



# THE STATE BUDGET AND FUNDING FOR PUBLIC SERVICES IN NEW HAMPSHIRE

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# OUR ROADMAP THROUGH THE STATE BUDGET AND FUNDING FOR PUBLIC SERVICES

1. Basics of the New Hampshire State Budget
2. Health, Education, and Other State Budget Services
3. Key State Revenue Sources
4. Local Government Revenue Sources and State Aid
5. Taxes, Services, and Other Impacts on Household Costs
6. Key Considerations for Future Budgets

For more information on the State Budget and State and local government revenues, see our *New Hampshire Policy Points* resource, our *Building the Budget and Revenue in Review* publications, and both the State Budget and Revenue & Tax topic pages at [nhfpi.org](https://nhfpi.org). The primary source State Budget documents are available from the Office of Legislative Budget Assistant at <https://gc.nh.gov/lba/>.

# THE BASICS OF THE NEW HAMPSHIRE STATE BUDGET

## QUESTION

IN A FEW WORDS,  
WHAT DO YOU KNOW ABOUT  
THE STATE BUDGET?

WHAT DO YOU THINK ABOUT WHEN  
YOU HEAR THE PHRASE  
“STATE BUDGET”?

# THE BASICS OF THE STATE BUDGET

## Two-year, or Biennial, Operating Budget

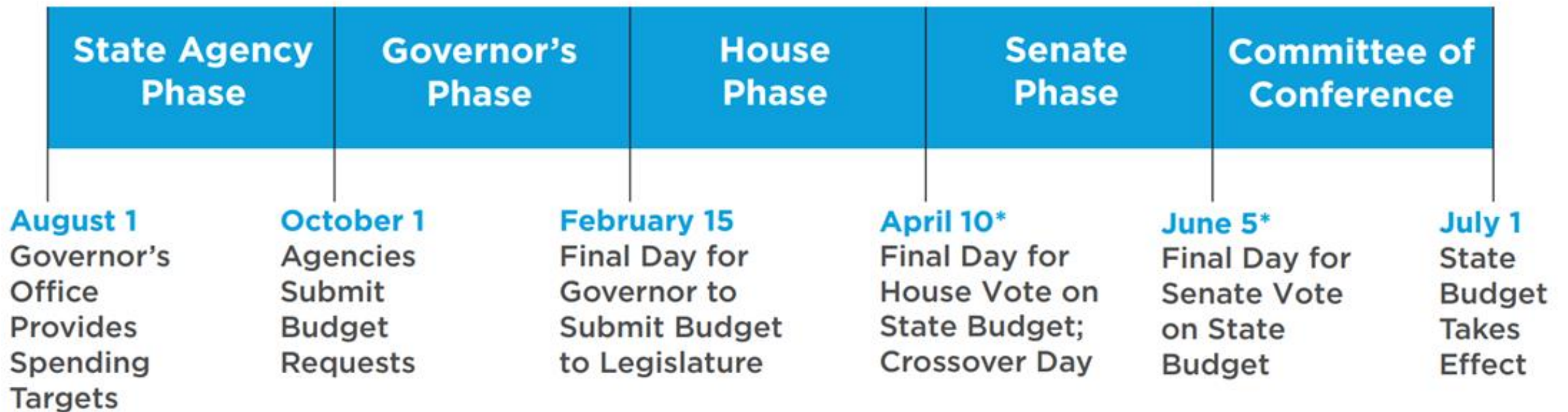
- Funds *most*, but not all, State operations for two State Fiscal Years (SFYs), typically beginning shortly after the budget is approved
- The new State Budget provides funding for SFYs 2026-2027, which spans July 1, 2025 to June 30, 2027, from two years of projected revenue
- State Budget, currently being implemented, appropriated approximately \$15.9 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 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.

# 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 previous State Budget included language reauthorizing the program in HB 2

# SERVICES FUNDED BY THE STATE BUDGET

## QUESTION

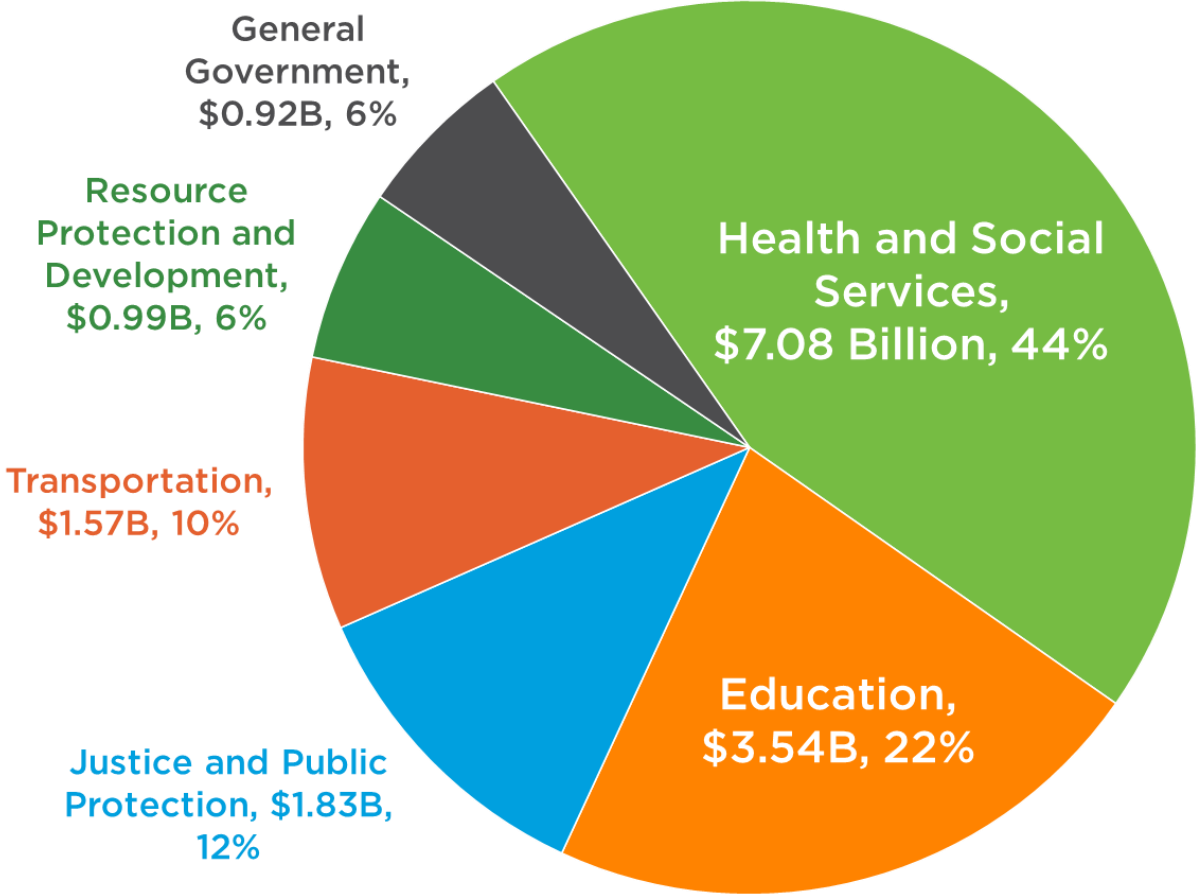
**WHAT PERCENTAGE  
OF THE STATE BUDGET  
IS APPROPRIATED TO:**

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

# SIX CATEGORIES SHOW STATE RESPONSIBILITIES

## 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

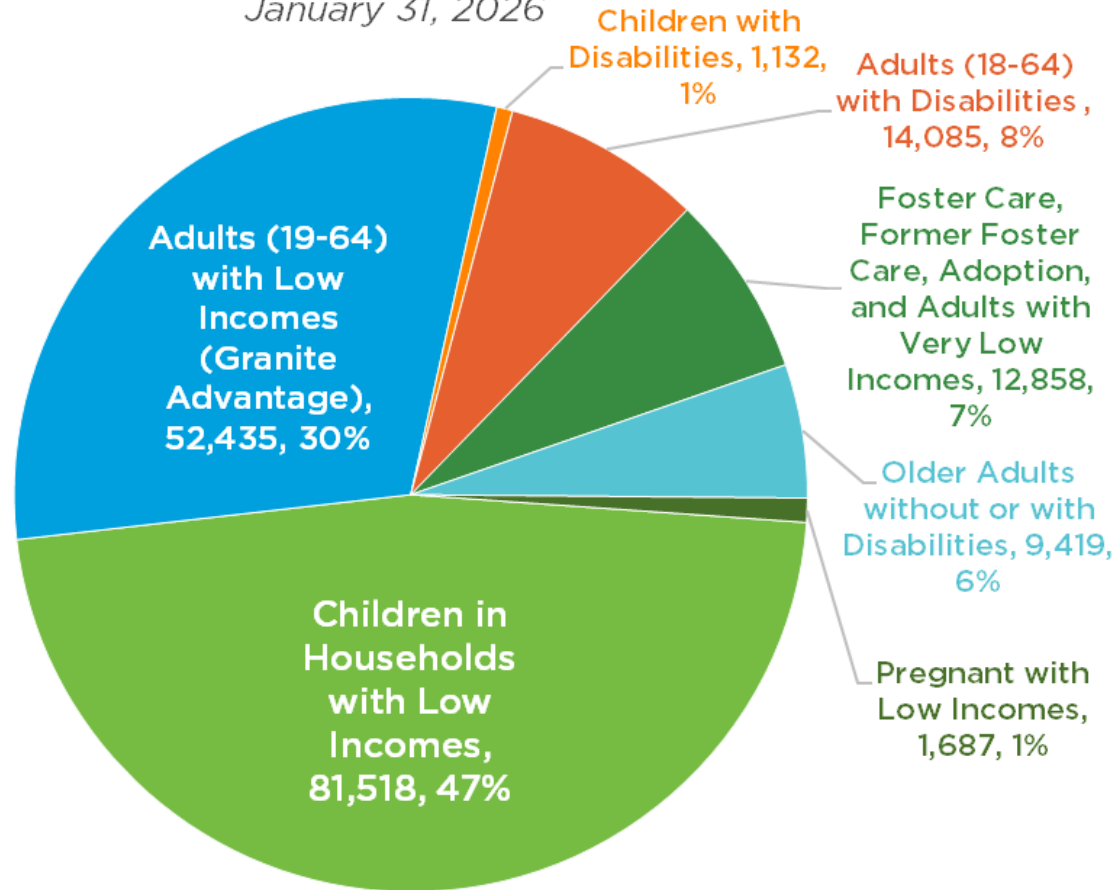
# HEALTH AND SOCIAL SERVICES

- Department of Health and Human Services (DHHS) budget and the budget for the New Hampshire Veterans' Home
- Within the DHHS budget:
  - Public health, communicable disease prevention, and food safety
  - Services for older adults, including the public funding for nursing facilities and home- and community-based services
  - Mental, alcohol and other drug addiction, and behavioral health services
  - Food assistance (Supplemental Nutrition Assistance Program administration)
  - Developmental services for children and adults with disabilities
  - Funding for early care and early education services assistance
  - Child protective and other youth health services
  - Assistance for housing security and services to unhoused individuals
  - Access to health care for children, adults, and older adults with low incomes
- Many of these DHHS services are supported by Medicaid

# MEDICAID IN NEW HAMPSHIRE

## MEDICAID ENROLLMENT IN NEW HAMPSHIRE

January 31, 2026



Source: New Hampshire Department of Health and Human Services, February 11, 2026

- 173,134 Granite Staters had access to health care through Medicaid at the end of January 2026 (12.2% of Granite Staters)
- Approximately \$2.8 billion expenditure in SFY 2025 from all sources, with 58% of the total supported by federal funds
- Federal Medicaid revenue, counted together, is the largest single source of revenue for the State (\$1.6 billion in SFY 2025)
- Recent federal changes to Medicaid (limits on provider taxes, eligibility, and reimbursements with new work and community engagement requirements) may reduce federal aid to NH by about \$2.3 billion over nine years

Sources: New Hampshire Department of Health and Human Services; KFF

# EDUCATION

- Department of Education funding, includes \$1.08 billion (SFY 2026 budgeted and spent) in Adequate Education Aid to school districts
  - Aid to school districts, as well as to public charter schools (\$73.5M), determined primarily on a per pupil basis, including adjustments for students enrolled in free and reduced-price meal programs, English language learners, and special education needs
  - Category also includes school building aid (\$14.8M) and school infrastructure (\$5.2M), targeted special education aid for higher-cost student needs (\$49.9M), tuition and transportation aid (\$9.0M), and Education Freedom Accounts (\$39.3M budgeted, \$51.6M expenditures) for private education costs
- Block grant funding for New Hampshire's University System (\$87.0M) and Community College System (\$68.5M)
- Budgets for Lottery and Gaming Commission, Police Standards and Training Council also included Education category

# JUSTICE AND PUBLIC PROTECTION

- Judicial branch of State government (court system)
- Departments of:
  - Justice
  - Safety
  - Corrections
  - Banking
  - Labor
  - Employment Security
  - Insurance
  - Energy
  - Agriculture, Markets, and Food
- Also includes the Liquor Commission, Judicial Council, and Public Employee Labor Relations Board

# TRANSPORTATION, RESOURCE PROTECTION AND DEVELOPMENT, GENERAL GOVERNMENT

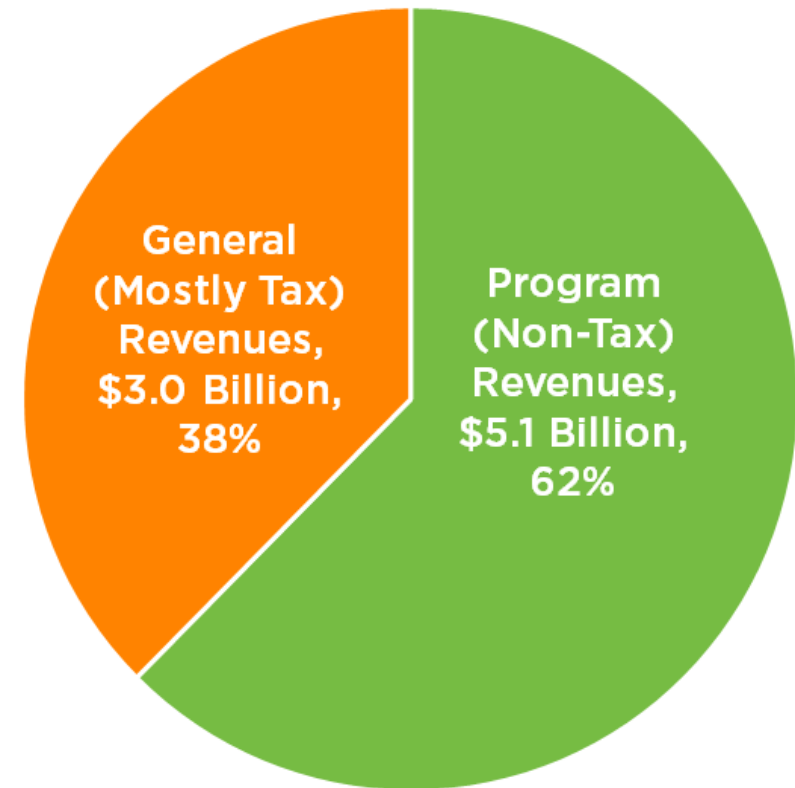
- **Transportation:** Department of Transportation operating costs, does not include bonding for large capital projects budgeted elsewhere
- **Resource Protection and Development:** Department of Environmental Services (including significant funds for water and air quality, wetlands and waterways, project permitting), Fish and Game Department, Department of Natural and Cultural Resources (includes forest and lands management), Department of Business and Economic Affairs (planning, travel and tourism, economic development), and the Pease Development Authority
- **General Government:** Departments of Administrative Services, Treasury, Revenue Administration, and Information Technology as well as Legislature, Governor, Executive Council, Secretary of State, and several councils and boards

# REVENUE SOURCES FOR STATE SERVICES

# WHY “REVENUE”? ISN'T IT JUST TAXES?

- Not all government revenue comes from taxes
- Revenue is also collected through fees, charges, interest, and programs that sell products or services
- Federal programs, grants, and aid supply a large amount of revenue to the State government directly; also may provide funding for local government initiatives and support for other organizations

STATE GENERAL AND PROGRAM REVENUES FOR NEW HAMPSHIRE, STATE FISCAL YEAR 2025



Source: New Hampshire Annual Comprehensive Financial Report, SFY 2025

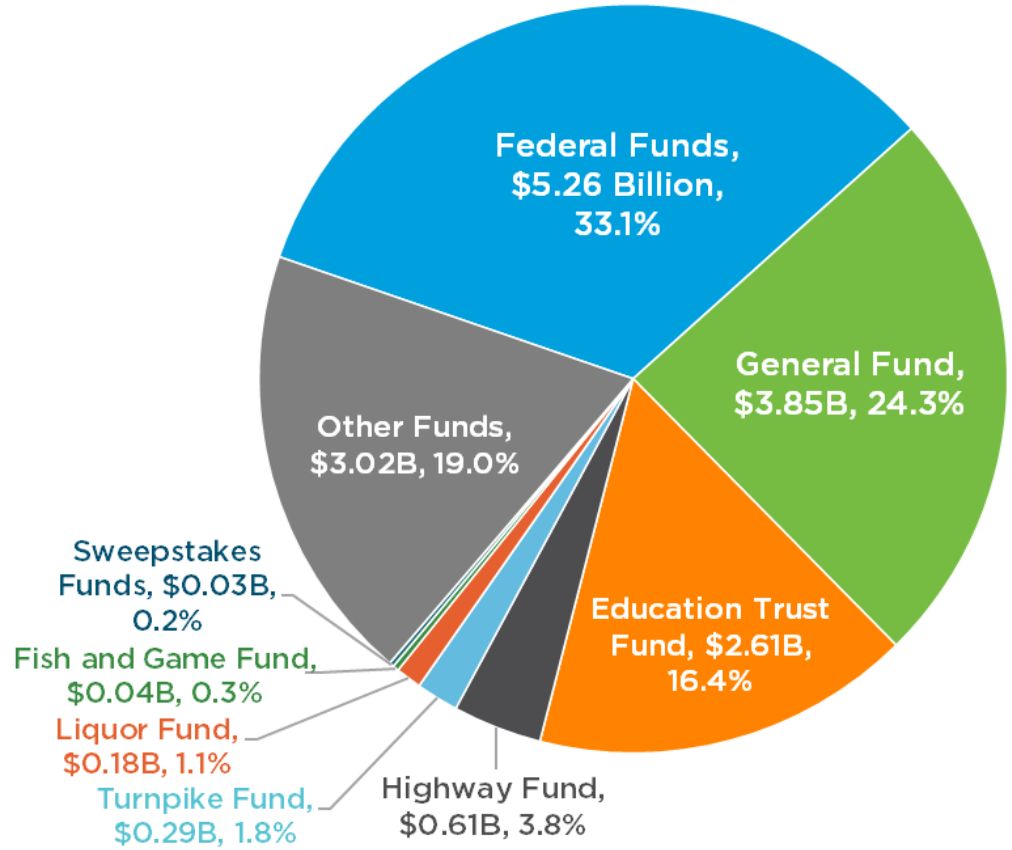
# LARGEST NON-TAX REVENUE SOURCES

## To All Funds (State Fiscal Year 2025)

- Federal Grants - \$3.5 billion  
(includes federal transfers to the State's Governmental and Enterprise Funds)
- Liquor Commission Sales and Services - \$715.2 million  
(\$120.2 million in operating profits for other State uses)
- Lottery Commission Revenues - \$604.4 million  
(\$207.8 million in profits for Education Trust Fund)
  - Renamed under the new State Budget to the Lottery and Gaming Commission
- Turnpike Tolling - \$140.3 million
- Unemployment Compensation Operating Revenue - \$39.0 million

# STATE BUDGET REVENUE SOURCES FOR SPECIFIC EXPENDITURES ORGANIZED INTO FUNDS

**THE NEW HAMPSHIRE STATE BUDGET FOR FISCAL YEARS 2026 AND 2027, BY FUND**  
*Includes Operating Budget and Trailer Bill Appropriations*



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

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

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

# FEDERAL FUNDING AND STATE SERVICES

- Medicaid for health services (largest single source)
- Federal transportation aid, through a wide variety of programs
- Education aid – special education, school meals, professional development
- Water pollution and infrastructure funds, clean and drinking water programs
- Supplemental Nutrition Assistance Program (SNAP), also known as the “New Hampshire Food Stamp Program”
- Women, Infants, and Children Nutrition Program (WIC)
- Temporary Assistance for Needy Families (TANF)
- Low Income Home Energy Assistance Program (State Fuel Assistance Program)
- Certain Veterans’ services and National Guard

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

## QUESTION

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

# LARGEST STATE TAX REVENUE SOURCES

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

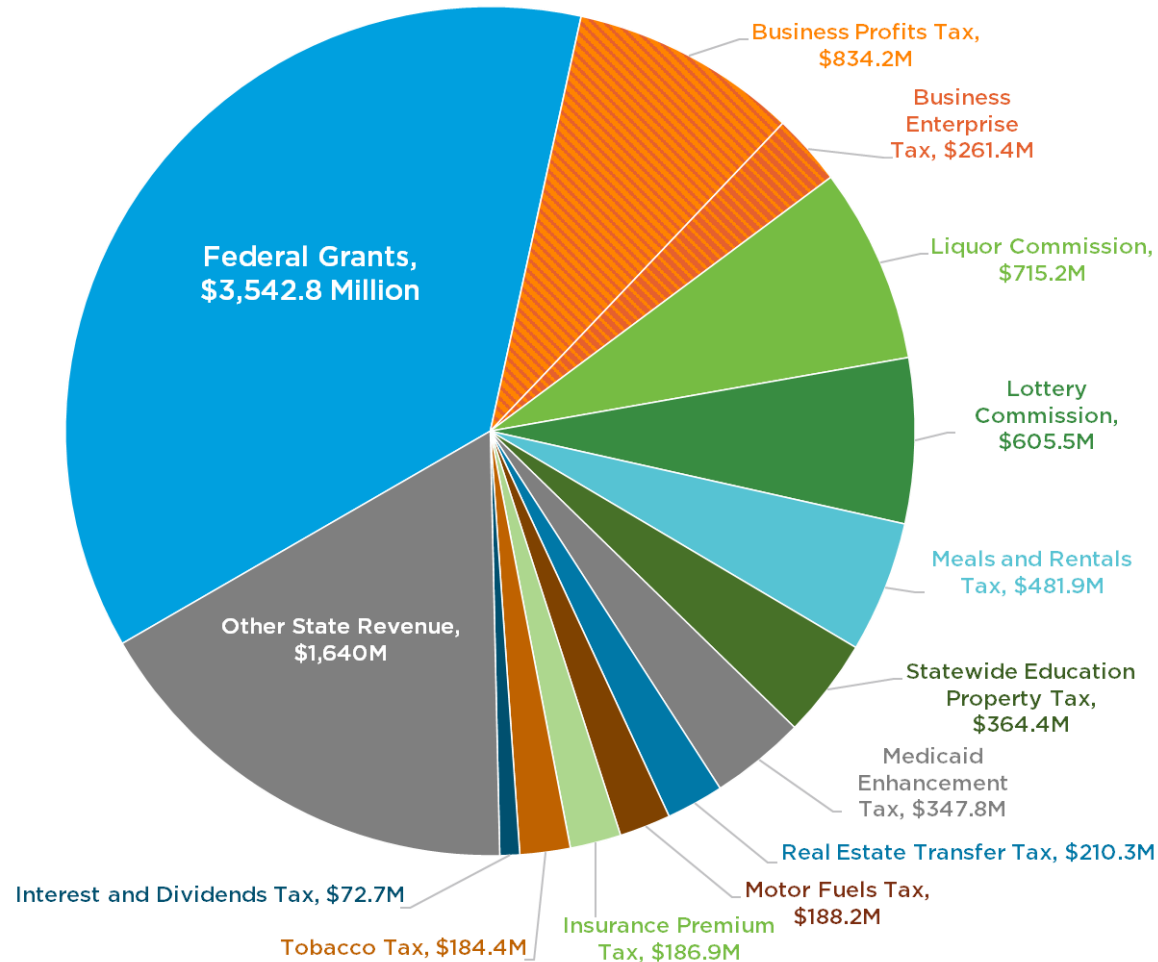
1. Business Profits Tax\* - \$834.2 million
2. Meals and Rentals Tax - \$481.9 million
3. Statewide Education Property Tax - \$364.4 million
4. Medicaid Enhancement Tax - \$347.8 million
5. Business Enterprise Tax\* - \$261.4 million
6. Real Estate Transfer Tax - \$210.3 million
7. Motor Fuels Tax - \$188.2 million
8. Insurance Premium Tax - \$187.1 million
9. Tobacco Tax - \$184.4 million
10. Interest and Dividends Tax - \$72.7 million (repealed during SFY 2025)

\*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

# A DIVERSE ARRAY OF STATE REVENUES

STATE REVENUE SOURCES, GOVERNMENTAL AND ENTERPRISE FUNDS, STATE FISCAL YEAR 2025



- Federal transfers significant, typical among U.S. states as fraction of total revenue
- Federal Medicaid payments totaled \$1.6 billion in SFY 2025, 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

Sources: Annual Comprehensive Financial Reports for the State of New Hampshire, the Liquor Commission, and the Lottery Commission, SFY 2025; NH Department of Revenue Administration, 2025 Annual Report; NH Department of Health and Human Services

# THE TWO PRIMARY BUSINESS TAXES

## Business Profits Tax (BPT)

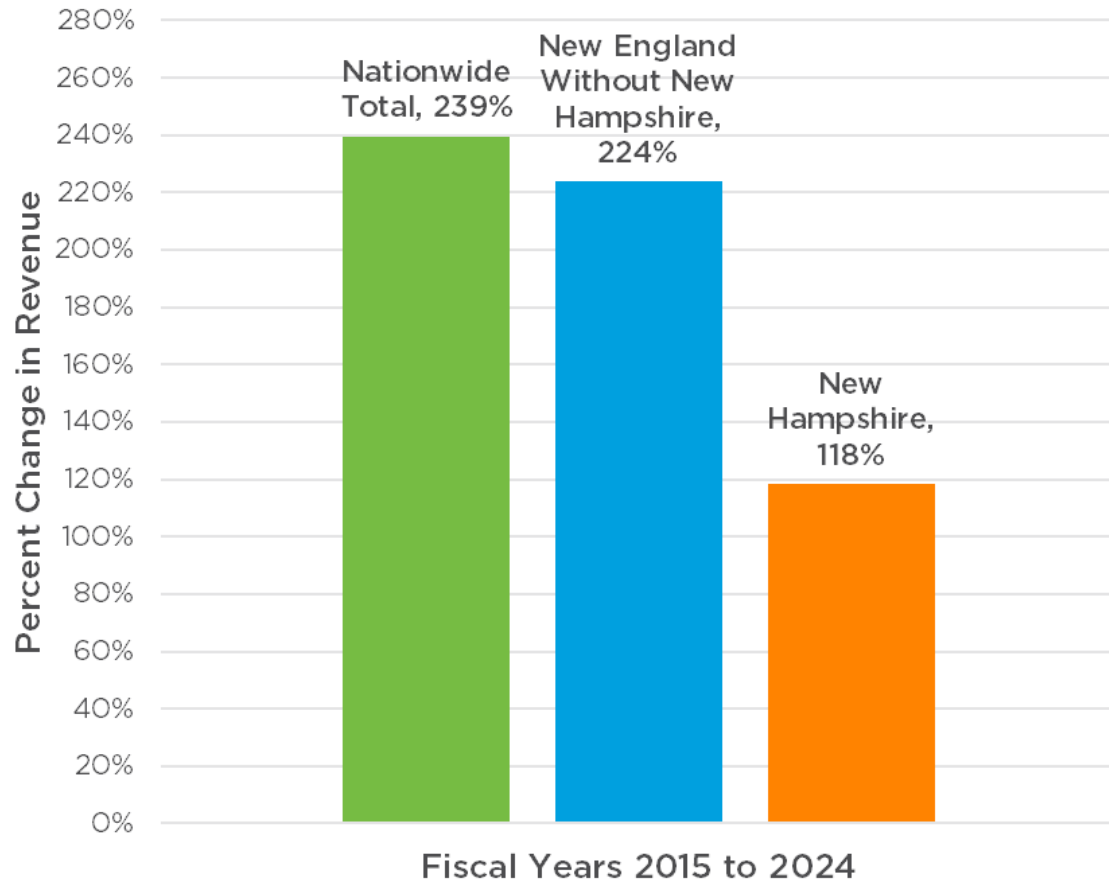
- Traditional state corporate income tax
- Tax based on net business profits after adjustments (BET) and apportionment
- Tax base likely about \$10.1 billion in Tax Year 2023
- Recent rate reductions:
  - 2001-2015: 8.5%, 2016-17: 8.2%, 2018: 7.9%, 2019-21: 7.7%, 2022: 7.6%, 2023: 7.5%
- Supports the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

## 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

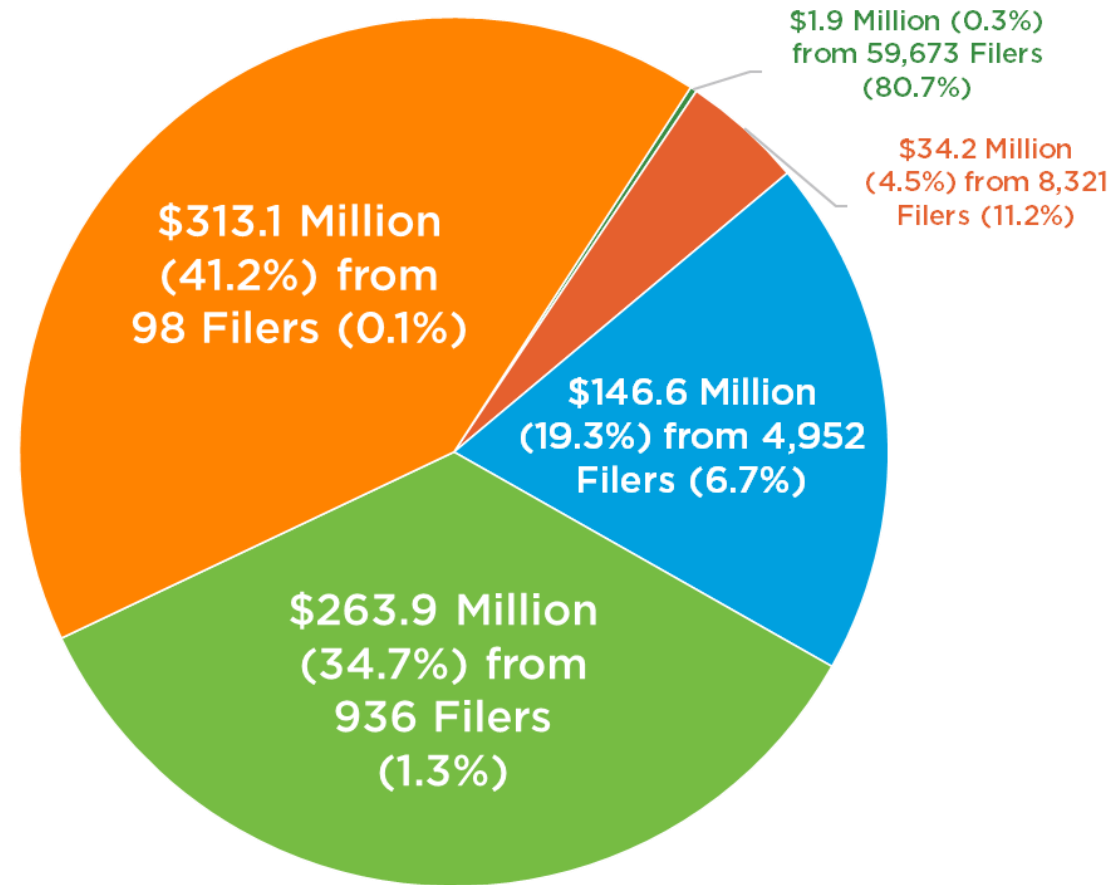
# STATE CORPORATE TAX REVENUES HAVE INCREASED NATIONWIDE

- New Hampshire's experience is not unique, increase likely not attributable to State policies
- Magnitude of increase may have been reduced by State policies
- Little evidence that tax rate reductions are related to economic growth or changes in jobs, and no evidence to suggest lower rates increased revenue
- Tax rate reductions since 2015 have likely resulted in about \$800 million to \$1.2 billion in forgone revenue

Source and additional citations: NHFPI, Business Tax Rate Reductions Led to Between \$795 Million and \$1.17 Billion in Forgone Revenue for Public Services Since 2015, April 2025

# LARGE FILERS KEY TO BPT REVENUES

## NEW HAMPSHIRE BUSINESS PROFITS TAX PAID AND NUMBER OF FILERS, TAX YEAR 2023



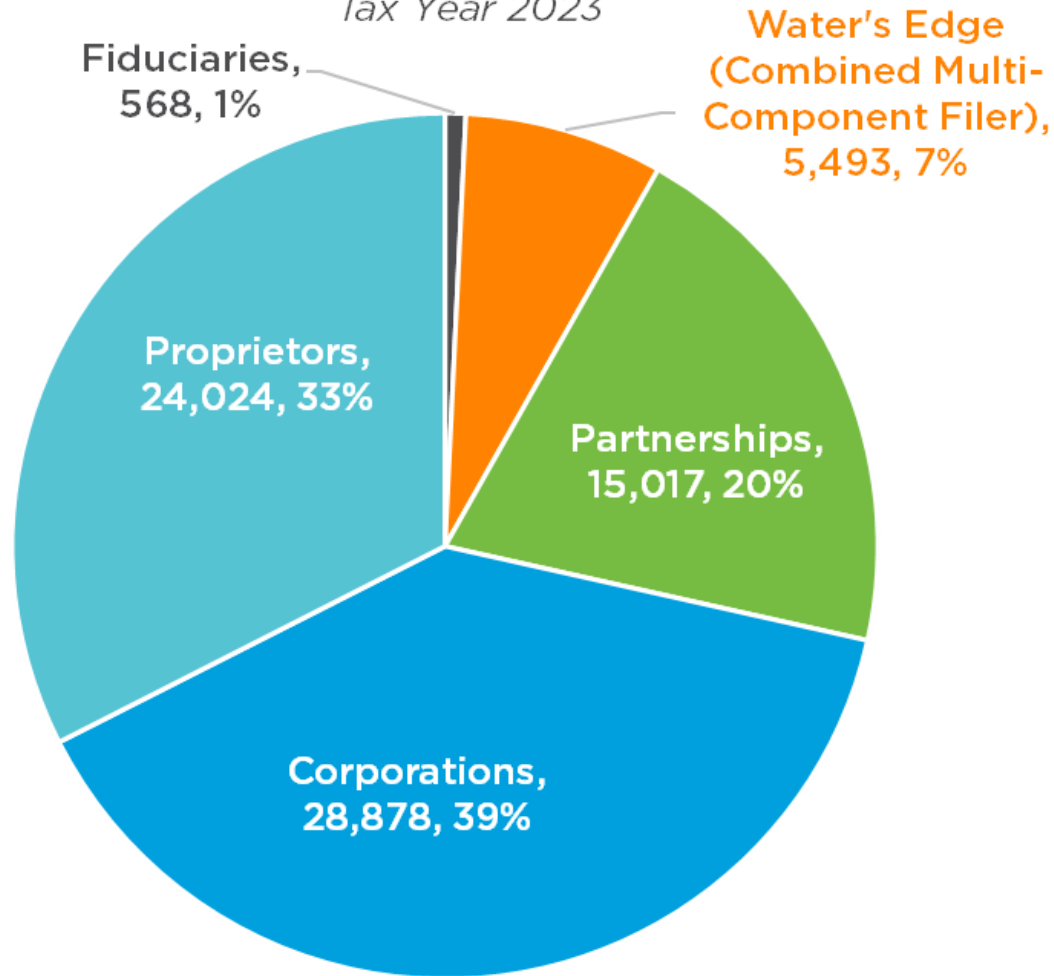
Note: Draft data as of July 21, 2025.

Source: New Hampshire Department of Revenue Administration,  
2025 Annual Report

# DIVERSITY OF FILER TYPES IN BPT BASE

## BUSINESS PROFITS TAX FILERS BY TYPE

Tax Year 2023



**Proprietors:** typically “sole proprietorships” that are not a separate entity from individual for tax purposes and are an unincorporated business, form of self-employment

**Partnerships:** relationship between two or more people to run a business, each with shares in profits and losses

**Fiduciary:** personal representative or trustee such as an executor or administrator

**Corporations:** separate entities from their owners, with more liabilities and requirements

**Water’s Edge:** businesses with multiple component businesses reporting with one tax filing, can include businesses with significant overseas components that may be exempt

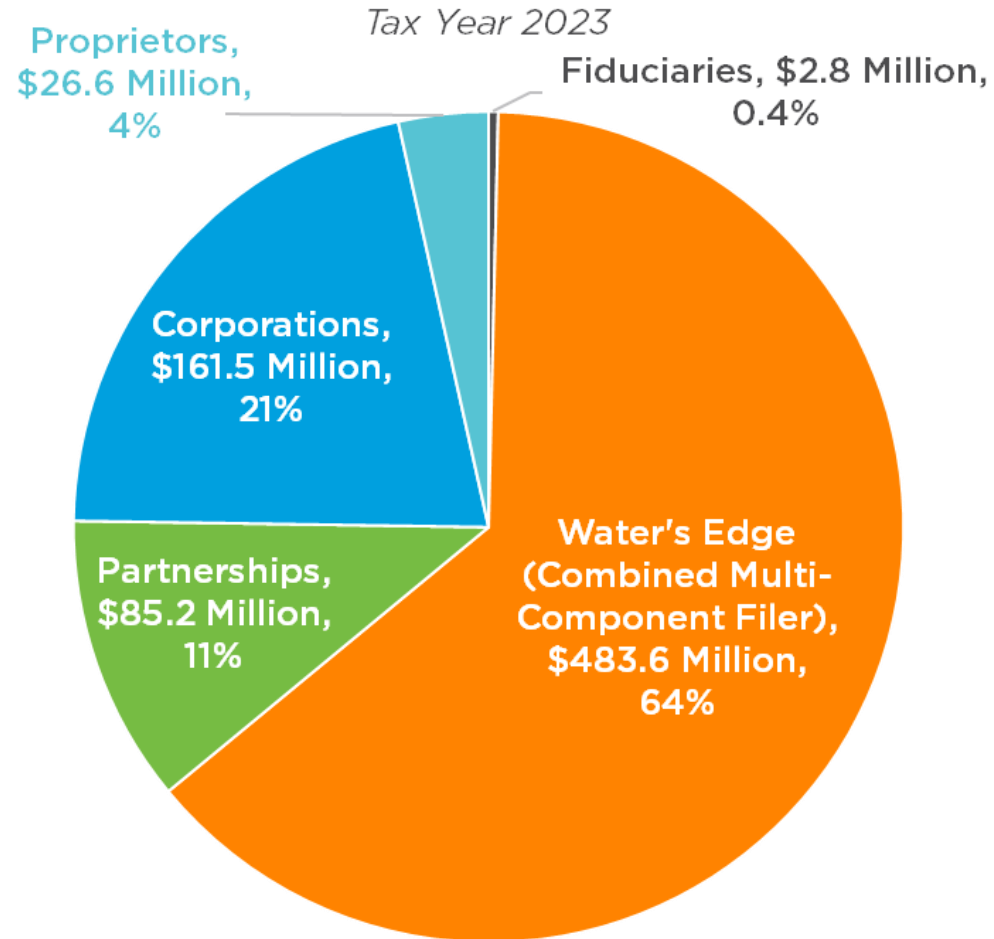
Note: Draft data as of July 21, 2025

Source: New Hampshire Department of Revenue Administration, 2025 Annual Report

Sources: U.S. Small Business Administration; U.S. Internal Revenue Service; New Hampshire Administrative Rules Rev 301.08

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

## BUSINESS PROFITS TAX FILERS BY LIABILITY



Note: Draft data as of July 21, 2025.

Source: New Hampshire Department of Revenue Administration, 2025 Annual Report

## 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

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

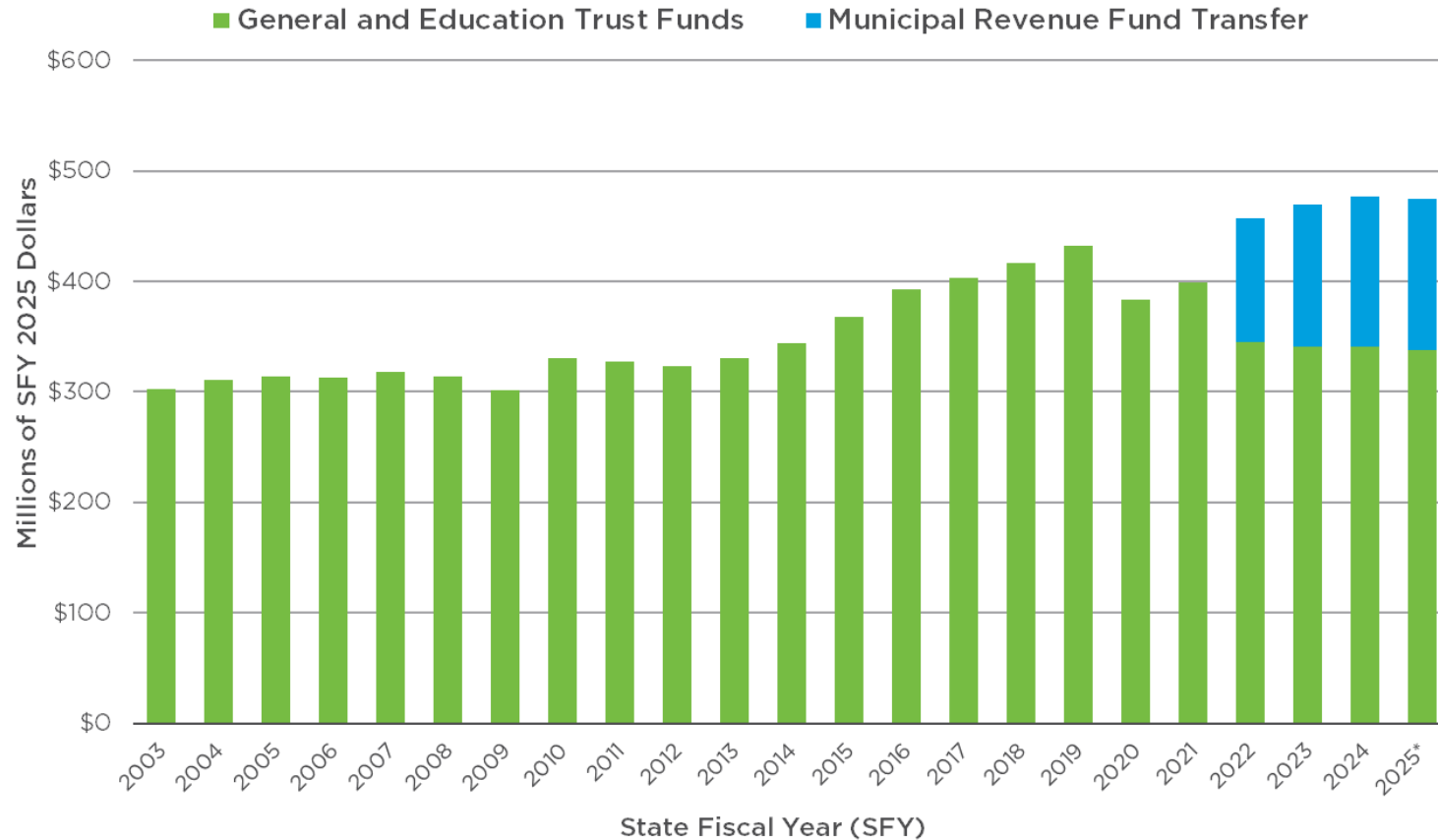


\*Note: Preliminary data based on unaudited cash receipts.

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

# THE MEALS AND RENTALS TAX

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



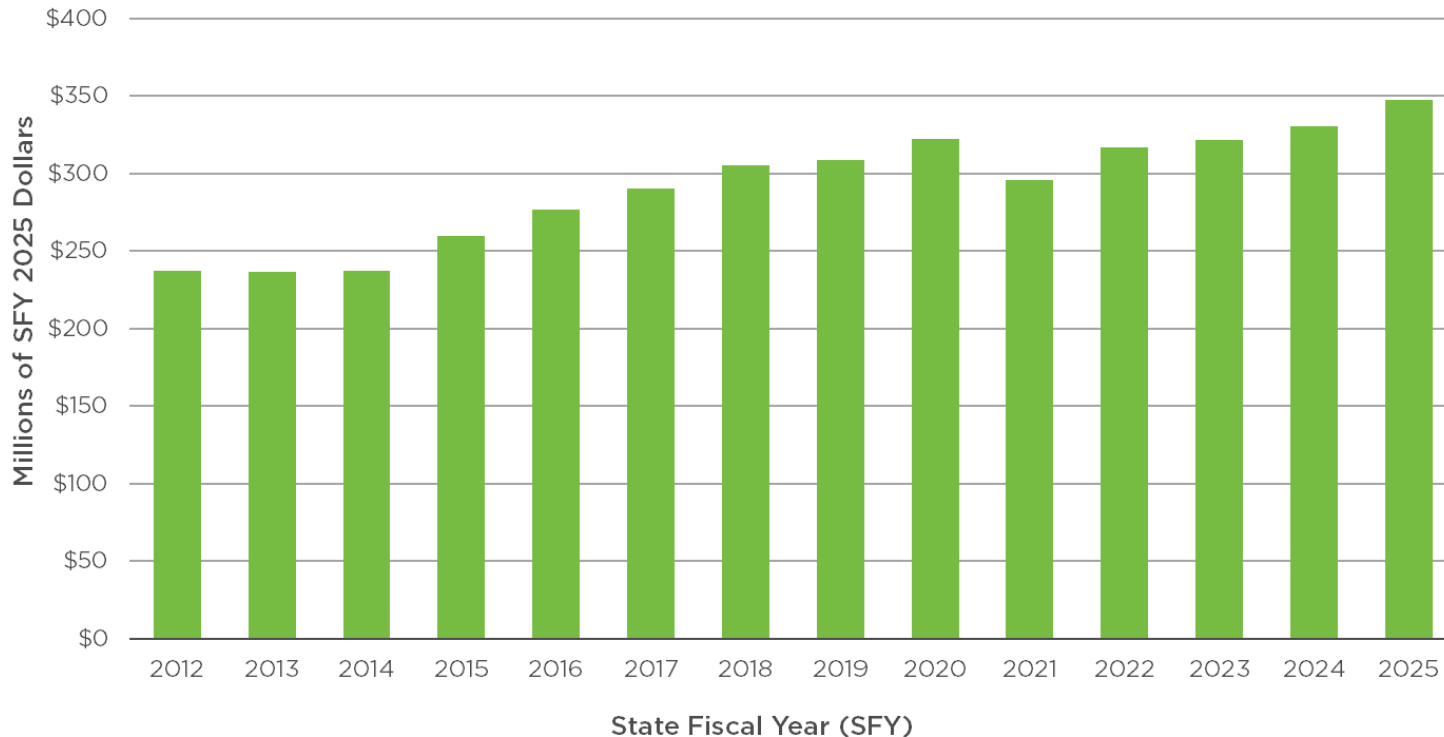
\*Note: Data based on unaudited cash receipts.

Sources: NH Annual Comprehensive Financial Reports; Department of Administrative Services Monthly Revenue Focus, June SFY 2025; 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, State's travel and tourism development agency, municipalities (30 percent directed to a special fund outside State Budget)

# 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
- Limited by federal law, will be reduced by federal law in future

# MAJOR CHANGES TO STATE TAX AND REVENUE POLICY, 2015 TO 2025

- Reduced BPT and BET rates (2015-2023)
- Eliminated the BPT taxability of profits earned by businesses due to government aid during the COVID-19 pandemic (2021)
- Changes to apportionment formula for interstate business tax liability
- Eliminated Interest and Dividends Tax (phaseout before 2025 repeal)
  - Tax on income generated from wealth (shareholder dividends/distributions, interest)
- Reduced Meals and Rentals Tax rate from 9% to 8.5% (2021)
- One-year, temporary reduction in Statewide Education Property Tax (2023)
- Eliminated the Electricity Consumption Tax (2019), \$0.00055/kilowatt hour
- Temporary increase in Motor Fuels Tax (2015) to fund I-93 expansion
  - \$0.222/gallon tax on gasoline and diesel fuel, increase was from \$0.18/gallon
- Expansions to legalized gaming: Keno, sports betting, mobile lottery, higher ticket and wager caps, video lottery terminals (2017-2025)
- About 125 fees and fines increased, most revenue coming from motor vehicles (2025)

# REVENUE SOURCES FOR LOCAL GOVERNMENTS AND STATE AID

## QUESTION

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

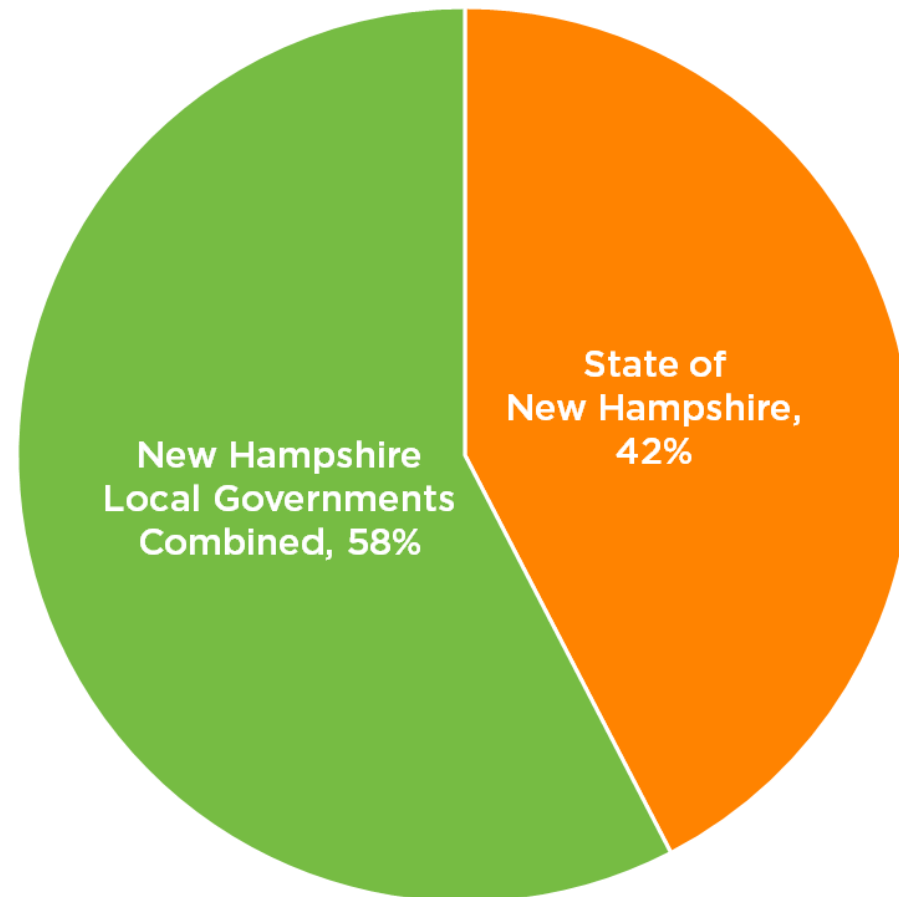
# LOCAL GOVERNMENTS COLLECT MORE TAX REVENUE THAN THE STATE

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

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

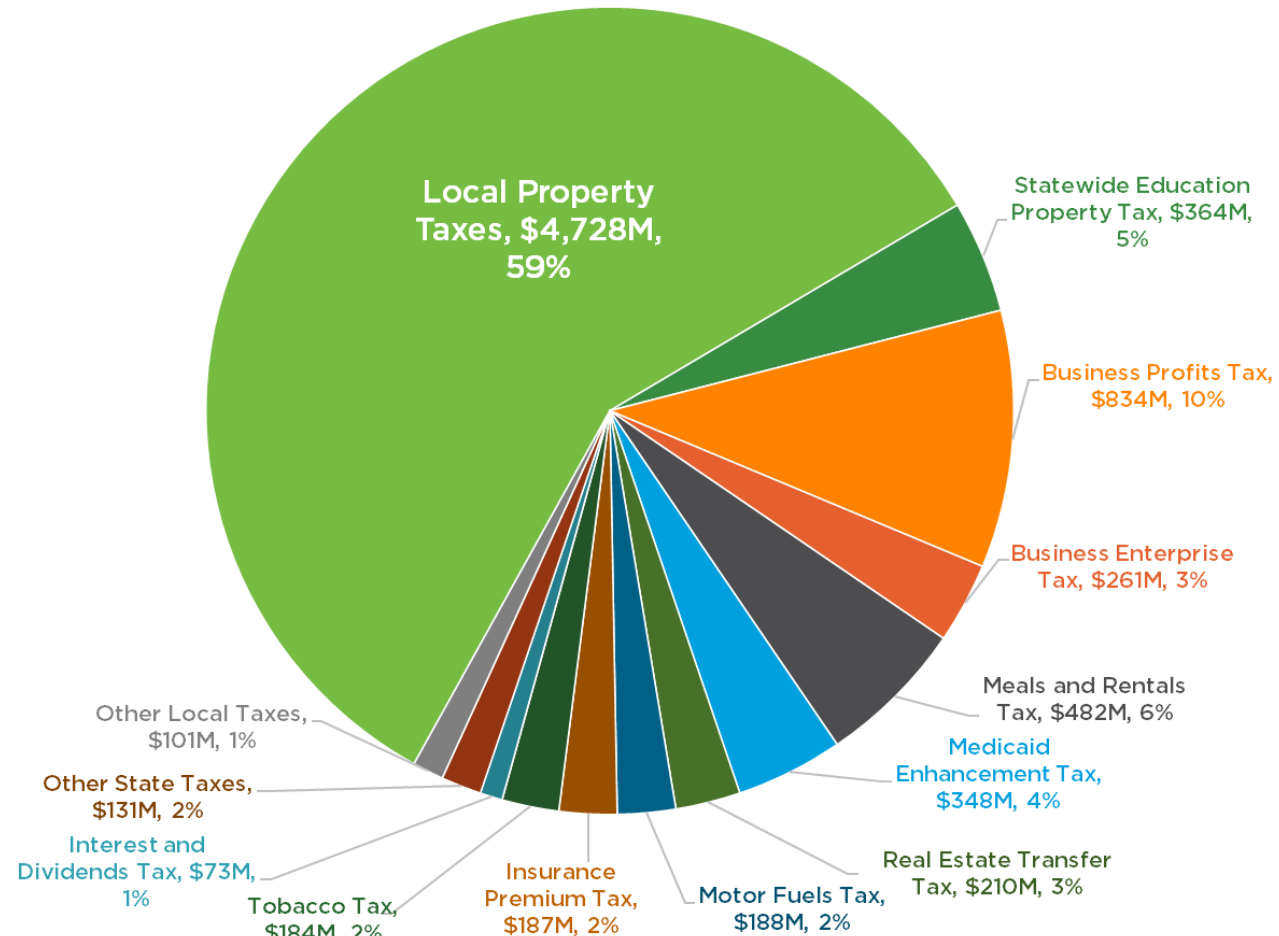
### Local Governments includes:

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



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

STATE AND LOCAL TAXES IN NEW HAMPSHIRE  
State Fiscal Year or Tax Year 2025

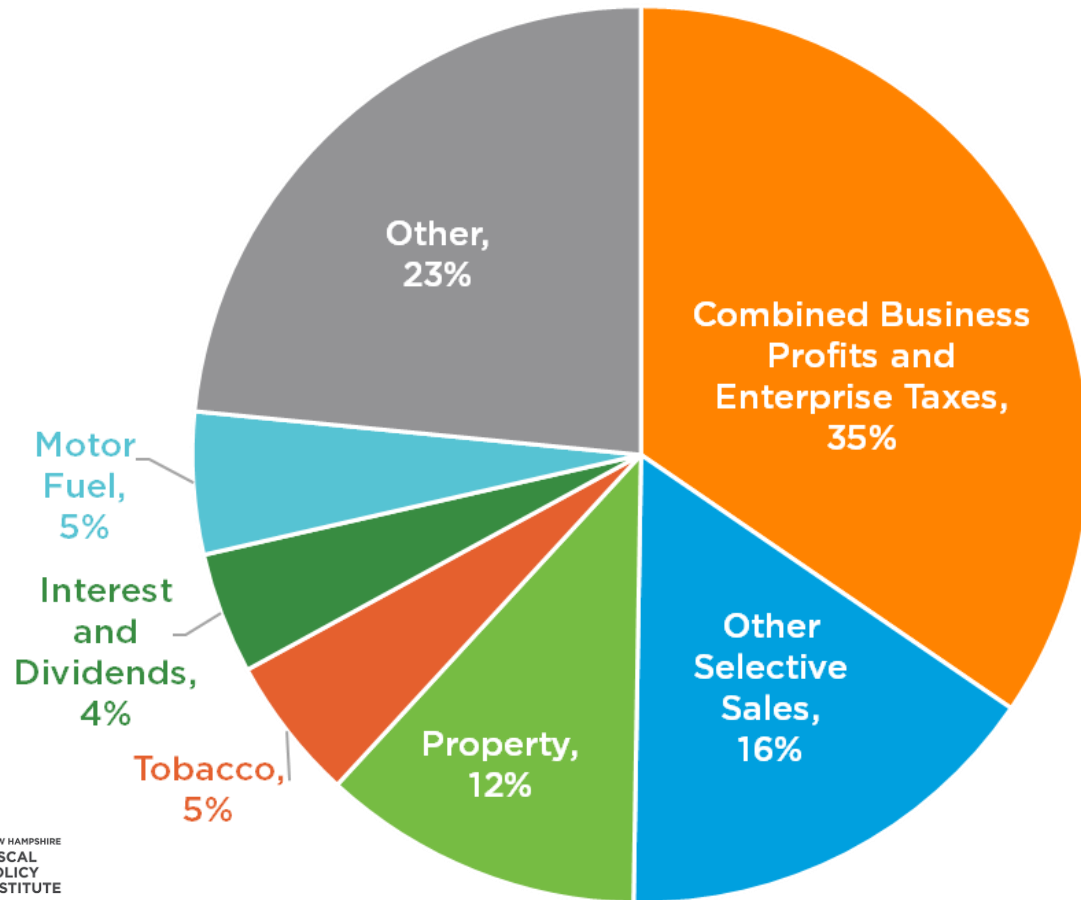


Sources: New Hampshire Annual Comprehensive Financial Report, State Fiscal Year 2025; New Hampshire Department of Revenue Administration, 2025 Annual Report and Completed Public Tax Rates 2025; U.S. Census Bureau, Survey of State and Local Government Finances, 2022; New Hampshire Department of Administrative Services Monthly Revenue Focus, April 2025

# FEWER LOCAL TAX REVENUE OPTIONS

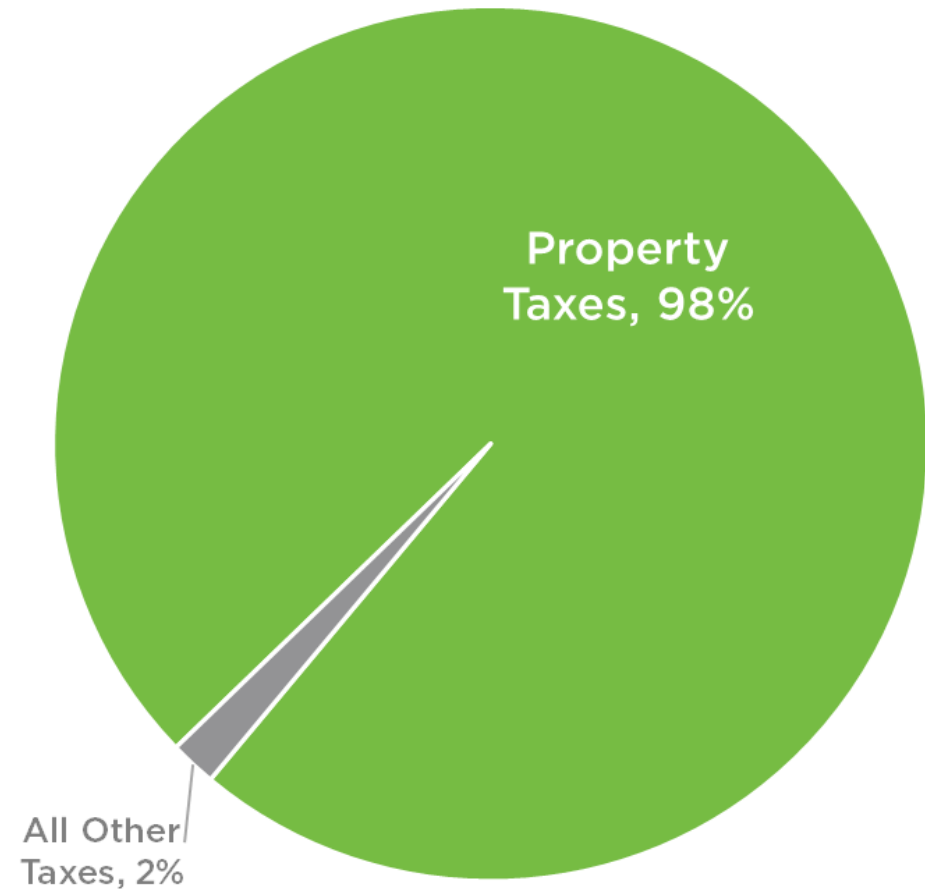
ALL STATE TAX REVENUE  
IN NEW HAMPSHIRE  
FISCAL YEAR 2022

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



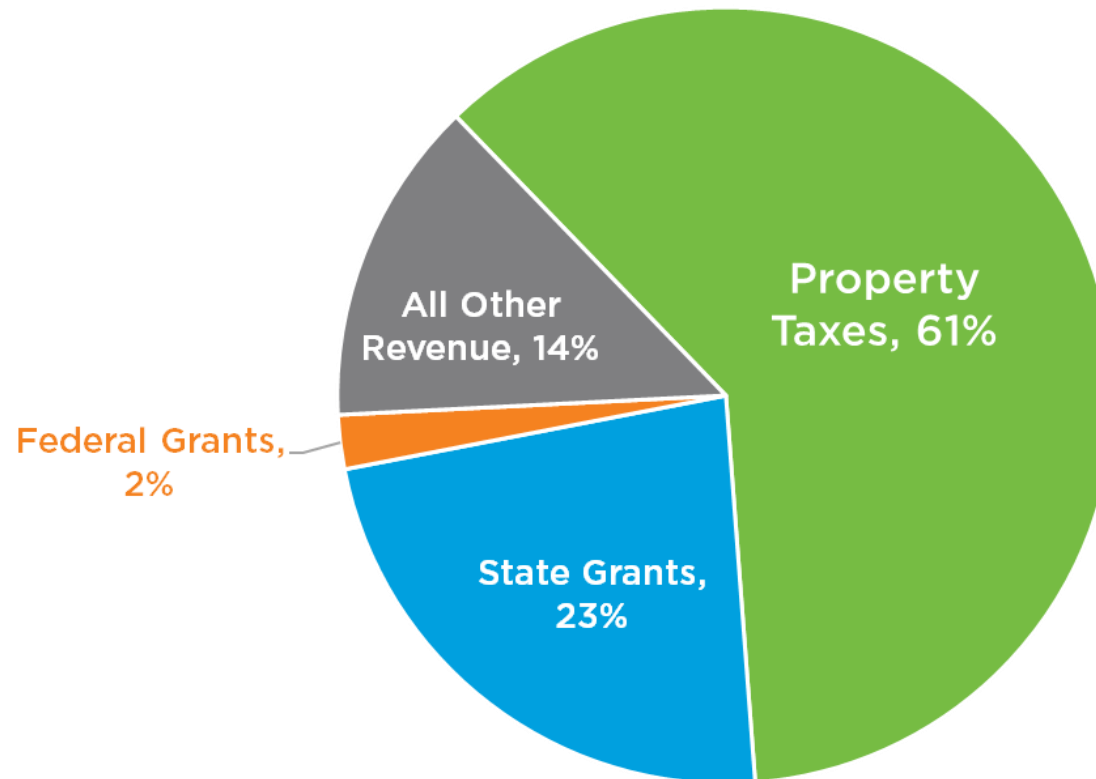
ALL LOCAL TAX REVENUE  
IN NEW HAMPSHIRE  
FISCAL YEAR 2022

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



Note: Statewide Education Property Tax removed from local tax collection total to adjust for apparent double-counting in U.S. Census Bureau data.

Sources: U.S. Census Bureau, Survey of State and Local Government Finances; New Hampshire Department of Revenue Administration; New Hampshire Annual Comprehensive Financial Report

# NH GOVERNMENTS RELY ON PROPERTY TAXES MORE THAN IN ANY OTHER STATE

| PROPERTY TAX REVENUE AS PERCENTAGE OF ALL STATE AND LOCAL TAX REVENUE |                              |            |
|---|------------------------------|------------|
| Fiscal Year 2022, Not Including Non-Tax Revenue Sources               |                              |            |
| Highest   | New Hampshire                | 60%        |
|   | Texas                        | 41%        |
|   | Vermont                      | 39%        |
|   | New Jersey                   | 39%        |
|   | Rhode Island                 | 36%        |
|   | <i>United States Overall</i> | <i>27%</i> |
| Lowest  | Hawaii                       | 17%        |
|   | Arkansas                     | 16%        |
|   | Delaware                     | 15%        |
|   | Alabama                      | 15%        |
|   | New Mexico                   | 14%        |

Note: Statewide Education Property Tax removed from local tax collection total to adjust for apparent double-counting in U.S. Census Bureau data.  
 Sources: U.S. Census Bureau, Survey of State and Local Government Finances; New Hampshire Department of Revenue Administration; New Hampshire Annual Comprehensive Financial Report

# NH PROPERTY TAXES SECOND-HIGHEST PER CAPITA AMONG U.S. STATES

| PROPERTY TAXES PAID PER CAPITA          |                              |                |
|---|------------------------------|----------------|
| Fiscal Year 2022, State and Local Taxes |                              |                |
| Highest                                 | New Jersey                   | \$3,617        |
|   | New Hampshire                | \$3,388        |
|   | Connecticut                  | \$3,356        |
|   | New York                     | \$3,314        |
|   | Vermont                      | \$3,179        |
|   | <i>United States Overall</i> | <i>\$1,943</i> |
| Lowest                                  | Kentucky                     | \$1,019        |
|   | Tennessee                    | \$969          |
|   | Oklahoma                     | \$938          |
|   | Arkansas                     | \$860          |
|   | Alabama                      | \$697          |

Note: Statewide Education Property Tax removed from local tax collection total to adjust for apparent double-counting in U.S. Census Bureau data.

Sources: U.S. Census Bureau, Survey of State and Local Government Finances and Population Estimates Program; New Hampshire Department of Revenue Administration; New Hampshire Annual Comprehensive Financial Report

# NH STATE TAXES RELATIVELY LOW, BUT OVERALL TAXES CLOSER TO MIDDLE

| STATE AND LOCAL TAX REVENUE PER CAPITA     |                              |                  |  |                                |
|--|------------------------------|------------------|--|--------------------------------|
| Fiscal Year 2022, Tax Revenue Sources Only |                              |                  |  |                                |
| Relative Rank                              | State                        | State Taxes Only | State                                  | State and Local Taxes Combined |
| Highest                                    | California                   | \$7,237          | New York                               | \$12,732                       |
|  | Hawaii                       | \$7,137          | California                             | \$10,319                       |
|  | North Dakota                 | \$6,851          | Connecticut                            | \$9,703                        |
|  | Vermont                      | \$6,813          | Hawaii                                 | \$9,525                        |
|  | New York                     | \$6,703          | New Jersey                             | \$9,354                        |
|  | <i>United States Overall</i> | <i>\$4,412</i>   | <i>United States Overall</i>           | <i>\$7,089</i>                 |
|  |                              |                  | <i>New Hampshire (32<sup>nd</sup>)</i> | <i>\$5,669</i>                 |
| Lowest                                     | Missouri                     | \$2,733          | Missouri                               | \$4,976                        |
|  | South Dakota                 | \$2,721          | Florida                                | \$4,854                        |
|  | Texas                        | \$2,715          | Mississippi                            | \$4,772                        |
|  | Florida                      | \$2,648          | Alabama                                | \$4,709                        |
|  | New Hampshire                | \$2,514          | Tennessee                              | \$4,699                        |

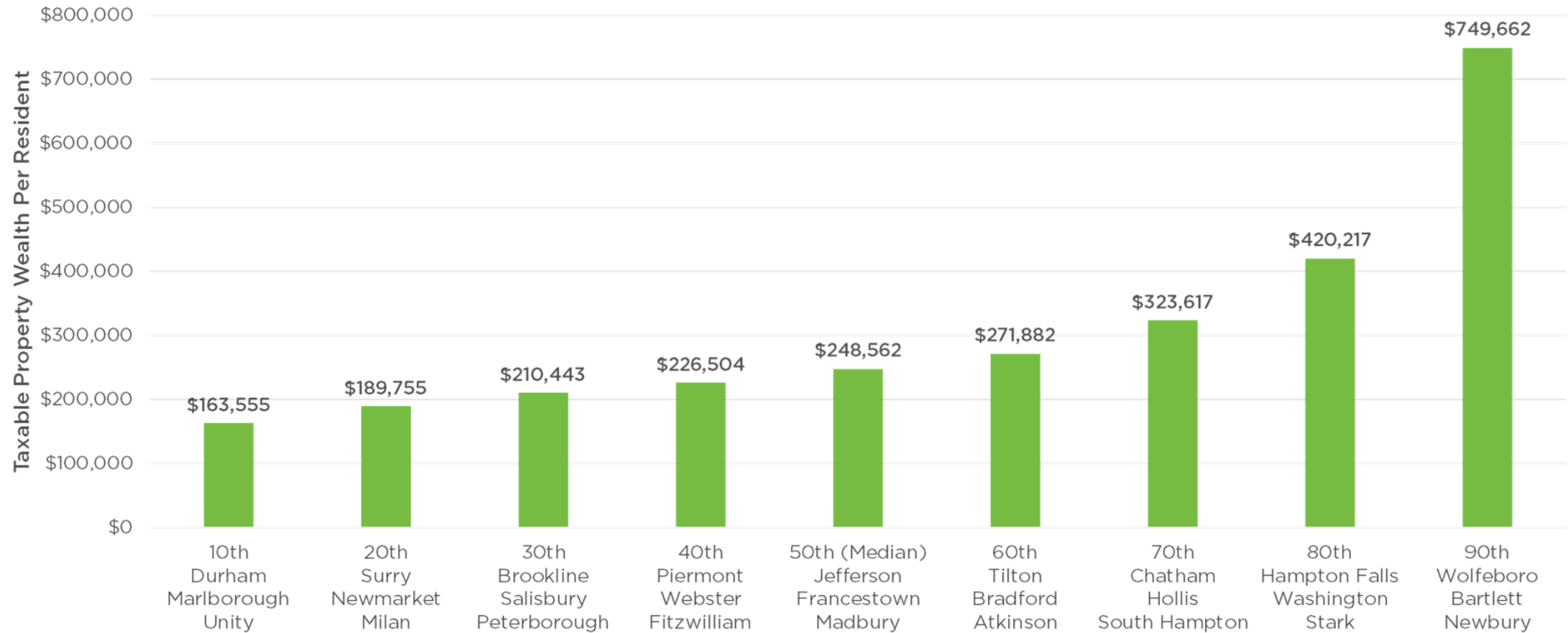
Note: Statewide Education Property Tax removed from local tax collection total to adjust for apparent double-counting in U.S. Census Bureau data.

Sources: U.S. Census Bureau, Survey of State and Local Government Finances and Population Estimates Program; New Hampshire Department of Revenue Administration; New Hampshire Annual Comprehensive Financial Report

# LOCAL PROPERTY VALUES VARY CONSIDERABLY

## TAXABLE PROPERTY VALUE PER PERSON IN MUNICIPALITIES BY PERCENTILE

*New Hampshire Cities and Towns, Equalized Valuation Per Resident, 2024*



### Percentile and Three Closest Municipality Values

Note: Only includes communities with population. Percentiles based on range of values, not pegged to closest individual communities.

Sources: New Hampshire Department of Revenue Administration, Equalized Valuation Tables by County, Including Railroads and Utilities, 2024; U.S. Census Bureau, Population Estimates Program, July 1, 2024 Population Estimates

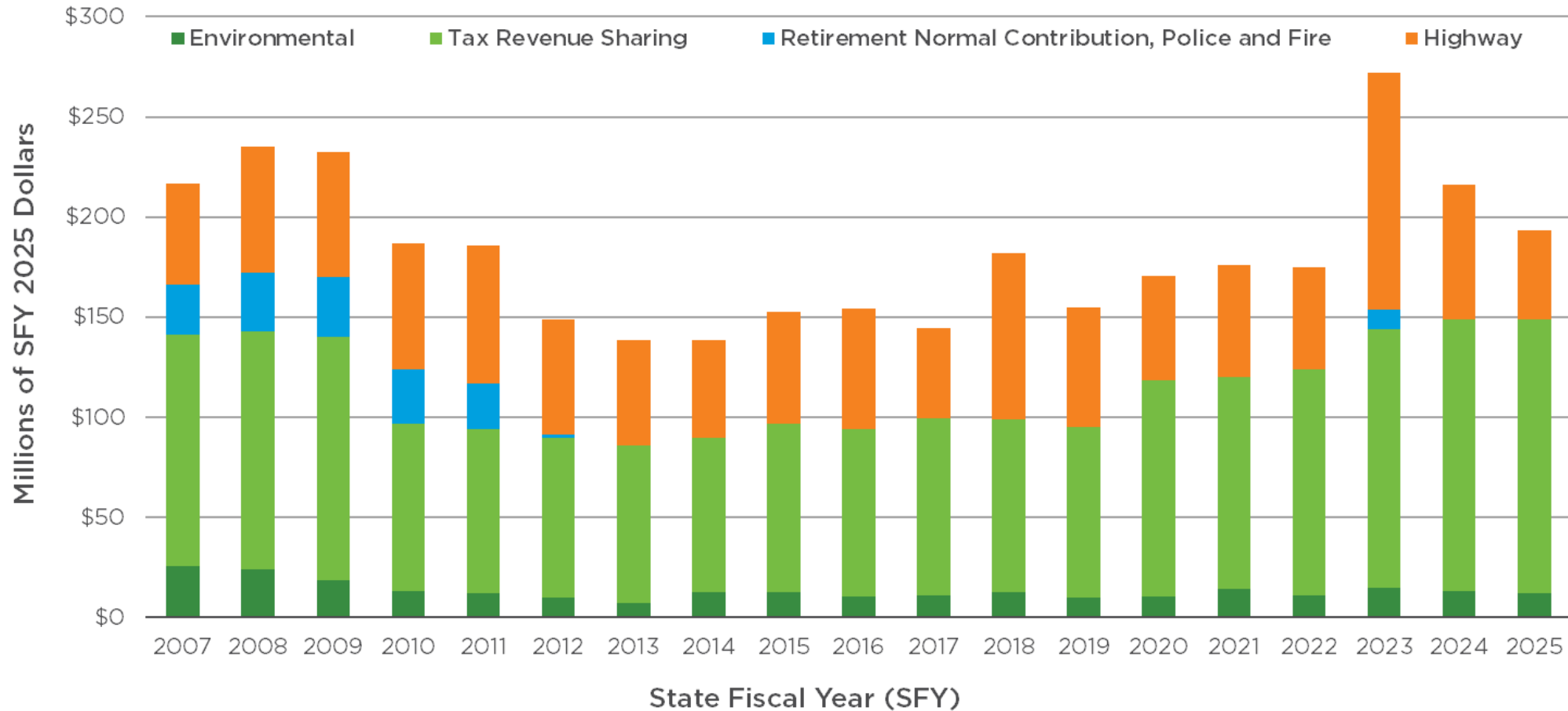
# STATE AID TO LOCAL GOVERNMENTS

# KEY SOURCES OF AID TO LOCAL GOVERNMENTS

- Aid for local public education (largest component of local aid)
  - Most distributed on a per-pupil basis through State's education funding formula, with additional aid for students enrolled in free and reduced-price school meal programming, special education needs, or learning English
  - Additional aid based on community characteristics, as well as targeted aid of significant special education costs and intermittently-funded school building aid
- General revenue sharing with municipalities
  - 30% of Meals and Rentals Tax collected distributed on per capita basis
  - Previously a separate revenue sharing program, no distributions since 2010
- Grants for environmental, particularly water and wastewater, projects
- Highway aid for municipal road and bridge projects
- Previously, State paid 35% of police, firefighter, and teacher retirement costs, most phased out after SFY 2011

# STATE AID TO MUNICIPALITIES DECLINED AFTER 2007-2009 RECESSION

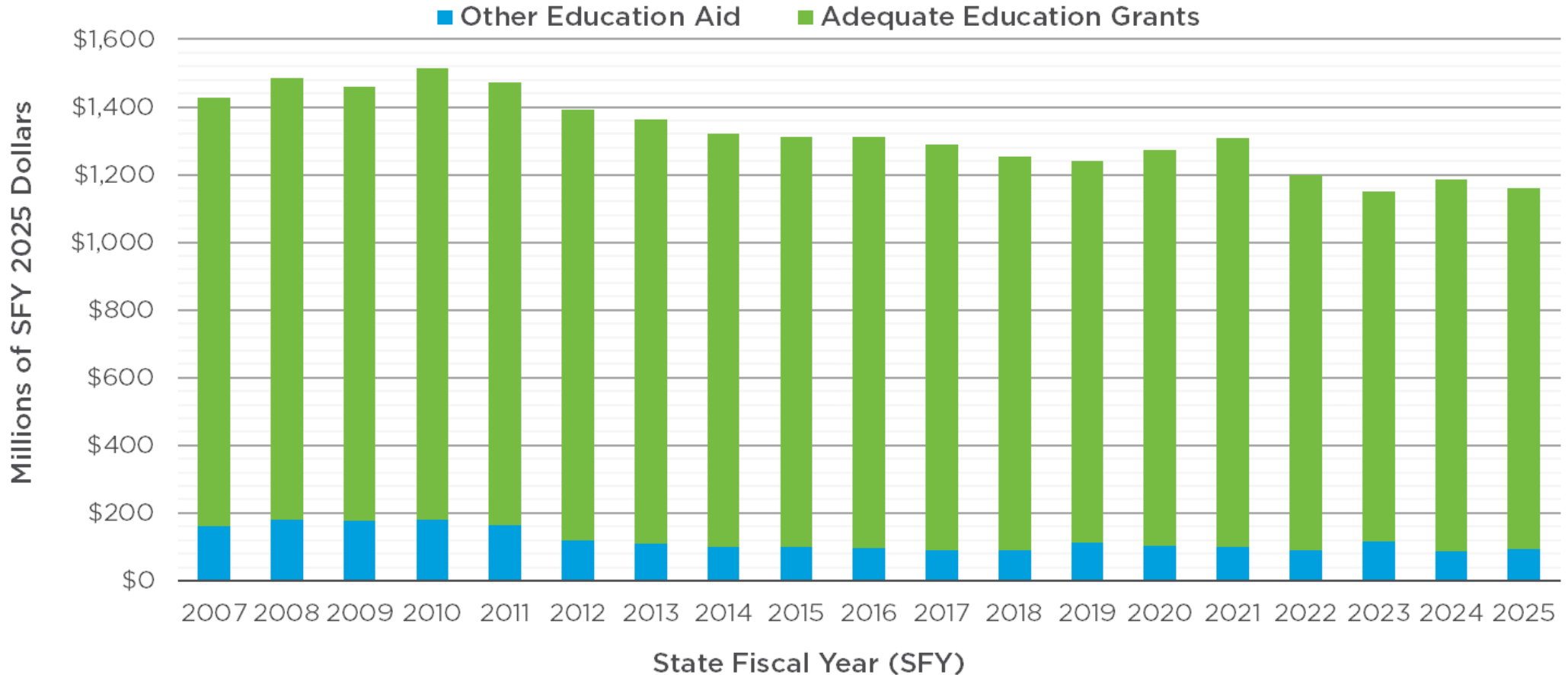
NEW HAMPSHIRE STATE AID TO LOCAL GOVERNMENTS, INFLATION-ADJUSTED AND EXCLUDING EDUCATION AID



Sources: New Hampshire Office of Legislative Budget Assistant, *State Aid to Cities, Towns, and School Districts*, October 1, 2025; U.S. Bureau of Labor Statistics, Consumer Price Index-Northeast, State Fiscal Year Adjustment from NHFPI Calculations

# EDUCATION FUNDING PRIMARILY DRIVEN BY STUDENT ENROLLMENT, WHICH IS DECLINING

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



Sources: New Hampshire Office of Legislative Budget Assistant, *State Aid to Cities, Towns, and School Districts*, October 1, 2025; 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                             |

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

## New Hampshire Rank by Metric Among 50 States and D.C., Fiscal Year 2022:

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

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

# TOTAL LOCAL GOVERNMENT REVENUE BELOW AVERAGE, STATE ASSISTANCE NEAR BOTTOM

| LOCAL GOVERNMENT REVENUE AND STATE CONTRIBUTIONS                    |                              |                                |                              |   |
|---|------------------------------|--------------------------------|------------------------------|---|
| Fiscal Year 2022, Percentage of All Tax and Non-Tax Revenue Sources |                              |                                |                              |   |
| Relative Rank   | State                        | Total Local Revenue Per Capita | State                        | State Contributions to Local Revenue Per Capita |
| Highest   | New York                     | \$11,169                       | California                   | \$3,625   |
|   | California                   | \$10,634                       | Wyoming                      | \$3,424   |
|   | Wyoming                      | \$10,340                       | Vermont                      | \$3,375   |
|   | Nebraska                     | \$9,104                        | North Dakota                 | \$2,985   |
|   | Washington                   | \$8,966                        | Nevada                       | \$2,831   |
|   | <i>United States Overall</i> | <i>\$7,021</i>                 | <i>United States Overall</i> | <i>\$1,983</i>                                  |
|   | <i>New Hampshire (40th)</i>  | <i>\$5,076</i>                 |                              |   |
| Lowest  | Idaho                        | \$4,642                        | South Dakota                 | \$1,214   |
|   | Kentucky                     | \$4,381                        | West Virginia                | \$1,201   |
|   | Arkansas                     | \$4,306                        | New Hampshire                | \$1,176   |
|   | Hawaii                       | \$4,148                        | Florida                      | \$1,149   |
|   | West Virginia                | \$3,914                        | Hawaii                       | \$256   |

Note: Statewide Education Property Tax removed from local tax collection total to adjust for apparent double-counting in U.S. Census Bureau data.

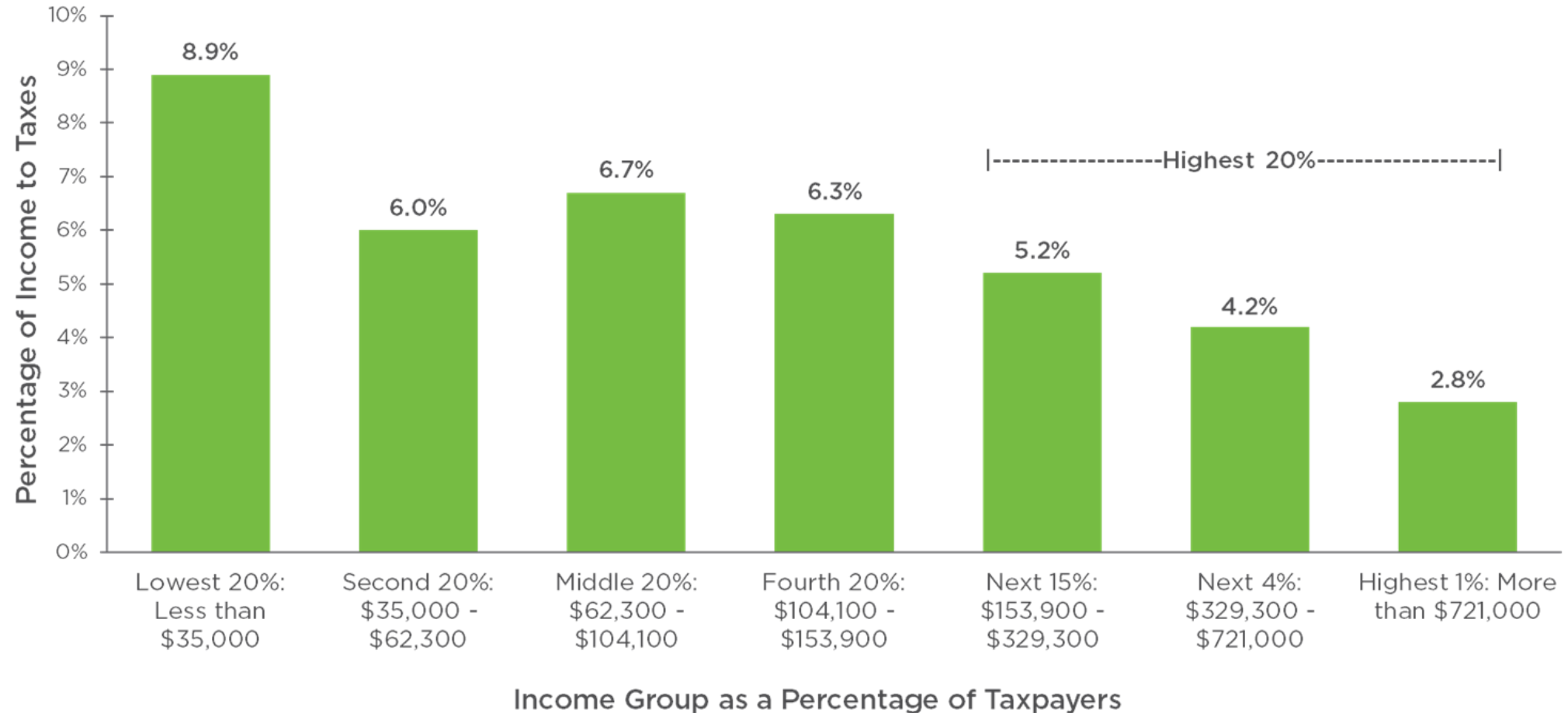
Sources: U.S. Census Bureau, Survey of State and Local Government Finances and Population Estimates Program; New Hampshire Department of Revenue Administration; New Hampshire Annual Comprehensive Financial Report

# TAXES, SERVICES, AND OTHER IMPACTS ON HOUSEHOLD COSTS

# 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\**



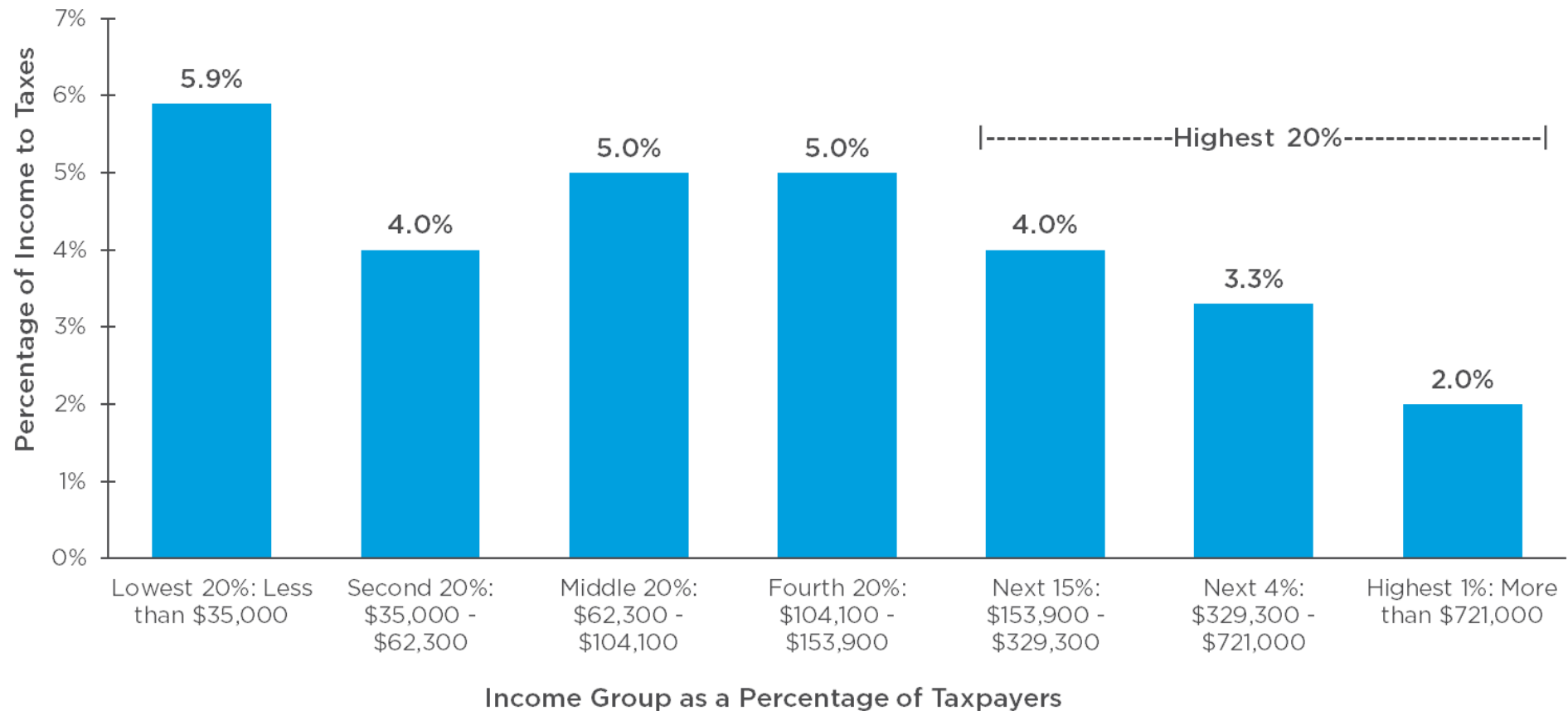
\*Note: Does not include taxpayers who are age 65 and older or tax units with negative incomes. Dependent filers are included with claiming filer.

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

# EFFECTIVE PROPERTY TAX RATES HIGHER FOR HOUSEHOLDS WITH LOWEST INCOMES

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

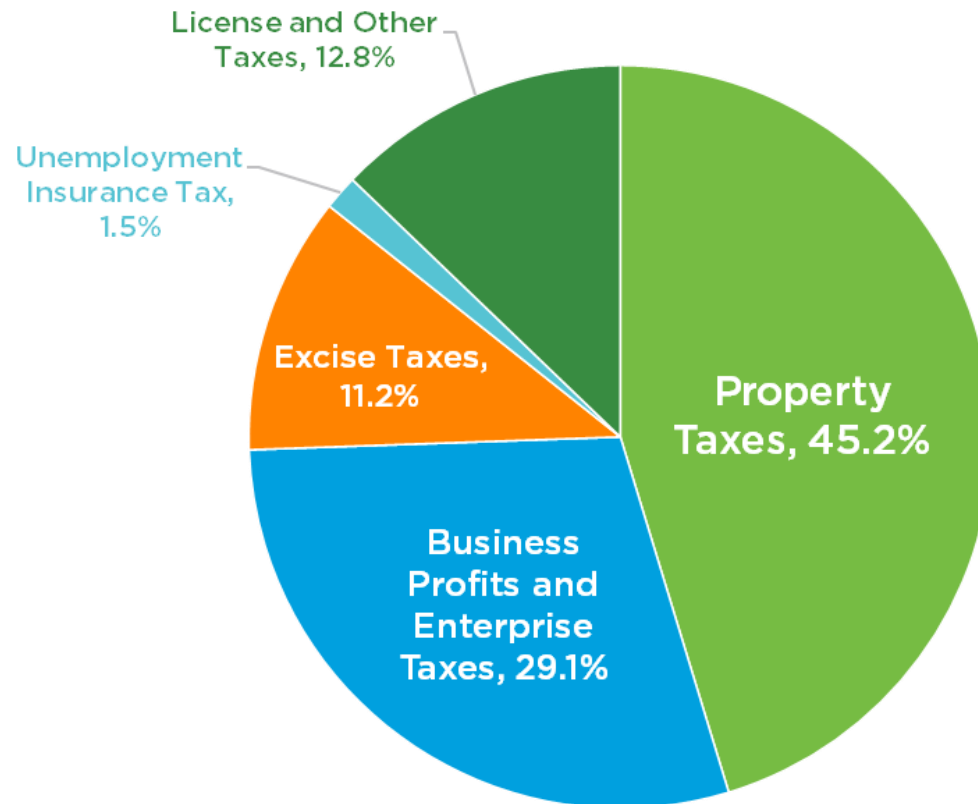
Effective Tax Rate as a Share of Income by Income Group, 2024 Tax Laws Based on 2023 Income Levels\*



\*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

# IN TOTAL, NH BUSINESSES PAY MORE IN PROPERTY TAXES THAN IN OTHER TYPES

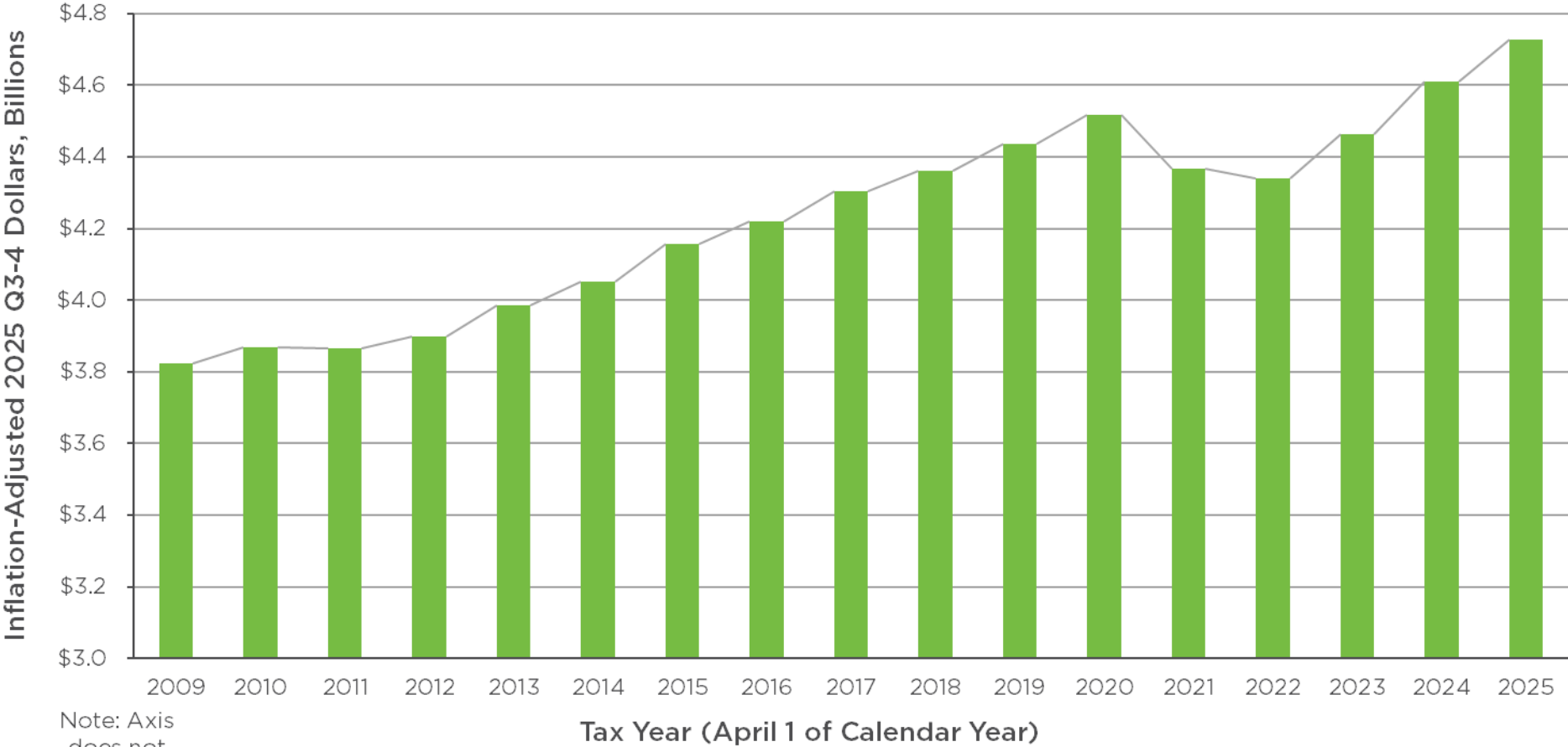
TAXES PAID BY BUSINESSES,  
NEW HAMPSHIRE STATE AND LOCAL TAXES,  
FISCAL YEAR 2024



Note: Totals do not sum to 100 percent due to rounding.  
Source: Council on State Taxation, Total State and Local Business Taxes, December 2025

# PROPERTY TAX INCREASES TYPICALLY OUTPACE INFLATION, REDUCTIONS IN 2021 AND 2022

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

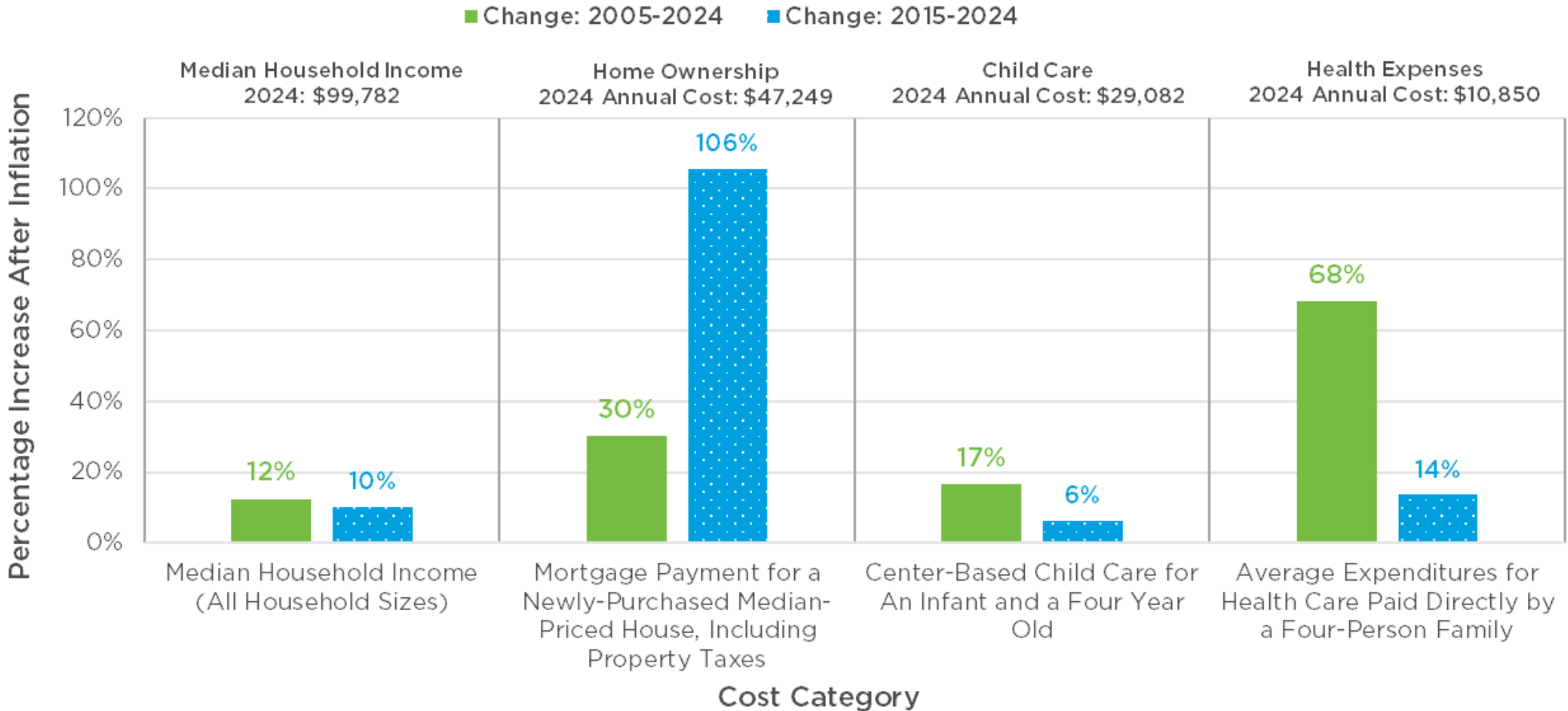


Note: Axis does not begin at zero.

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 HOUSEHOLD EXPENSES IN NH HAVE OUTPACED INFLATION

INFLATION-ADJUSTED CHANGES IN ESTIMATED COSTS FOR A  
FOUR-PERSON NEW HAMPSHIRE FAMILY



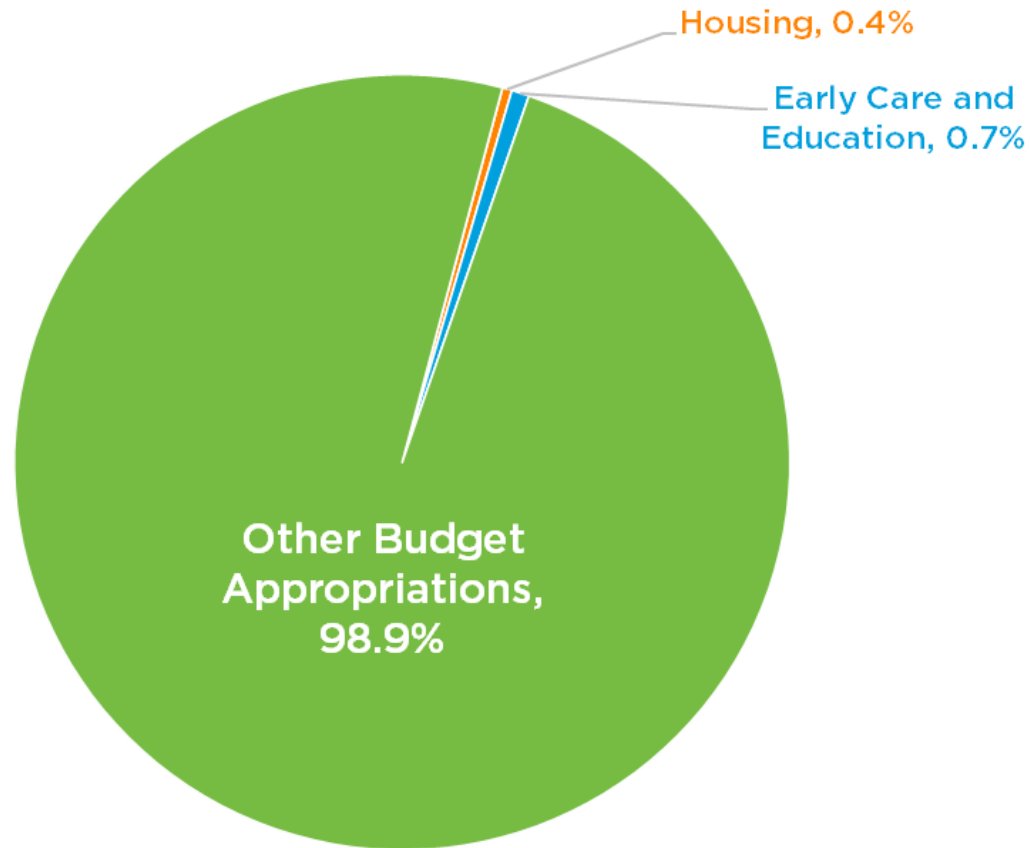
Note: For data sources, methodology and supporting research, see NHFPI's October 2025 Report, Affordability Eroded: Changes to the Cost of Living in New Hampshire.

## QUESTION

WHAT PERCENTAGE OF THE STATE BUDGET'S FUNDING IS SPECIFICALLY DEVOTED TO REDUCING COSTS FOR HOUSING OR CHILD CARE?

# BUDGET FUNDING TO ADDRESS COSTS LIMITED

## APPROPRIATIONS IN THE NEW HAMPSHIRE STATE FISCAL YEARS 2026-2027 STATE BUDGET



- More housing construction may be enabled by regulatory changes in the State Budget limiting permitting reviews, such as environmental reviews relative to endangered species
- Federal and State policy changes in Medicaid, including premiums and copayments, may make access to health services less affordable for enrolled Granite Staters

Sources: NHFPI, The State Budget for Fiscal Years 2026 and 2027, July 28, 2025; NHFPI, New Federal Reconciliation Law Reduces Taxes, Health Access, and Food Assistance Supports for Granite Staters, August 4, 2025

Note: Housing appropriations includes contributions to the Affordable Housing Fund, the Community Housing Program, and aid from the Bureau of Homeless Services. Early care and education includes funding for the Child Care Scholarship Program, Temporary Assistance for Needy Families Workforce Appropriations, and Child Care quality programming.  
Sources: Chapters 140 and 141, Laws of 2025; NHFPI's July 28, 2025 Report *The State Budget for Fiscal Years 2026 and 2027*.

# CONSIDERATIONS FOR THE UPCOMING STATE BUDGET

# POTENTIAL FISCAL CHALLENGES FACING STATE

- Loss of revenue from federal Medicaid Enhancement Tax restrictions and federal match revenue
- New education funding requirements from a mid-2025 ruling by the State Supreme Court
- Youth Development Center settlements and court cases
- Construction of a new State prison for men
- Falling revenues from existing tax revenue sources
- Economic challenges could increase service needs and decrease revenues

# KEY TAKEAWAYS

- The New Hampshire State Budget is two pieces of legislation constructed over a nearly year-long process, funding most (but not all) State operations
- About two in three dollars spent through State Budget are for health, social services, and education, reflecting State role relative to both federal and local responsibilities
- State government depends on federal revenue as a significant funding source
- The State government has a wide array of revenue sources, but has become more dependent on the behavior of corporate profits
- Property taxes are the primary way local governments fund services in the state
- Property taxes serving as the dominant tax revenue source for public services results in wide variation in ability to fund services between communities
- State aid to local governments varies by type and 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: 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/>

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: Shifting Sources: A Brief Look at Long-Term State Revenue Trends in New Hampshire – September 8, 2025:

<https://nhfpi.org/resource/shifting-sources-a-brief-look-at-long-term-state-revenue-trends-in-new-hampshire/>

Report: Hospital Provider Taxes and Support for Medicaid Financing in New Hampshire – February 16, 2026: <https://nhfpi.org/resource/hospital-provider-taxes-and-support-for-medicaid-financing-in-new-hampshire/>

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/>



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