



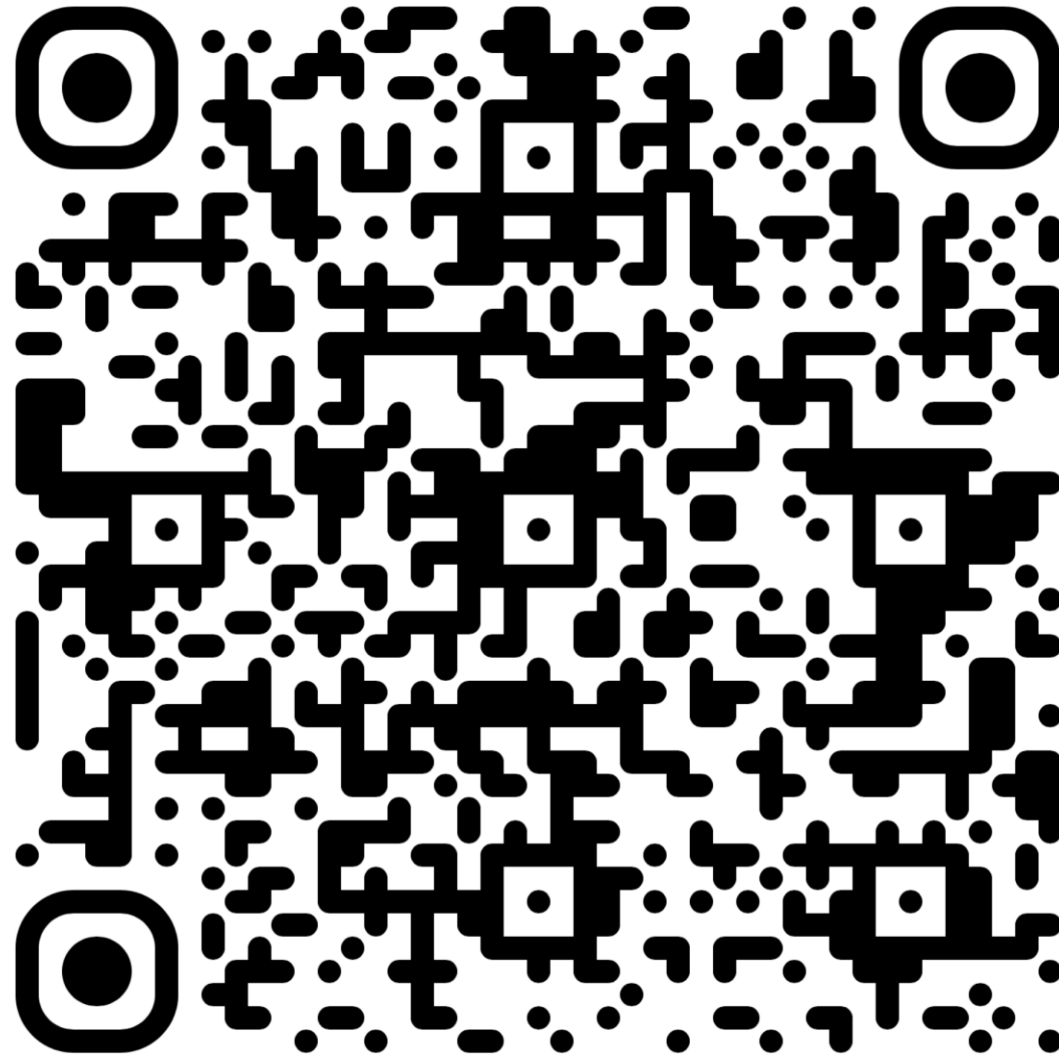
# THE STATE BUDGET AND FUNDING FOR PUBLIC SERVICES IN NEW HAMPSHIRE

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The New Hampshire Fiscal Policy Institute:

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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

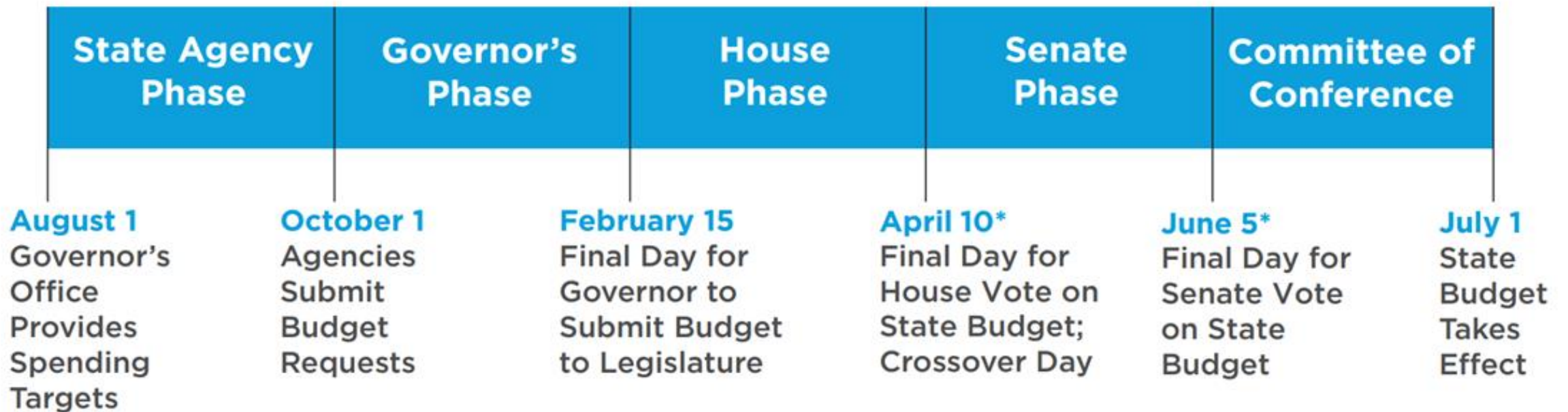
- Funds *most*, but not all, State operations for two State Fiscal Years (SFYs), typically beginning shortly after the budget is approved
- The new State Budget provides funding for SFYs 2026-2027, which spans July 1, 2025 to June 30, 2027, from two years of projected revenue
- State Budget, currently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

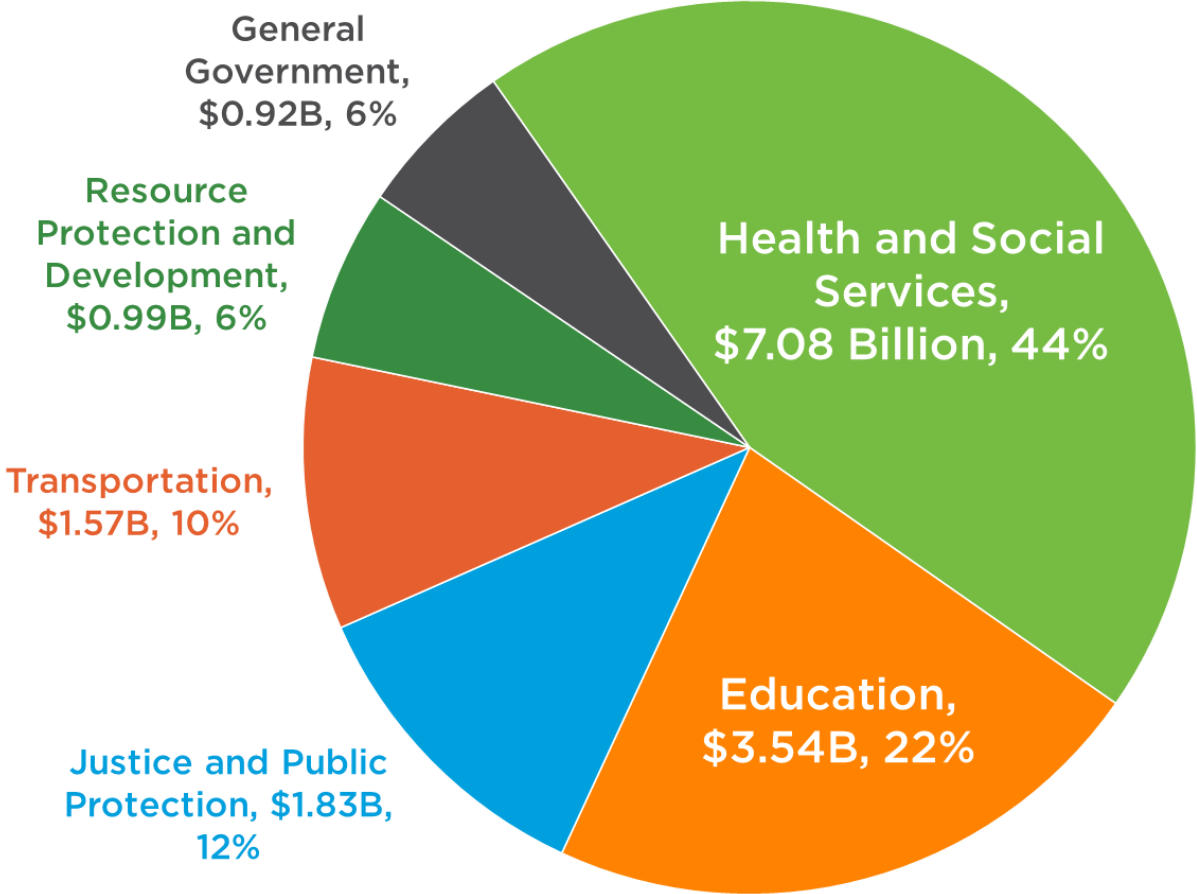
WHAT PERCENTAGE  
OF THE STATE BUDGET  
IS APPROPRIATED TO:

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

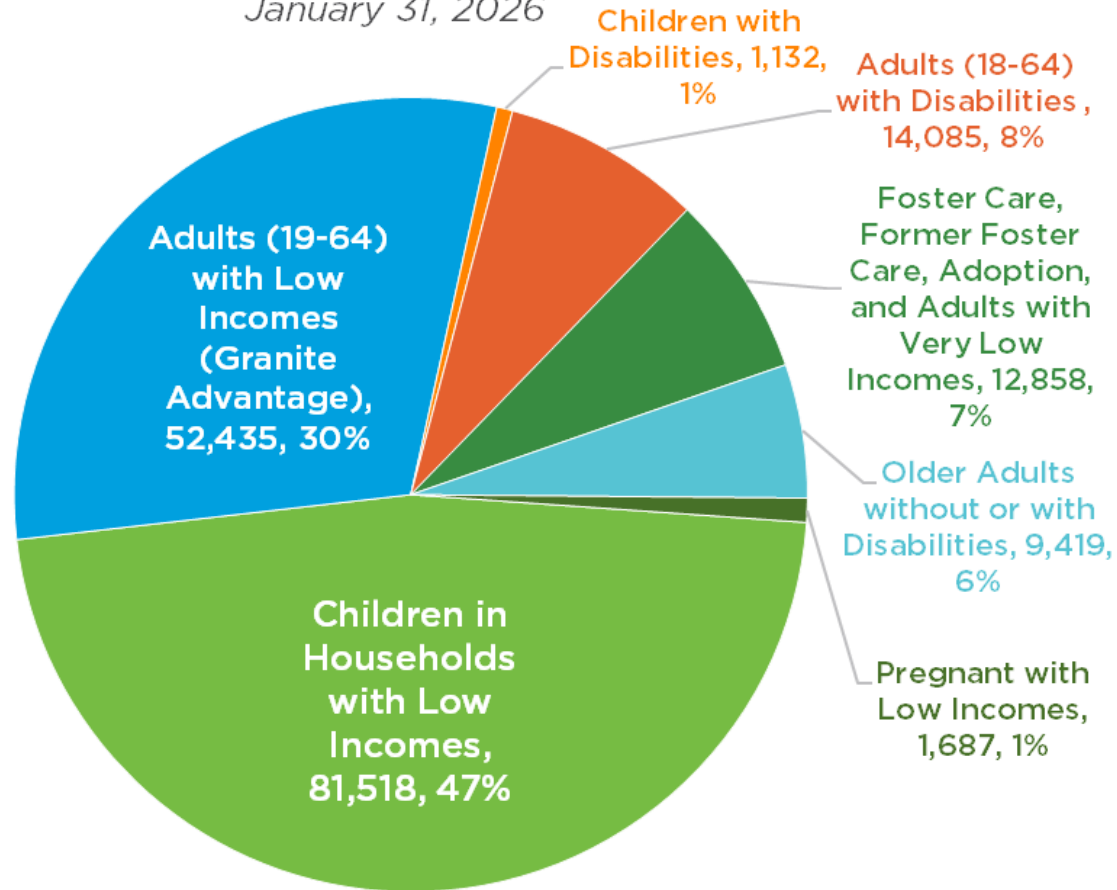
# HEALTH AND SOCIAL SERVICES

- 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

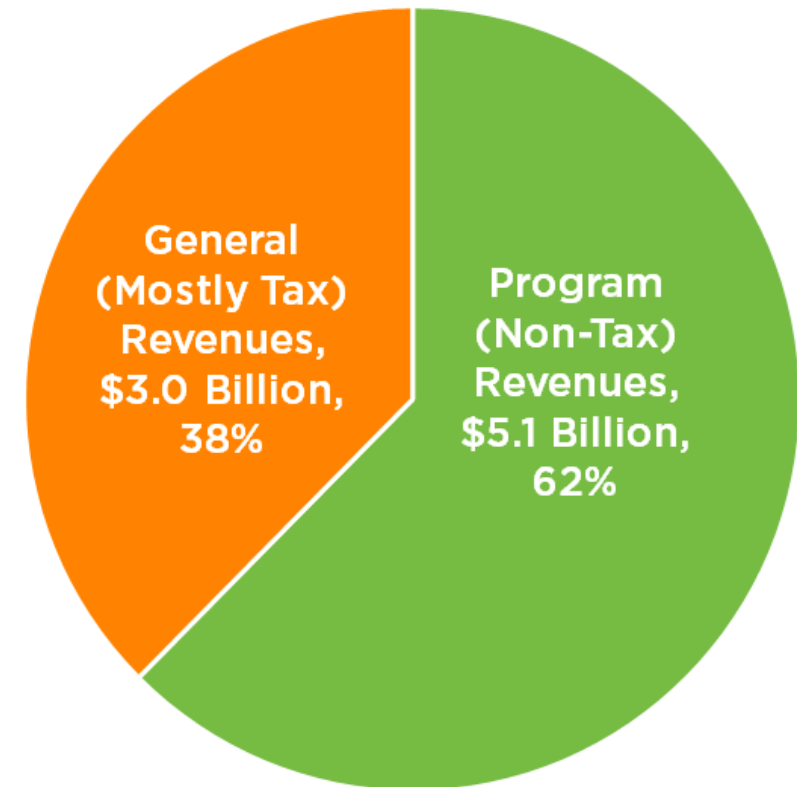
- **Transportation:** Department of Transportation operating costs, does not include bonding for large capital projects budgeted elsewhere
- **Resource Protection and Development:** Department of Environmental Services (including significant funds for water and air quality, wetlands and waterways, project 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?

- **Tax** and **non-tax** revenue sources, as not all government revenue comes from taxes
- Revenue is also collected through fees, charges, interest, and programs that sell products or services (liquor and lottery sales)
- 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

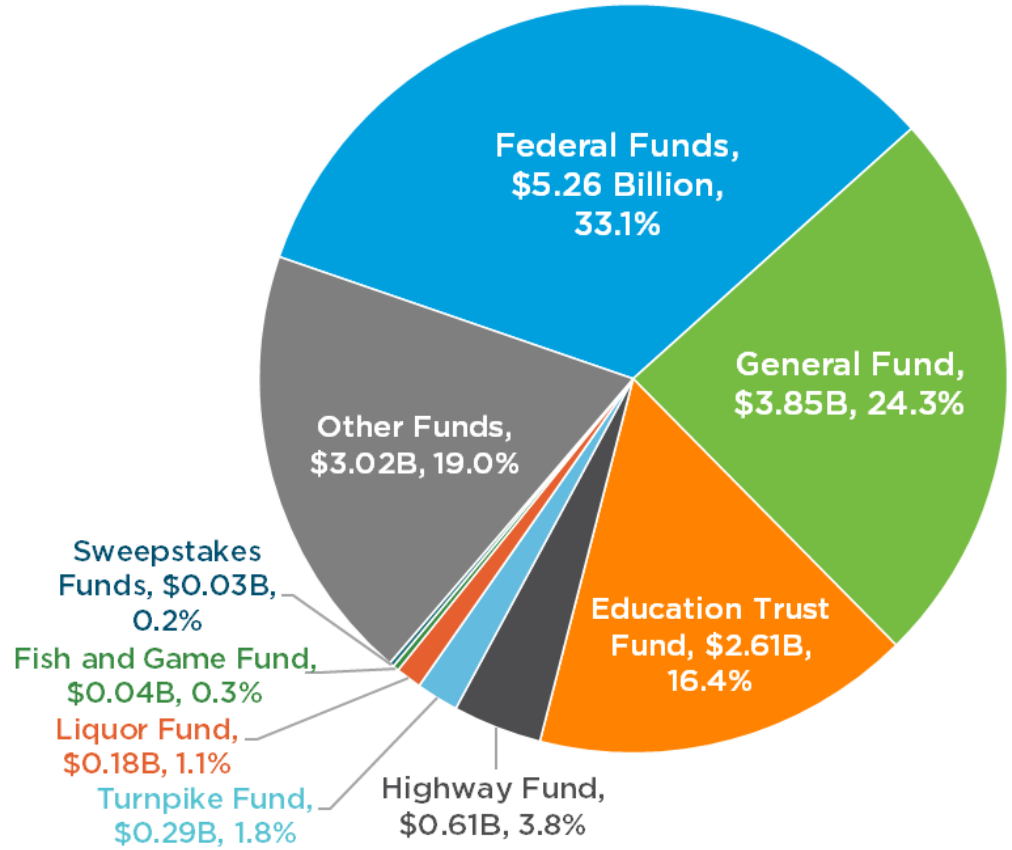
# LARGEST NON-TAX REVENUE SOURCES

## 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)

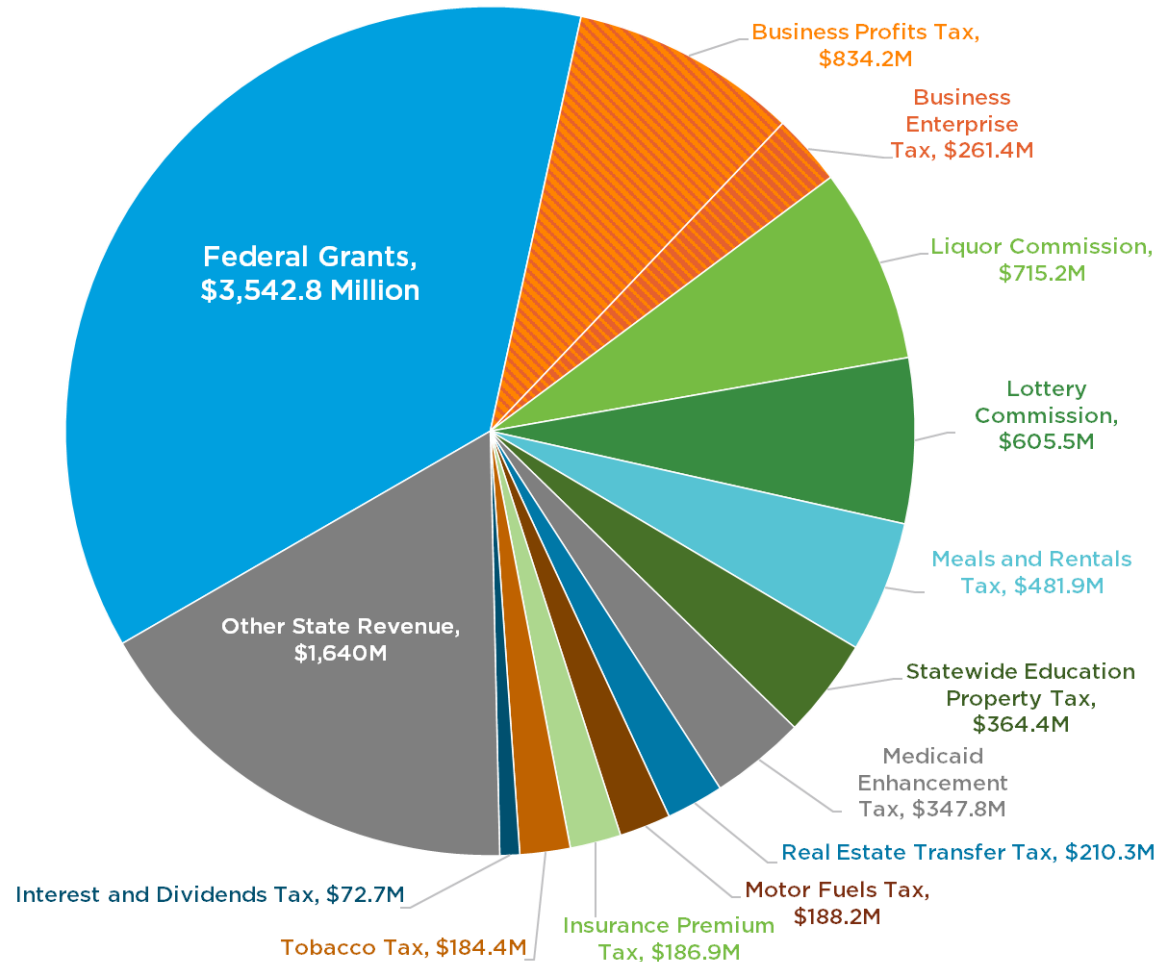
1. Business Profits Tax\* - \$834.2 million
2. Meals and Rentals Tax - \$481.9 million
3. Statewide Education Property Tax - \$364.4 million
4. Medicaid Enhancement Tax - \$347.8 million
5. Business Enterprise Tax\* - \$261.4 million
6. Real Estate Transfer Tax - \$210.3 million
7. Motor Fuels Tax - \$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)

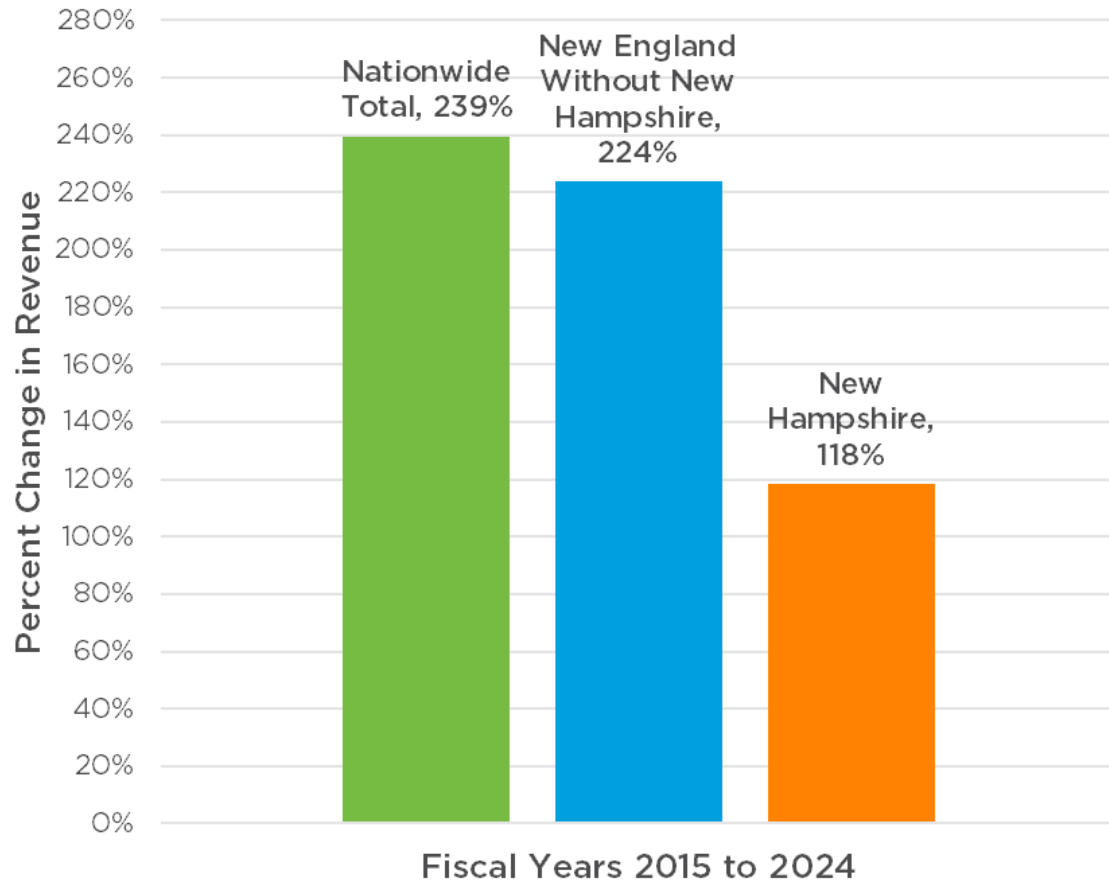
- Traditional state corporate income tax
- Tax based on net business profits after adjustments (BET) and apportionment
- Tax base likely about \$10.1 billion in Tax Year 2023
- Recent rate reductions:
  - 2001-2015: 8.5%, 2016-17: 8.2%, 2018: 7.9%, 2019-21: 7.7%, 2022: 7.6%, 2023: 7.5%
- Supports the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

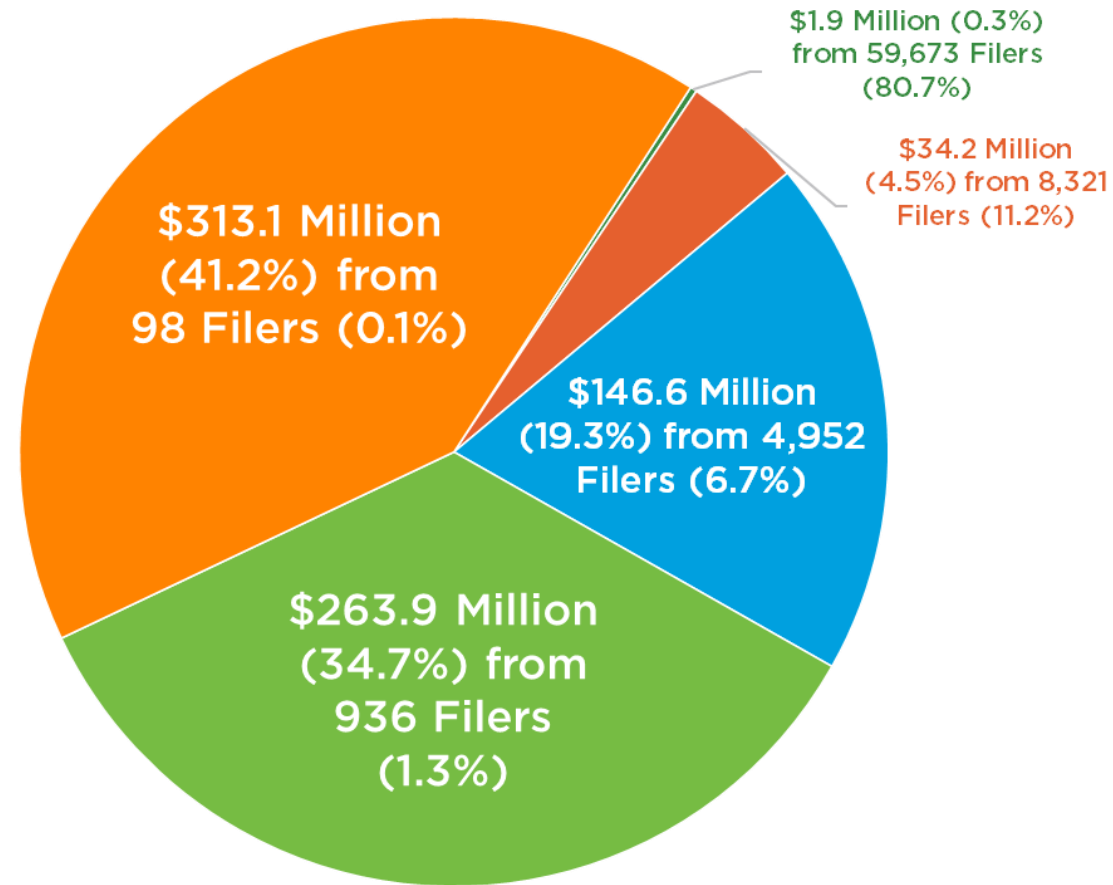
# STATE CORPORATE TAX REVENUES HAVE INCREASED NATIONWIDE

- 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



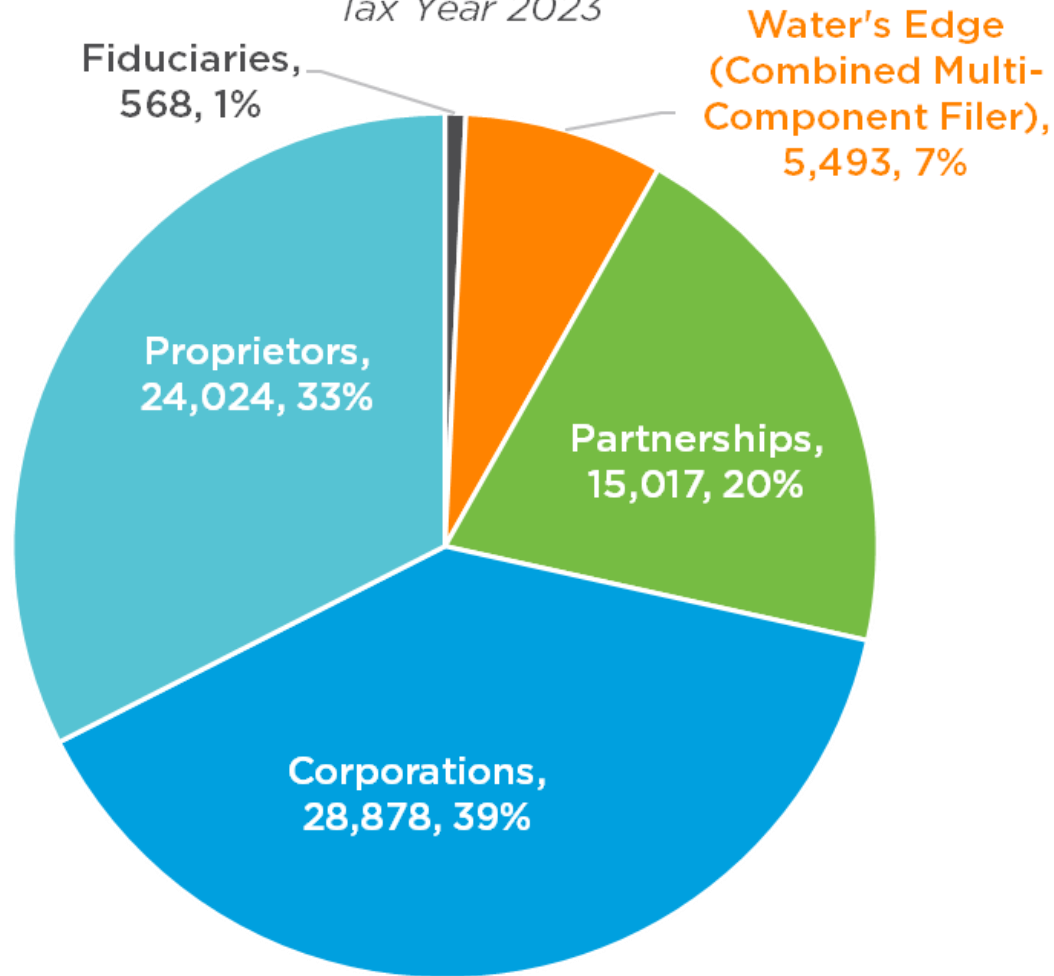
Note: Draft data as of July 21, 2025.

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

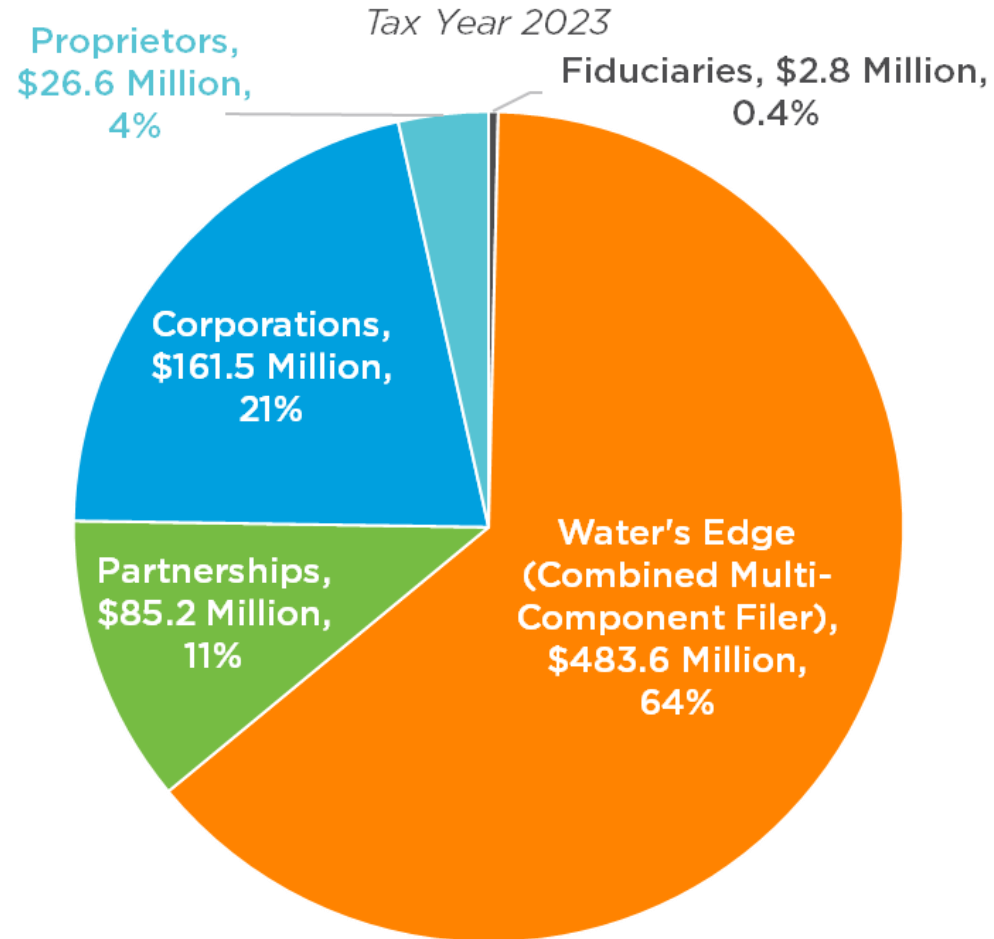
Note: Draft data as of July 21, 2025

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

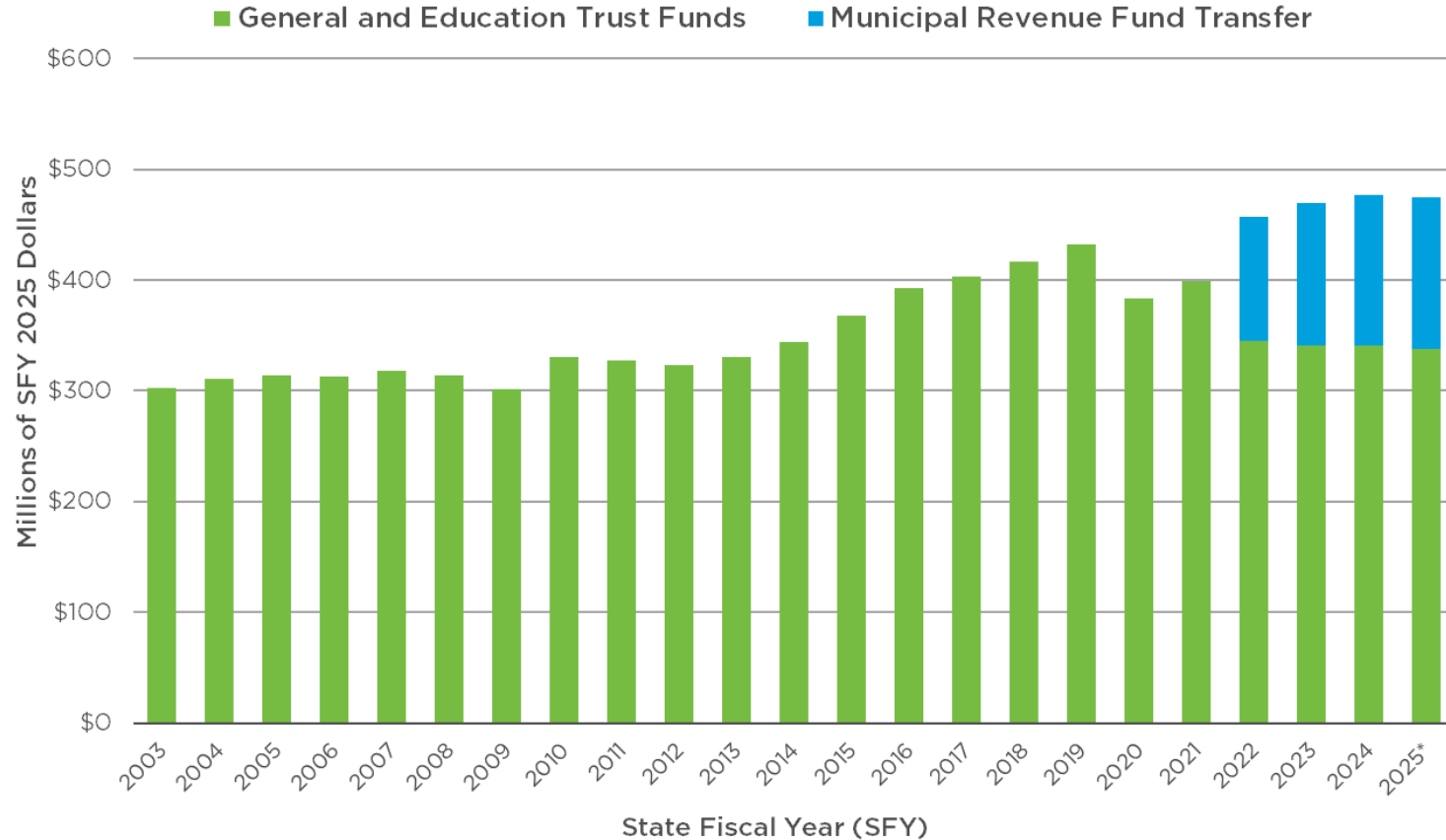


\*Note: Preliminary data based on unaudited cash receipts.

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



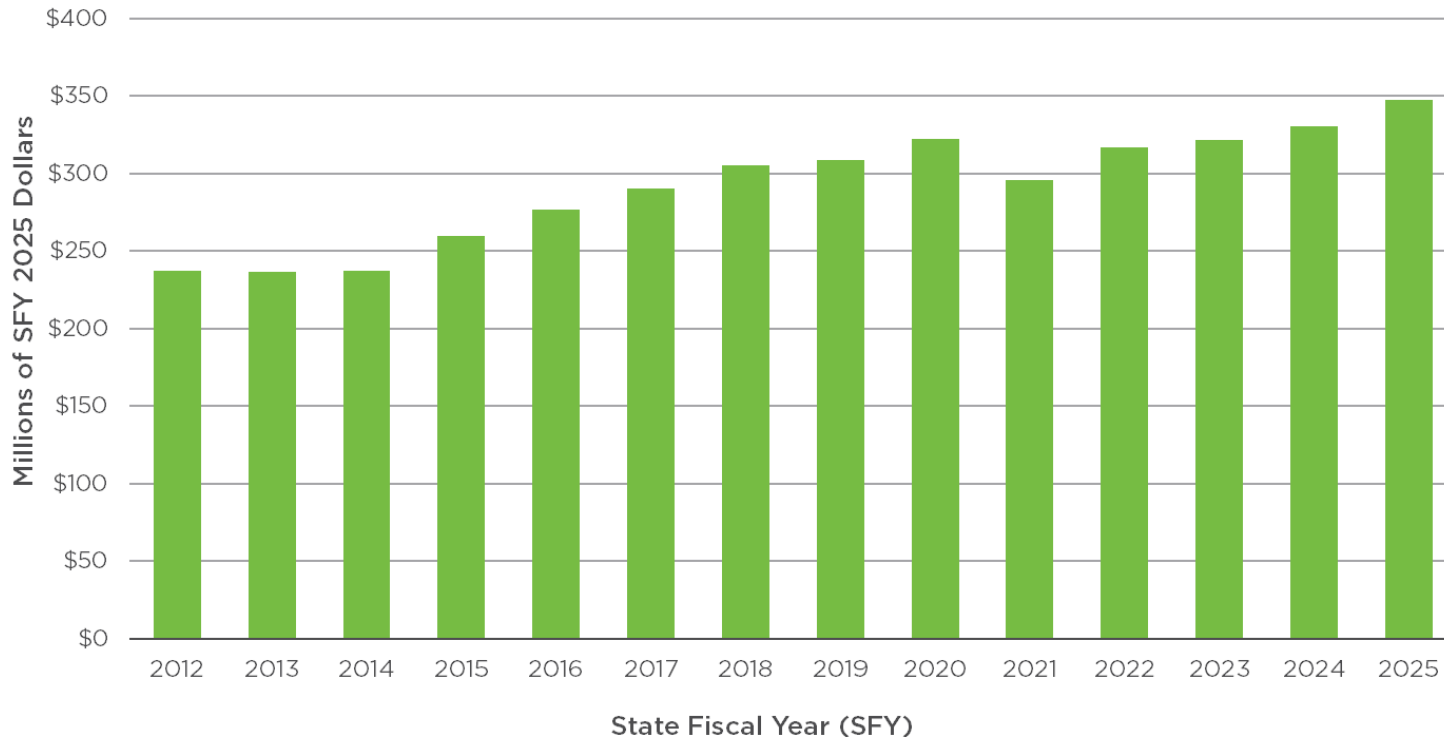
\*Note: Data based on unaudited cash receipts.

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?**

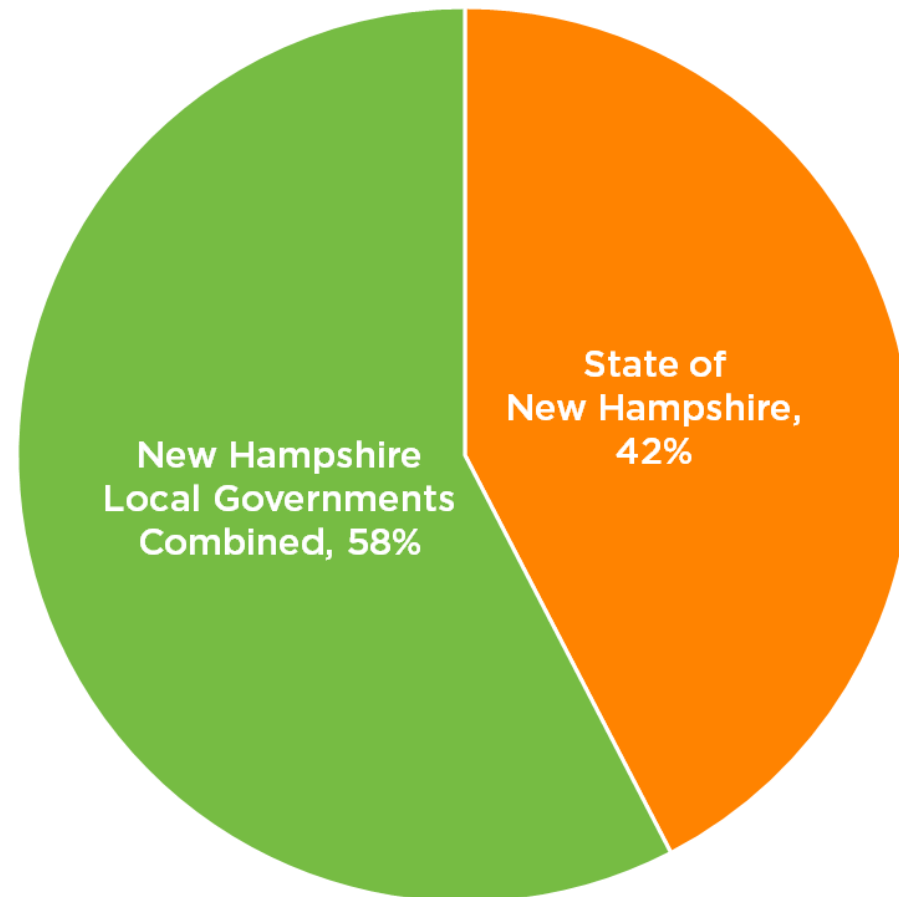
# LOCAL GOVERNMENTS COLLECT MORE TAX REVENUE THAN THE STATE

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

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

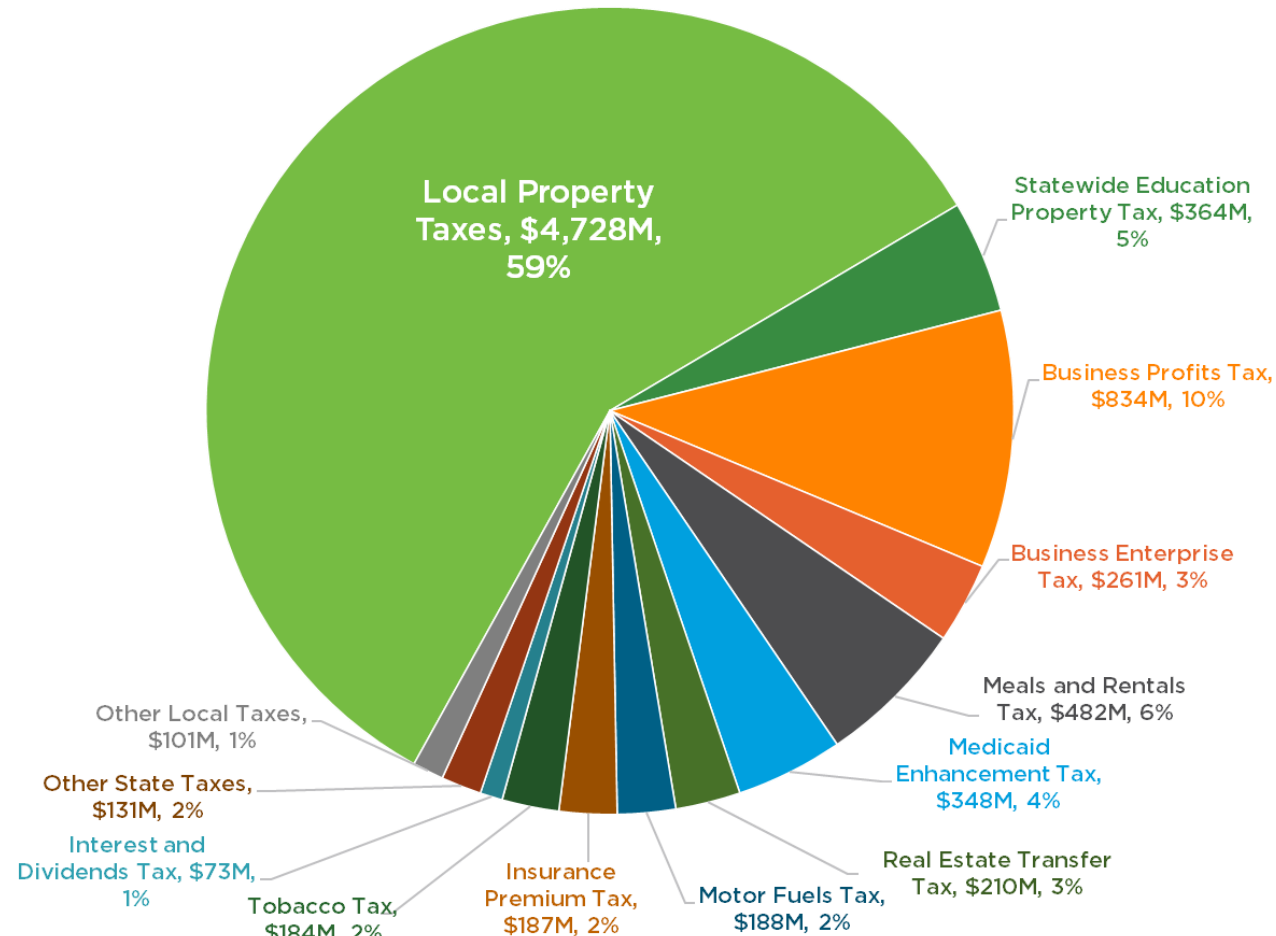
### Local Governments includes:

- 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

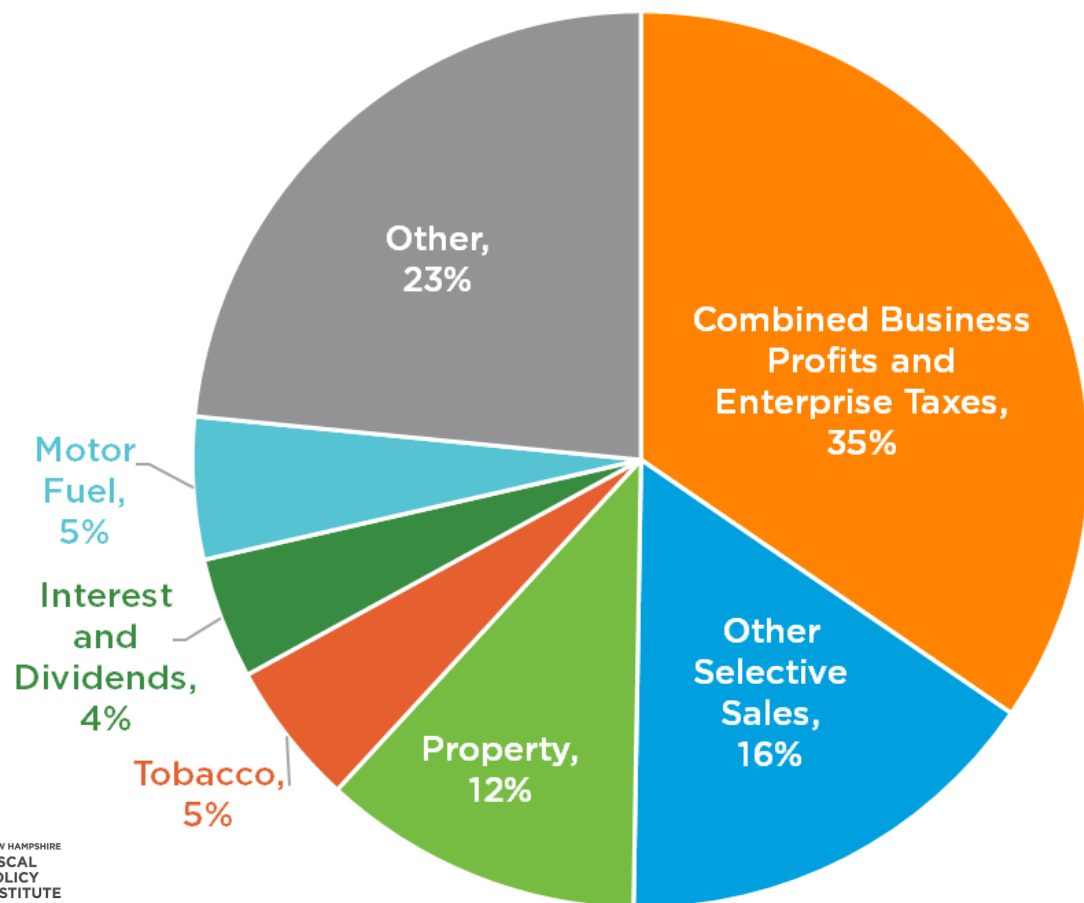


Sources: New Hampshire Annual Comprehensive Financial Report, State Fiscal Year 2025; New Hampshire Department of Revenue Administration, 2025 Annual Report and Completed Public Tax Rates 2025; U.S. Census Bureau, Survey of State and Local Government Finances, 2022; New Hampshire Department of Administrative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

# FEWER LOCAL TAX REVENUE OPTIONS

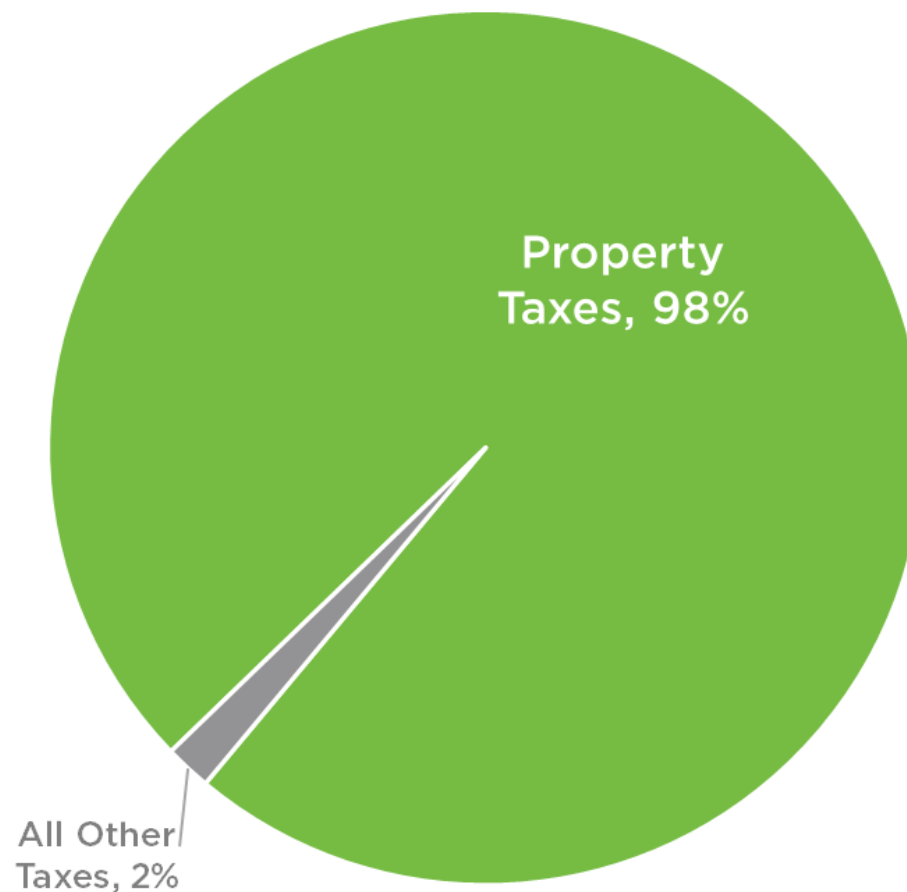
ALL STATE TAX REVENUE  
IN NEW HAMPSHIRE  
FISCAL YEAR 2022

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



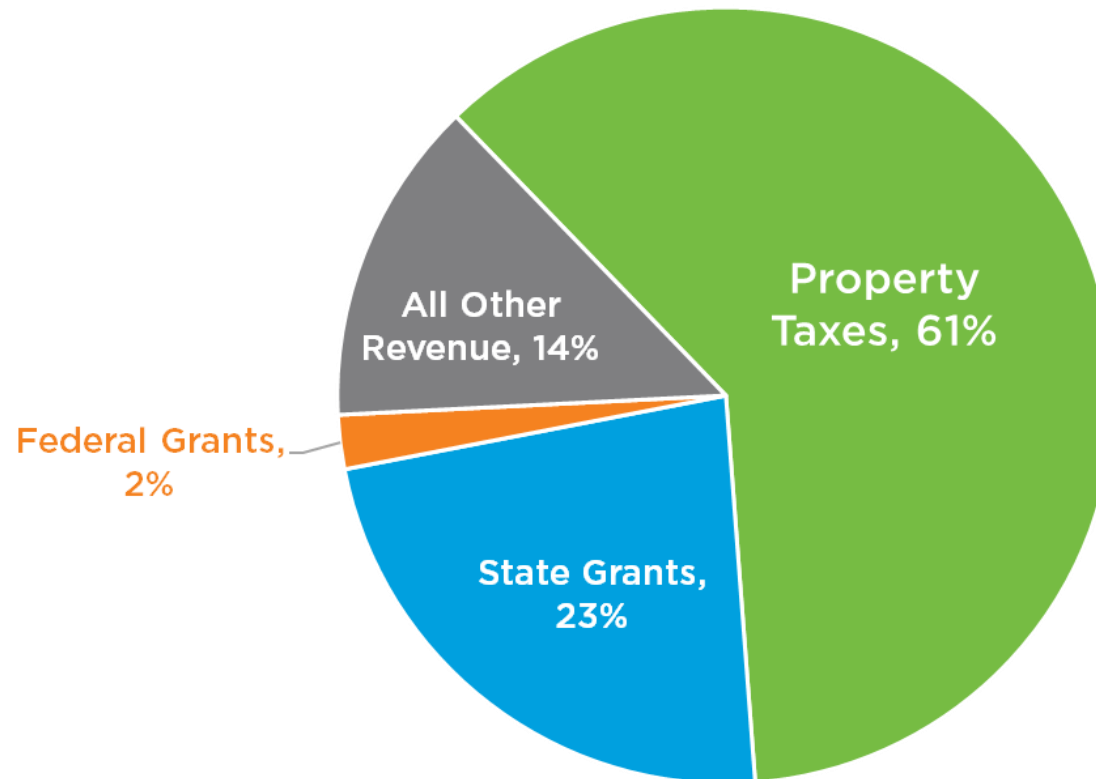
ALL LOCAL TAX REVENUE  
IN NEW HAMPSHIRE  
FISCAL YEAR 2022

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

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

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

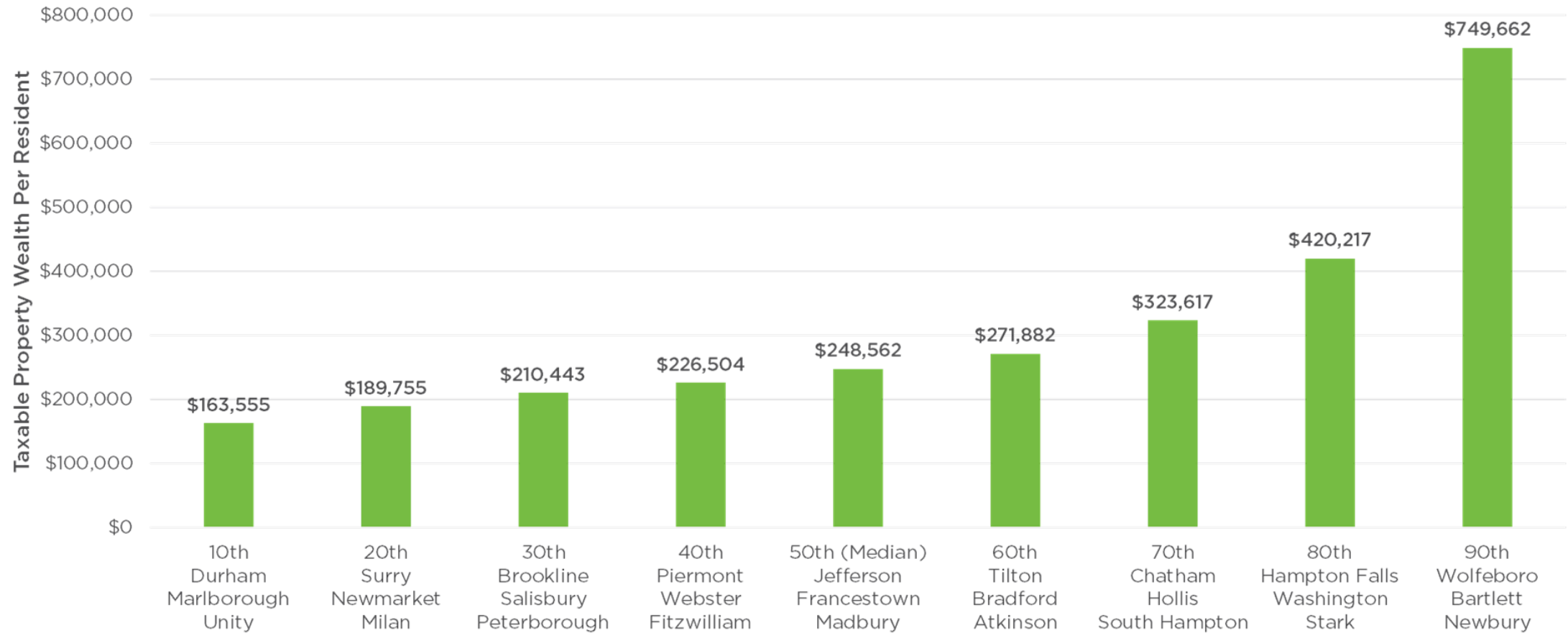
Note: Statewide Education Property Tax removed from local tax collection total to adjust for apparent double-counting in U.S. Census Bureau data.

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

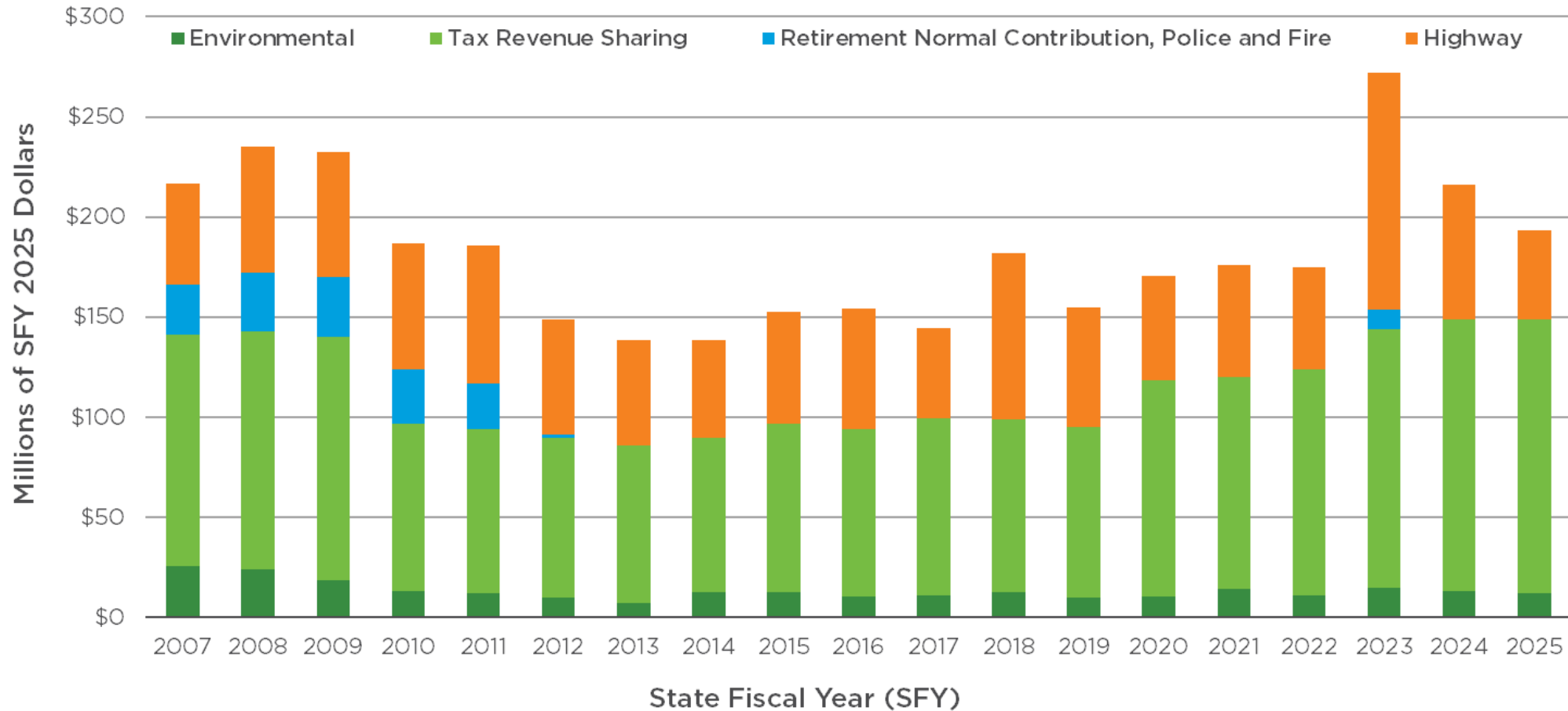
# STATE AID TO LOCAL GOVERNMENTS

# 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

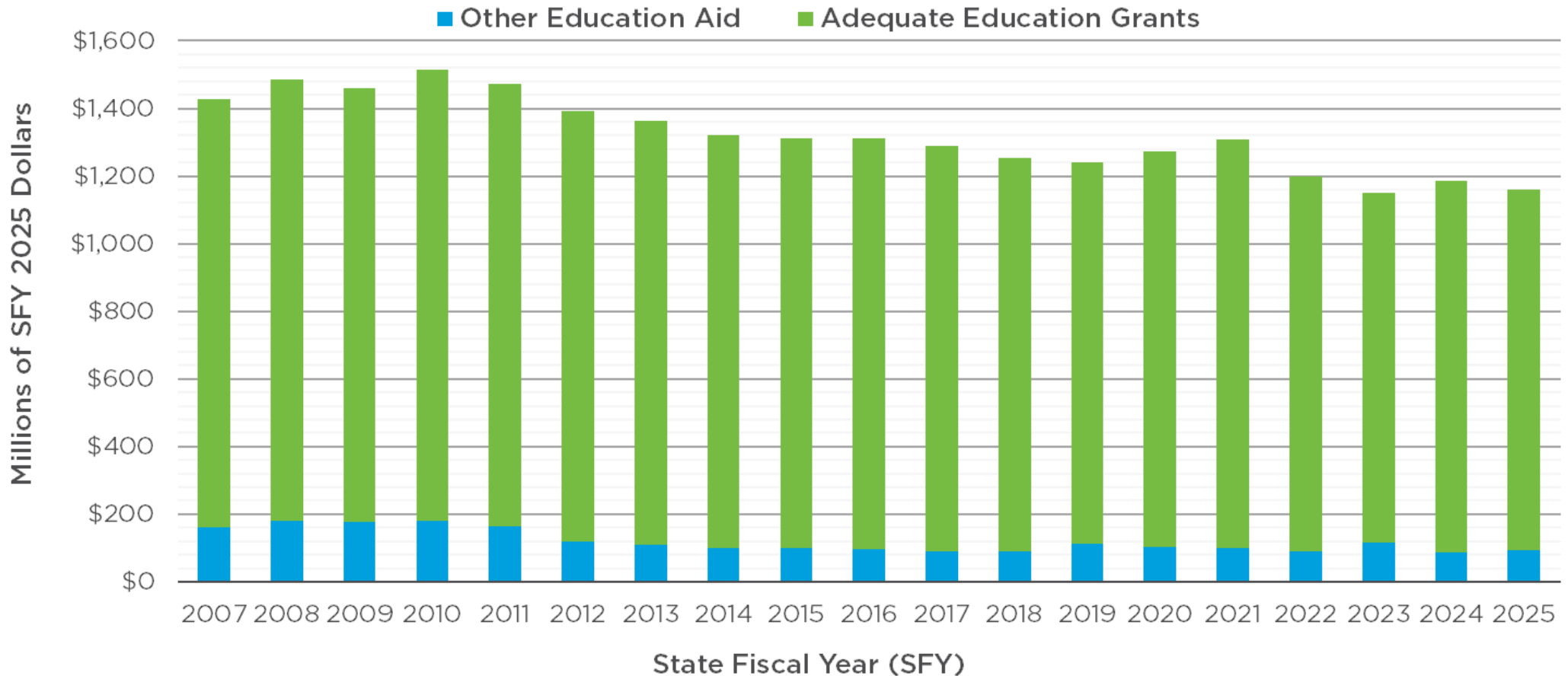
NEW HAMPSHIRE STATE AID TO LOCAL GOVERNMENTS,  
INFLATION-ADJUSTED AND EXCLUDING EDUCATION AID



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.

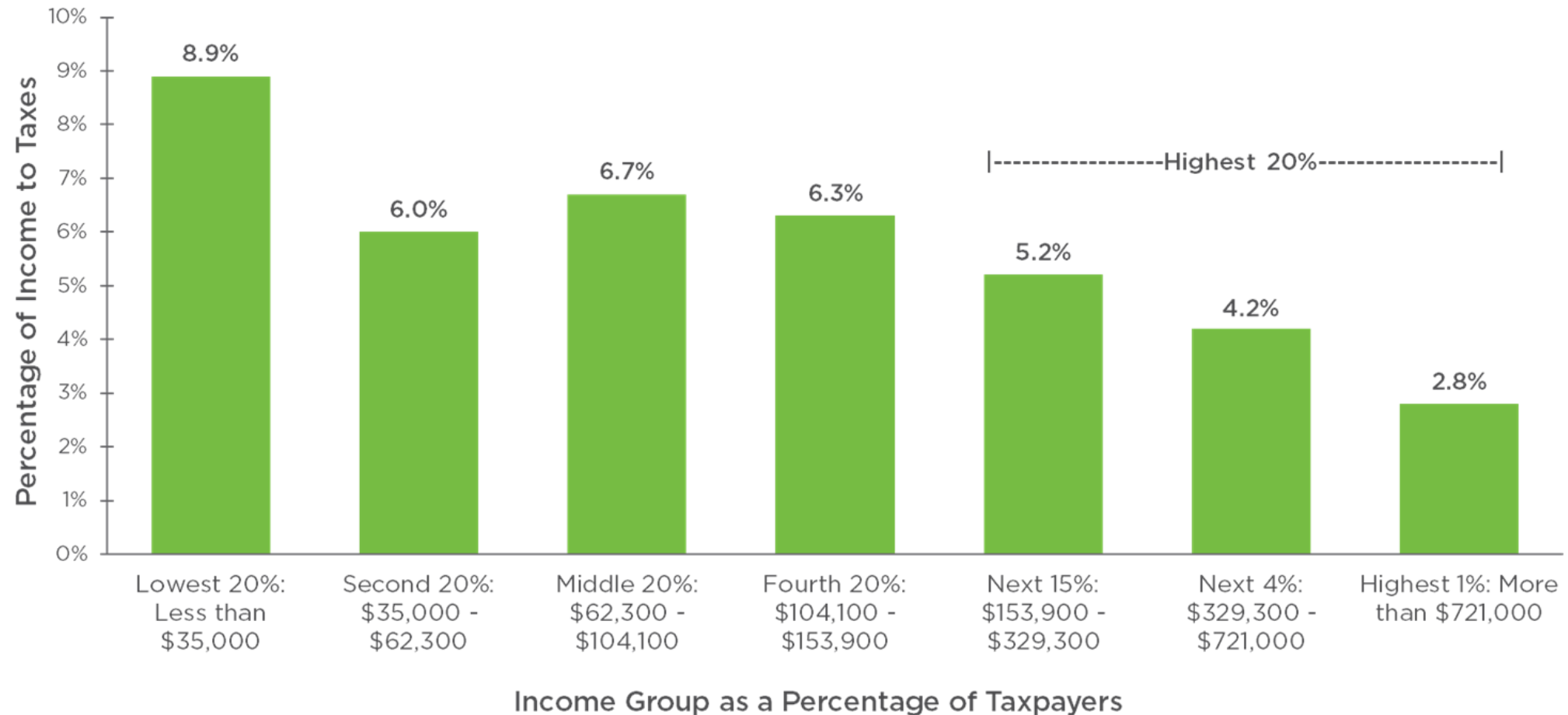
Sources: U.S. Census Bureau, Survey of State and Local Government Finances and Population Estimates Program; New Hampshire Department of Revenue Administration; New Hampshire Annual Comprehensive Financial Report

# 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\**



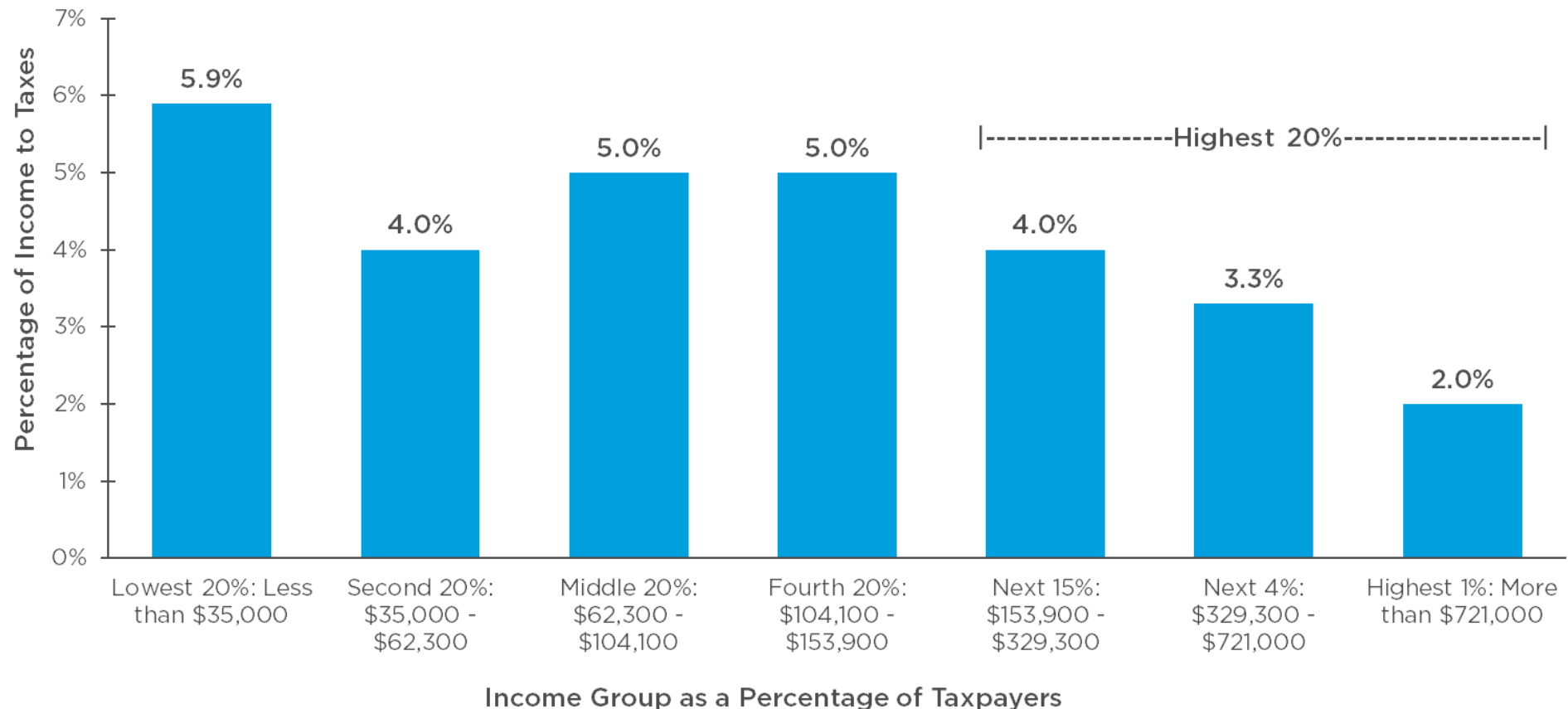
\*Note: Does not include taxpayers who are age 65 and older or tax units with negative incomes. Dependent filers are included with claiming filer.

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

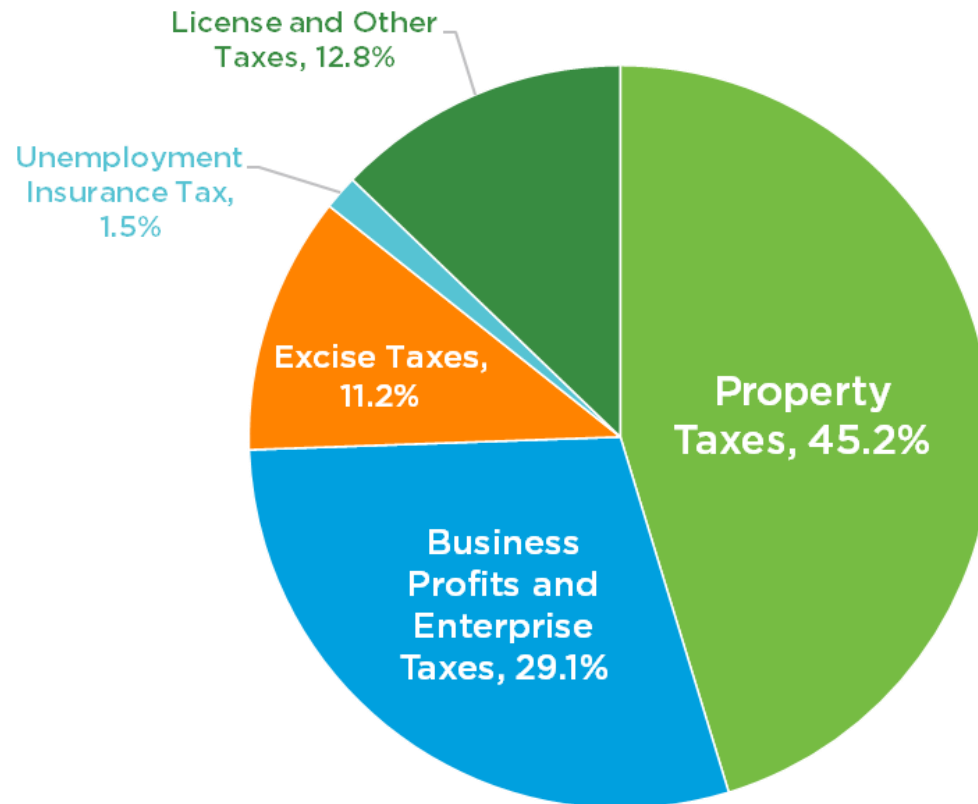
Effective Tax Rate as a Share of Income by Income Group, 2024 Tax Laws Based on 2023 Income Levels\*



\*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

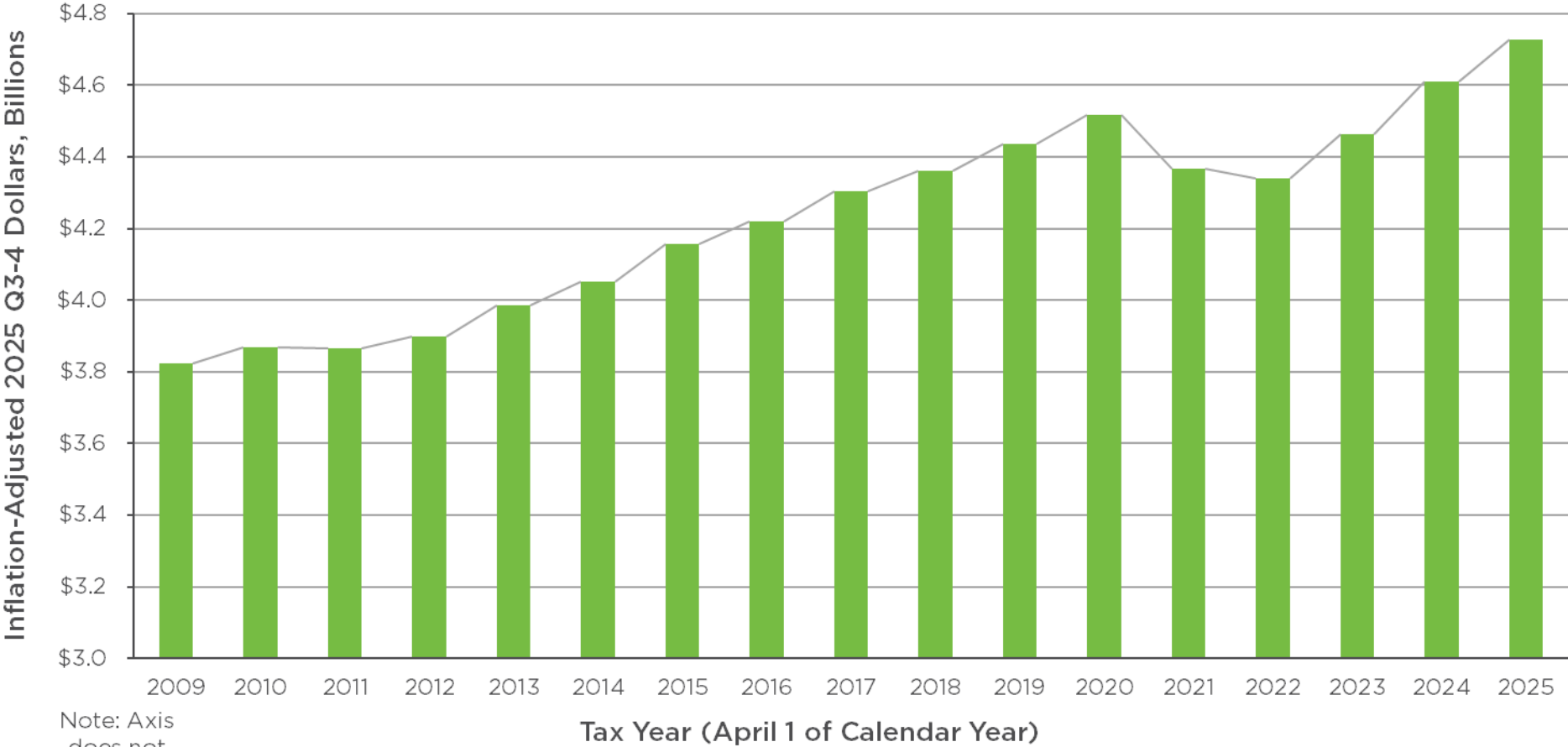
TAXES PAID BY BUSINESSES,  
NEW HAMPSHIRE STATE AND LOCAL TAXES,  
FISCAL YEAR 2024



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

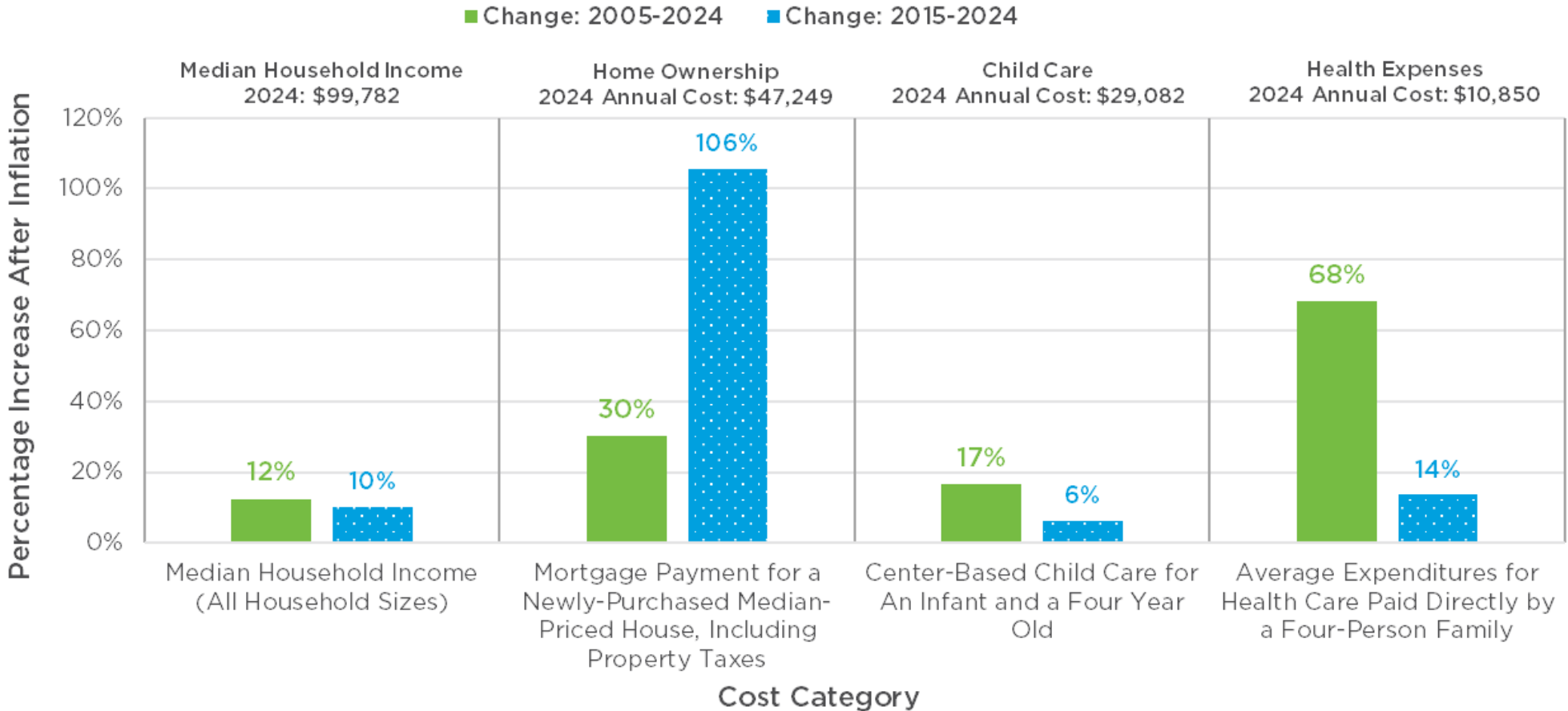


Note: Axis does not begin at zero.

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



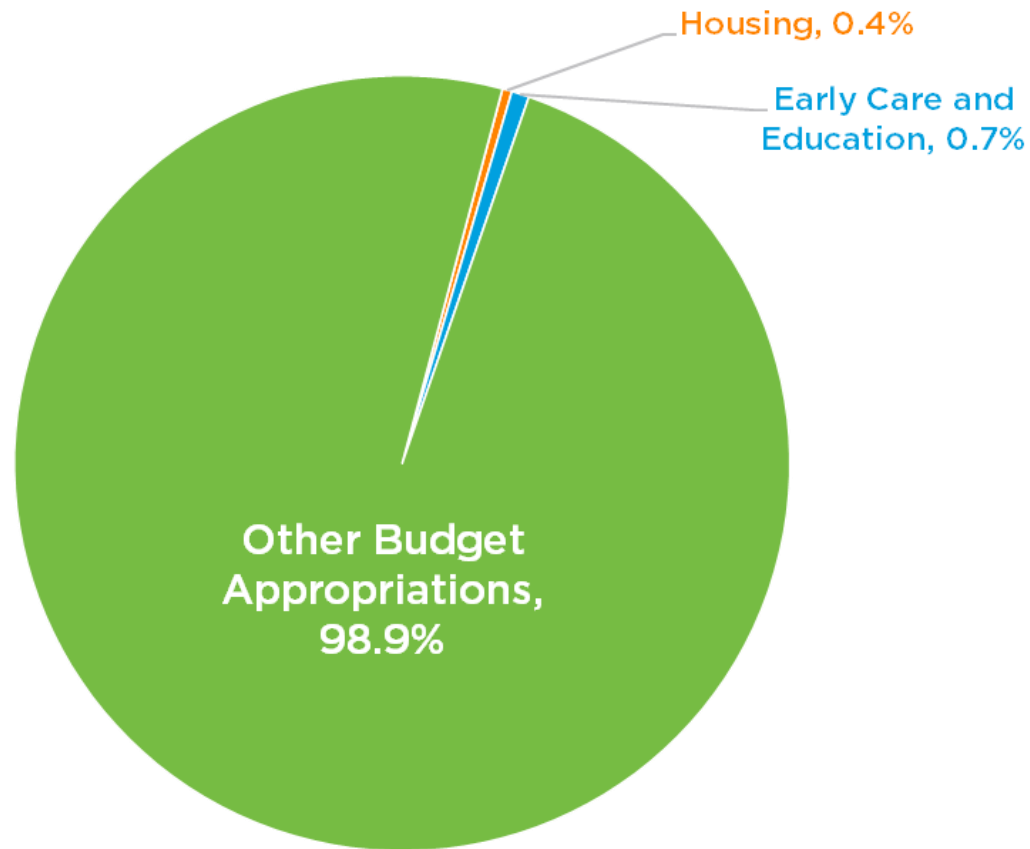
Note: For data sources, methodology and supporting research, see NHFPI's October 2025 Report, Affordability Eroded: Changes to the Cost of Living in New Hampshire.

## 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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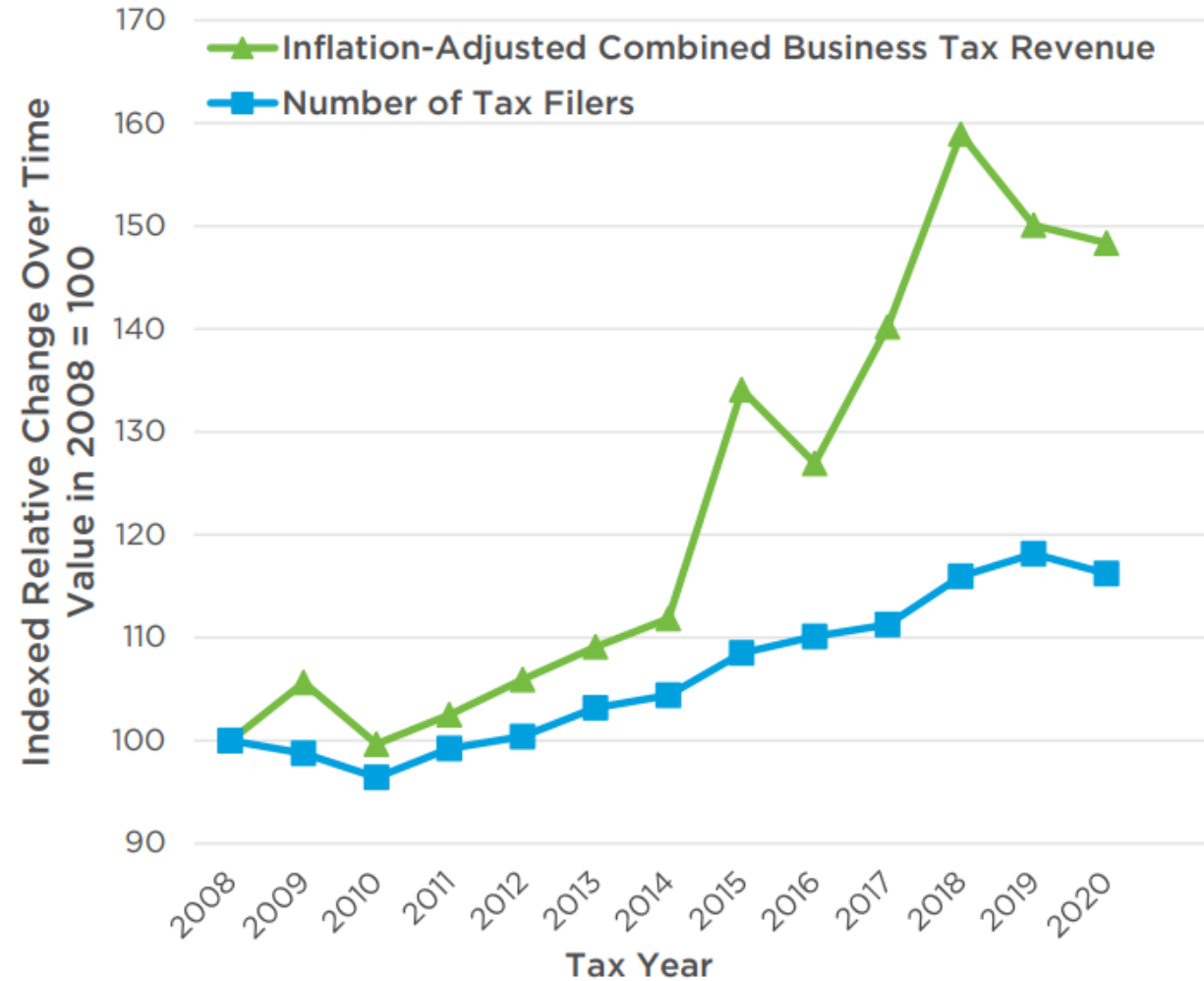
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# SUPPLEMENTAL INFORMATION FOR Q&A

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



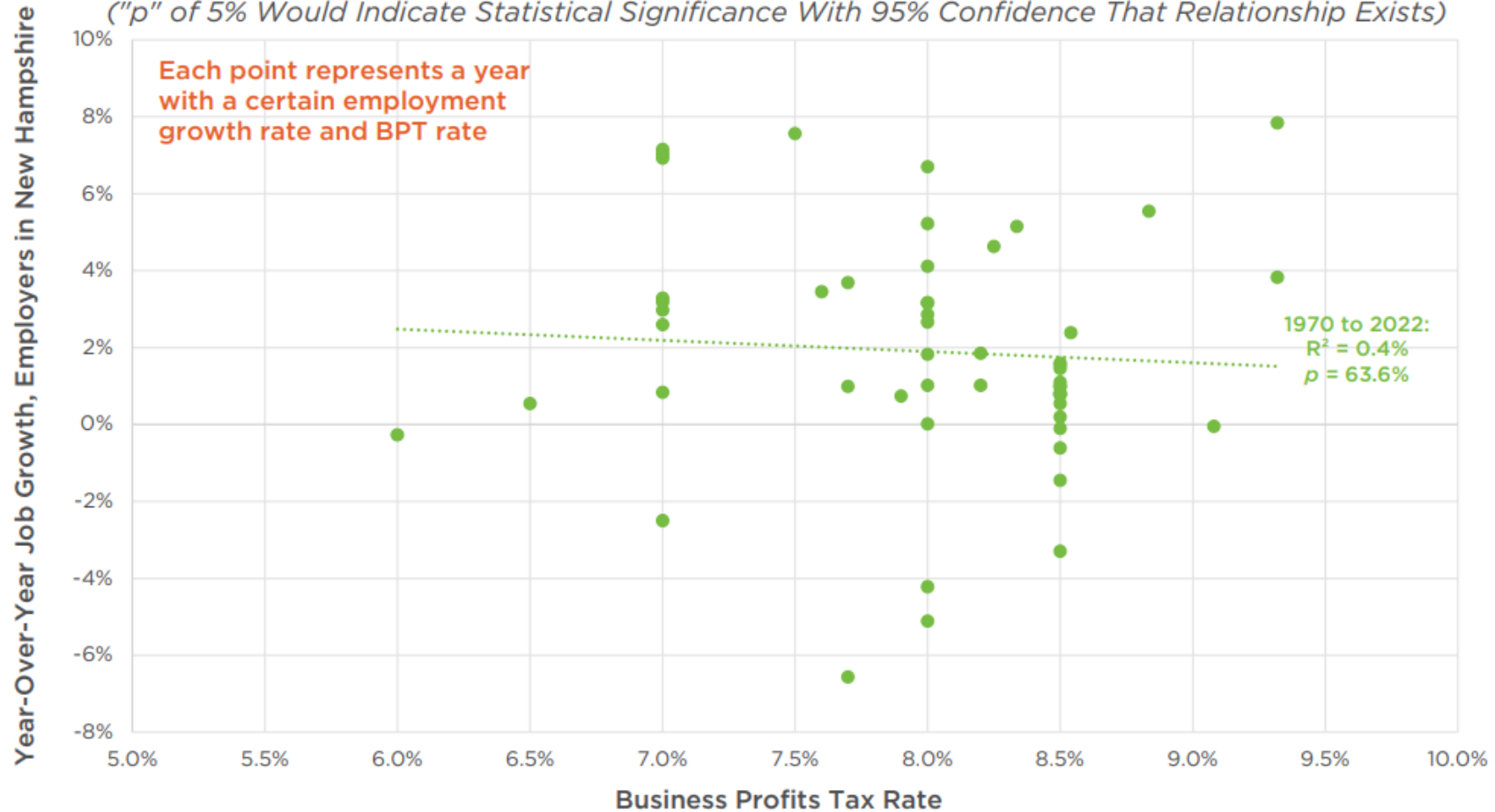
Source: New Hampshire Department of Revenue Administration Annual Reports

[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)



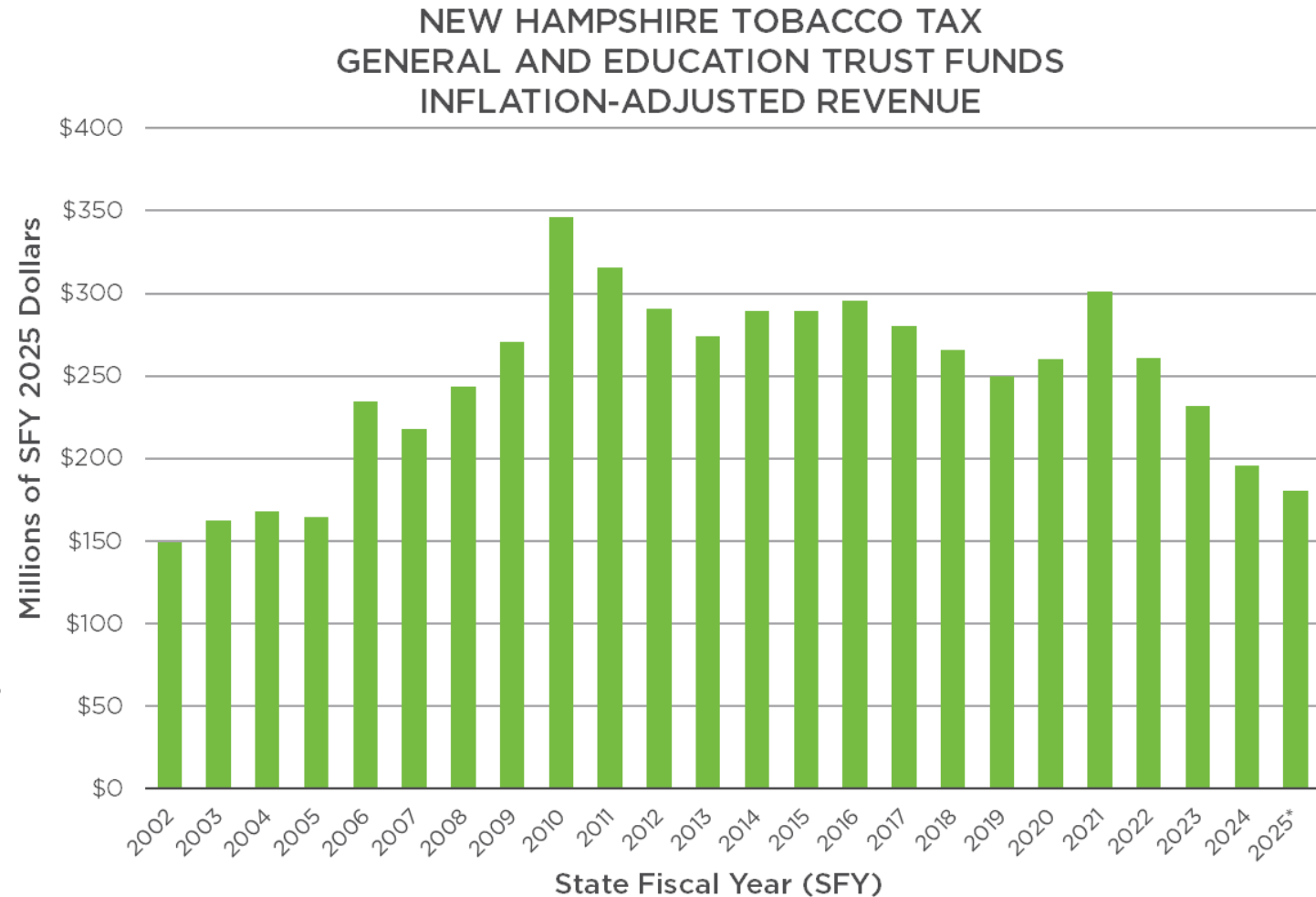
Notes: When multiple tax rates were applied in the same calendar year, a weighted average tax rate was calculated and employed for this analysis.  
 New England includes Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont.

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 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)

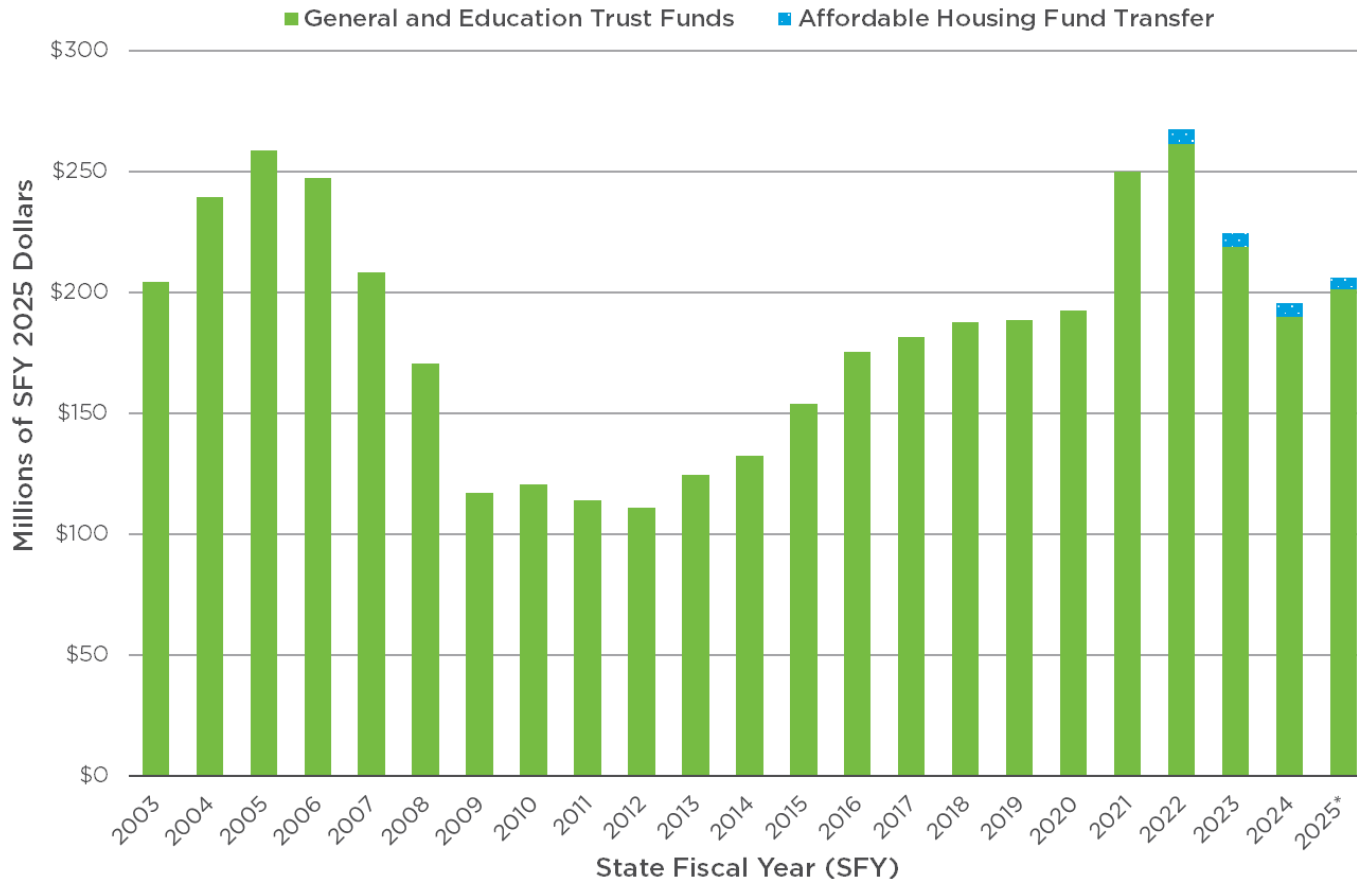


\*Note: Preliminary data based on unaudited cash receipts.

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 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 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

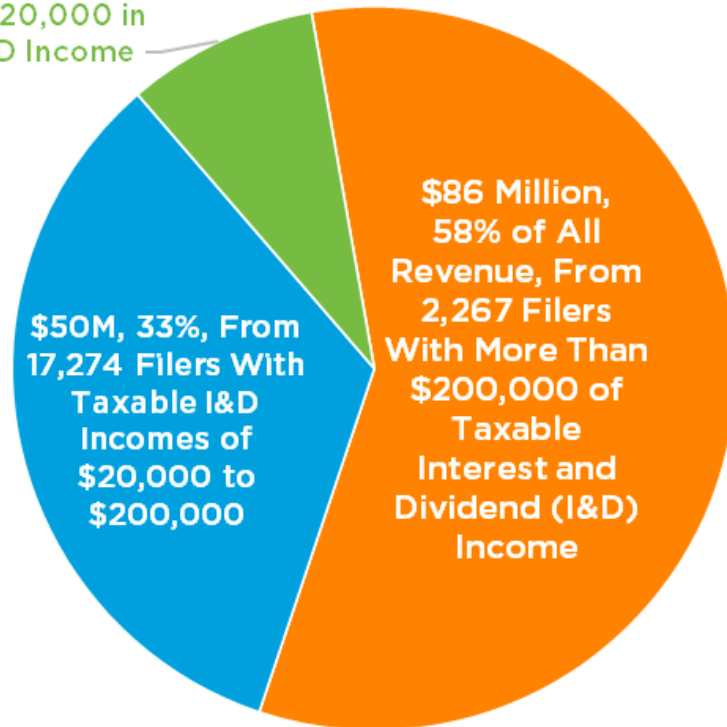
- Repealed as of 2025
- Tax on interest, dividend, and distribution income from assets
- Effectively tax on income generated from wealth, including stock or business ownership, not including the sale of assets (capital gains)
- Individuals, joint filers, and certain companies and partnerships
- Filing 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

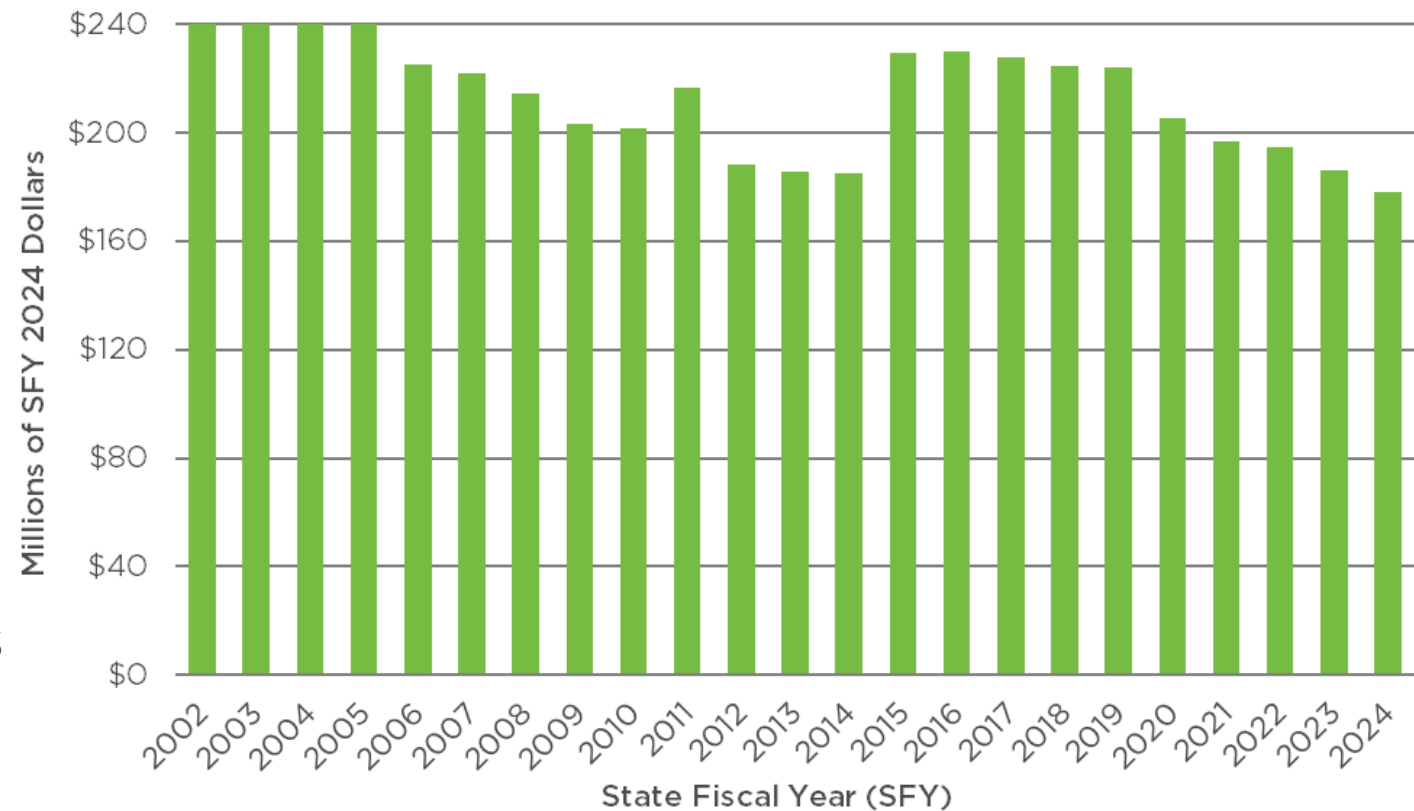
\*Note: Calculations assume \$2,400, the base exemption amount under the Interest and Dividends Tax, is not included as taxable income, but is included in the wealth base used to generate taxable interest, dividend, and distribution income.

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

# THE 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

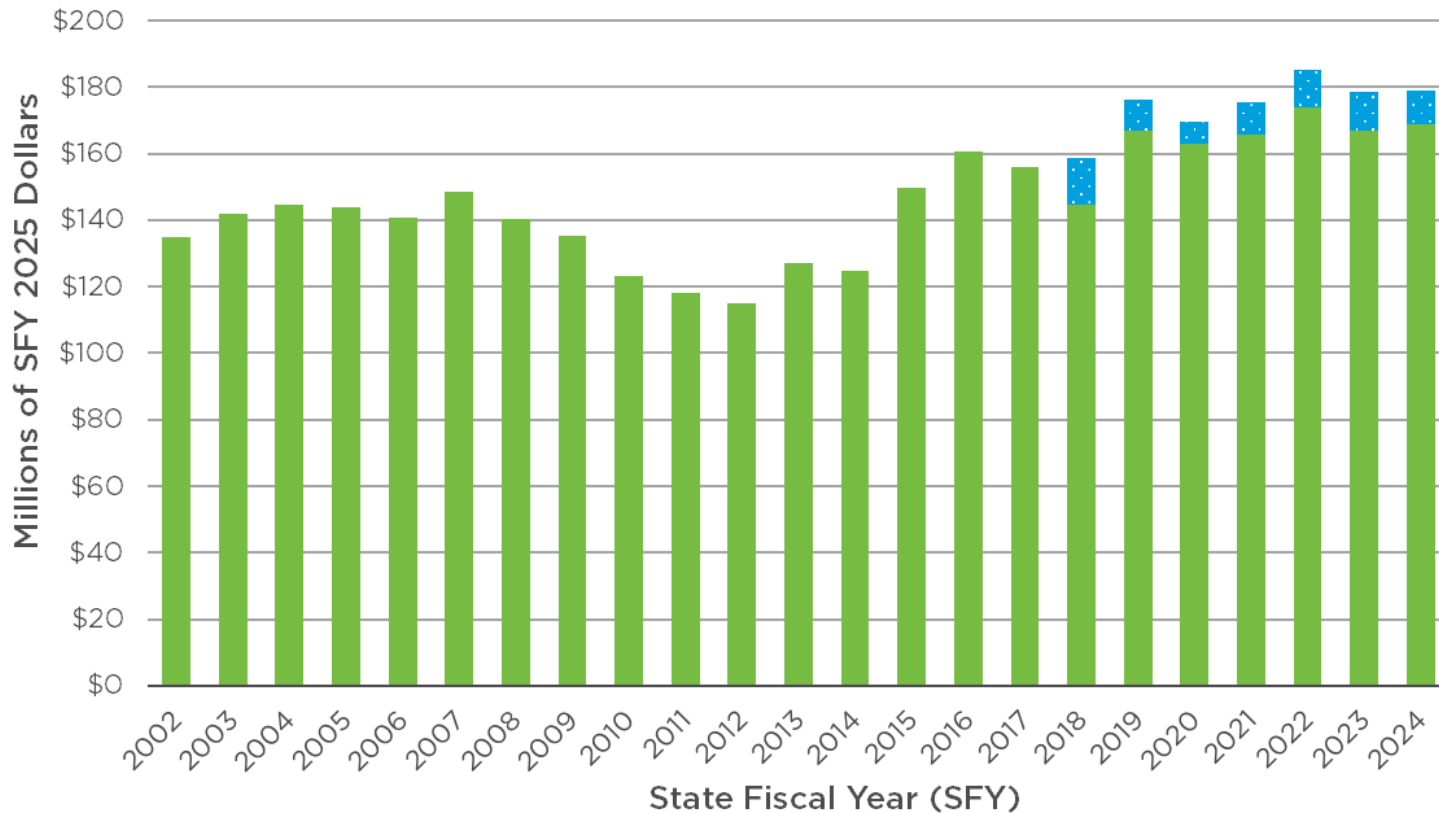


Sources: New Hampshire Annual Comprehensive Financial Reports; U.S. Bureau of Labor Statistics, Consumer Price Index-Urban, Northeast

# 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

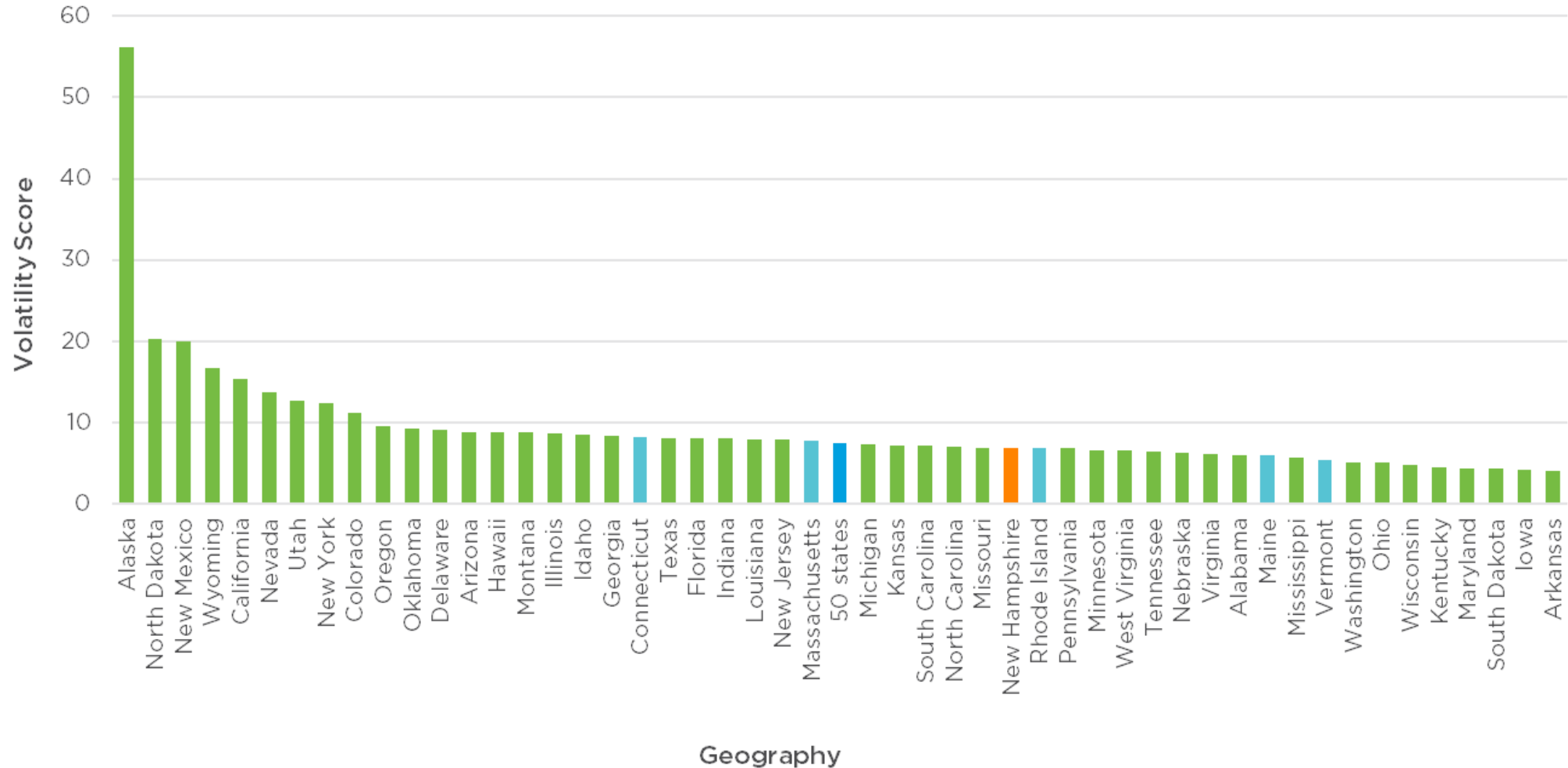
- 5.5 percent net revenues related to patient services at nursing facilities
- \$44.8 million in SFY 2024, provider tax that leverages federal dollars
- Revenues to nursing facilities through Medicaid Quality Incentive Program

## 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
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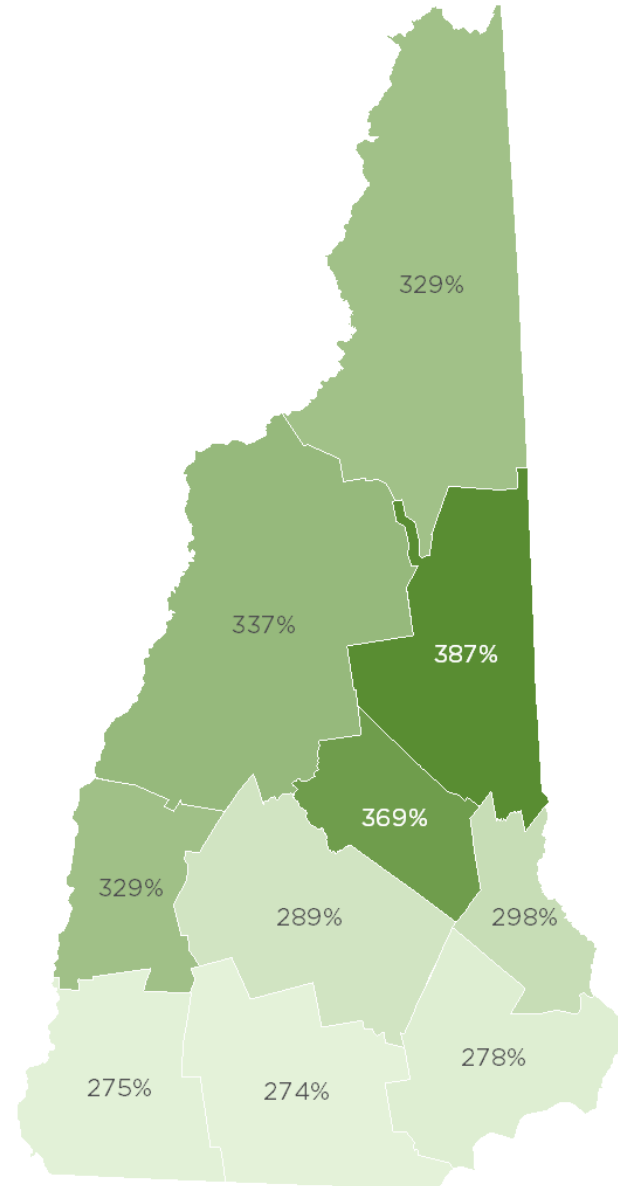
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- Eliminated the Council for Responsible Gaming and transferred duties to the NH Department of Health and Human Services
- Increased many fees, including motor vehicle fees

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

*Median Sale Price Increase from 1999 to 2024*

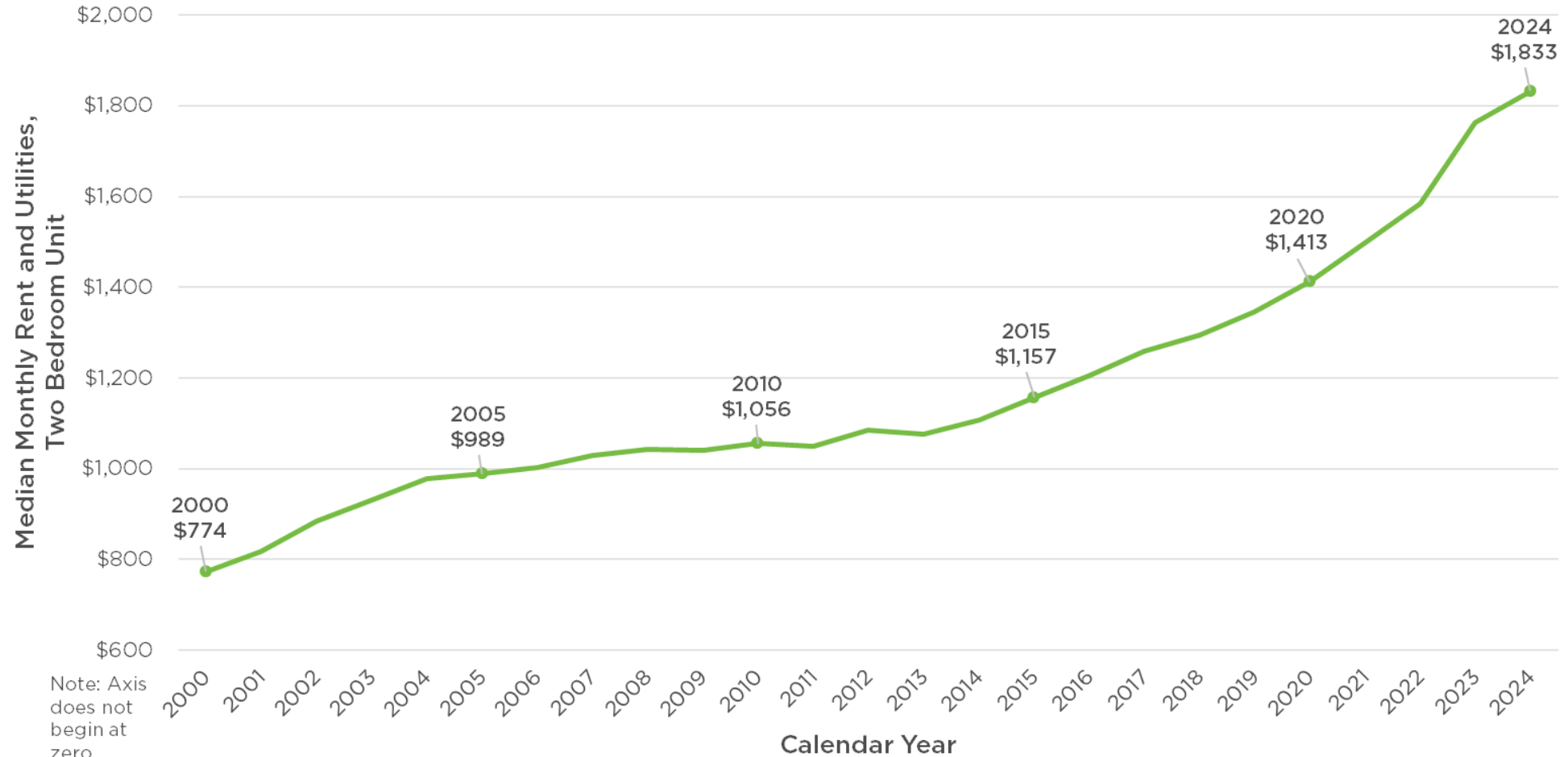
PRICES INCREASED  
FASTER IN NORTHERN  
AND CENTRAL  
NEW HAMPSHIRE



# 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

# MEDIAN HOUSE SALE PRICE UP 275% SINCE 1999

## STATEWIDE MEDIAN SINGLE-FAMILY HOUSE SALE PRICES



Note: Axis does not begin at zero.

# 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

# 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

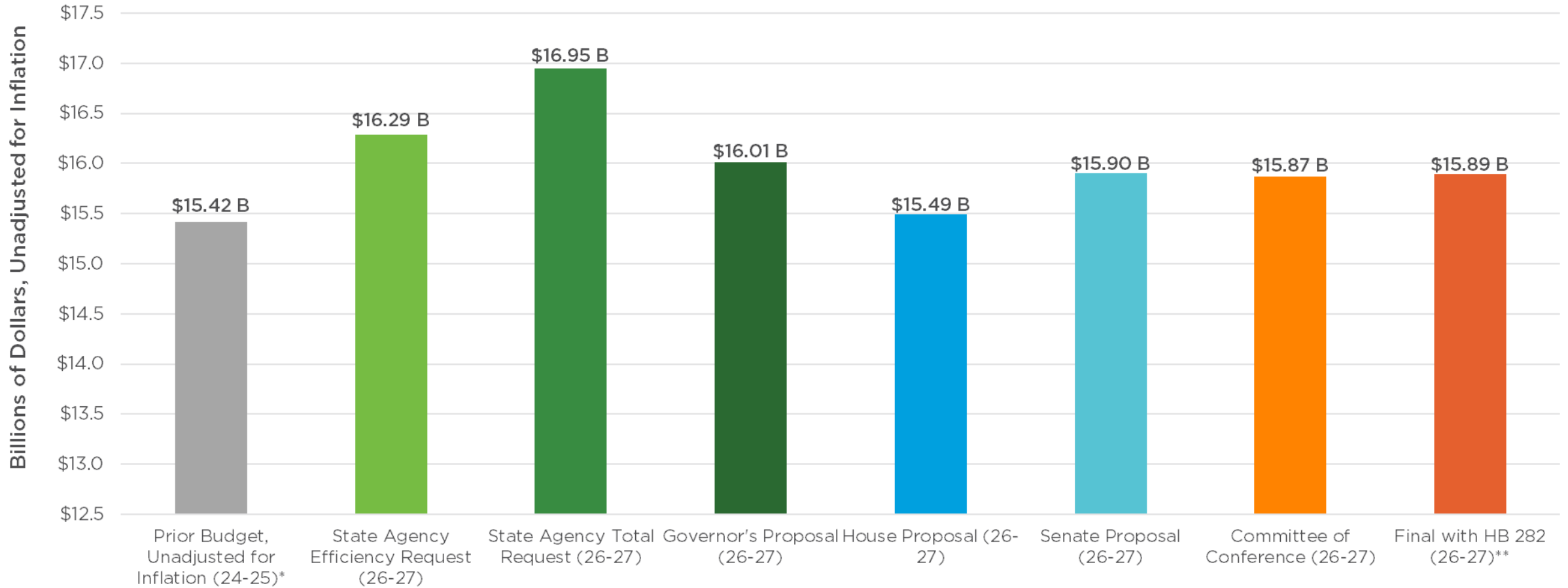
# UNUSUAL COMPONENTS OF THE 2025 PROCESS

- 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*



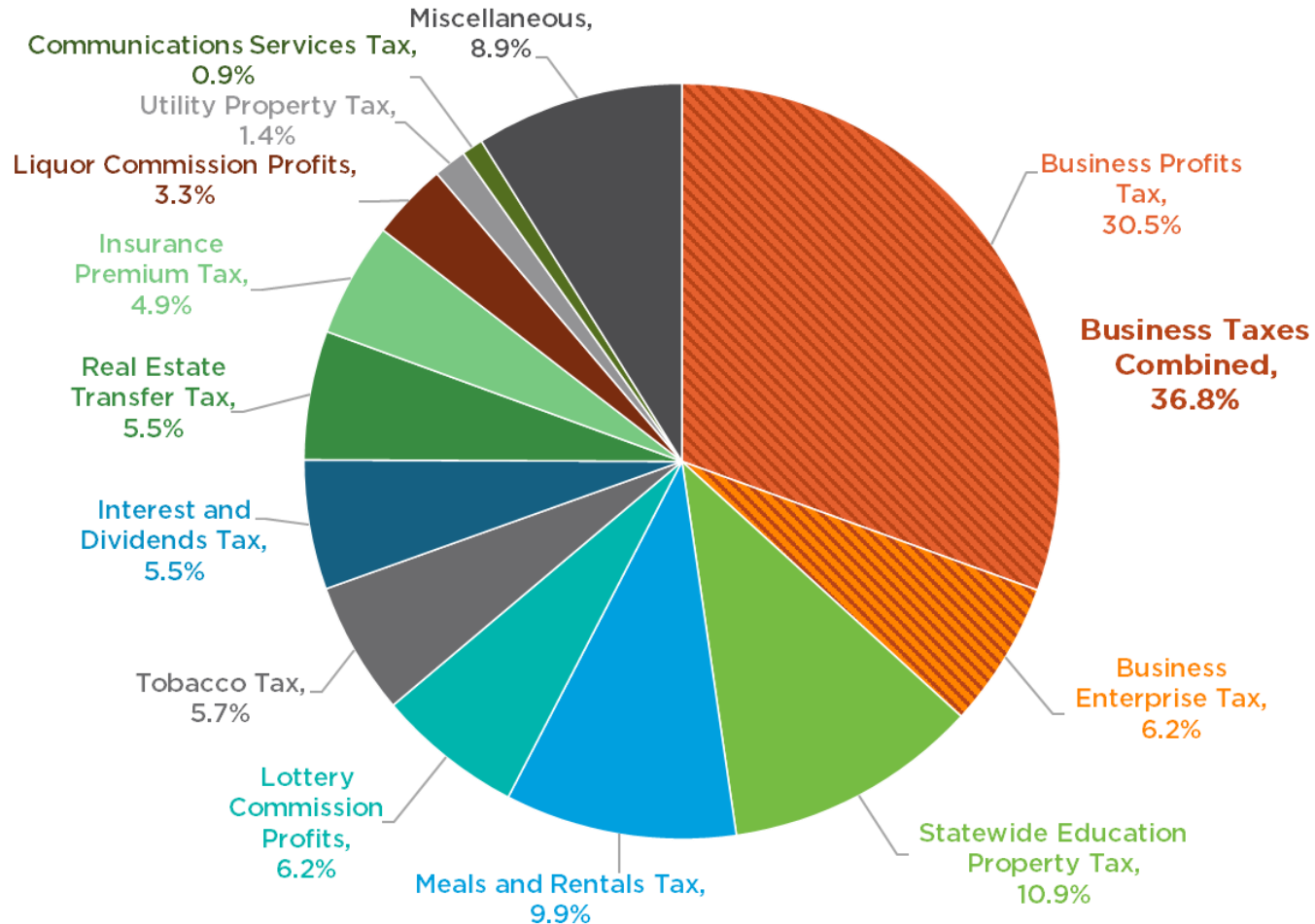
### Budget Iteration and State Fiscal Years

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

# GENERAL AND EDUCATION TRUST FUNDS SHARE KEY LARGE REVENUE SOURCES

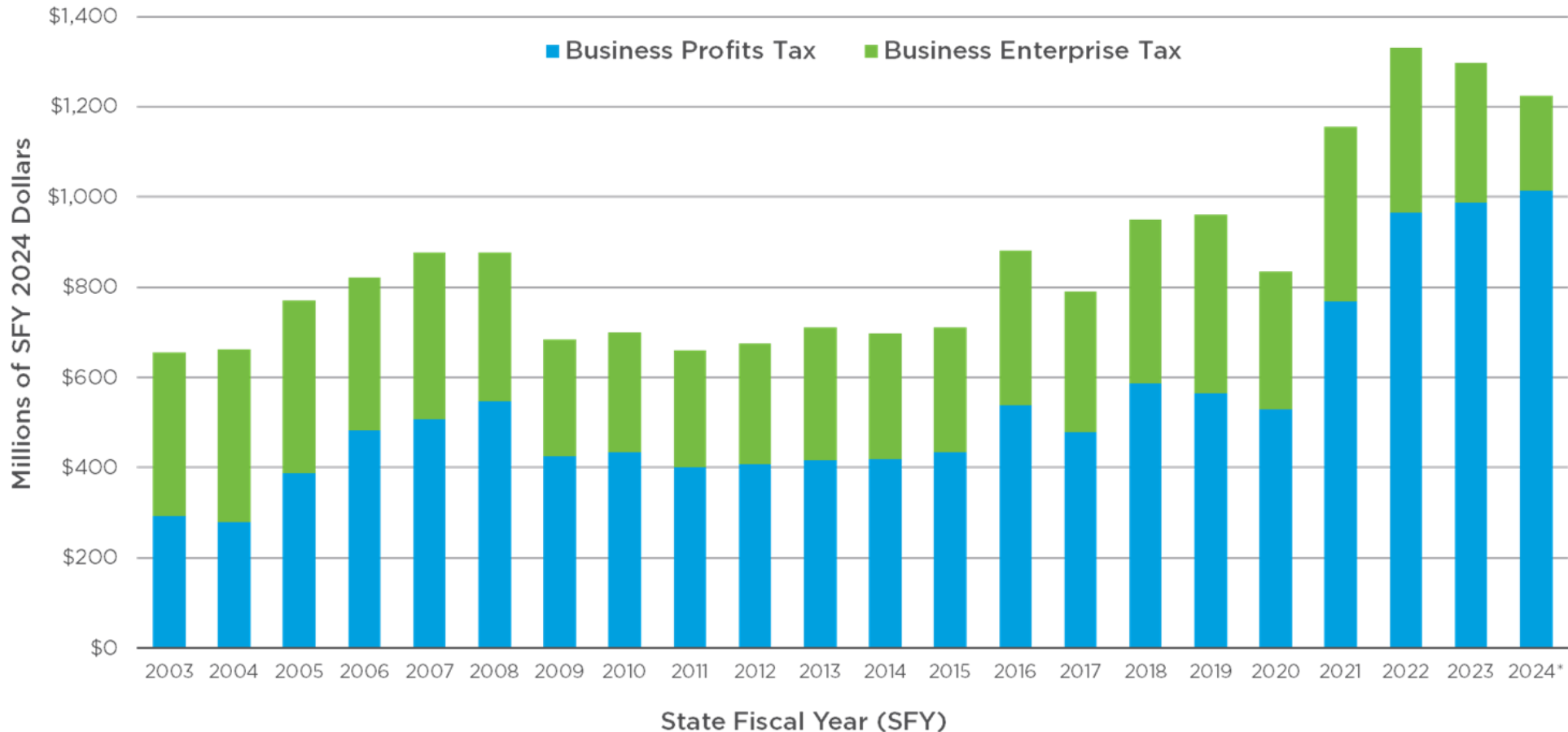
GENERAL AND EDUCATION TRUST FUNDS  
COMBINED REVENUE IN STATE FISCAL YEAR 2024



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

# 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

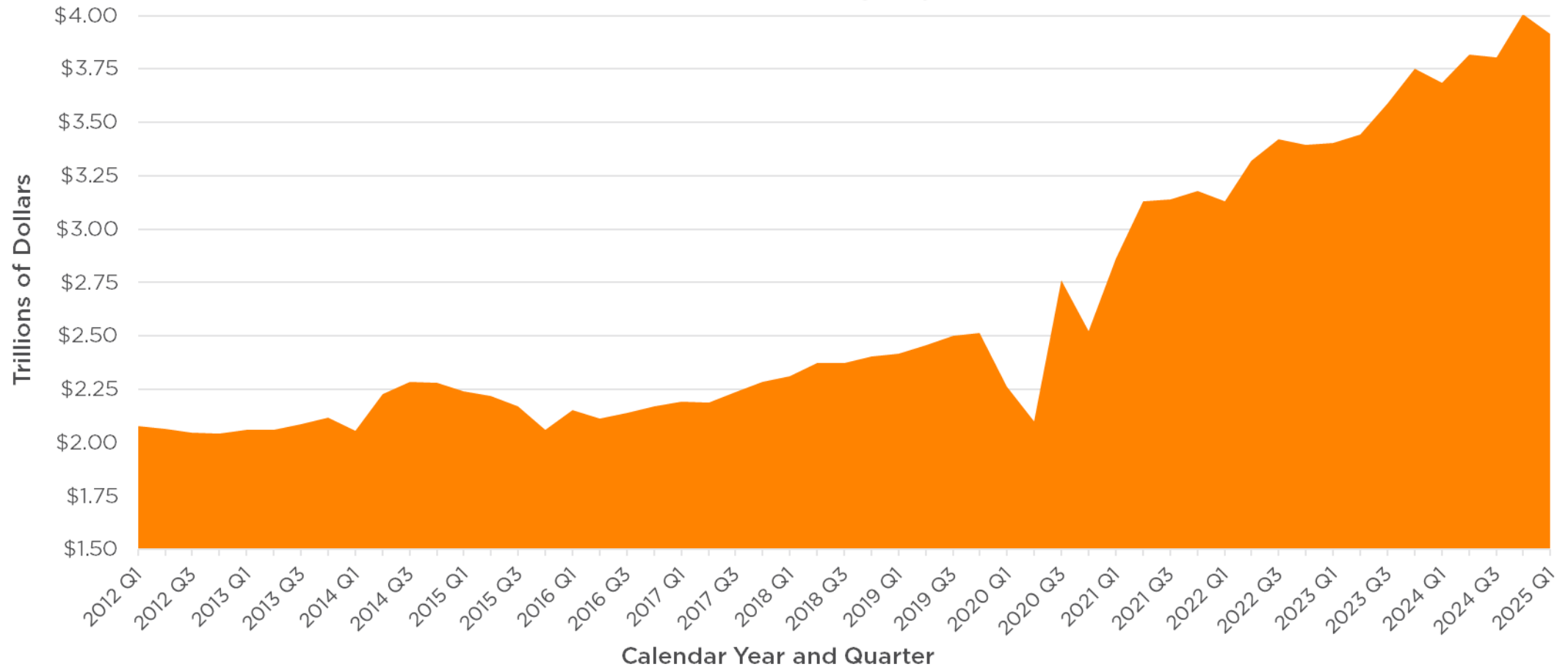


- BPT appears to be primary driver of revenue growth
- BPT versus BET assumptions in cash revenue splits have changed over time as BPT revenues have increased

# 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*

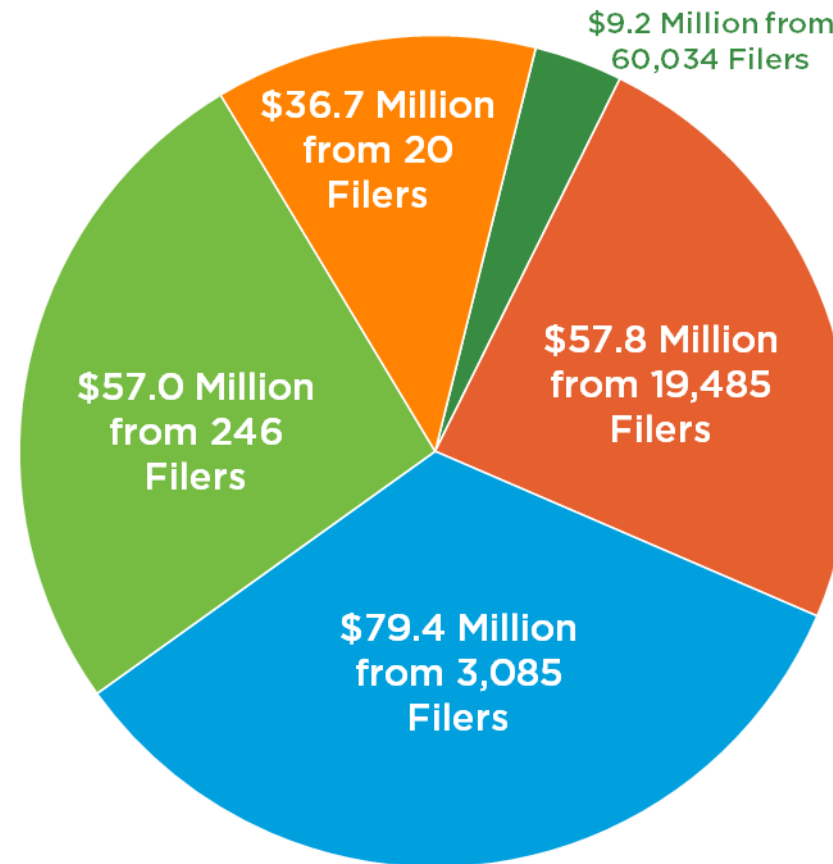


Source: Federal Reserve Bank of St. Louis, accessed July 22, 2025

# 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*

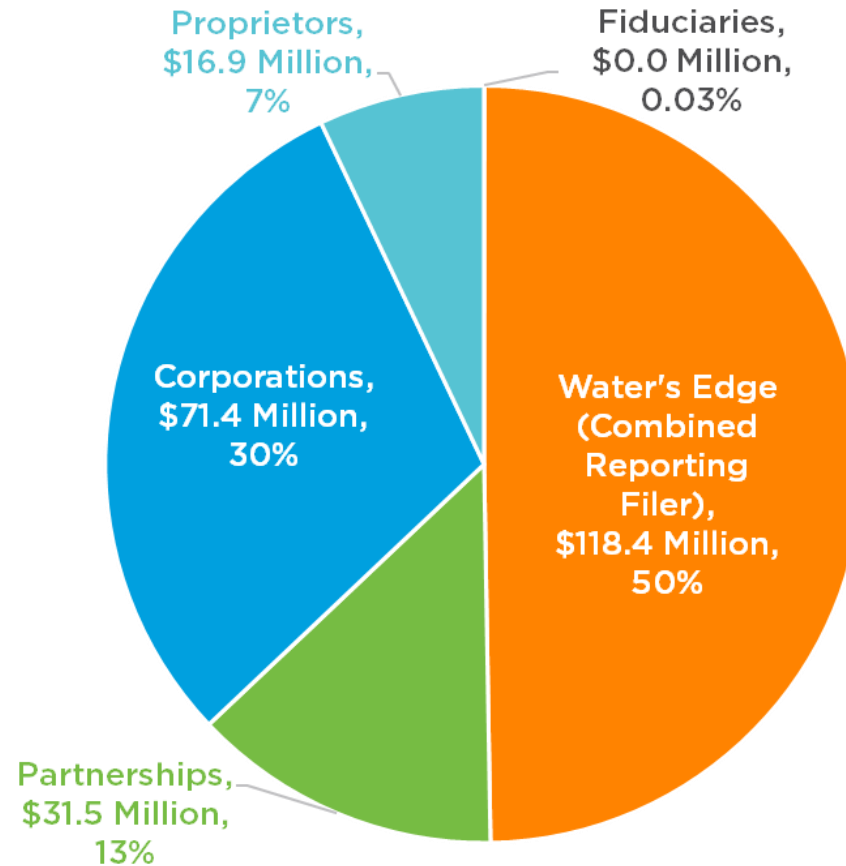


Source: New Hampshire Department of Revenue Administration, 2024  
Annual Report

# 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

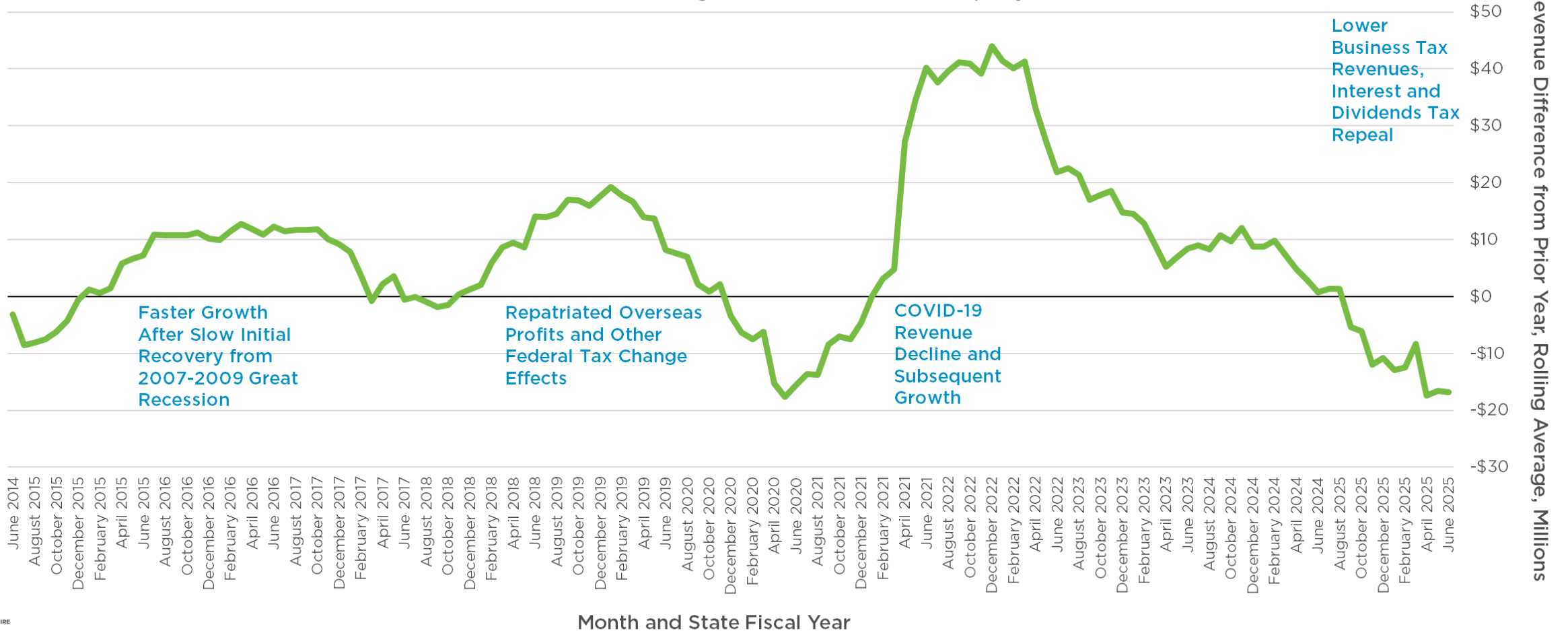
# CHALLENGES ENTERING THIS BUDGET CYCLE

- 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

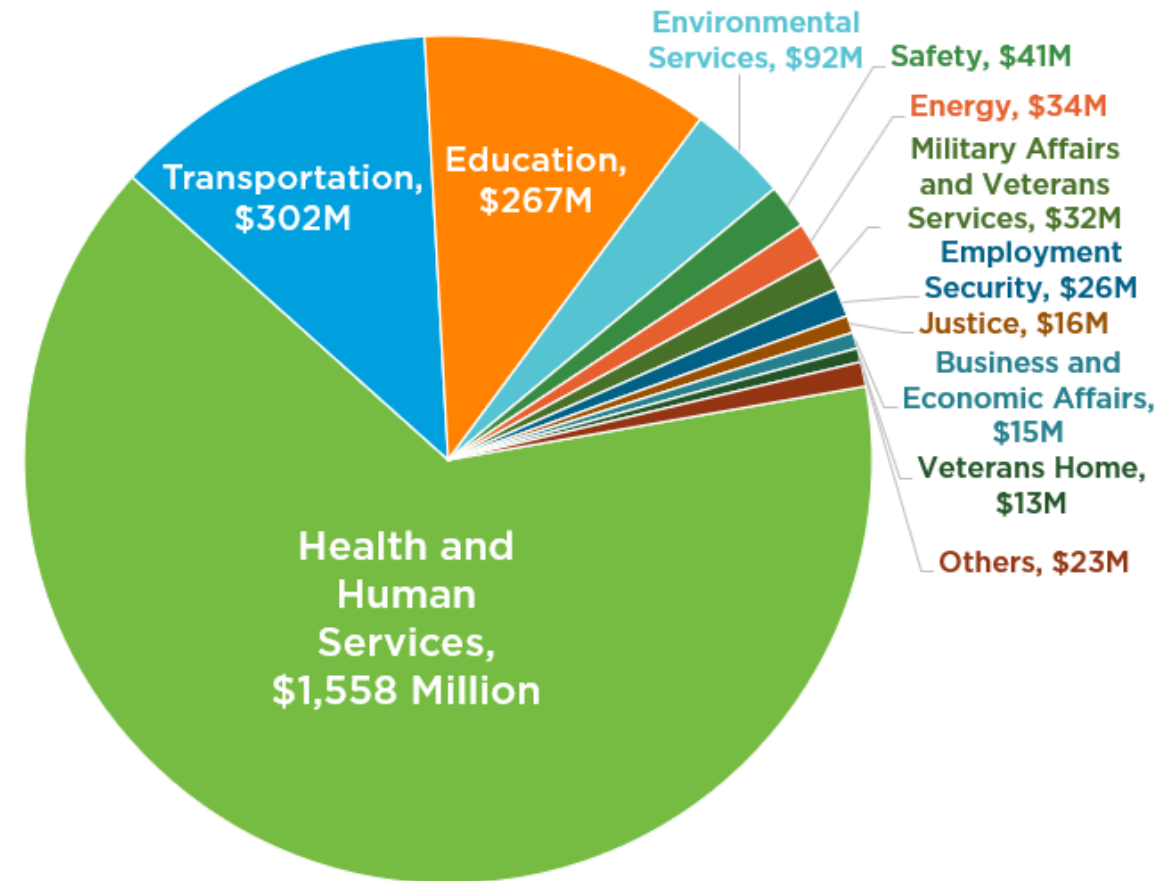


Note: Medicaid Enhancement Tax excluded from historical data. Statewide Education Property Tax excluded due to tax targeting a certain amount collected.  
Sources: New Hampshire Department of Administrative Services, Monthly Revenue Focus Reports

# 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

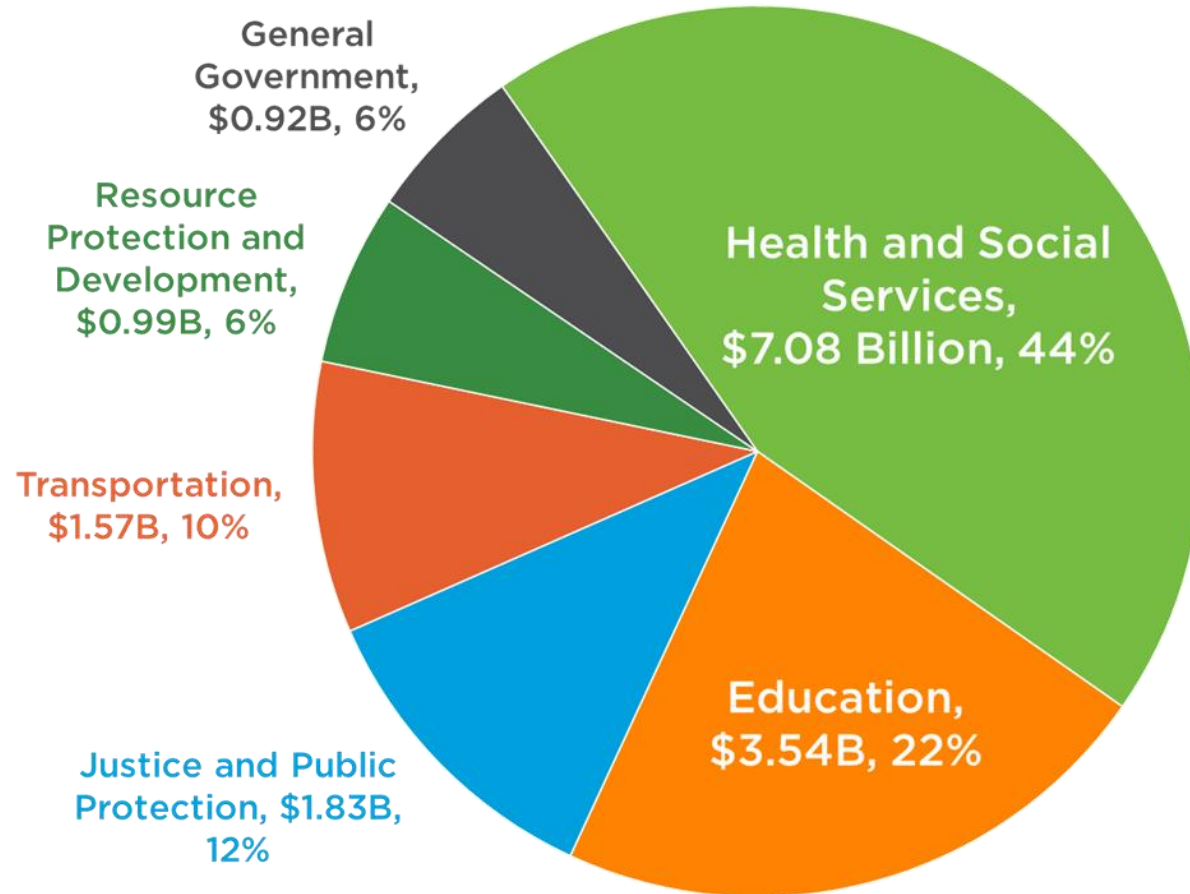


Source: Chapter 106, Laws of 2023

# DETAILS BY CATEGORY OF SERVICE AREA

## STATE BUDGET APPROPRIATIONS BY CATEGORY

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



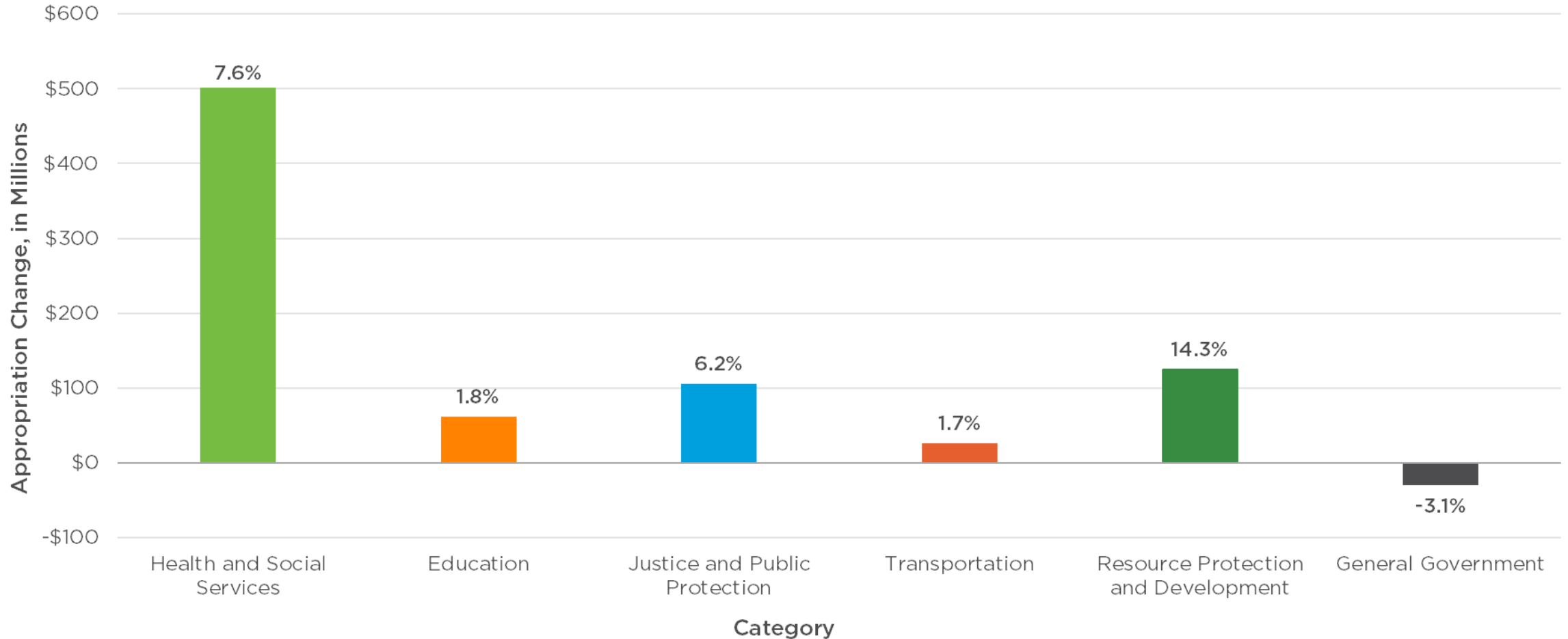
Note: These figures account for inter-agency transfers.

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

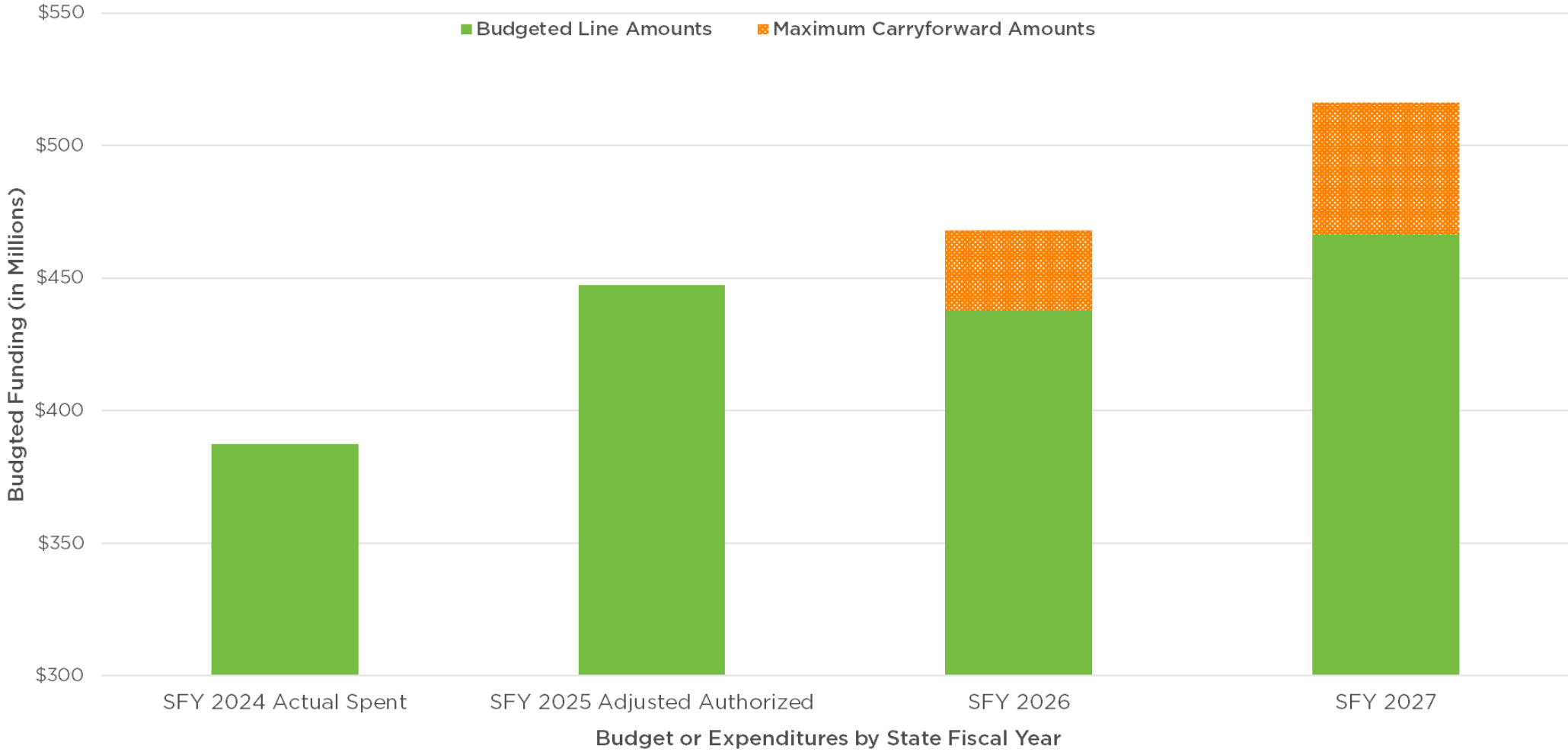
- Enrollees with certain incomes in the New Hampshire Granite Advantage Health Care Program, part of Medicaid often known as “Medicaid Expansion” for adults with low incomes, and for families with children enrolled in Medicaid would pay premiums
- Monthly premiums for Granite Advantage adults with incomes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

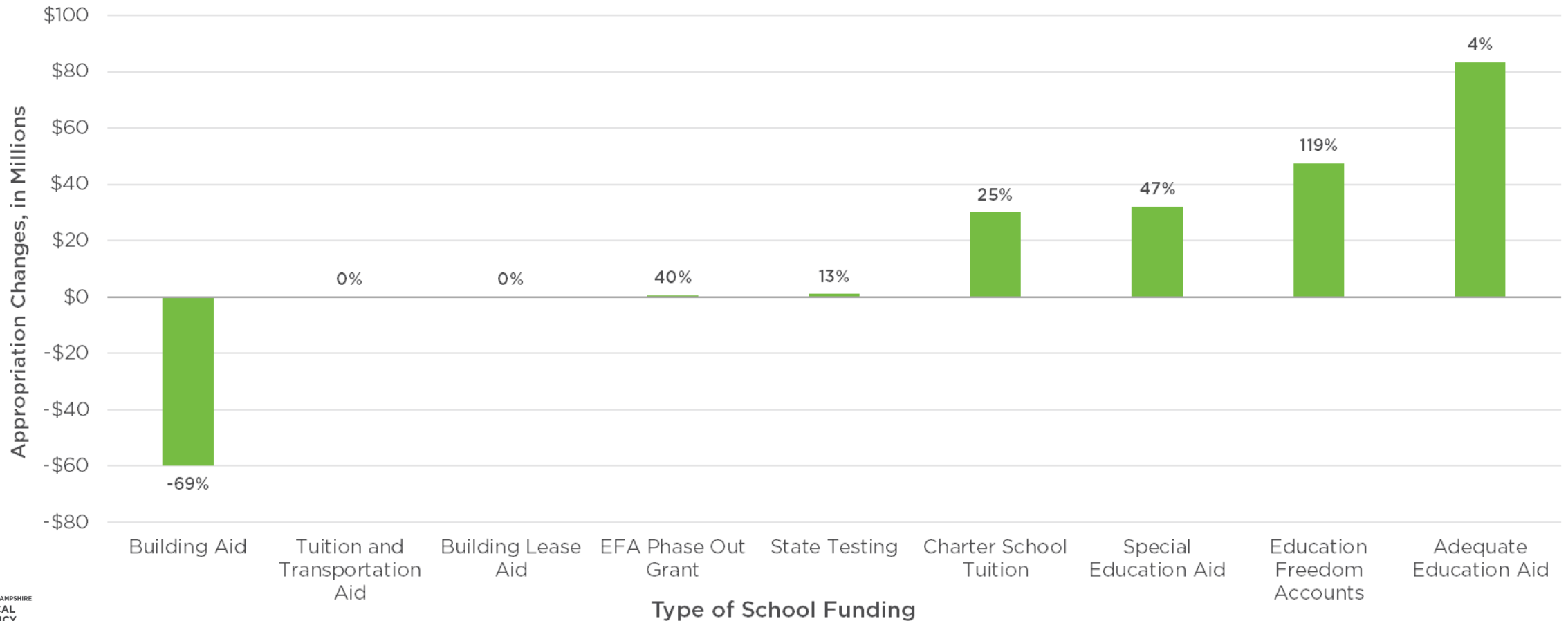
- Requires \$51.0 million in unspecified budget reductions at the NH DHHS
- Added funding for homelessness and housing shelter services
- Lowered funding for the Family Planning Program to \$1.0 million from last year's rate of \$1.7 million per biennium, carve out specifically for Coos County health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

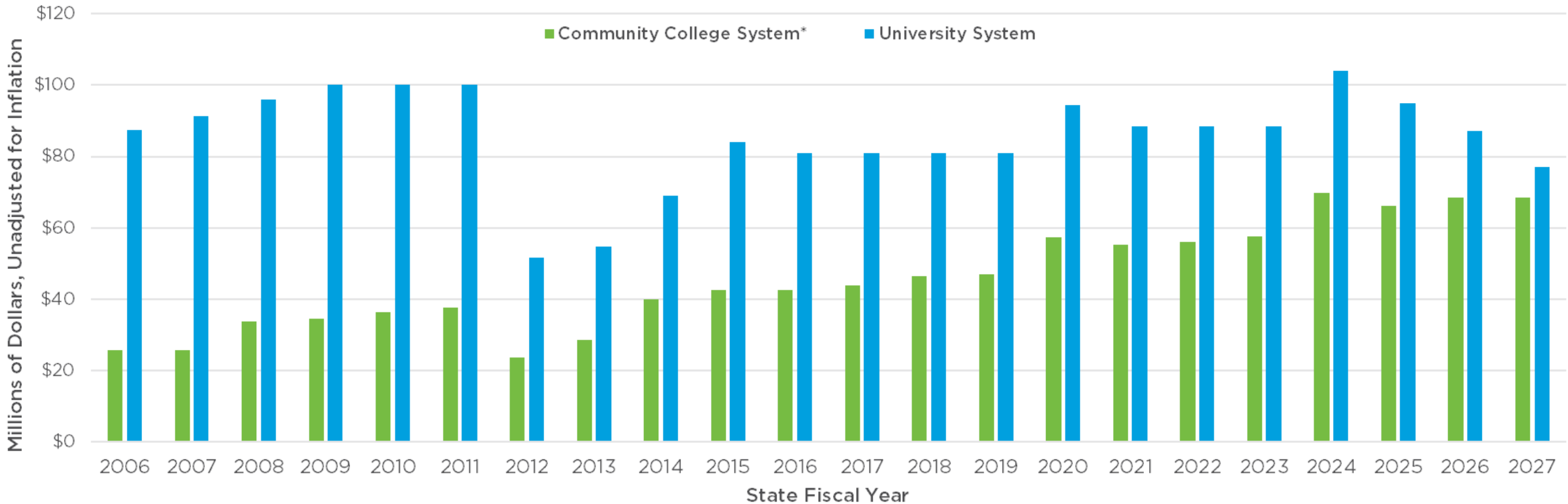
# EDUCATION FUNDING AND POLICY CHANGES

- 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
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- 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/>