeast

# THE MEALS AND RENTALS TAX

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

■ General and Education Trust Funds ■ Municipal Revenue Fund Transfer



- 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, State’s travel and tourism development agency, municipalities (30 percent directed to a special fund outside State Budget)

\*Note: Data based on unaudited cash receipts.

## QUESTION

**DOES THE STATE GOVERNMENT IN  
NEW HAMPSHIRE RAISE MORE  
TAX REVENUE THAN LOCAL  
GOVERNMENTS?**

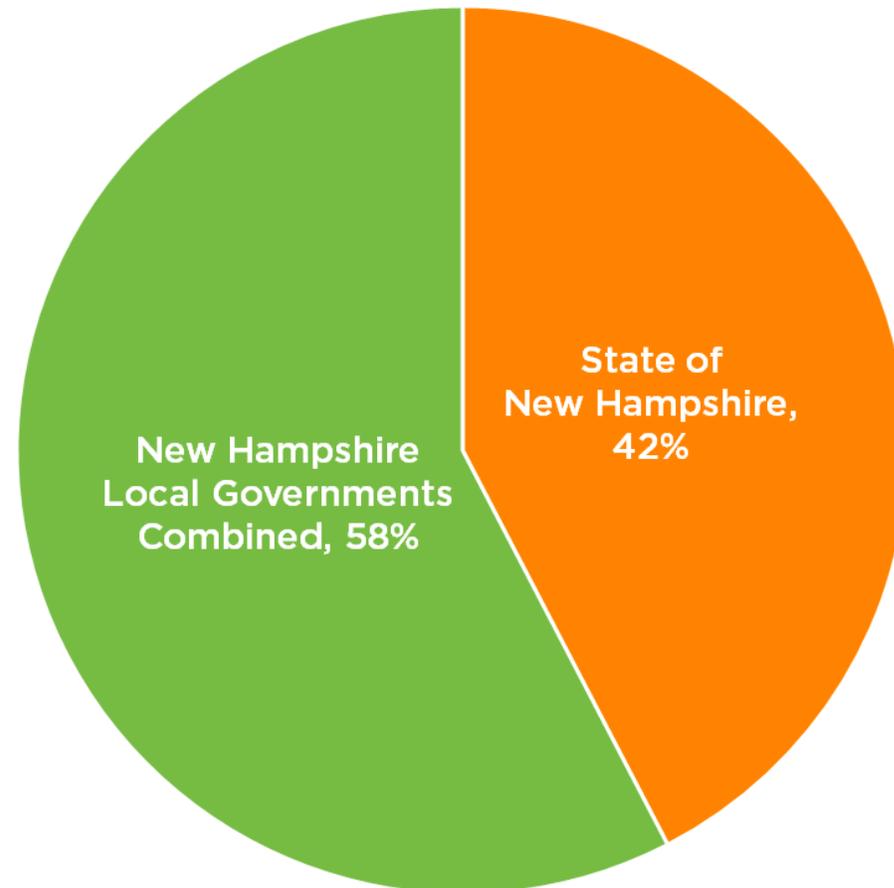
# LOCAL GOVERNMENTS COLLECT MORE TAX REVENUE THAN THE STATE

## NEW HAMPSHIRE TAX REVENUE BY GOVERNMENT LEVEL, FISCAL YEAR 2022

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

### Local Governments includes:

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



# NH HAS LOWEST STATE TAXES PER CAPITA IN COUNTRY, LOCAL PROPERTY TAXES SHIFT RANK

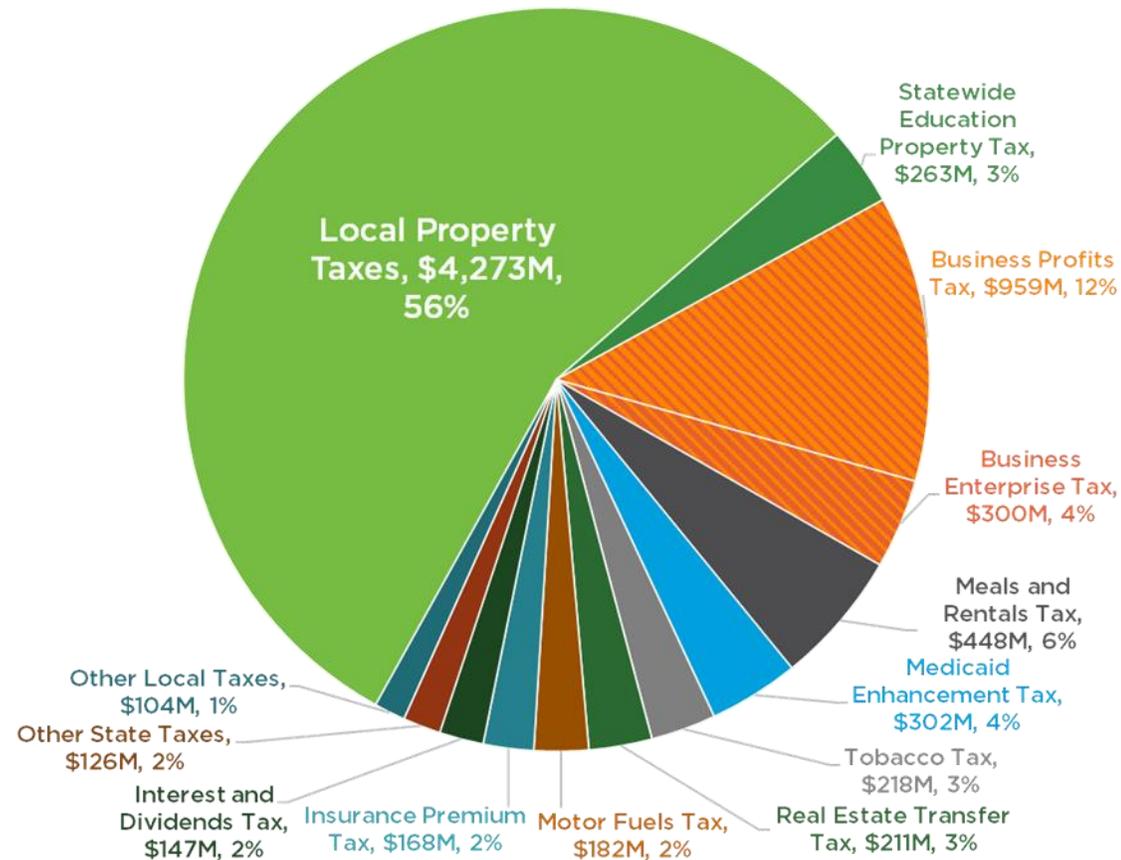
STATE AND LOCAL TAX REVENUE PER CAPITA, FISCAL YEAR 2022 REVENUES AND JULY 2022 POPULATION ESTIMATES		
	State	Estimated Amount
Highest	New York	\$12,732
	California	\$10,319
	Connecticut	\$9,703
	Hawaii	\$9,525
	New Jersey	\$9,354
<b>United States</b>		<b>\$7,089</b>
<i>New Hampshire - Ranked 29th</i>		<i>\$5,930</i>
Lowest	Missouri	\$4,976
	Florida	\$4,854
	Mississippi	\$4,772
	Alabama	\$4,709
	Tennessee	\$4,699

Source: U.S. Census Bureau, 2022 Annual Survey of State and Local Government Finances, Population Estimates Program

# 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

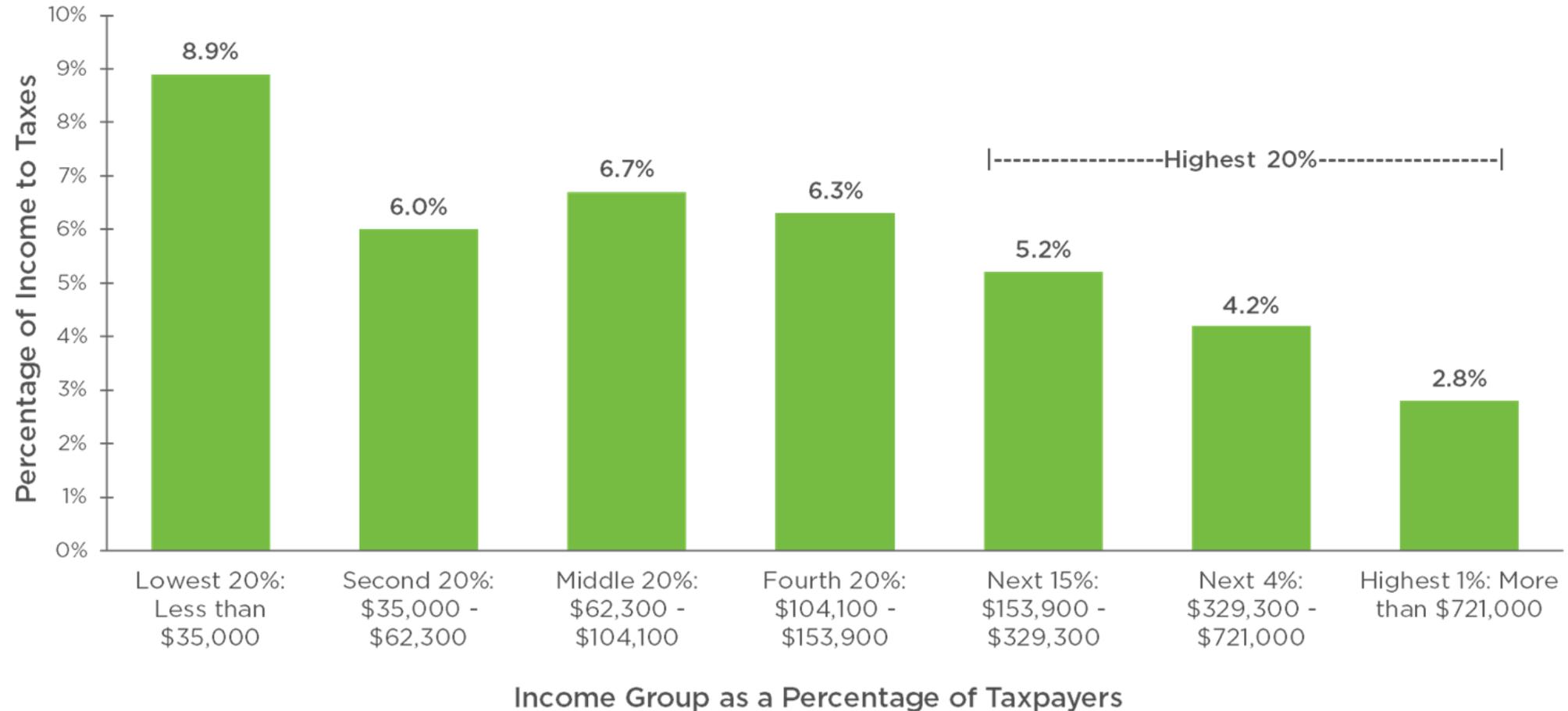


Sources: New Hampshire Annual Comprehensive Financial Report, State Fiscal Year 2023; New Hampshire Department of Revenue Administration, 2023 Annual Report and Completed Public Tax Rates 2023; U.S. Census Bureau, Survey of State and Local Government Finances, 2021; Joint Legislative Fiscal Committee,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

# EFFECTIVE STATE AND LOCAL TAX RATE HIGHER FOR HOUSEHOLDS WITH LOWER INCOMES

## STATE AND LOCAL TAXES AS A SHARE OF NEW HAMPSHIRE FAMILY INCOME

*Effective Tax Rate as a Share of Income by Income Group, 2024 Tax Laws Based on 2023 Income Levels\**



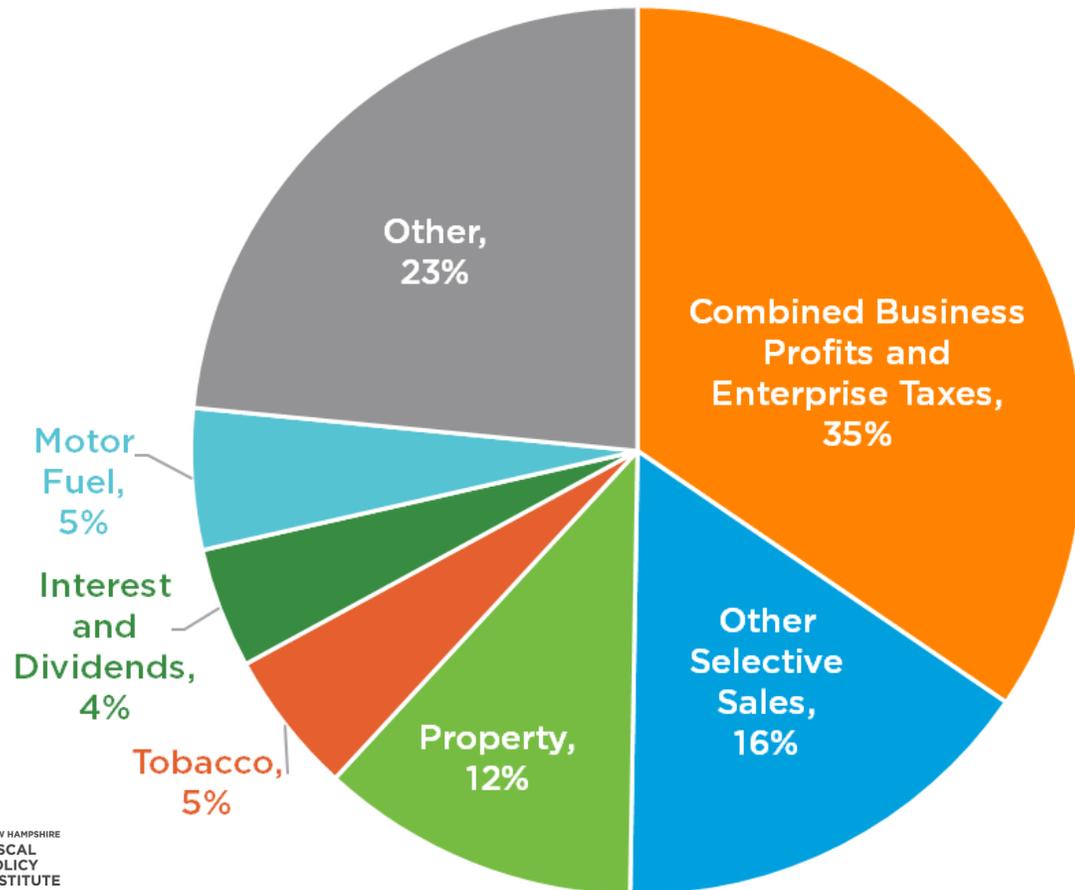
\*Note: Does not include taxpayers who are age 65 and older or tax units with negative incomes. Dependent filers are included with claiming filer.

Source: Institute on Taxation and Economic Policy, *Who Pays?* Seventh Edition, January 2024

# FEWER LOCAL TAX REVENUE SOURCES

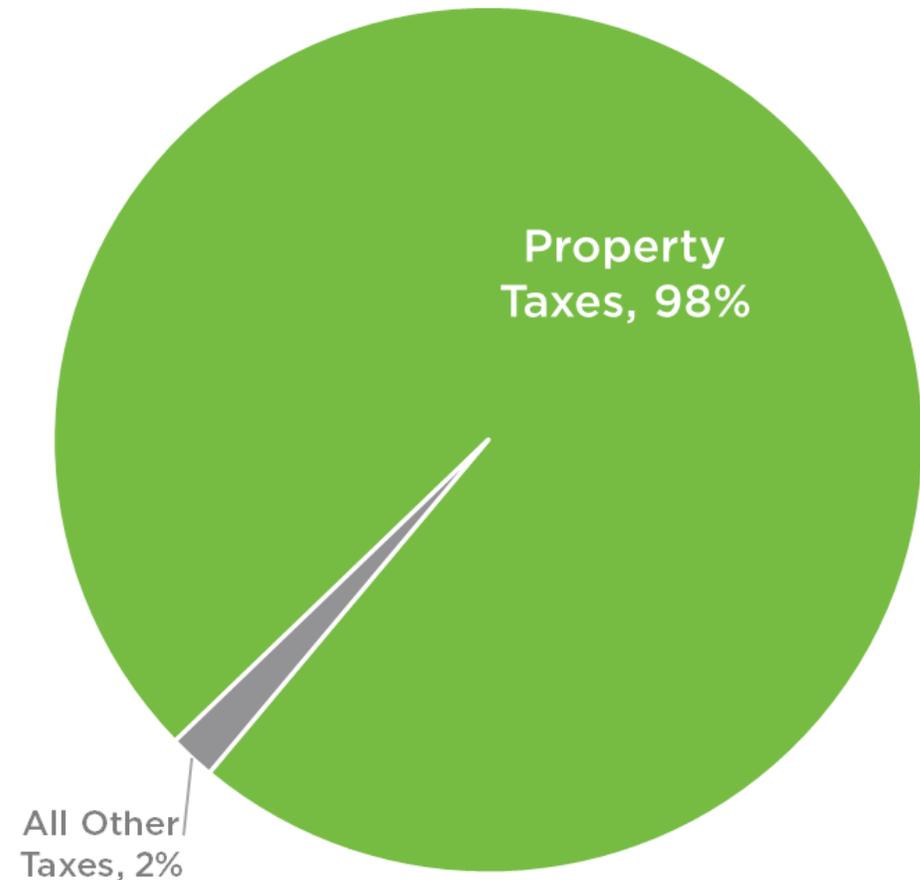
## ALL STATE TAX REVENUE IN NEW HAMPSHIRE FISCAL YEAR 2022

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



## ALL LOCAL TAX REVENUE IN NEW HAMPSHIRE FISCAL YEAR 2022

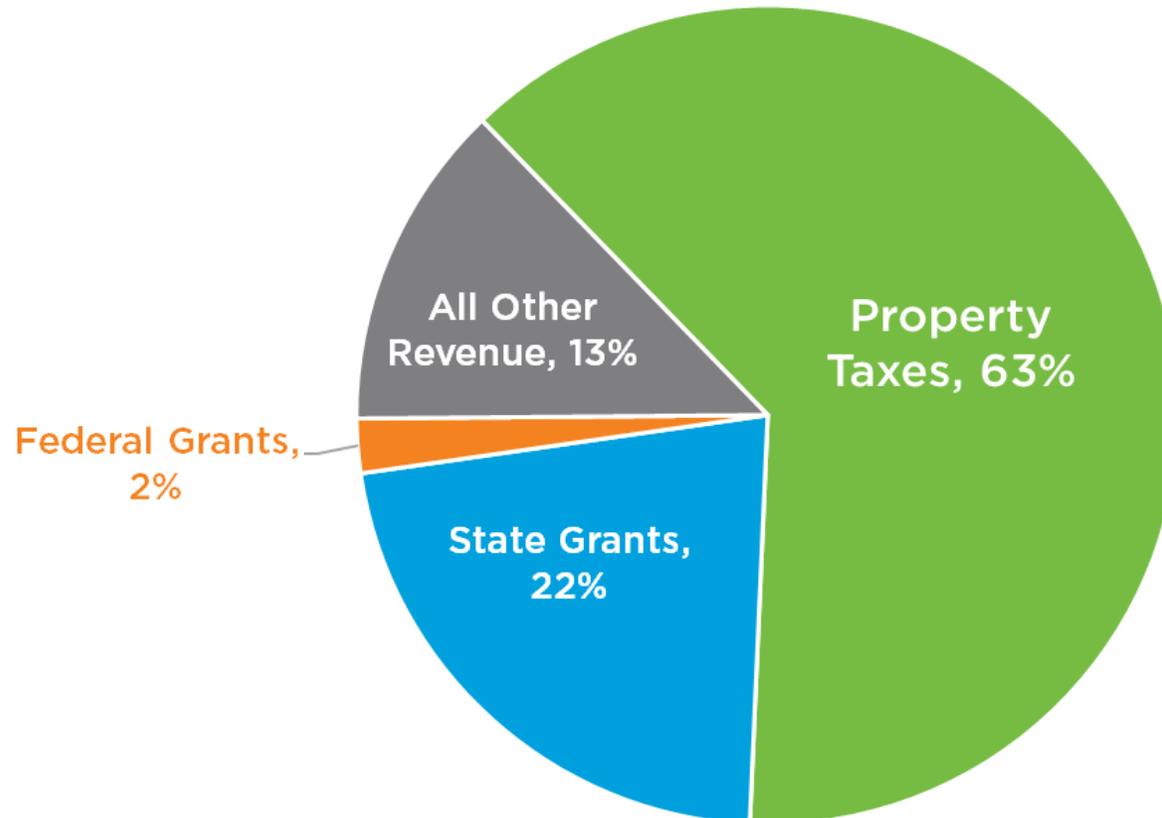
Source: U.S. Census Bureau, Survey of State and Local Government Finances



# PROPERTY TAX RECEIPTS MAJORITY OF LOCAL REVENUE IN NEW HAMPSHIRE

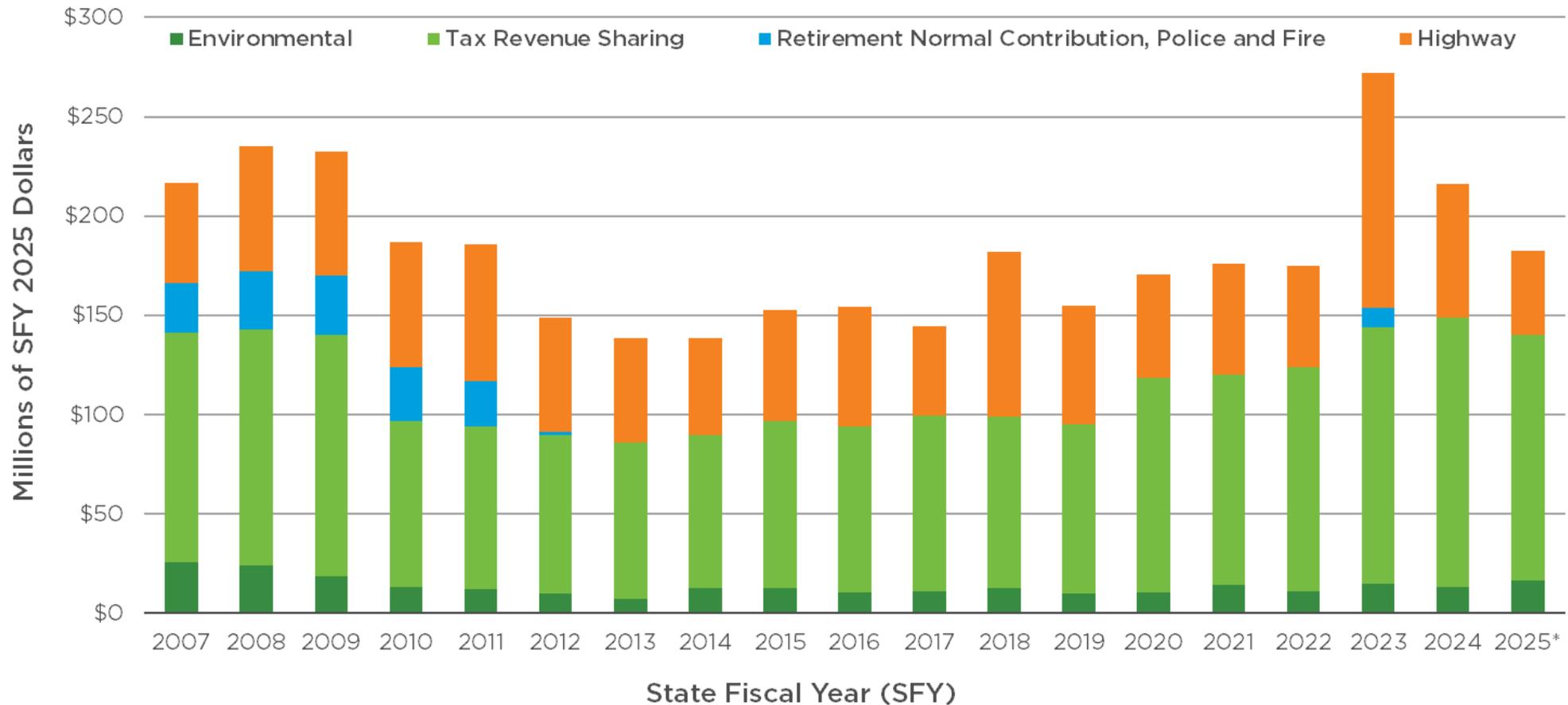
## LOCAL GOVERNMENT REVENUE SOURCES NEW HAMPSHIRE, FISCAL YEAR 2022

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



# STATE AID TO MUNICIPALITIES DECLINED AFTER 2007-2009 RECESSION

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

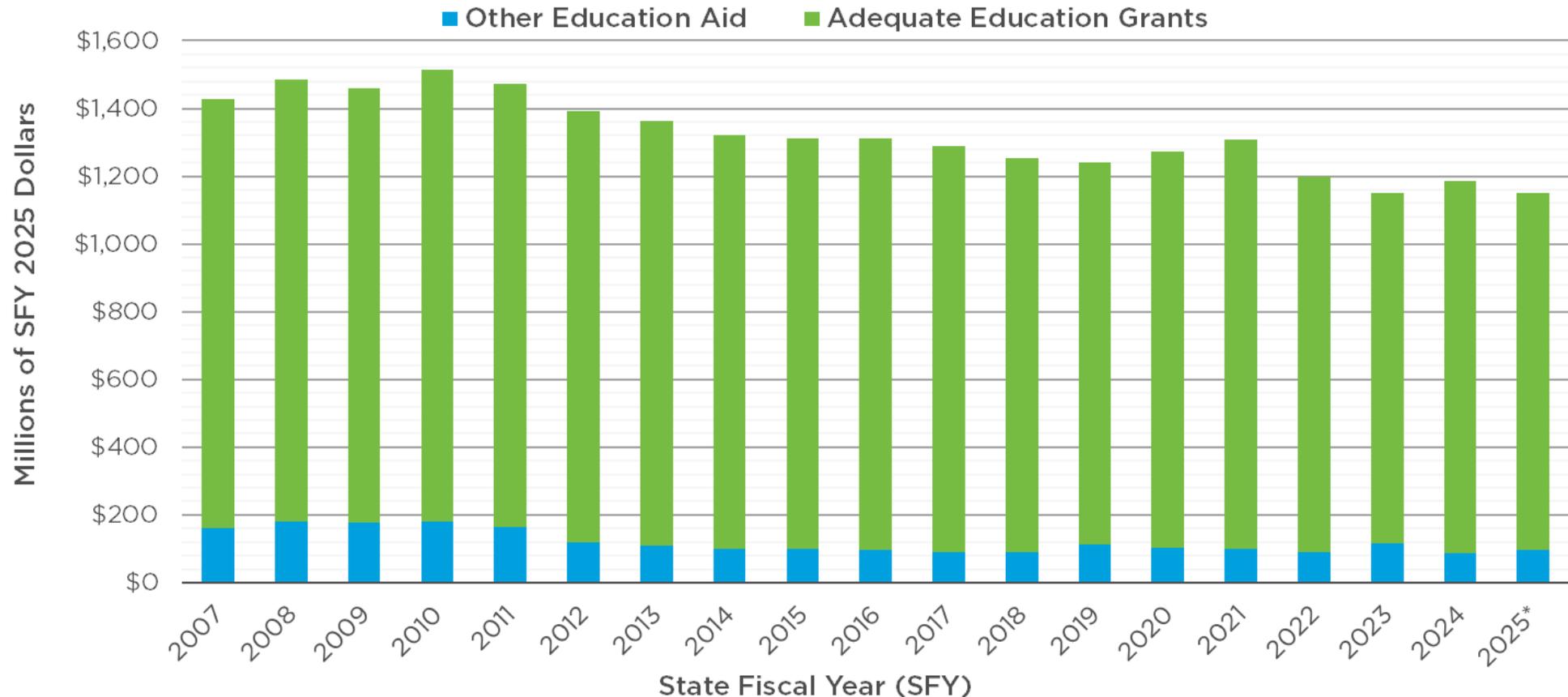


\*Note: Budgeted amount. All others expenditures.

Sources: New Hampshire Office of Legislative Budget Assistant, *State Aid to Cities, Towns, and School Districts*, October 1, 2024; U.S. Bureau of Labor Statistics, Consumer Price Index-Northeast, State Fiscal Year Adjustment from NHFPI Calculations

# EDUCATION FUNDING PRIMARILY DRIVEN BY STUDENT ENROLLMENT, TARGETED AID

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



\*Note: Budgeted amount. All others expenditures.

Sources: New Hampshire Office of Legislative Budget Assistant, *State Aid to Cities, Towns, and School Districts*, October 1, 2024;  
U.S. Bureau of Labor Statistics, Consumer Price Index-Northeast, State Fiscal Year Adjustment from NHFPI Calculations

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

## STATE FUNDING FOR ELEMENTARY AND SECONDARY PUBLIC EDUCATION AS A PERCENTAGE OF ALL REVENUE TO THESE SCHOOLS, FISCAL YEAR 2022

State or Nation	Percentage Funding for Local Public Education from State Sources	Estimated Rank Among 50 States
Vermont	87.4%	1
Hawaii	84.7%	2
Nevada	69.3%	3
Arkansas	67.0%	4
Kansas	65.2%	5
<b>United States</b>	<b>44.0%</b>	--
Florida	32.3%	46
Texas	31.0%	47
South Dakota	30.6%	48
Nebraska	30.0%	49
New Hampshire	29.4%	50

## New Hampshire Rank by Metric Among 50 States and DC, Fiscal Year 2022:

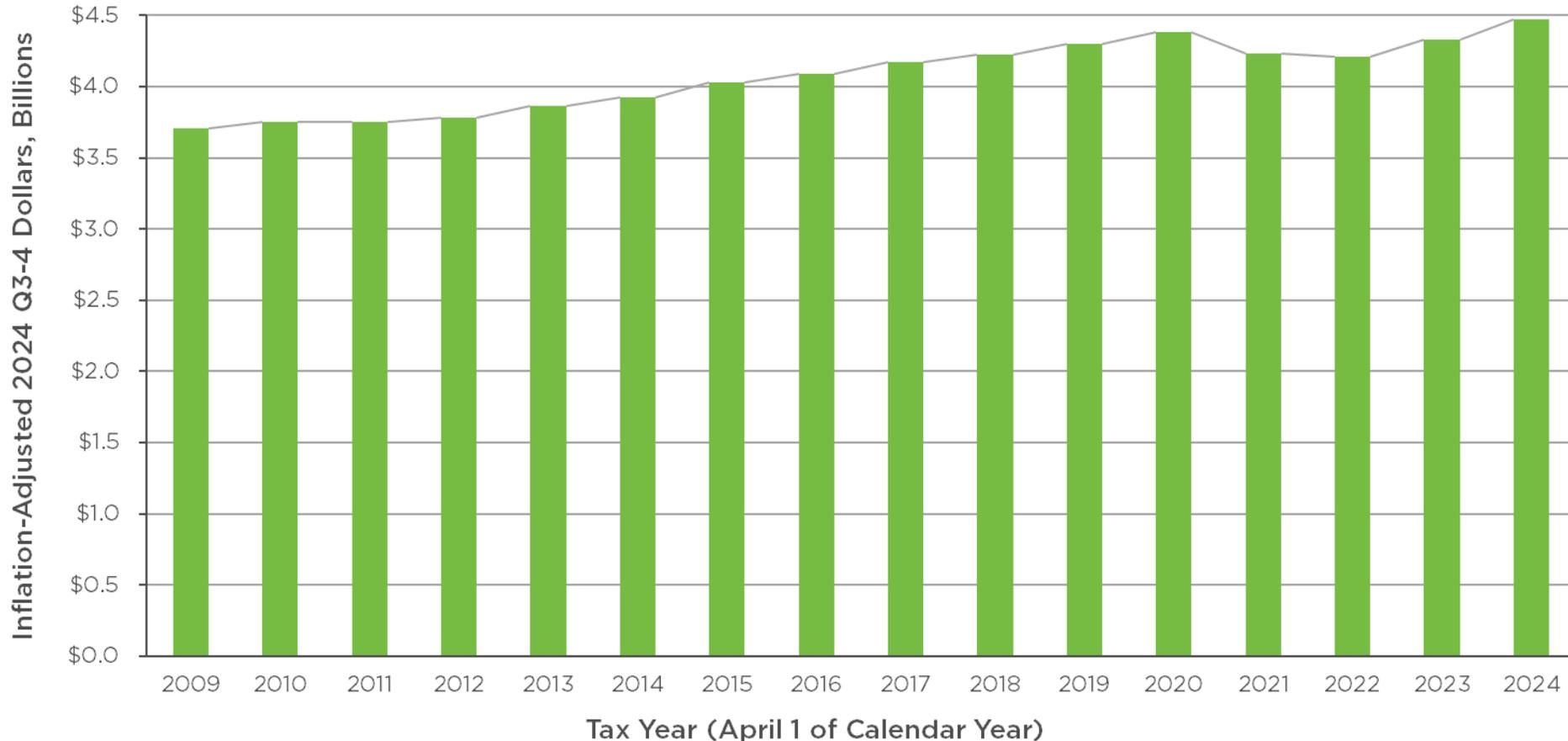
- Total elementary and secondary revenue per pupil: 10<sup>th</sup>
- Elementary and secondary revenue from state sources only: 34<sup>th</sup>
- Elementary and secondary revenue from local sources only: 4<sup>th</sup>

Source: U.S. Census Bureau, 2022 Annual Survey of School System Finances

Source: U.S. Census Bureau, 2022 Annual Survey of School System Finances

# FEDERAL AND STATE AID MAY HAVE IMPACTED PROPERTY TAX DECISIONS OVER TIME

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 Departments of Revenue Administration and Education;  
U.S. Bureau of Labor Statistics Consumer Price Index-Urban, Northeast

# KEY TAKEAWAYS

- The cost of living in New Hampshire have increased substantially in the last decade, particularly for necessities such as housing, health care, and early care and education
- Housing costs have driven much of the increase in living costs in the last decade
- Health care costs have impacted both household and organizational budgets
- Most recent New Hampshire State Budget grew in part due to ongoing costs of existing services, as few services were added and several were curtailed
- State policy impacts on living costs could include more payments and other requirements for Medicaid enrollees, increased fees, and fewer systemic efforts to lower costs for housing, prescription drugs, and other expenses than prior policy
- State resources limited by both significant costs facing the State Budget and reductions in State revenue over time
- Federal, State, and local government budgets integrated, and changes in federal funding can impact State policy decisions, which may affect local funding and resources available for local public services

# ADDITIONAL CITATIONS AND RESOURCES

Report: Affordability Eroded: Changes to the Cost of Living in New Hampshire – October 20, 2025: <https://nhfpi.org/resource/affordability-eroded-changes-to-the-cost-of-living-in-new-hampshire/>

Issue Brief: New Federal Reconciliation Law Reduces Taxes, Health Access, and Food Assistance Supports for Granite Staters – August 4, 2025: <https://nhfpi.org/resource/new-federal-reconciliation-law-reduces-taxes-health-access-and-food-assistance-supports-for-granite-staters/>

Report: The State Budget for Fiscal Years 2026 and 2027 – July 28, 2025: <https://nhfpi.org/resource/the-state-budget-for-fiscal-years-2026-and-2027/>

Issue Brief: Business Enterprise Tax Rate Decreases Have Lowered Revenue with Limited Economic Benefit – January 27, 2026: <https://nhfpi.org/resource/business-enterprise-tax-rate-decreases-have-lowered-revenue-with-limited-economic-benefit/>

Publication: New Hampshire Policy Points, Second Edition – December 6, 2024: <https://nhfpi.org/nhpp/>



**NEWSLETTER:** [www.nhfpi.org/subscribe](http://www.nhfpi.org/subscribe)

**ADDRESS:** 100 North Main Street, Suite 400, Concord, NH 03301

**PHONE:** 603.856.8337

**WEBSITE:** [www.nhfpi.org](http://www.nhfpi.org)

**EMAIL:** [info@nhfpi.org](mailto:info@nhfpi.org)

**TWITTER/X:** @NHFPI

**INSTAGRAM:** @NHFPI

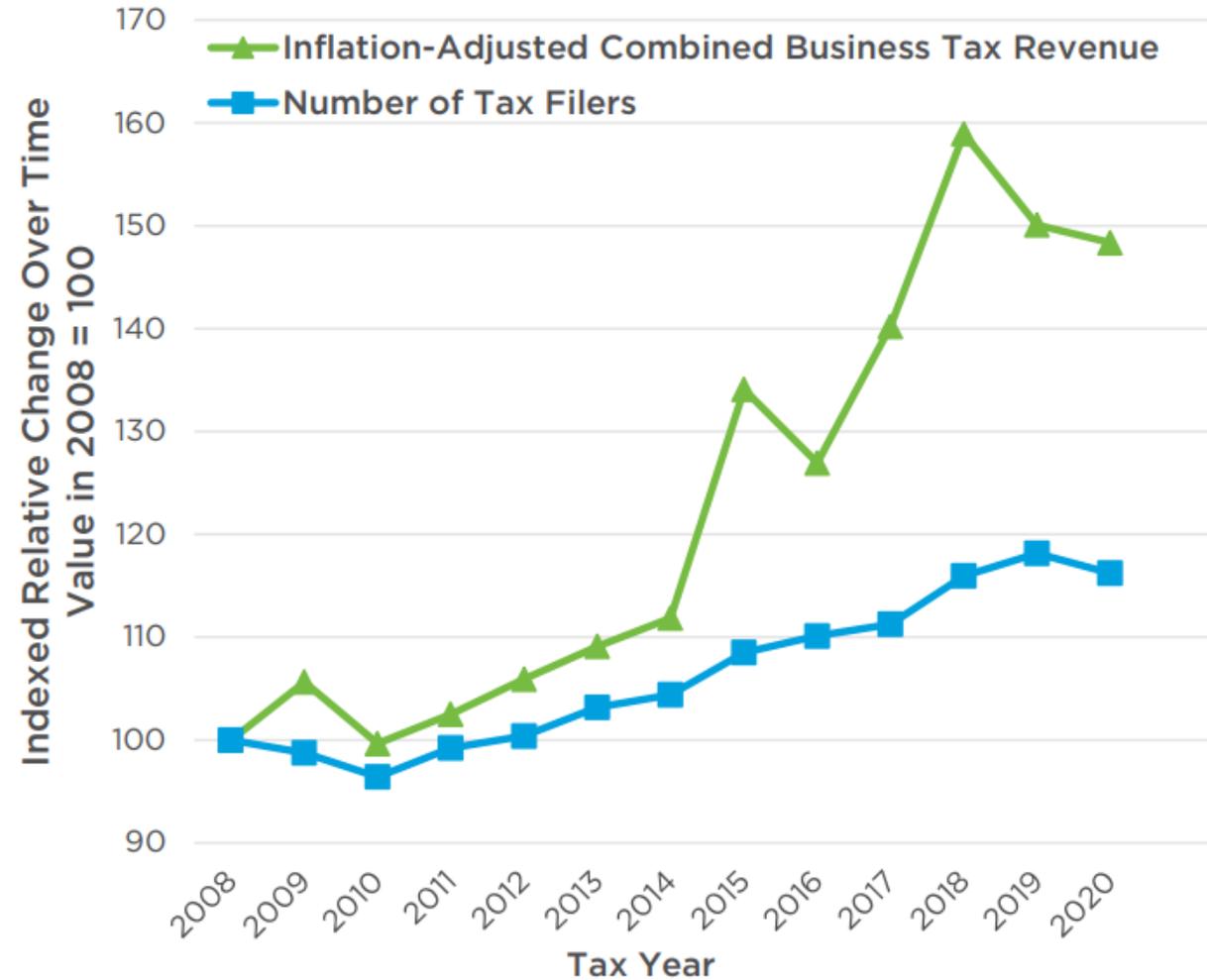
**TIKTOK:** @NHFPI

**FACEBOOK:** NewHampshireFiscalPolicyInstitute

# NHFPI NEWSLETTER SIGNUP



## CHANGES IN NUMBER OF BUSINESS TAX FILERS AND TAX REVENUES



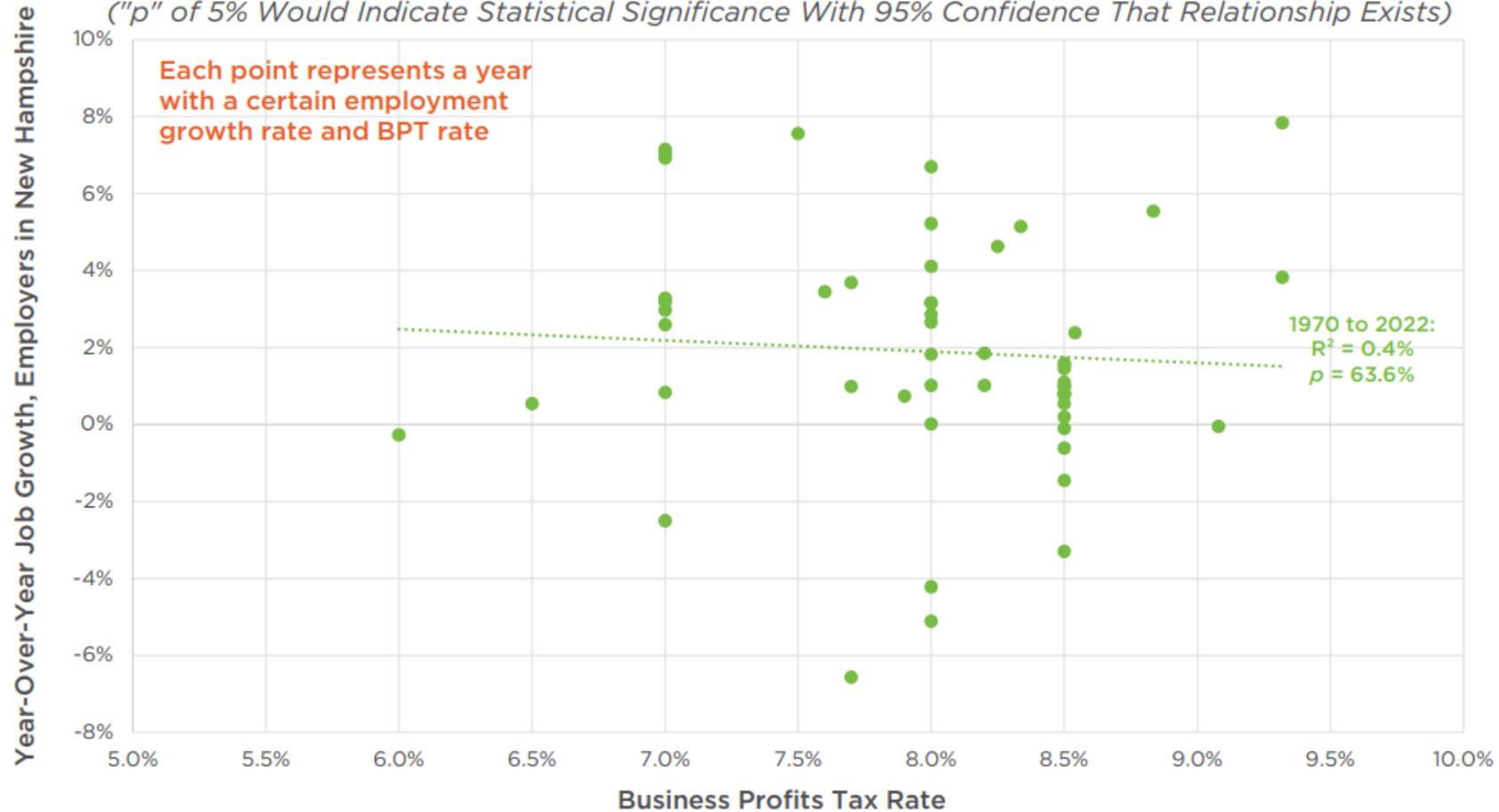
Source: New Hampshire Department of Revenue Administration Annual Reports

[nhfpi.org](http://nhfpi.org)

## BUSINESS PROFITS TAX RATE AND EMPLOYMENT GROWTH

"R<sup>2</sup>" Represents Percentage of Employment Variation Predicted by BPT Rates

"p" Represents Percentage Probability That No Correlation Exists, Higher p is Less Confidence  
(*"p"* of 5% Would Indicate Statistical Significance With 95% Confidence That Relationship Exists)



Note: When multiple tax rates were applied in the same calendar year, a weighted average tax rate was calculated and employed for this analysis.

Sources: NHFPI Analysis of New Hampshire Employment Security and Department of Revenue Administration data

[nhfpi.org](http://nhfpi.org)

## RELATIONSHIP BETWEEN BUSINESS PROFITS TAX RATE AND DIFFERENCE BETWEEN PRIVATE SECTOR GROSS STATE PRODUCT IN NEW HAMPSHIRE AND NEW ENGLAND OVERALL

"R<sup>2</sup>" Represents Percent of Change in GSP Growth in New Hampshire Relative to New England Overall Predicted by BPT Rates  
 "p" Represents Probability That No Correlation Exists Between BPT Rate and GSP Growth, Higher p is Higher Chance of No Correlation  
 (p of Less Than 5% Would Indicate Statistical Significance with 95% Confidence That a Relationship Exists Between Two Datasets)



Notes: When multiple tax rates were applied in the same calendar year, a weighted average tax rate was calculated and employed for this analysis.

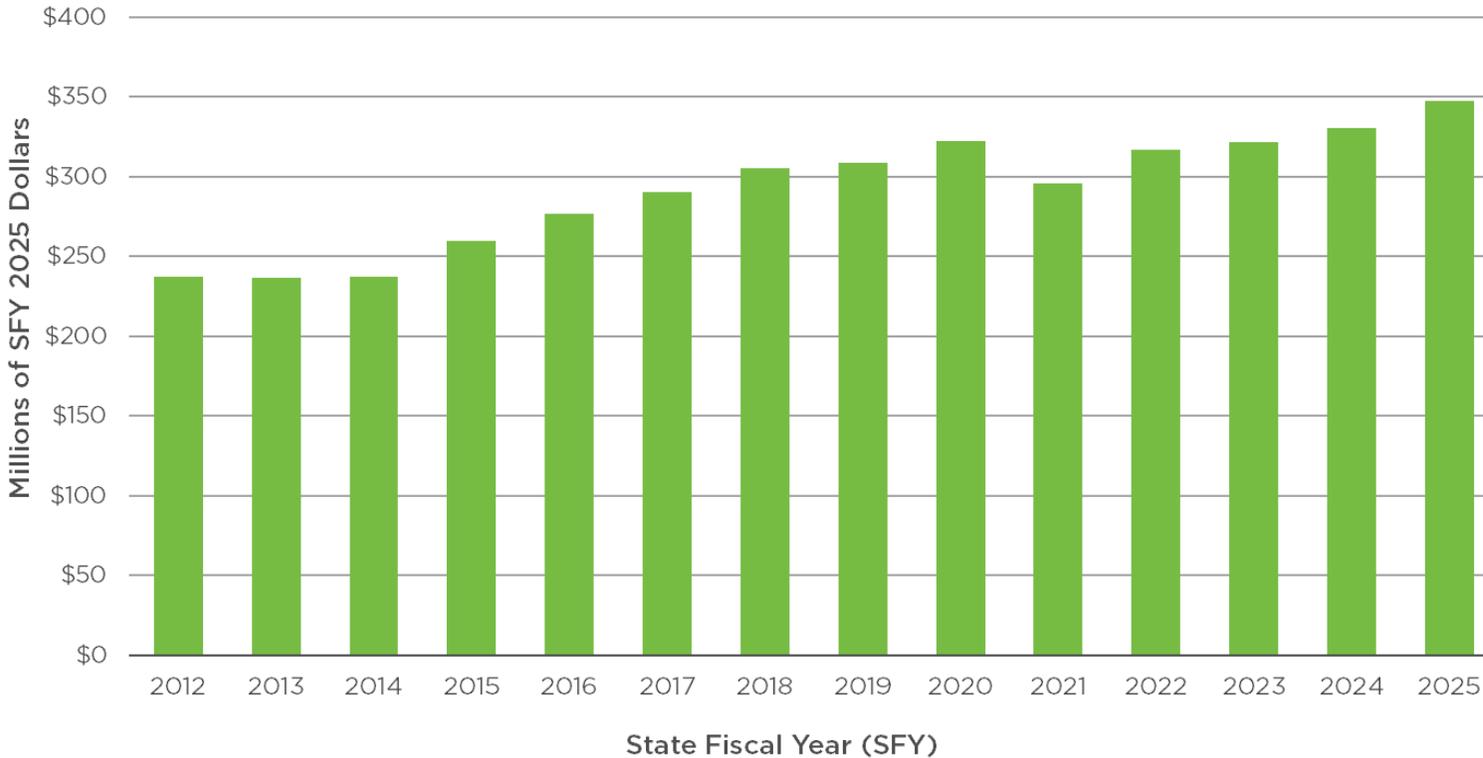
New England includes Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont.

Sources: NHFPI Analysis of U.S. Bureau of Economic Analysis data and NH Department of Revenue Administration 2022 Annual Report

[nhfpi.org](http://nhfpi.org)

# THE MEDICAID ENHANCEMENT TAX

## NEW HAMPSHIRE MEDICAID ENHANCEMENT TAX INFLATION-ADJUSTED REVENUE



Note: All revenues are unaudited cash basis revenues.

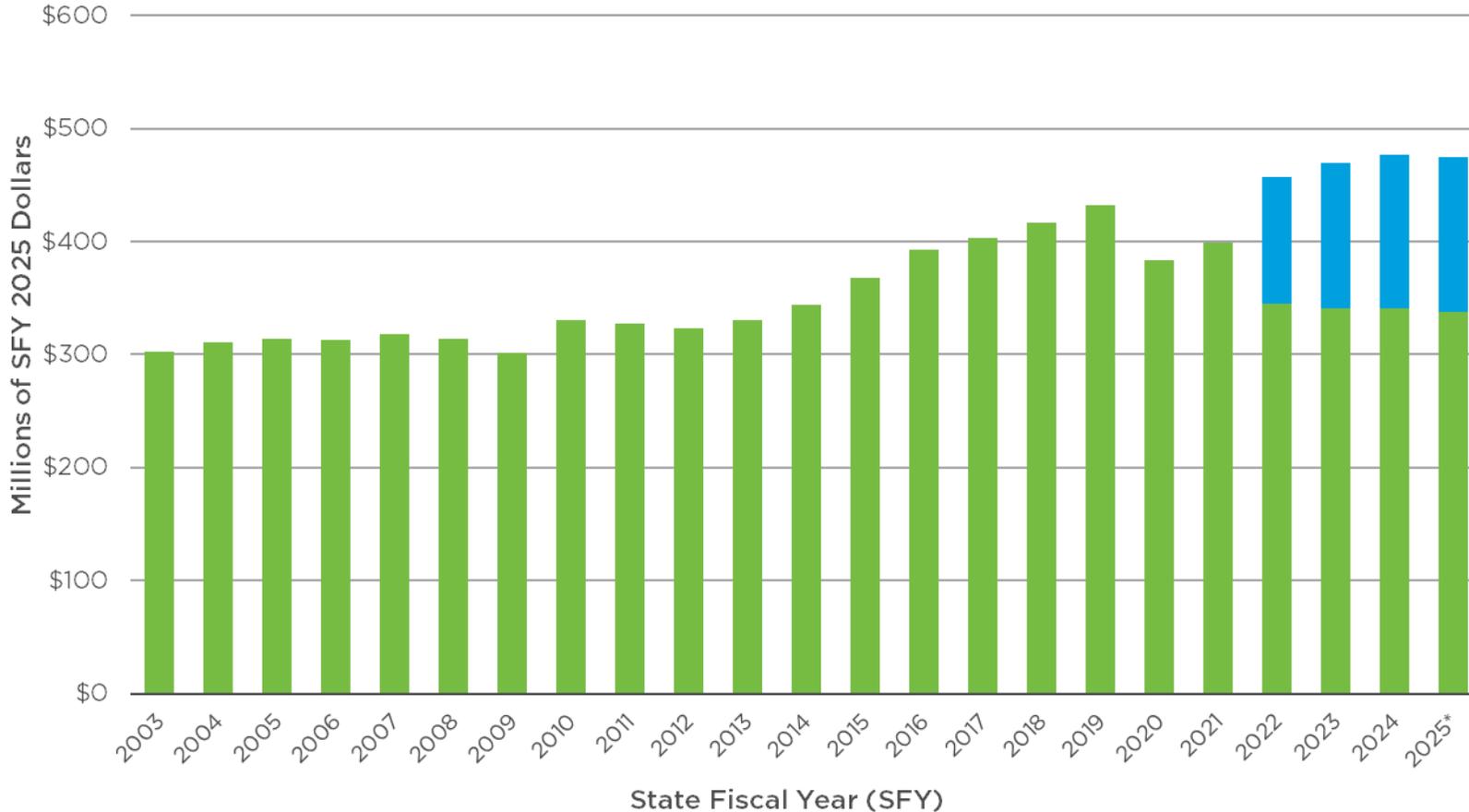
Sources: New Hampshire Department of Revenue Administration; New Hampshire State Treasury; U.S. Bureau of Labor Statistics, CPI-U, Northeast

- Tax on hospitals equivalent to 5.4 percent of charges levied for services
- Revenues to Uncompensated Care and Medicaid Fund, matched with federal funds
- Supports Disproportionate Share Payments to hospitals based on care provided to Medicaid and uninsured patients
- Remaining funds contribute State share of match for federal Medicaid dollars
- Previously also contributed to the General Fund

# THE MEALS AND RENTALS TAX

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

■ General and Education Trust Funds ■ Municipal Revenue Fund Transfer

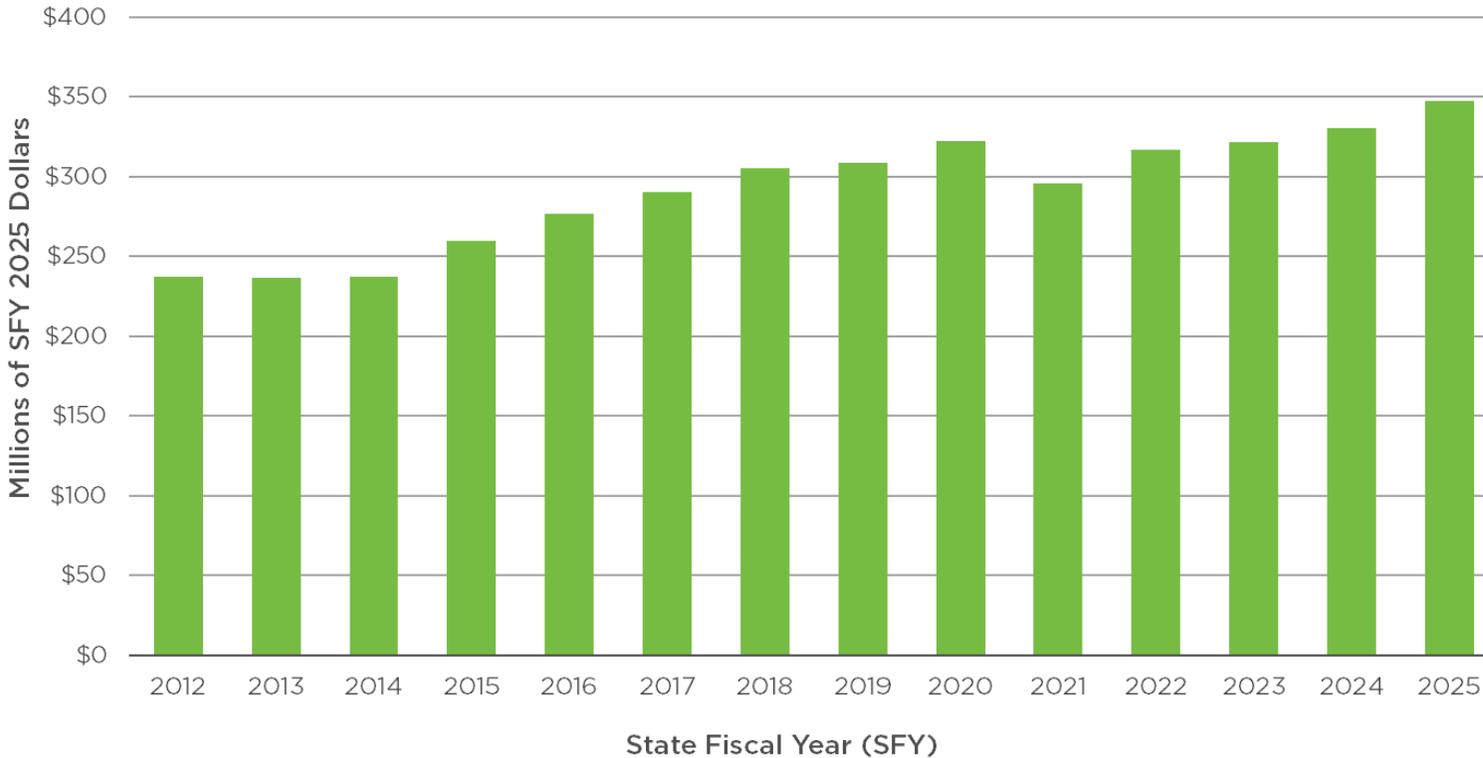


- Tax of 8.5 percent levied on most purchases of food or beverages from restaurants, also on hotel rooms and car rentals
- Rate was 9 percent from mid-2010 to late 2021
- Funds the General Fund, Education Trust Fund (car rentals portion), certain school building aid, State’s travel and tourism development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

\*Note: Data based on unaudited cash receipts.

# THE MEDICAID ENHANCEMENT TAX

## NEW HAMPSHIRE MEDICAID ENHANCEMENT TAX INFLATION-ADJUSTED REVENUE



Note: All revenues are unaudited cash basis revenues.

Sources: New Hampshire Department of Revenue Administration; New Hampshire State Treasury; U.S. Bureau of Labor Statistics, CPI-U, Northeast

- Tax on hospitals equivalent to 5.4 percent of charges levied for services
- Revenues to Uncompensated Care and Medicaid Fund, matched with federal funds
- Supports Disproportionate Share Payments to hospitals based on care provided to Medicaid and uninsured patients
- Remaining funds contribute State share of match for federal Medicaid dollars
- Previously also contributed to the General Fund

# THE TOBACCO TAX

- \$1.78 per 20-cigarette pack, adjusted-proportionally for pack size, does not include premium cigars
- 65.03 percent on wholesale price of other tobacco products
- Also includes e-cigarettes, certain nicotine products (8 percent tax open system, \$0.30 per milliliter closed system)
- 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

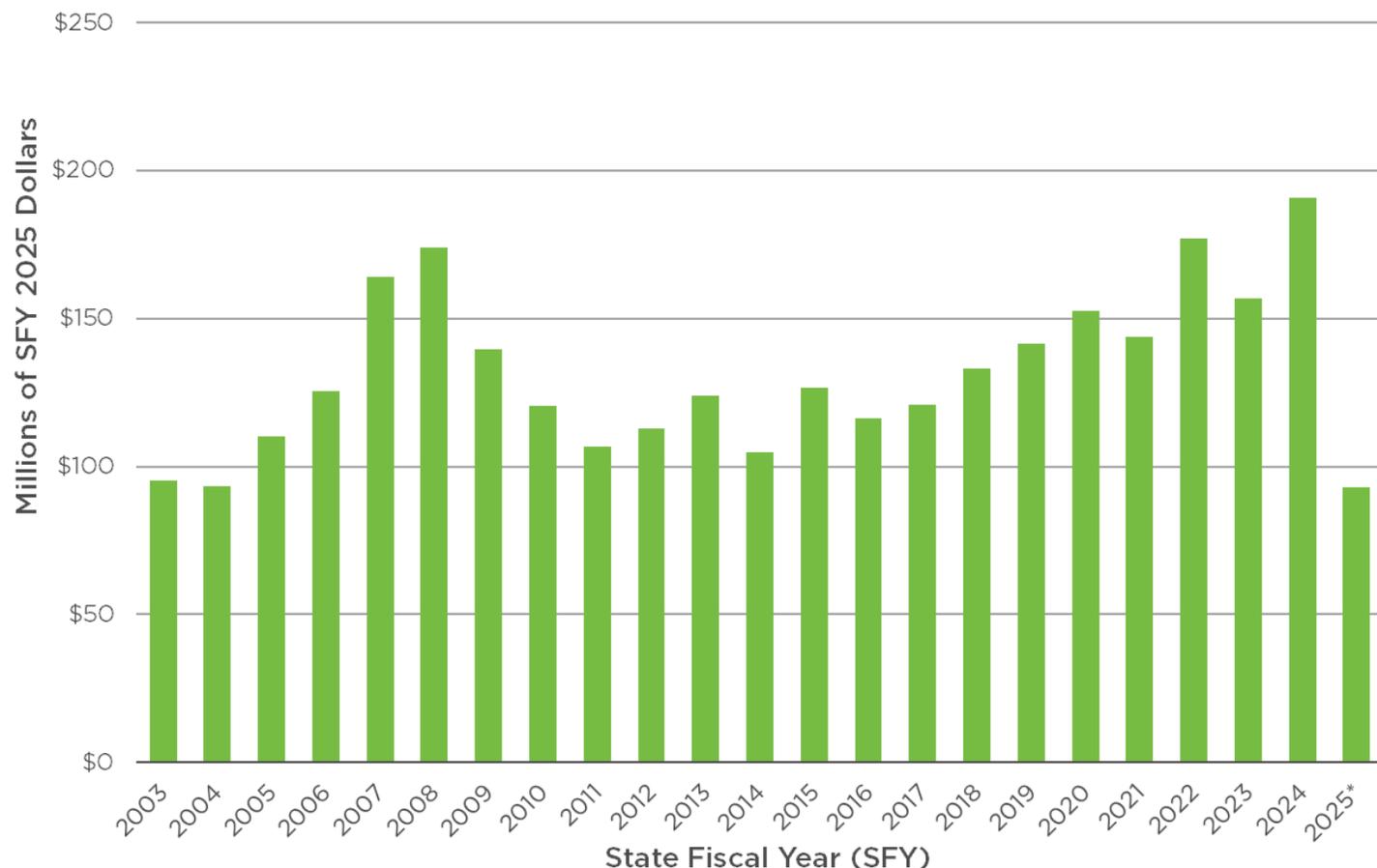


\*Note: Preliminary data based on unaudited cash receipts.

Sources: New Hampshire Annual Comprehensive Financial Reports; Department of Administrative Services Monthly Revenue Focus, June SFY 2025; U.S. Bureau of Labor Statistics, CPI-U, Northeast

# THE INTEREST AND DIVIDENDS TAX

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



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

Sources: New Hampshire Annual Comprehensive Financial Reports; Department of Administrative Services Monthly Revenue Focus, June SFY 2025; U.S. Bureau of Labor Statistics, CPI-U, Northeast

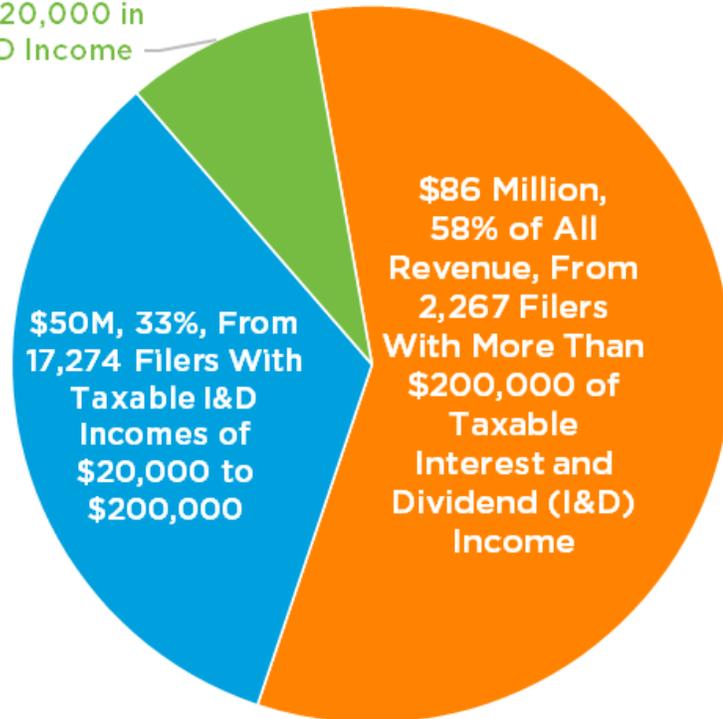
- Repealed as of 2025
- Tax on interest, dividend, and distribution income from assets
- Effectively tax on income generated from wealth, including stock or business ownership, not including the sale of assets (capital gains)
- Individuals, joint filers, and certain companies and partnerships
- Filing threshold of \$2,400, and \$4,800 for joint filers; additional \$1,200 exemptions for older adults, blind individuals, or certain disabilities

# WHO PAID INTEREST AND DIVIDENDS TAXES?

## NEW HAMPSHIRE INTEREST AND DIVIDENDS TAX REVENUE BY THE TAXABLE INTEREST AND DIVIDEND INCOME OF FILERS

*Tax Year 2022, Only Taxable Interest, Dividend, and Distribution Income Included*

\$13M, 9%, From  
53,800 Filers With  
Less Than \$20,000 in  
Taxable I&D Income



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

## Taxable Income Did Not Include:

- Salaries
- Wages
- Capital gains
- Individual Retirement Accounts
- Employee Benefit Plans under the Employee Retirement Income Security Act of 1974 (Section 3)
- Keogh Plans (for retirement)
- Tax deferred investment plans
- Stock dividends paid in new stock
- Certain interest and dividends from College Tuition Savings Plans

Learn more from the New Hampshire Department of Revenue Administration's "I&D Checklist"

# SIGNIFICANT WEALTH OFTEN REQUIRED TO GENERATE HIGH I&D TAXABLE INCOME

**ASSET OWNERSHIP REQUIRED TO GENERATE INCOME TAXABLE UNDER THE INTEREST AND DIVIDENDS TAX AT SELECTED LEVELS, TAX AND CALENDAR YEAR 2021 WITH A 5 PERCENT TAX RATE**

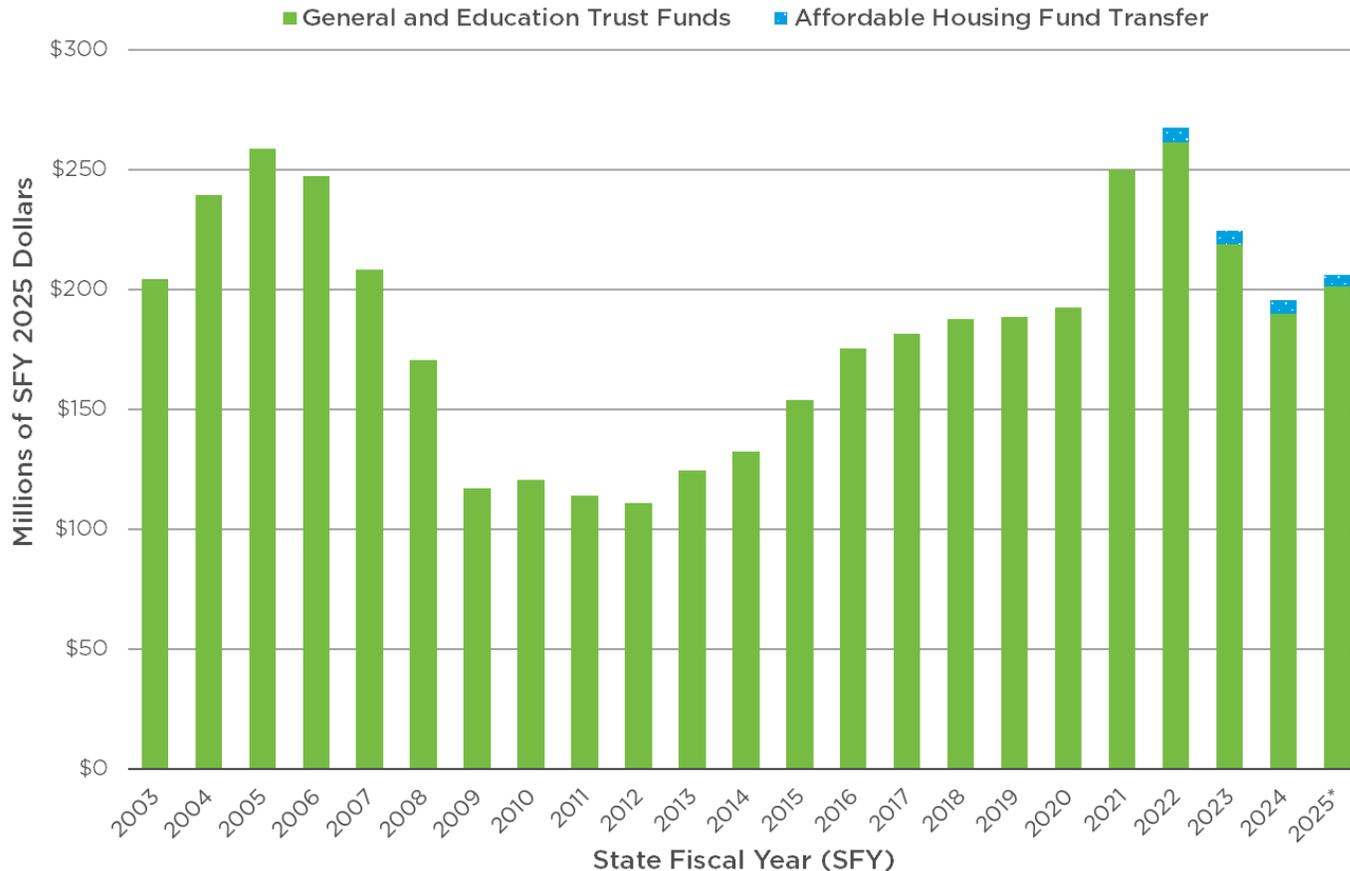
Interest and Dividends Tax Paid (After Any Exemptions, Assumed \$2,400 in Wealth Estimate Calculations)	Taxable Interest and Dividend Income	Wealth Amount Generating Income with 12 Percent Annual Return	Wealth Amount Generating Income with 5 Percent Annual Return	Wealth Amount Generating Income with 1.24 Percent Annual Return (S&P 500 2021 Dividend Average)
\$250,000	\$5,000,000	\$41,686,667	\$100,048,000	\$403,419,355
\$100,000	\$2,000,000	\$16,686,667	\$40,048,000	\$161,483,871
\$50,000	\$1,000,000	\$8,353,333	\$20,048,000	\$80,838,710
\$10,000	\$200,000	\$1,686,667	\$4,048,000	\$16,322,581
\$1,000	\$20,000	\$186,667	\$448,000	\$1,806,452
\$500	\$10,000	\$103,333	\$248,000	\$1,000,000
\$1	\$20	\$20,167	\$48,400	\$195,161
\$0*	\$0*	Up To \$20,000	Up To \$48,000	Up To \$193,548

\*Note: Calculations assume \$2,400, the base exemption amount under the Interest and Dividends Tax, is not included as taxable income, but is included in the wealth base used to generate taxable interest, dividend, and distribution income.

Sources: New Hampshire Department of Revenue Administration, 2023 Annual Report; New York University Professor Aswath Damodaran, Damodaran Online, accessed January 2024

# THE REAL ESTATE TRANSFER TAX

NEW HAMPSHIRE REAL ESTATE TRANSFER TAX  
INFLATION-ADJUSTED REVENUE



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

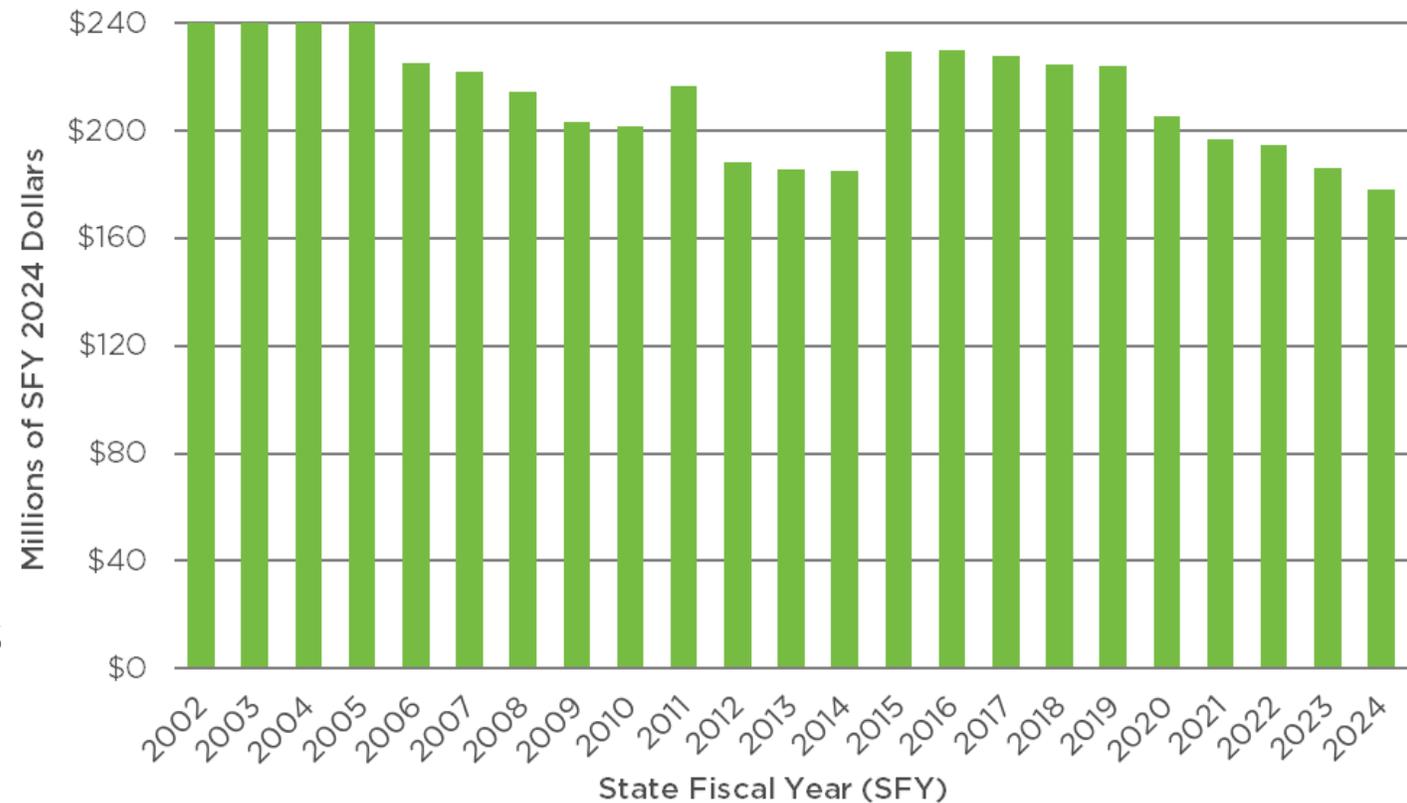
Sources: New Hampshire Annual Comprehensive Financial Reports; Department of Administrative Services Monthly Revenue Focus, June SFY 2025; U.S. Bureau of Labor Statistics, CPI-U, Northeast

- \$0.75 per \$100 of sale of real estate or interest in real estate
- Rate charged to both buyer and seller, for total revenue of \$1.50 per \$100
- \$0.25 of the \$0.75 to Education Trust Fund, rest to General Fund, with \$5 million each year to the Affordable Housing Fund
- Revenues shift more with the overall economy than other taxes, but largely track with single family home sales volume, while still applying to commercial property

# THE MOTOR FUELS TAX

- \$0.222 per gallon on motor fuels, aviation fuel taxed at different rate
- Rate was increased from \$0.18 for SFY 2015, continues to have a fixed dollar amount that is not adjusted for inflation
- 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, such as construction and maintenance

NEW HAMPSHIRE MOTOR FUELS TAX  
HIGHWAY FUND INFLATION-ADJUSTED REVENUE

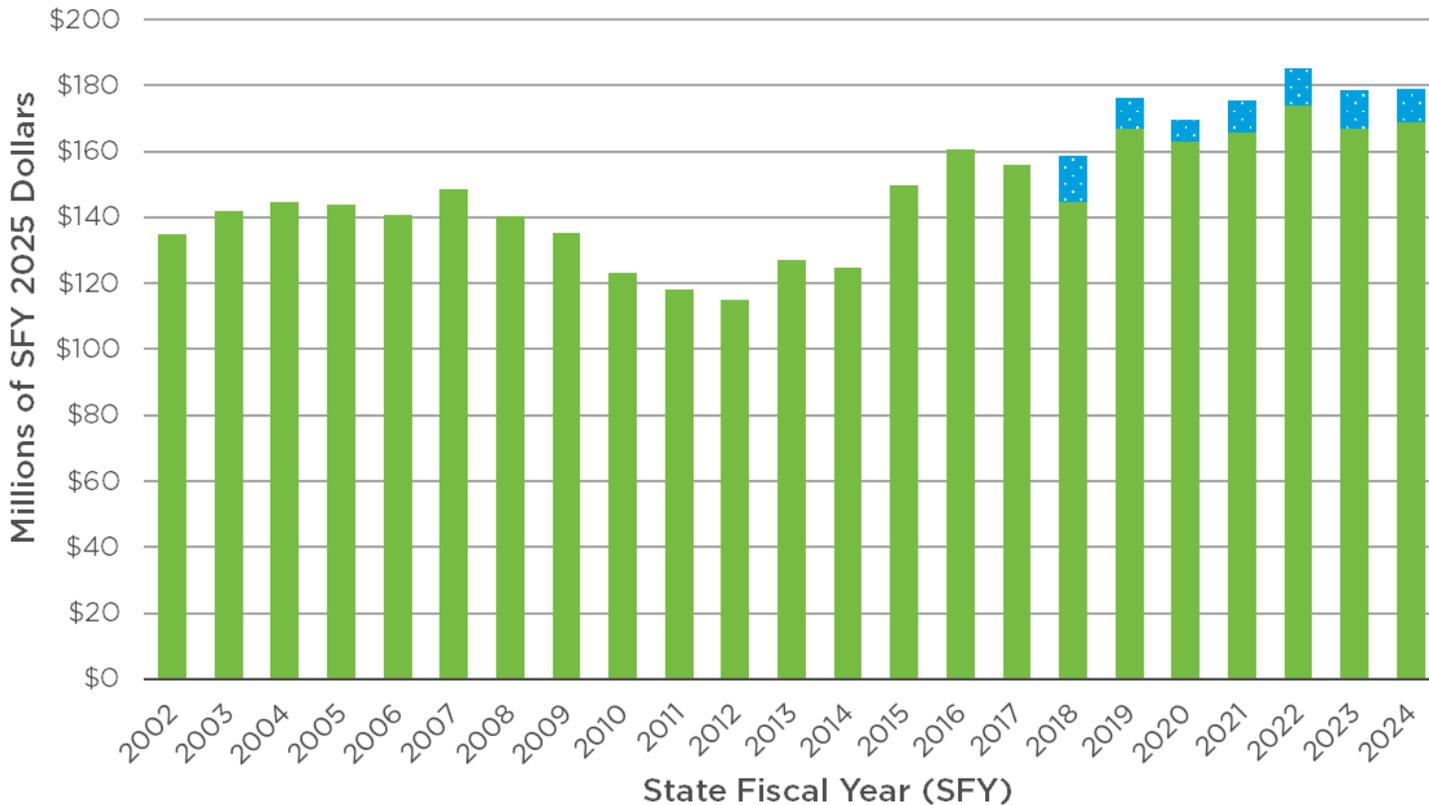


Sources: New Hampshire Annual Comprehensive Financial Reports; U.S. Bureau of Labor Statistics, Consumer Price Index-Urban, Northeast

# THE INSURANCE PREMIUM TAX

NEW HAMPSHIRE INSURANCE PREMIUM TAX  
INFLATION-ADJUSTED REVENUE

■ General Fund ■ Non-Federal Expanded Medicaid Share



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

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

- 1.25 percent on premiums from insurers
- 2 percent health, accident, and certain life insurance premiums
- Previously 2 percent for all types of insurance, and currently includes certain adjustments for interstate operations and rates
- Supports General Fund, except revenues from those insured under the NH Granite Advantage Health Care Program, which go to the Program's Trust Fund to support the non-federal share of Medicaid Expansion

# OTHER KEY STATE TAXES

## 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, \$46.8 million in SFY 2024

## Nursing Facility Quality Assessment

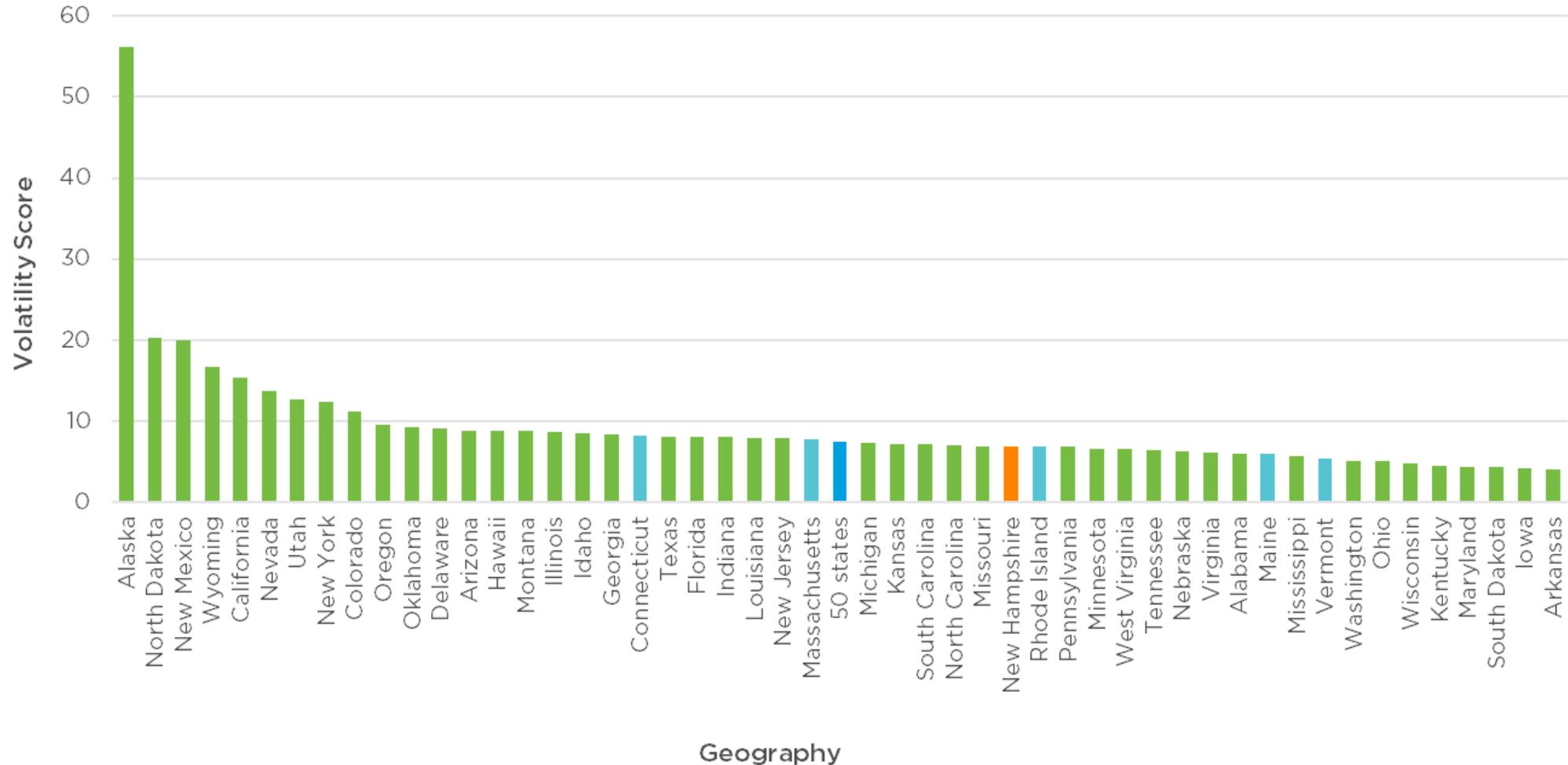
- 5.5 percent net revenues related to patient services at nursing facilities
- \$44.8 million in SFY 2024, provider tax that leverages federal dollars
- Revenues to nursing facilities through Medicaid Quality Incentive Program

## Communications Services Tax

- 7 percent tax on two-way communications services
- Does not include internet providers, landline phones key to tax base
- A declining revenue source in last 15 years, \$30.6 million in SFY 2024

# NEW HAMPSHIRE TAX REVENUES SLIGHTLY BELOW AVERAGE VOLATILITY

STATE TAX REVENUE VOLATILITY, FISCAL YEARS 2008-2023



# 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

# 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

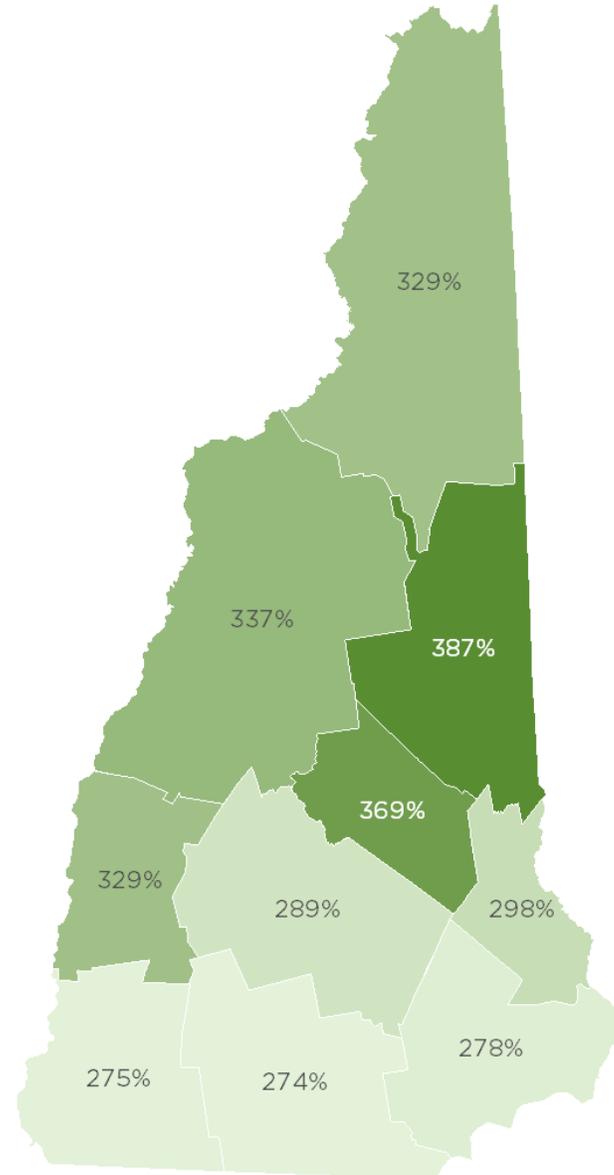
# EXPANDED GAMBLING PROJECTED TO GENERATE MORE REVENUE

- 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

# MEDIAN SINGLE-FAMILY HOUSE SALE PRICES BY NEW HAMPSHIRE COUNTY

*Median Sale Price Increase from 1999 to 2024*

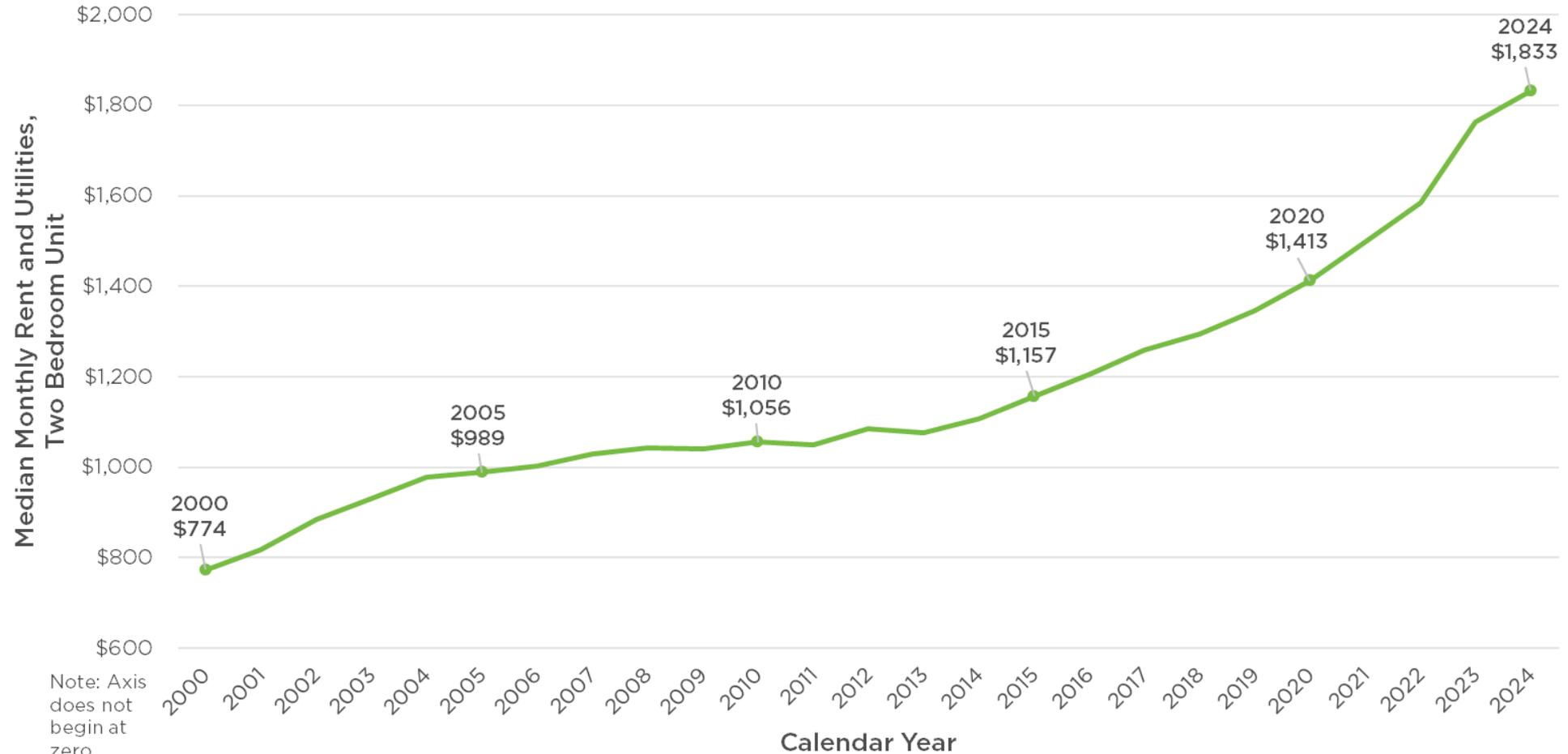
**PRICES INCREASED  
FASTER IN NORTHERN  
AND CENTRAL  
NEW HAMPSHIRE**



# NEARLY HALF OF 2024 RENTERS PAID OVER 30% OF INCOME IN RENT AND UTILITIES

## STATEWIDE MEDIAN MONTHLY RENTAL COSTS

*Costs for Two-Bedroom Units, Including Rent and Utilities*



Source: NH Housing, Rental Cost Survey Report

# 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

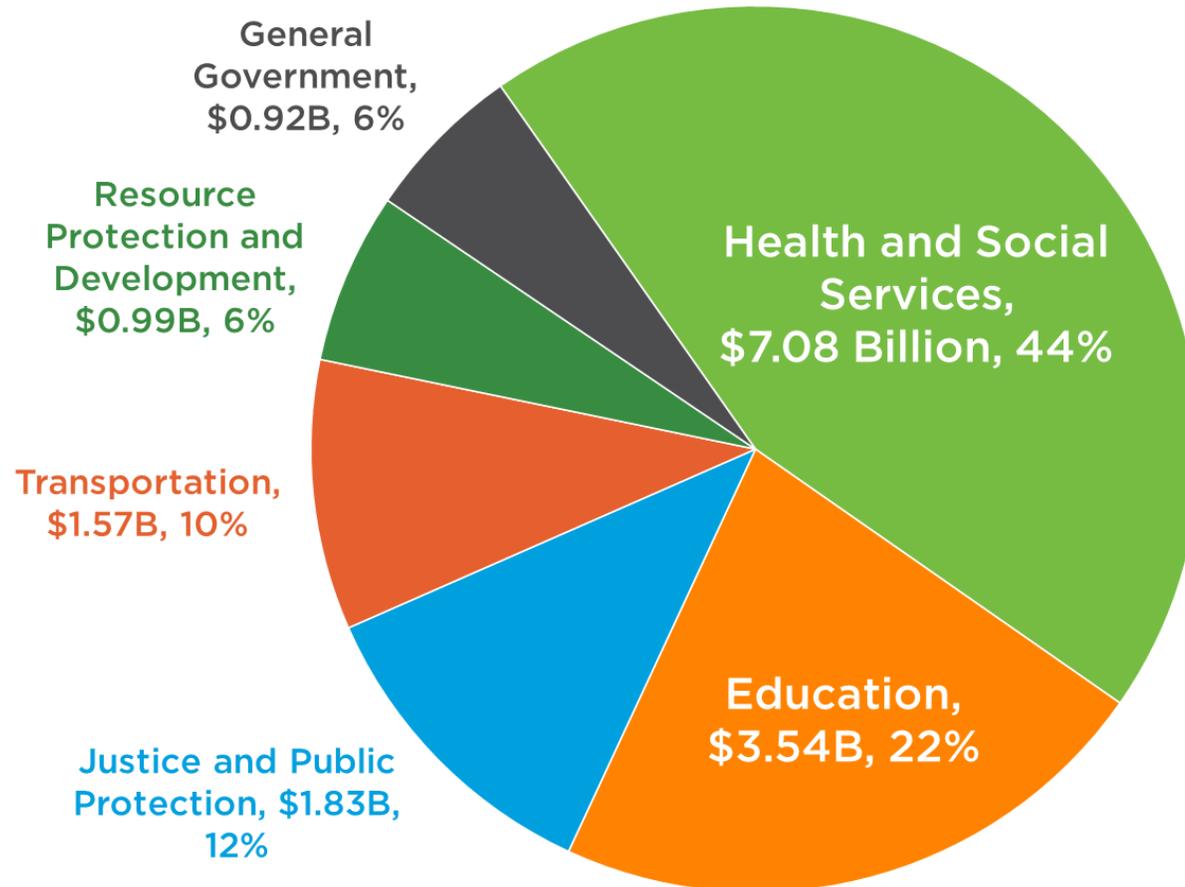
## Comprised of Two Separate Pieces of Legislation

- 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*



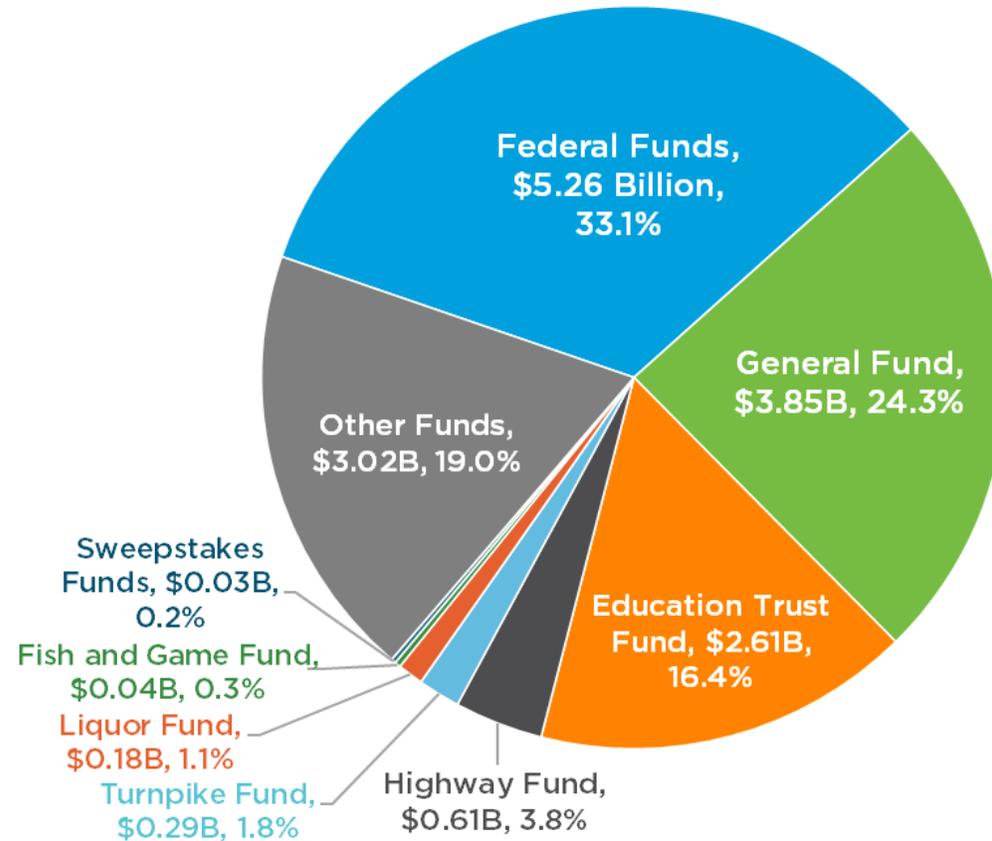
Note: These figures account for inter-agency transfers.

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)

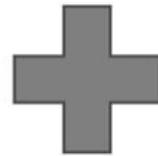
#### Operating Budget Line Items

(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

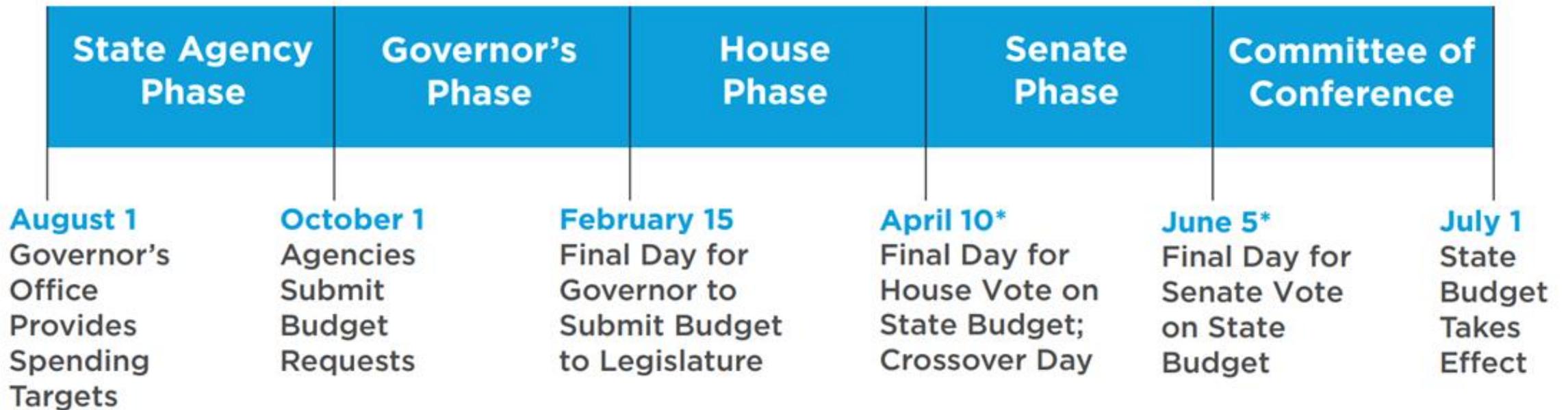
- Bills that are not accounted for the State Budget can also appropriate funds
- State agency spending requests can be granted by the Joint Legislative Fiscal Committee
- Some operations are supported by separate, off-budget funds established by the Legislature
- Example: Funding for Medicaid Expansion/Granite 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.

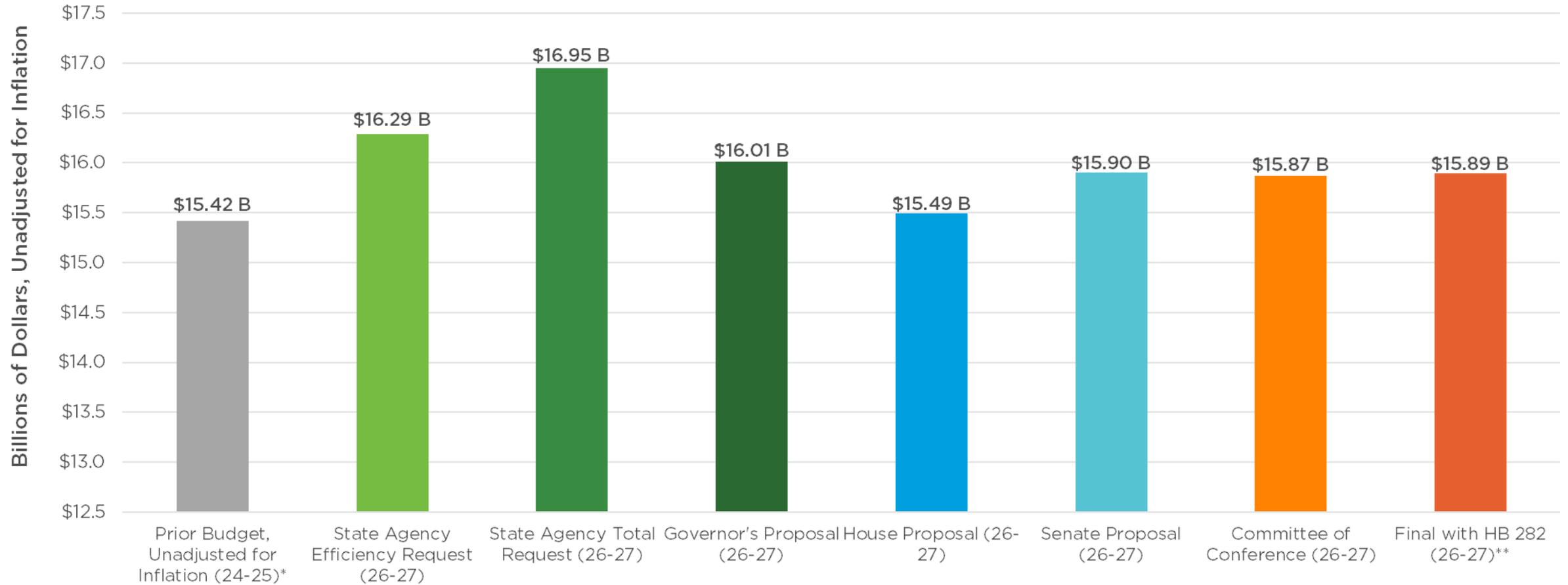
# UNUSUAL COMPONENTS OF THE 2025 PROCESS

- 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

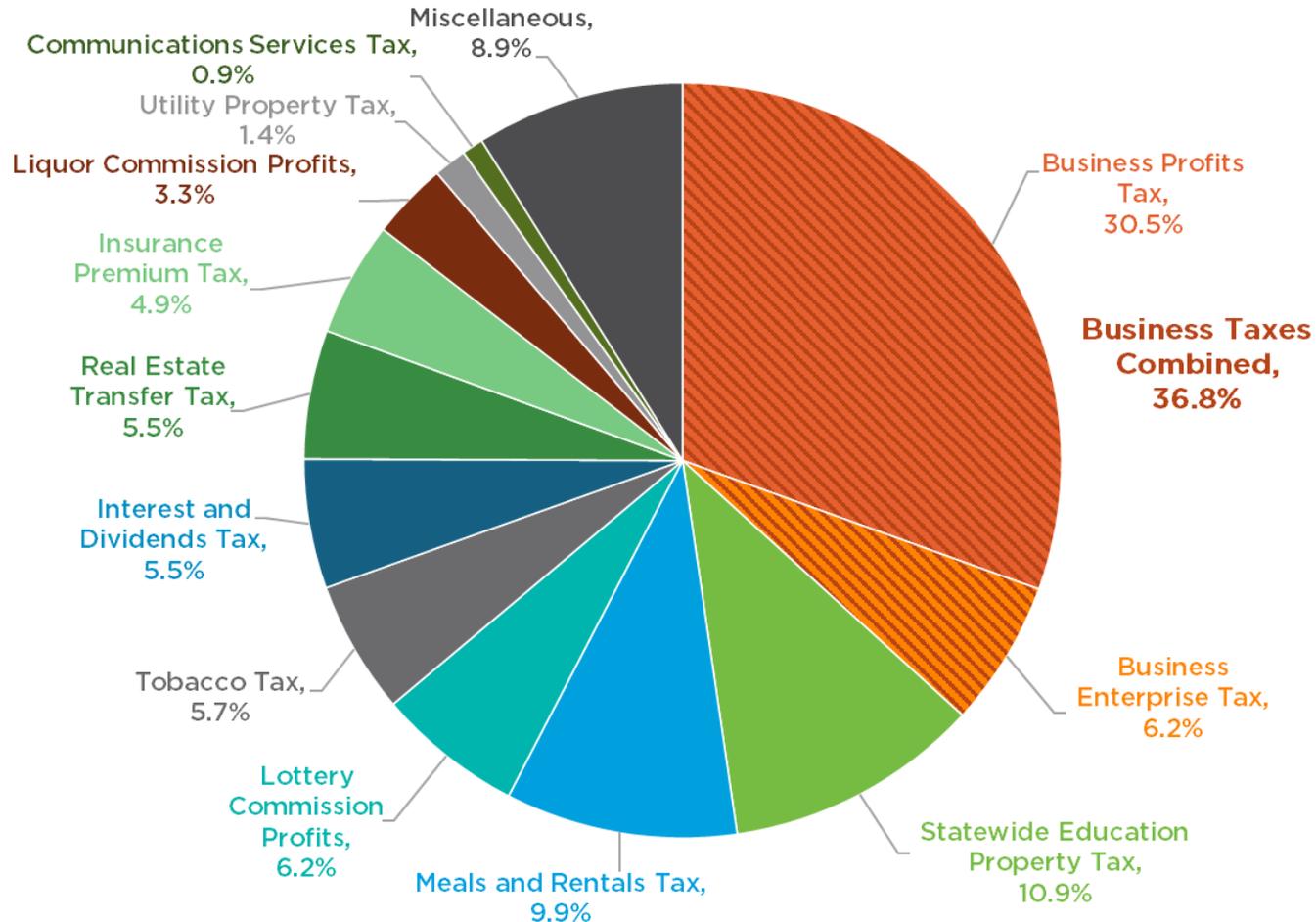
Notes: \*Adjusted to include Municipal Revenue Sharing through the Meals and Rentals Tax, which is accounted for in other proposals here, for appropriate comparison. \*\*Includes changes to the State Budget Trailer Bill made by House Bill 282.

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?

# GENERAL AND EDUCATION TRUST FUNDS SHARE KEY LARGE REVENUE SOURCES

GENERAL AND EDUCATION TRUST FUNDS  
COMBINED REVENUE IN STATE FISCAL YEAR 2024



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

# THE TWO PRIMARY BUSINESS TAXES

## Business Profits Tax (BPT)

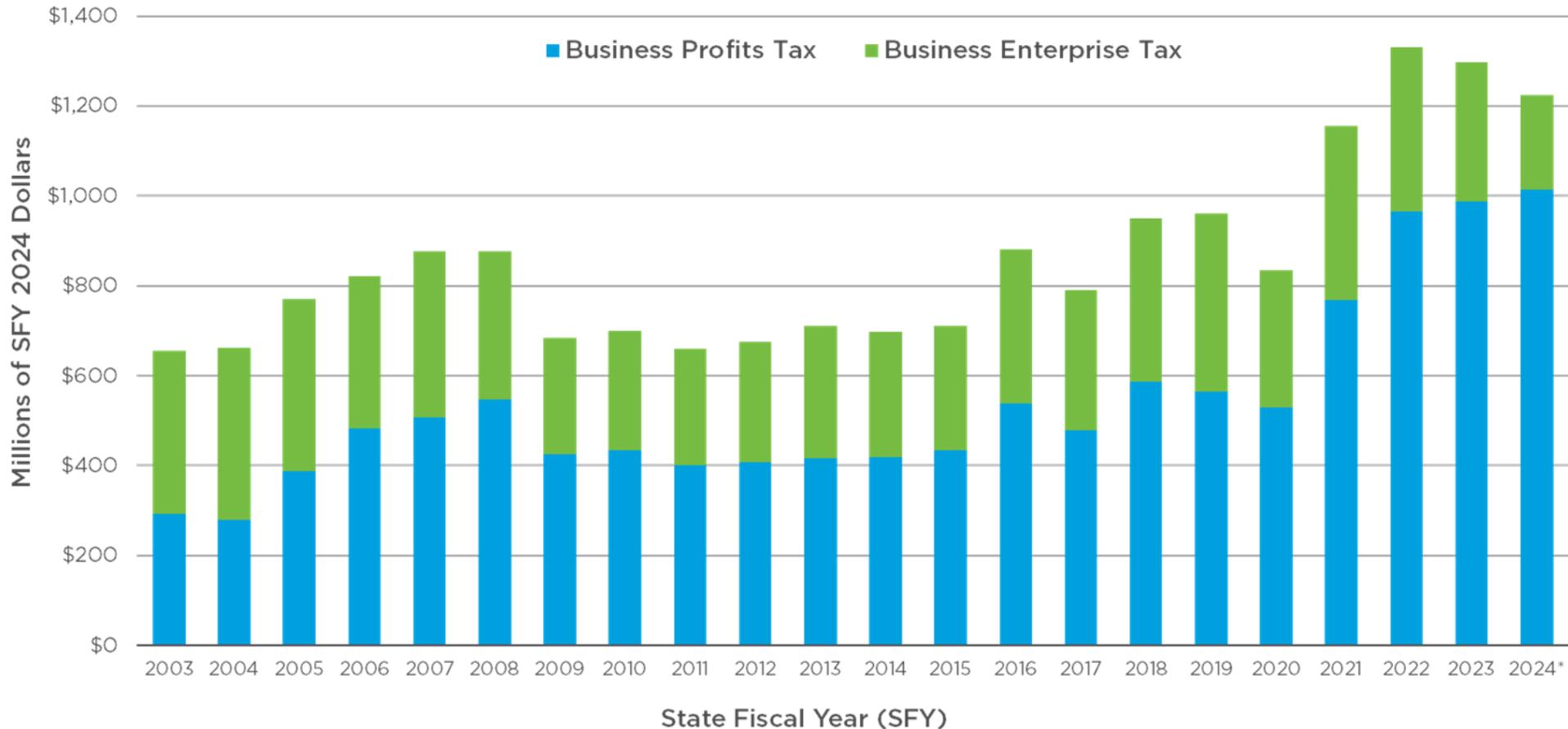
- Traditional state corporate income tax
- Tax based on net business profits after adjustments (BET) and apportionment
- Tax base likely about \$10.7 billion in Tax Year 2022
- Recent rate reductions:
  - 2001-2015: 8.5%, 2016-17: 8.2%, 2018: 7.9%, 2019-21: 7.7%, 2022: 7.6%, 2023: 7.5%
- Supports the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

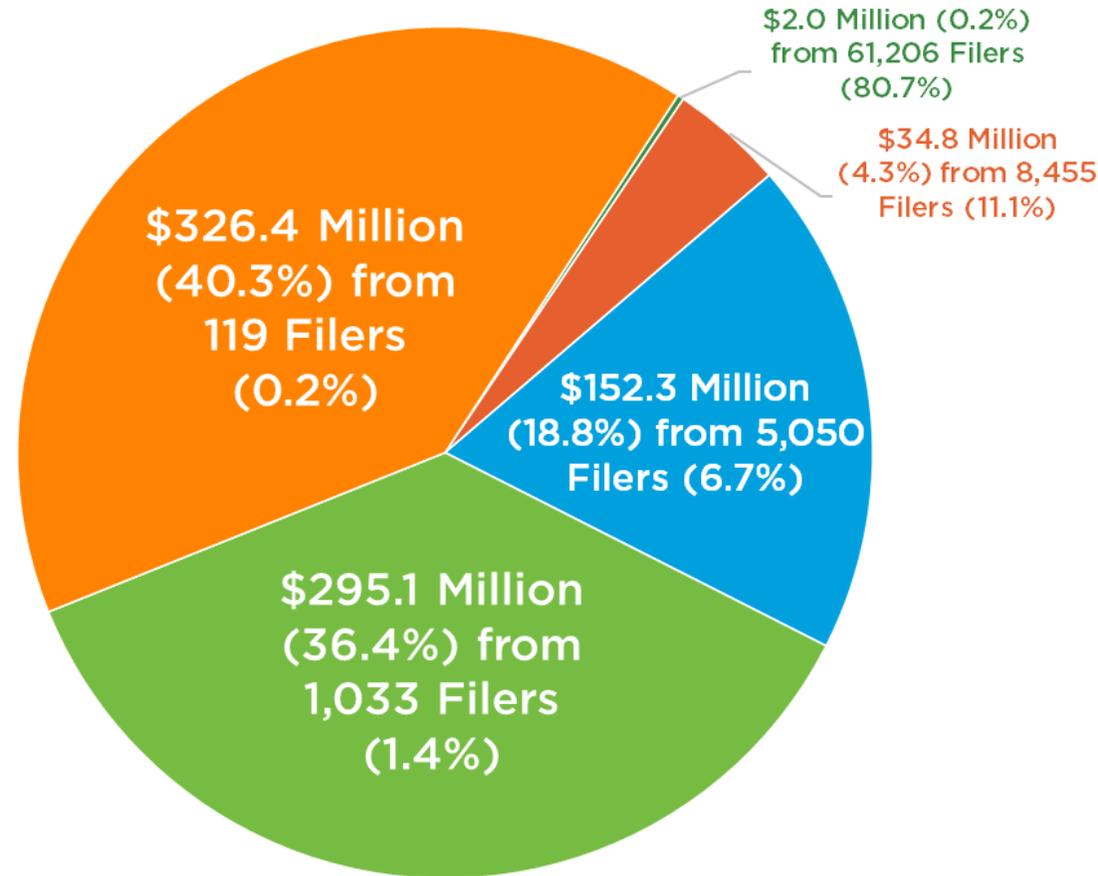
NEW HAMPSHIRE BUSINESS PROFITS TAX AND BUSINESS ENTERPRISE TAX  
GENERAL AND EDUCATION TRUST FUNDS INFLATION-ADJUSTED REVENUE



- 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

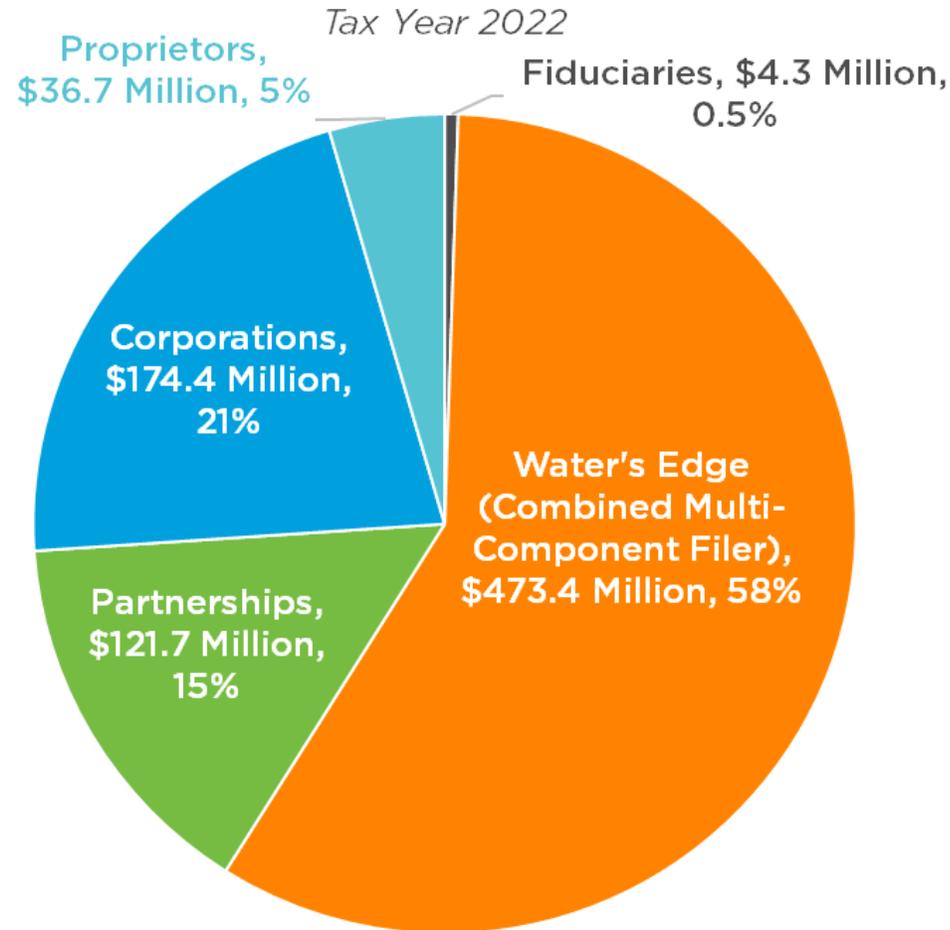


Note: Draft data as of August 12, 2024.

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



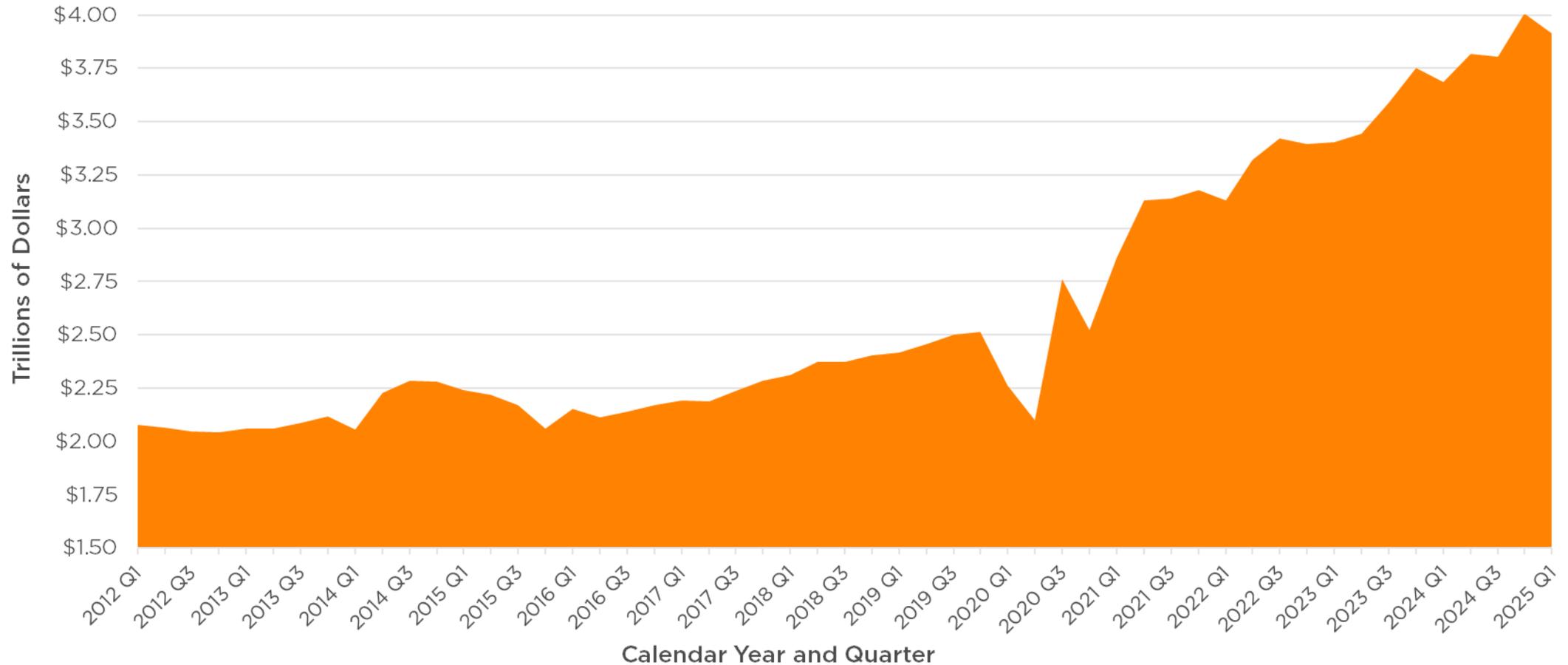
Note: Draft data as of August 12, 2024.

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

# INCREASING NATIONAL CORPORATE PROFITS LIKELY BOOSTING STATE REVENUES

## U.S. CORPORATE PROFITS BY QUARTER

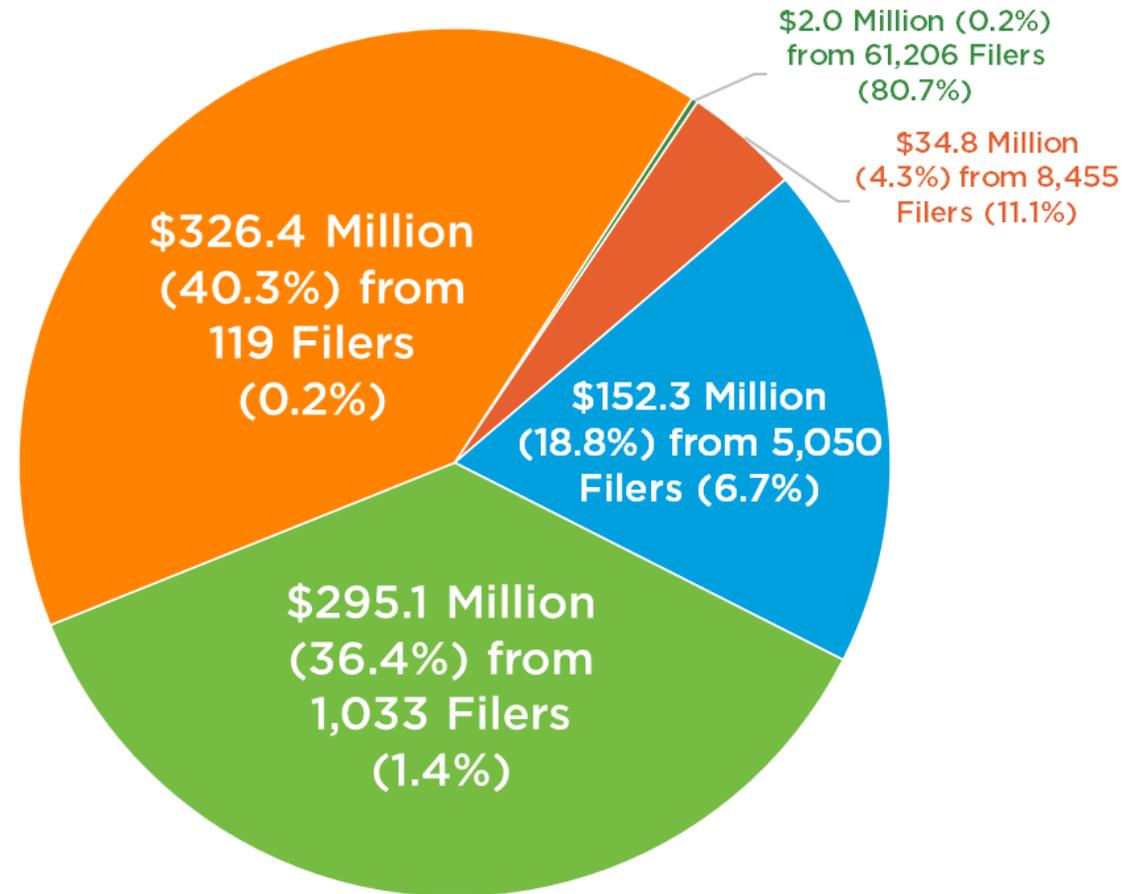
*Corporate Profits Adjusted for Inventory Valuation and Capital Consumption,  
Annual Rate, Seasonally Adjusted*



Source: Federal Reserve Bank of St. Louis, accessed July 22, 2025

# LARGE FILERS KEY TO BPT REVENUES

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

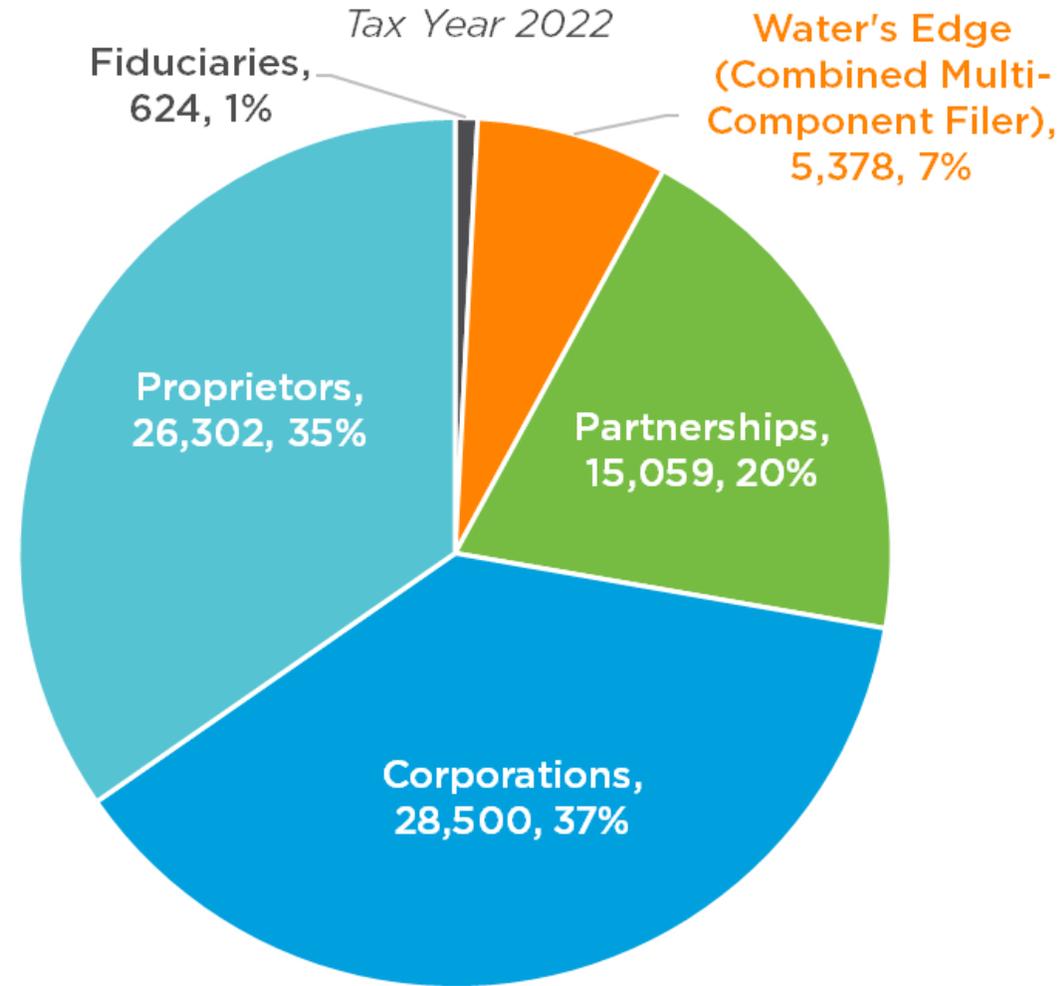


Note: Draft data as of August 12, 2024.

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

# DIVERSITY OF FILER TYPES IN BPT BASE

## BUSINESS PROFITS TAX FILERS BY TYPE

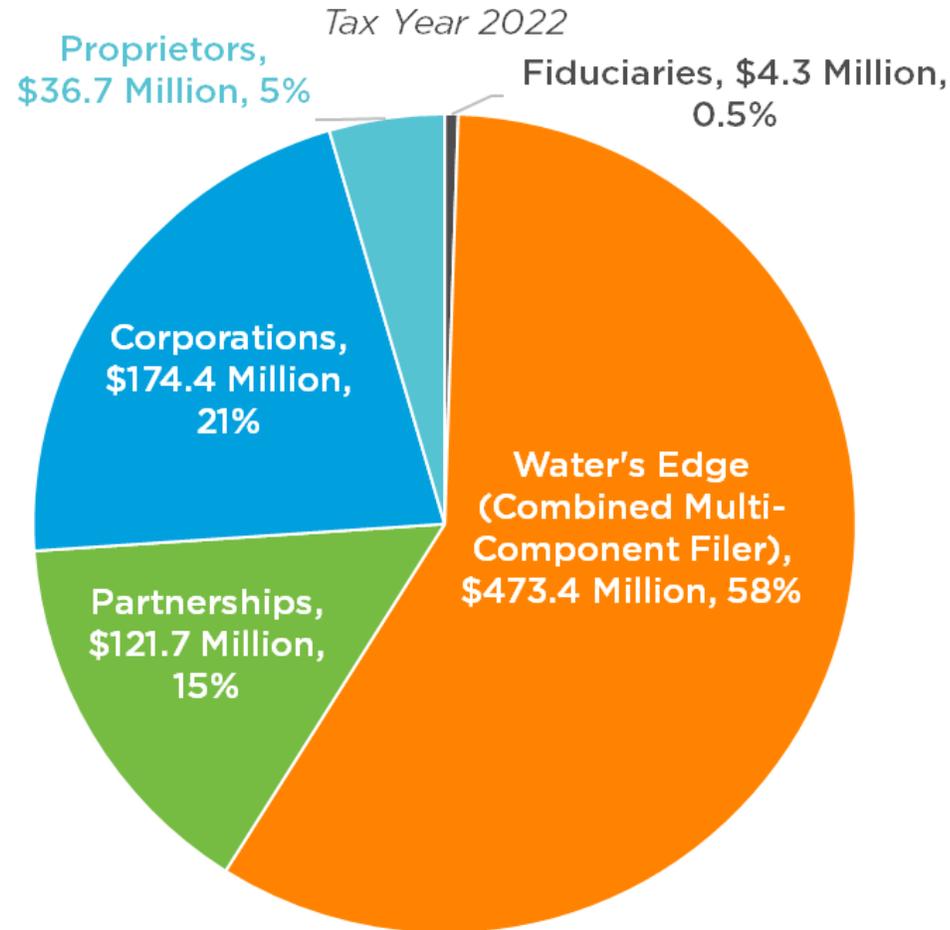


Note: Draft data as of August 12, 2024.

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



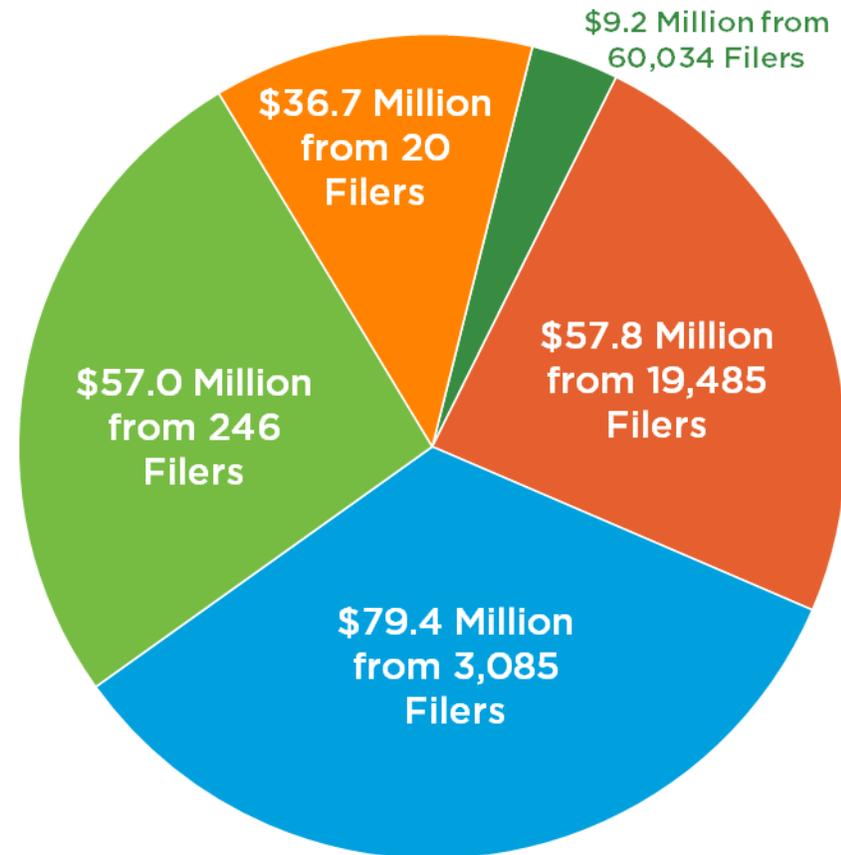
Note: Draft data as of August 12, 2024.

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

# LARGER FILERS IMPORTANT TO BET REVENUES, BUT A BROADER BASE THAN THE BPT

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

*Tax Year 2022*

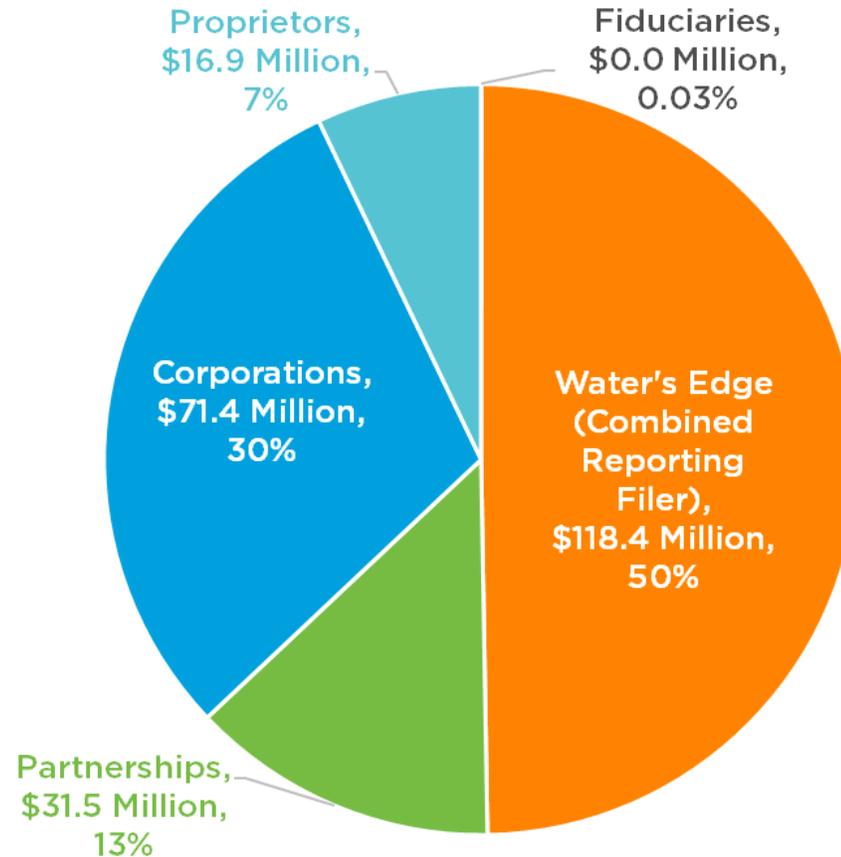


Source: New Hampshire Department of Revenue Administration, 2024  
Annual Report

# COMPLEX, MULTI-COMPONENT FILERS PAID ABOUT HALF OF BET REVENUE COLLECTED

## BUSINESS ENTERPRISE TAX FILERS BY TYPE AND TOTAL REVENUE COLLECTED

*Tax Year 2022*

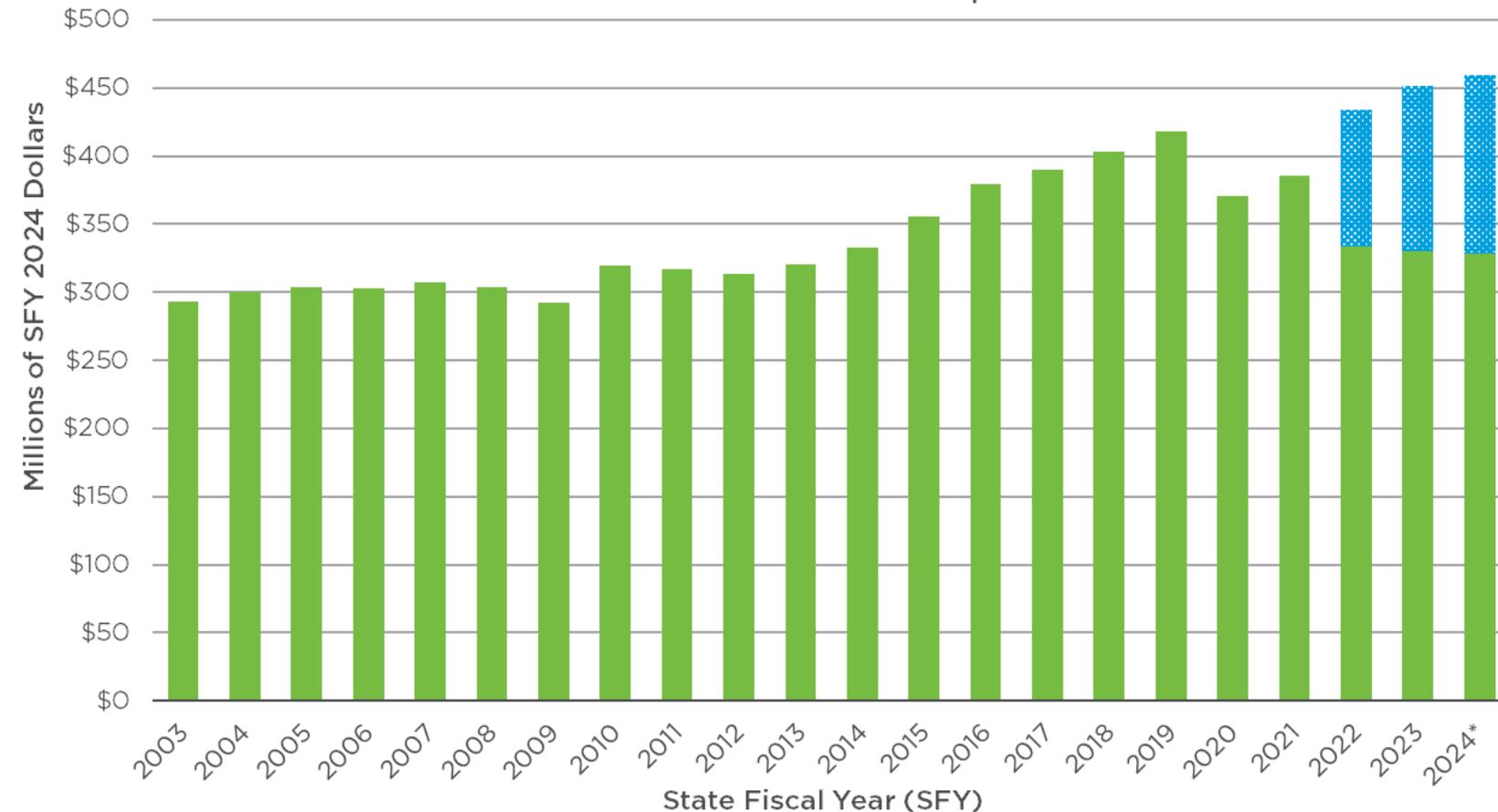


Source: New Hampshire Department of Revenue Administration, 2024 Annual Report

# THE MEALS AND RENTALS TAX

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

■ General and Education Trust Funds ■ Municipal Revenue Fund Transfer



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

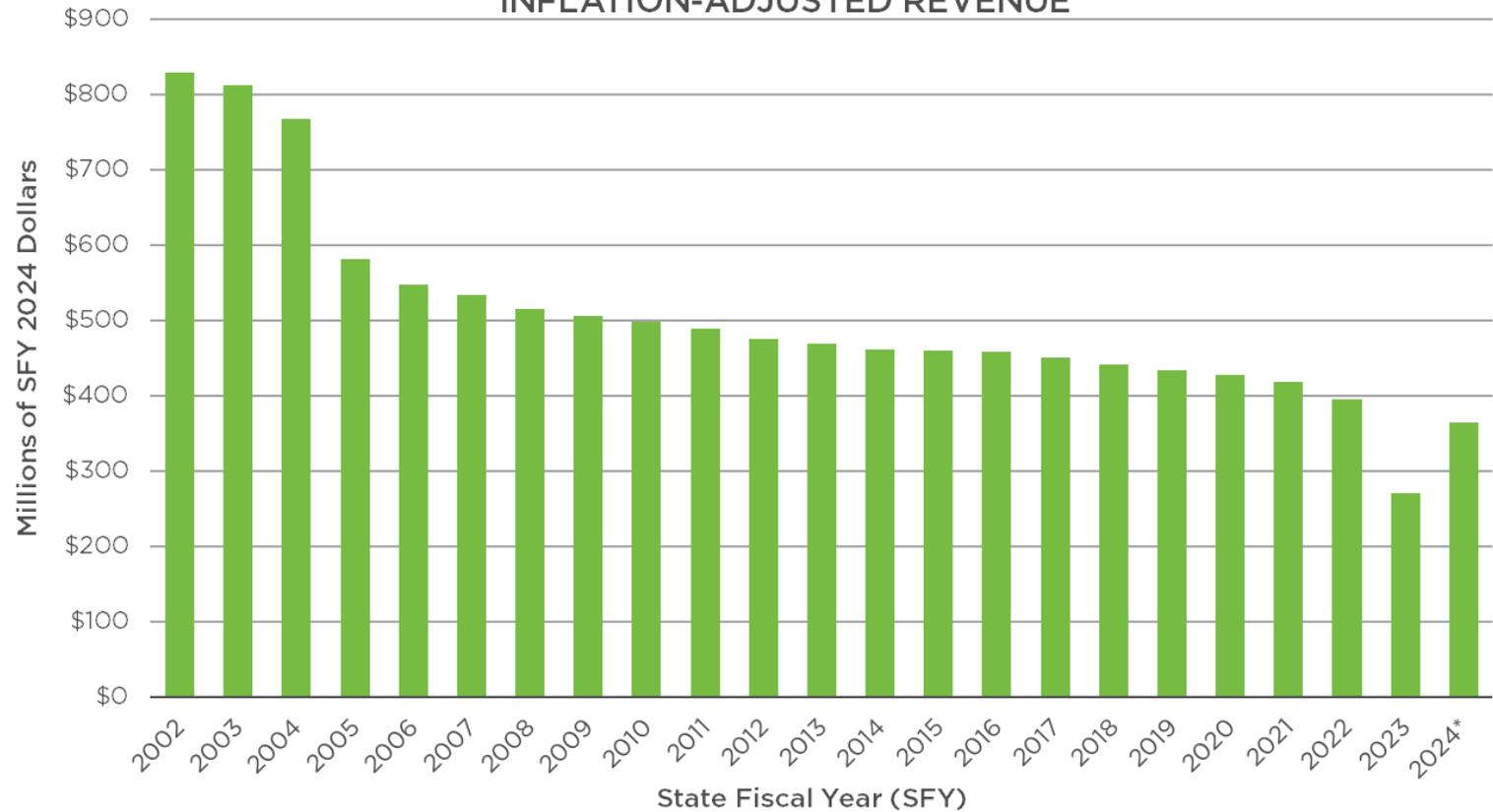
Sources: NH Annual Comprehensive Financial Reports; Department of Administrative Services Monthly Revenue Focus, June SFY 2024 Preliminary Accrual; U.S. Bureau of Labor Statistics, CPI-U, Northeast

- 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

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



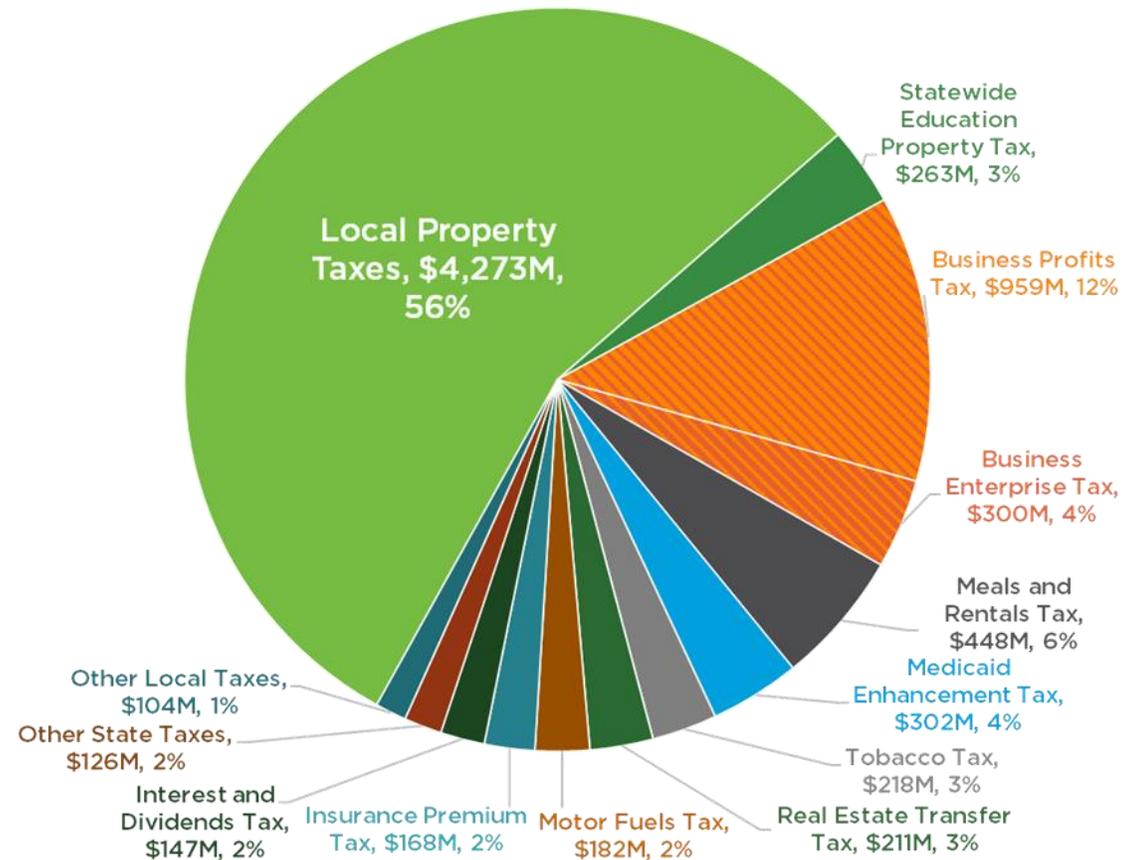
\*Note: Preliminary data based on unaudited cash receipts.

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

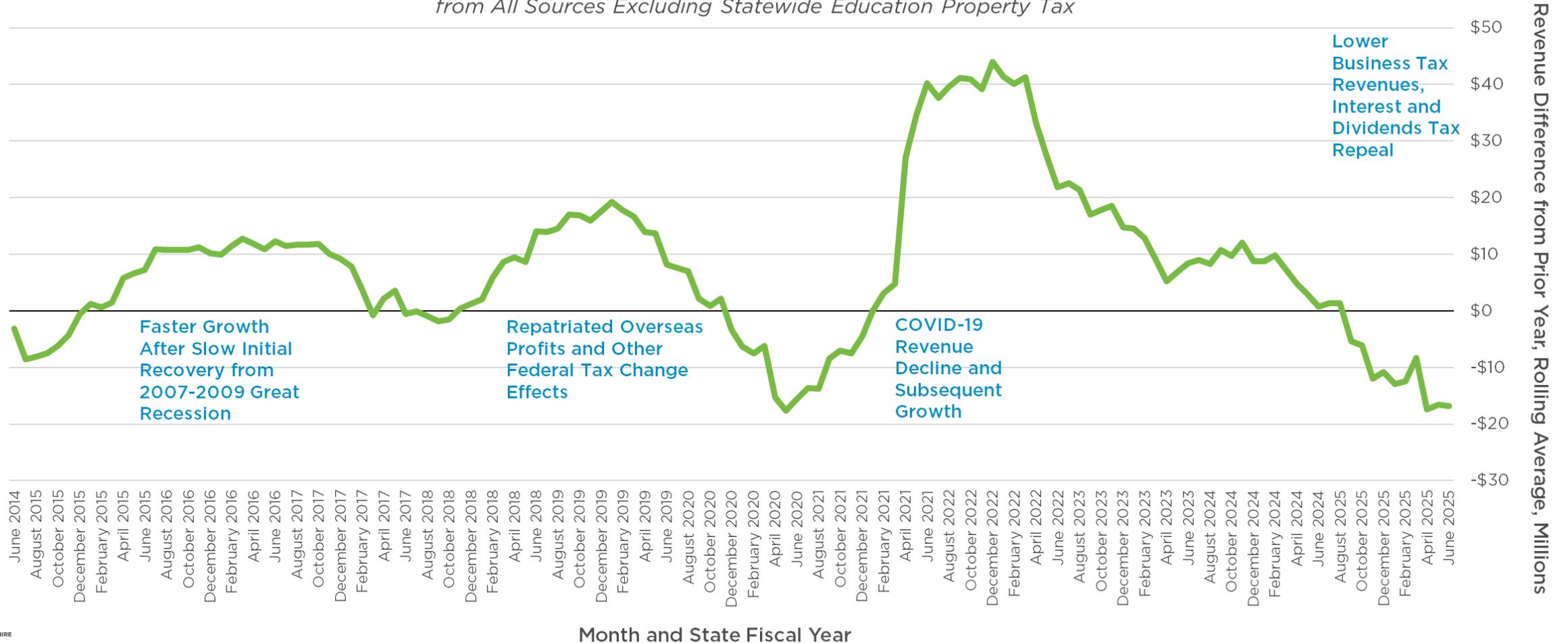
# CHALLENGES ENTERING THIS BUDGET CYCLE

- 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

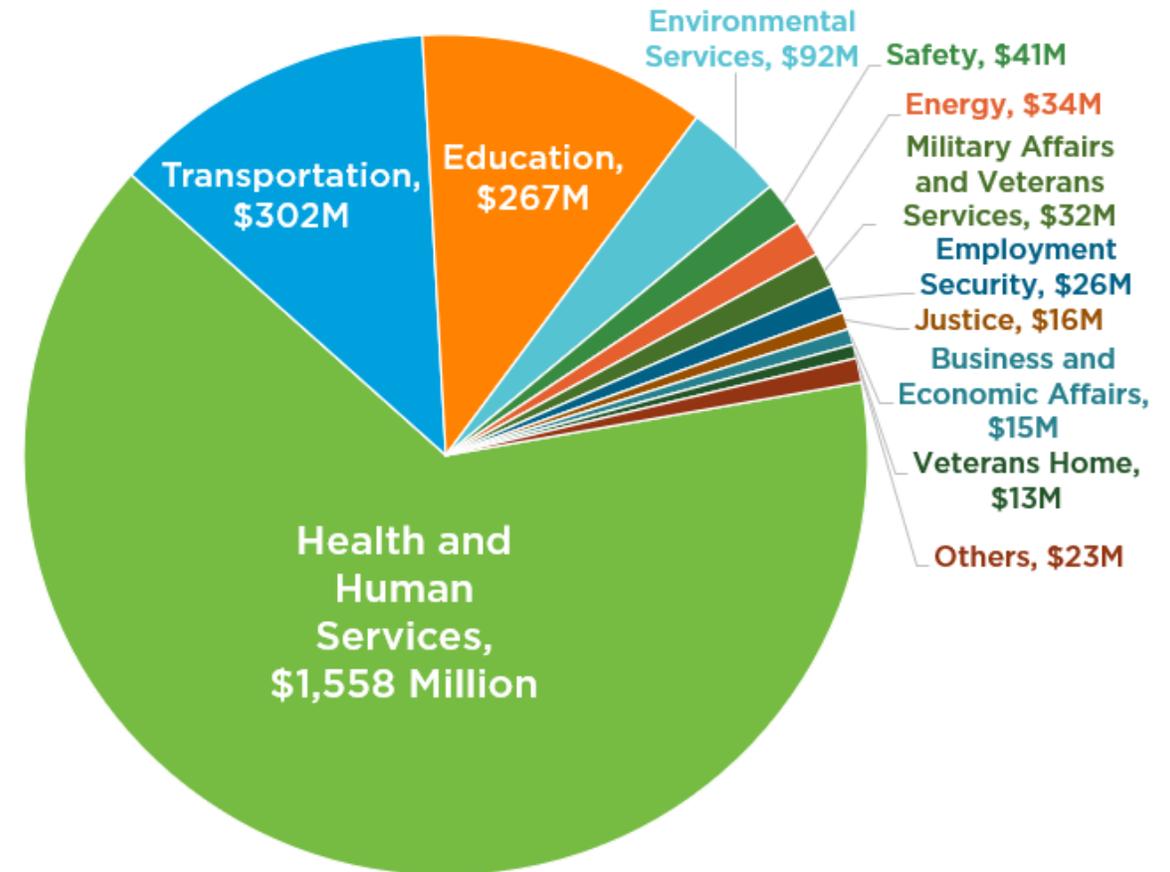


Note: Medicaid Enhancement Tax excluded from historical data. Statewide Education Property Tax excluded due to tax targeting a certain amount collected.  
Sources: New Hampshire Department of Administrative Services, Monthly Revenue Focus Reports

# 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

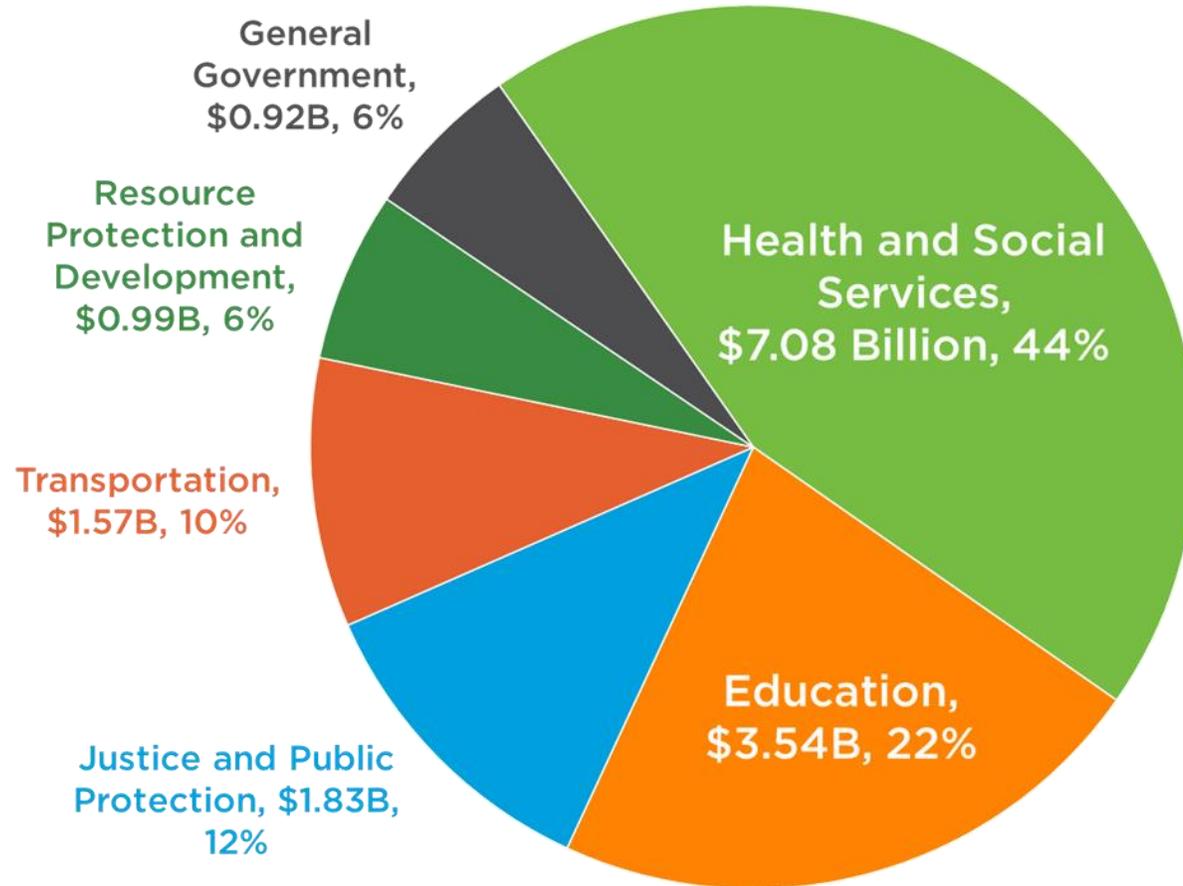
# QUESTIONS ABOUT RECENT FISCAL CHALLENGES?

# 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*



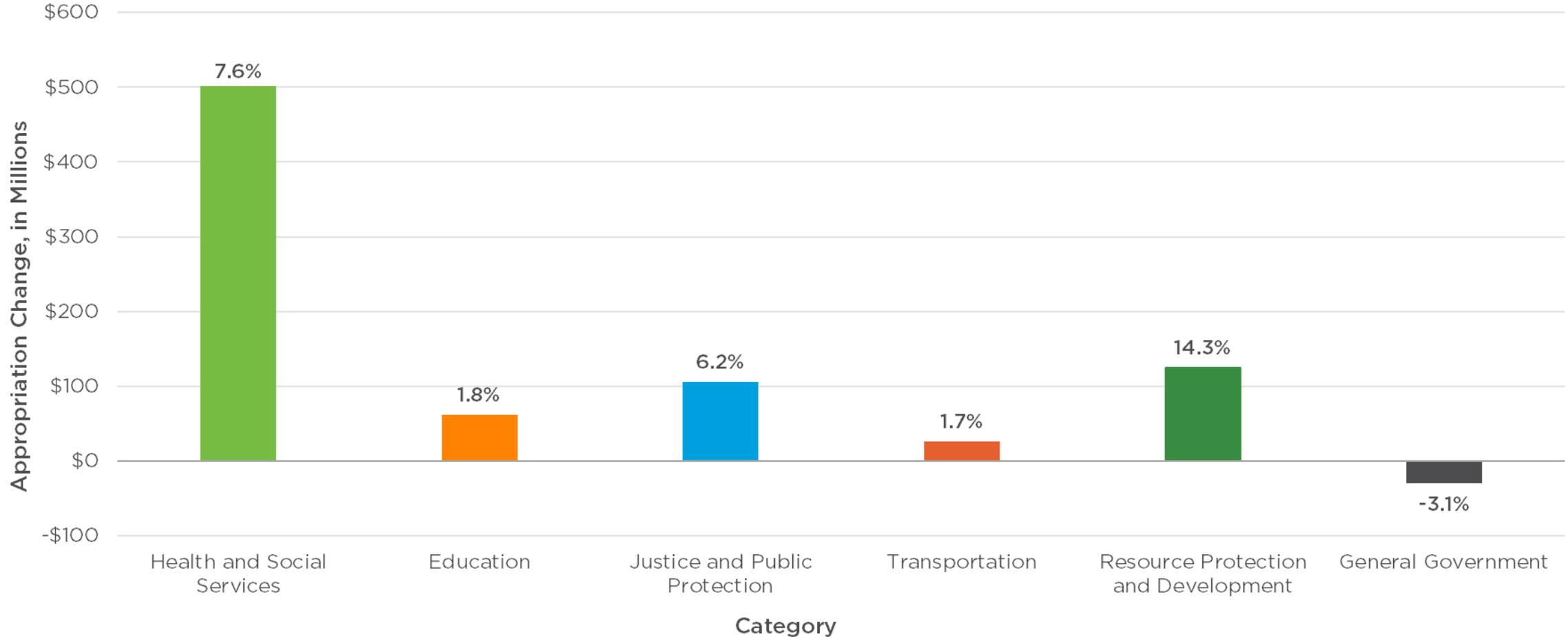
Note: These figures account for inter-agency transfers.

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

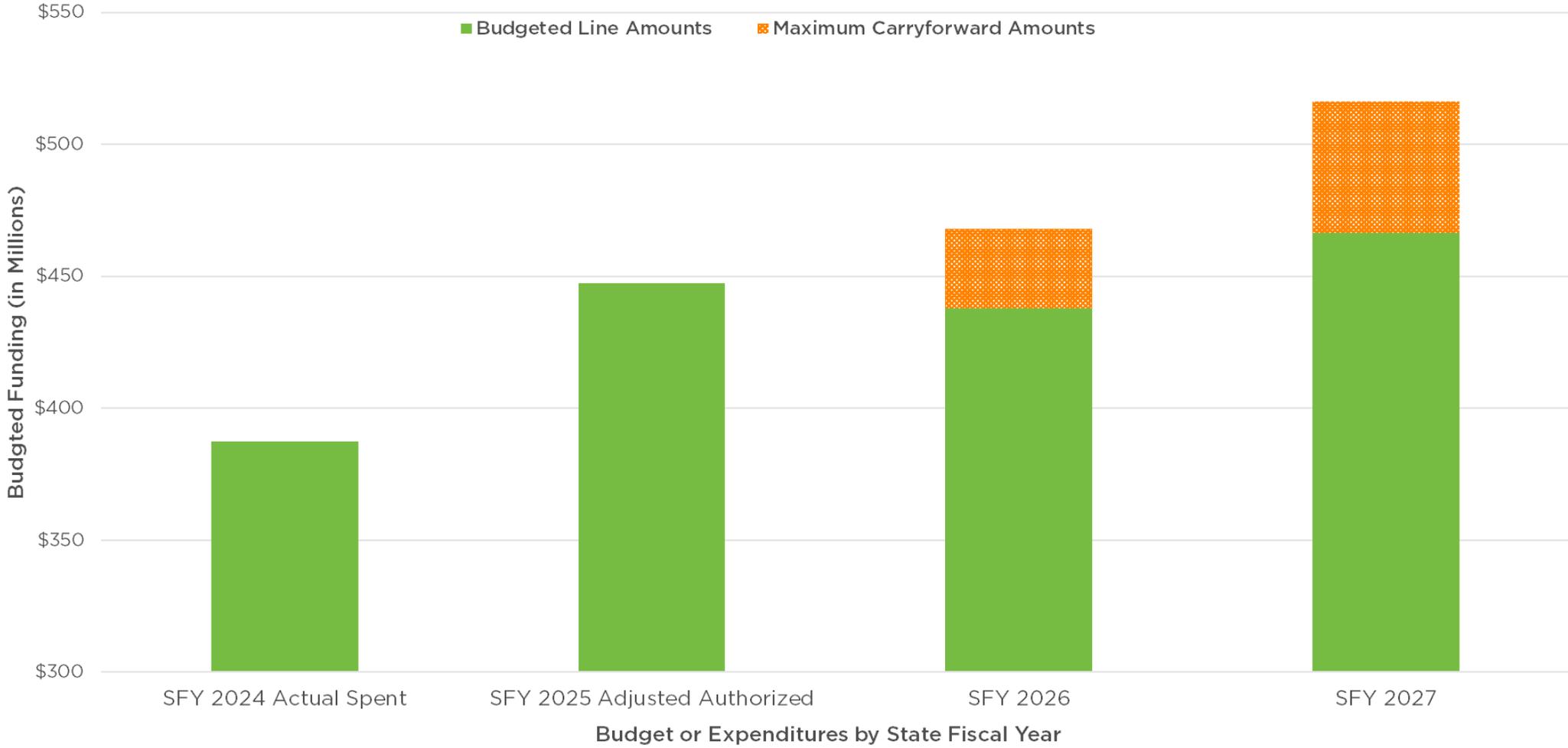
- Enrollees with certain incomes in the New Hampshire Granite Advantage Health Care Program, part of Medicaid often known as “Medicaid Expansion” for adults with low incomes, and for families with children enrolled in Medicaid would pay premiums
- Monthly premiums for Granite Advantage adults with incomes 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 16-54 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

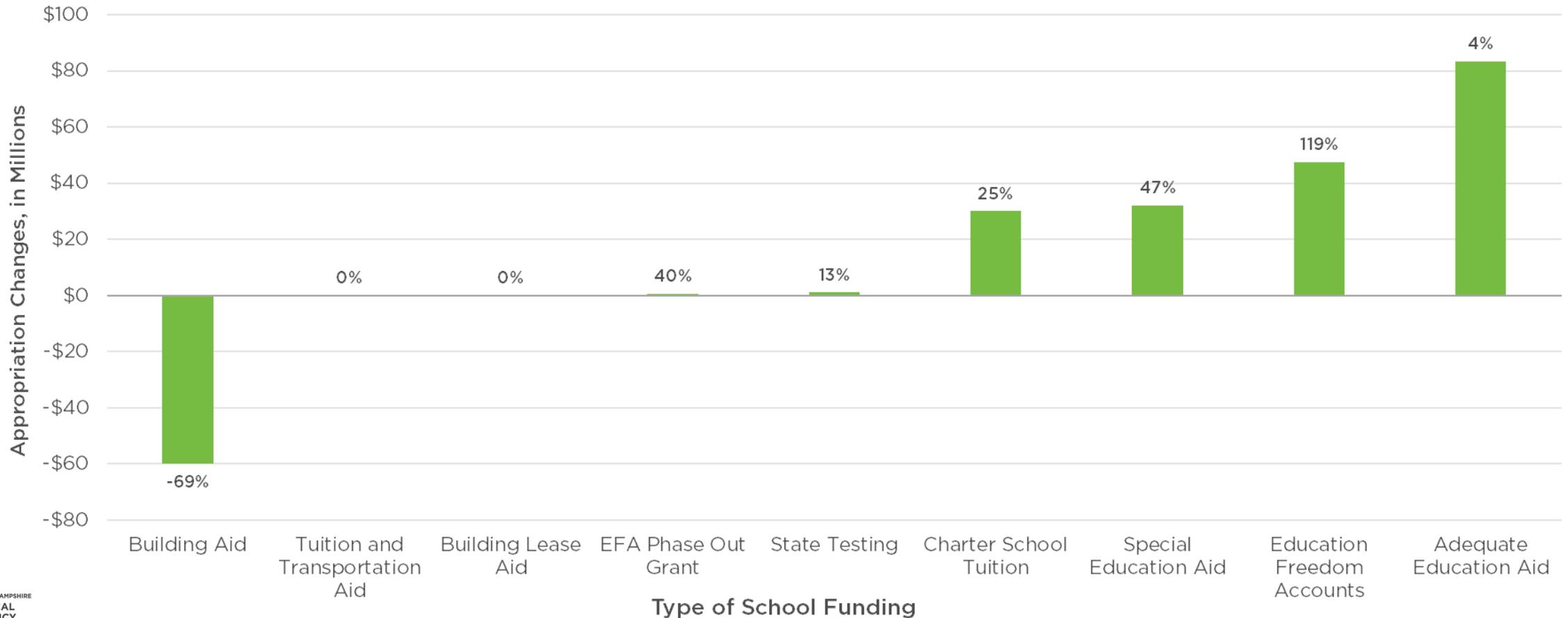
- Requires \$51.0 million in unspecified budget reductions at the NH DHHS
- Added funding for homelessness and housing shelter services
- Lowered funding for the Family Planning Program to \$1.0 million from last year's rate of \$1.7 million per biennium, carve out specifically for Coos County health
- 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

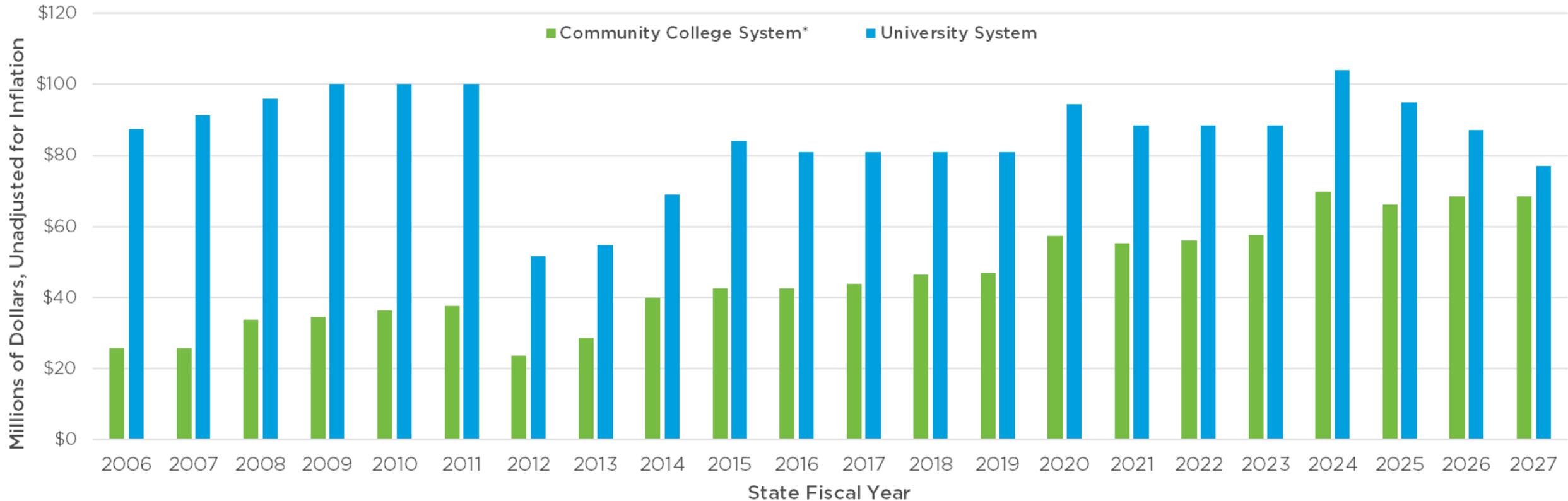
# EDUCATION FUNDING AND POLICY CHANGES

- 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



**NEWSLETTER:** [www.nhfpi.org/subscribe](http://www.nhfpi.org/subscribe)

**ADDRESS:** 100 North Main Street, Suite 400, Concord, NH 03301

**PHONE:** 603.856.8337

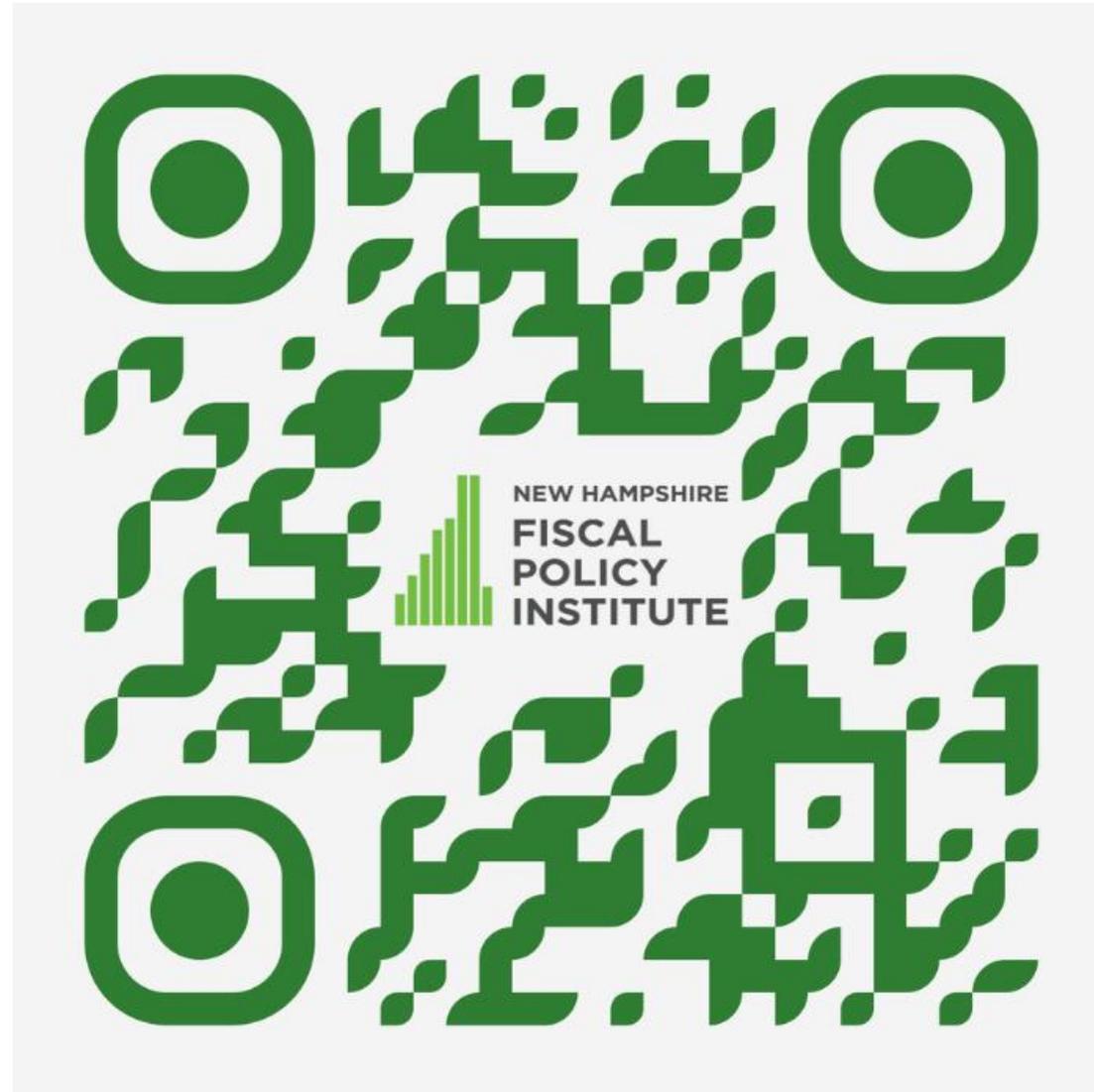
**WEBSITE:** [www.nhfpi.org](http://www.nhfpi.org)

**EMAIL:** [info@nhfpi.org](mailto:info@nhfpi.org)

**TWITTER:** @NHFPI

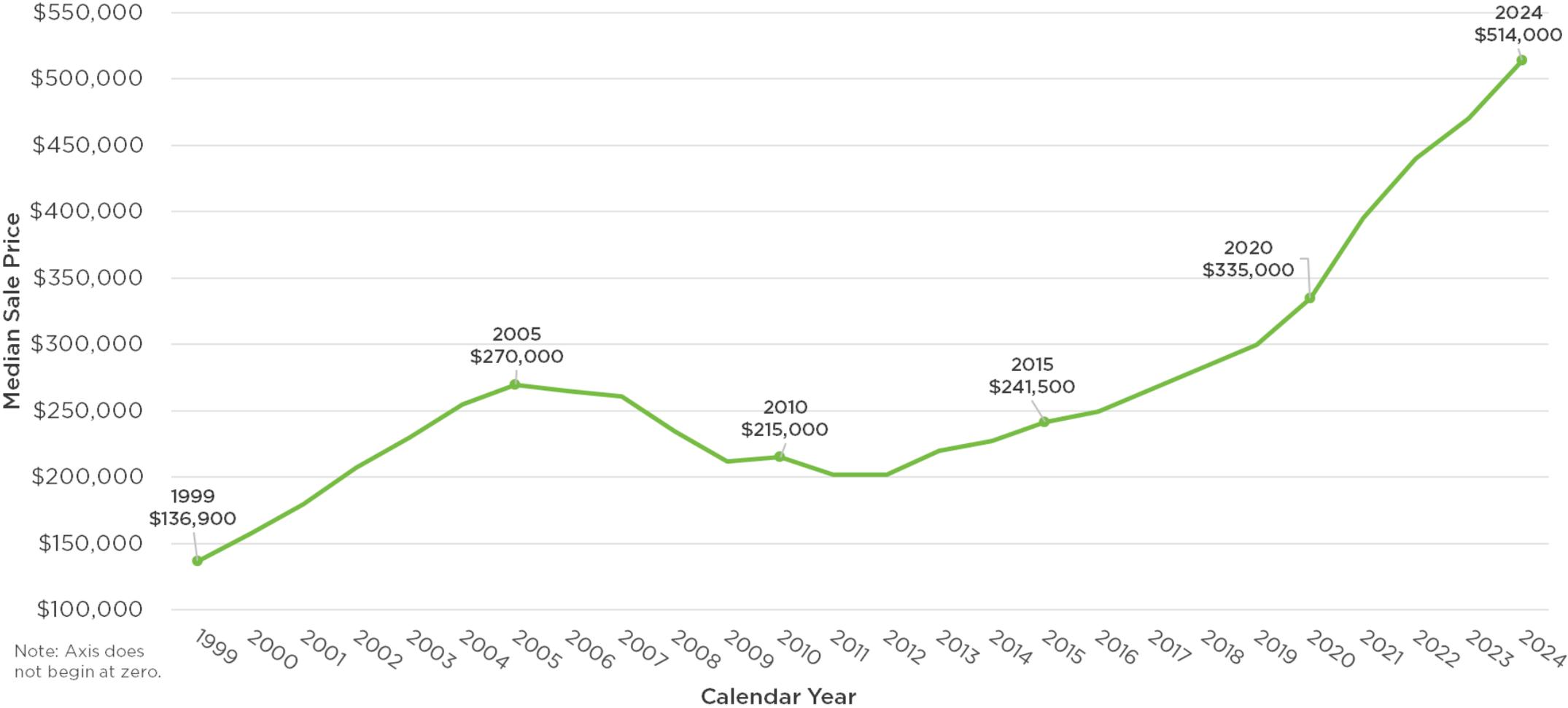
**FACEBOOK:** NewHampshireFiscalPolicyInstitute

# NHFPI NEWSLETTER SIGNUP



# MEDIAN HOUSE SALE PRICE UP 275% SINCE 1999

## STATEWIDE MEDIAN SINGLE-FAMILY HOUSE SALE PRICES



Note: Axis does not begin at zero.



Source: NH Association of Realtors, Year-Over-Year Market Data