



FUNDING PUBLIC SERVICES IN NEW HAMPSHIRE

PHIL SLETTEN, NHFPI RESEARCH DIRECTOR

NEW HAMPSHIRE GOVERNMENT FINANCE OFFICERS ASSOCIATION

JULY 22, 2026

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

ABOUT NHFPI

The New Hampshire Fiscal Policy Institute:

- is a **nonpartisan, independent research nonprofit organization** that examines issues related to the State Budget, the economy, policy decisions, and the financial security of Granite Staters, particularly issues relevant to people with low and moderate incomes.
- **does not lobby for or against specific pieces of legislation.**
- receives **no funding from governments.** Individuals, foundations, and other organizations support NHFPI's work.

Sign Up for Weekly Updates

nhfpi.org/subscribe



During 2025:

111

Research
Publications



5,455

Event
Attendees



744,104

Video
Views



852

News
Mentions

ROAD MAP THROUGH THE REVENUE SYSTEM

1. New Hampshire State Budget structure and new changes
2. New Hampshire State revenue sources and recent trends
3. New Hampshire local government revenue sources
4. How revenue sources compare across states
5. Impacts of Federal and State decisions on local revenues

For more information on State revenues, see *Revenue In Review* and *New Hampshire Policy Points* at nhfpi.org.

See also the New Hampshire Department of Revenue Administration's Annual Report and the New Hampshire Annual Comprehensive Financial Report, which provide key information used in this presentation, for more details.

CLASS QUESTION

WHAT IS PUBLIC REVENUE?

WHY IS IT IMPORTANT?

WHY IS REVENUE IMPORTANT?



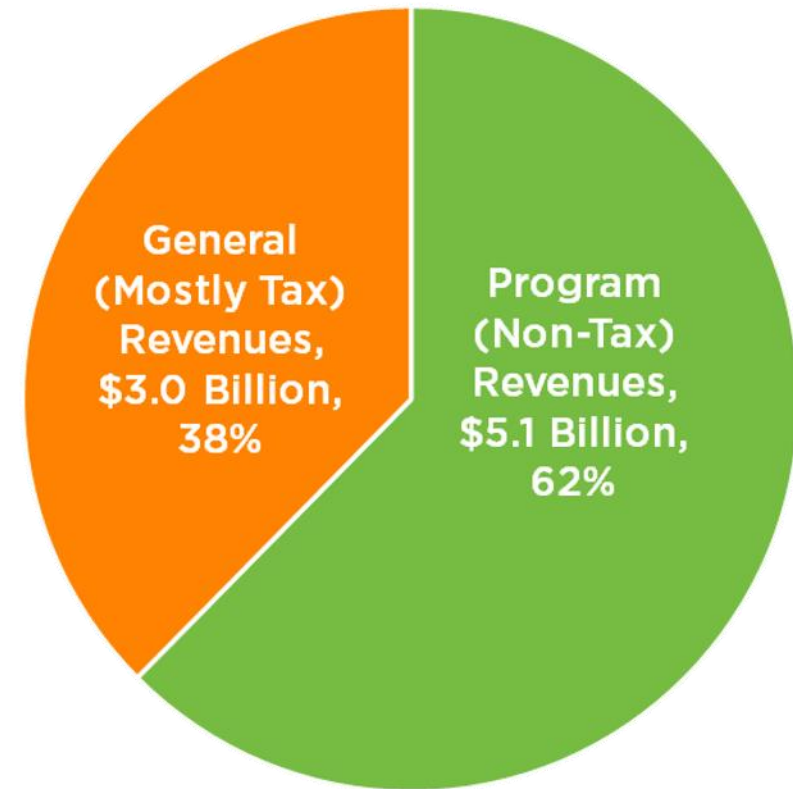
WHY REVENUE IS IMPORTANT

- Pays for services that help make our communities stronger
- Tangible and direct effects
 - Roads and bridges
 - Police, fire, and emergency medical services
 - Education (including primary, secondary, and public higher education)
 - Assistance accessing child care and early education services
 - Unemployment assistance and job training
 - Public health services and health coverage for those in need
 - Waste management, clearing roads of snow and debris
 - Parks and preserves, including federal, state, and local protected areas
- Less tangible effects
 - Benefits from an educated public and workforce
 - Protects citizens from harm, environmental degradation
 - Long-term investments, with positive returns, made by the public

WHY “REVENUE”? ISN'T IT JUST TAXES?

- Not all government revenue comes from taxes; includes both **tax** and **non-tax** revenue sources
- Revenue is also collected through fees, charges, interest, and programs that sell products or services (ex.: liquor, lottery tickets)
- 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

WHICH REVENUES ARE WE DISCUSSING?

Three Levels of Government Revenue

- State Revenue: money collected through New Hampshire State taxation and other sources, including grants from the federal government
 - Generally, State tax revenues are relatively flexible, but certain State revenue sources have legal restrictions on use, such as being directed to a specific program or purpose
- Local Revenue: money collected by New Hampshire's local governments (counties, school districts, and municipalities), with tax revenue collected primarily through property taxes
- Federal Revenue: money raised from economic activity in New Hampshire and nationwide that flows to state and local budgets
 - Federal grants usually have restrictions on their use and are designed for specific purposes
 - Federal revenue collections are not a focus in this presentation

NEW HAMPSHIRE STATE EXPENDITURES AND THE STATE BUDGET PROCESS

CLASS QUESTIONS

IN A FEW WORDS, WHAT ARE
SOME THINGS YOU KNOW
ABOUT THE STATE BUDGET?

WHAT CAN YOU TELL ME
ABOUT HOW THE STATE BUDGET
IS CREATED?

HAVE YOU EVER HEARD OF
“HOUSE BILL 2”?

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 \$15.9 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

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

EXAMPLE OF PAGE FROM MOST RECENT OPERATING BUDGET BILL

HB 0001

06/19/2025 VERSION NO: 04

FISCAL YEAR 2026

FISCAL YEAR 2027 PAGE 552

05 HEALTH AND SOCIAL SERVICES
95 HEALTH AND HUMAN SVCS DEPT
48 HHS: DLTSS-BUR ADULT & AGING
482010 WAIVER AND NURSING FACILITIES
2152 WAIVER/NF PMTS-COUNTY PARTIC

041 Audit Fund Set Aside	214,228	230,157
504 Nursing Home Payments *	303,355,759	325,696,307
506 Home Support Waiver Services *	125,100,958	134,616,982
TOTAL	428,670,945	460,543,446

ESTIMATED SOURCE OF FUNDS FOR
WAIVER/NF PMTS-COUNTY PARTIC

005 Private Local Funds	125,180,149	129,254,303
FEDERAL FUNDS	214,442,587	230,386,802
GENERAL FUND	89,048,209	100,902,341
TOTAL SOURCE OF FUNDS	428,670,945	460,543,446

OPERATING BUDGET CAN INCLUDE NOTES, TEXT THAT CHANGES MULTIPLE BUDGET LINES

HB 0001 06/19/2025 VERSION NO: 04 FISCAL YEAR 2026 FISCAL YEAR 2027 PAGE 553

05 HEALTH AND SOCIAL SERVICES	(CONT.)
95 HEALTH AND HUMAN SVCS DEPT	(CONT.)
48 HHS: DLTSS-BUR ADULT & AGING	(CONT.)
482010 WAIVER AND NURSING FACILITIES	(CONT.)
2152 WAIVER/NF PMTS-COUNTY PARTIC	(CONT.)

CLASS NOTES

- 504 The appropriation in Class 504 shall not lapse, except where noted below, shall not be used for any other purpose, and shall not be considered for budget reductions required pursuant to any section of this act or any other budget reduction, including executive orders, required of the department of health and human services. To the extent that nursing home rates paid to providers in 504-Nursing Home Payments are less than the rates established by the department, prior to applying the budget adjustment factor, any balance remaining, less transfers made into class 504 which shall lapse, shall be paid out to providers as a lump sum payment within 30 days of the year end, proportionally based on Medicaid class 504 payments made to such providers during the fiscal year.
- 506 Payments made from class 506 Home Support Waiver Services shall not be used for any other purpose, and shall not be considered for budget reductions required pursuant to any section of this act or any other budget reduction including executive orders required of the department of health and human services, which does not prevent transfers in from other accounts. Class 506 Home Support Waiver Services shall not lapse until June 30, 2027.

05 HEALTH AND SOCIAL SERVICES
95 HEALTH AND HUMAN SVCS DEPT
48 HHS: DLTSS-BUR ADULT & AGING
482010 WAIVER AND NURSING FACILITIES
2154 NURSING SERVICES

041 Audit Fund Set Aside		3,240	3,240
101 Medical Payments to Providers	*	2,681,781	2,681,781
509 Other Nursing Services	*	4,198,093	4,198,093
TOTAL		6,883,114	6,883,114

TRAILER BILL STRUCTURED AS TYPICAL BILL

CHAPTER 141 HB 2-FN-A-LOCAL - FINAL VERSION

25-1170
08/05

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty Five

AN ACT relative to state fees, funds, revenues, and expenditures.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 141:1 New Paragraphs; Fish and Game; Endangered Species Conservation Act; Definitions. Amend
2 RSA 212-A:2 by inserting after paragraph V the following new paragraphs:

3 VI. "Commissioner" means the commissioner of the department of environmental services.

4 VII. "Department" means the department of environmental services.

5 141:2 Fish and Game; Endangered Species Conservation Act; Conservation Program. Amend RSA
6 212-A:9 to read as follows:

7 212-A:9 Conservation Programs.

8 I. The executive director shall establish such programs, including acquisition of land or aquatic
9 habitat or interests therein, as are deemed necessary for the conservation of endangered or threatened
10 species. The executive director shall utilize all authority vested in the fish and game department to carry
11 out the purposes of this section.

12 II. In carrying out programs authorized by this section the executive director shall consult with
13 other states having a common interest in particular threatened or endangered species of wildlife and may
14 enter into agreements with federal agencies, other states, political subdivisions of this state or private
15 persons with respect to programs designed to conserve endangered or threatened species of wildlife
16 including, where appropriate, agreements for administration and management if any are established
17 under this section or utilized for conservation of endangered or threatened species of wildlife.

18 III. All other state departments and agencies to the extent possible consistent with their

EXAMPLE OF APPROPRIATIONS TEXT IN THE TRAILER BILL

27 141:379 Department of Environmental Services; Appropriation. There is hereby appropriated to the
28 department of environmental services the sum of \$2,500,000 for the fiscal year ending June 30, 2026, and
29 the sum of \$2,500,000 for the fiscal year ending June 30, 2027, which shall be nonlapsing, for the purpose
30 of making payments to communities for projects that have previously been awarded state aid grant
31 funding for eligible and completed wastewater infrastructure projects, per RSA 486, as approved by the
32 governor and executive council. Any remaining funds not used for making payments on existing grants
33 may be used to award new grants. The governor is authorized to draw a warrant for said sums out of any
34 money in the treasury not otherwise appropriated.

35 141:380 Appropriation; Department of Environmental Services; Pipe, Water Filtration, and Well
36 Upgrades; Pillsbury Lake Village District. The sum of \$325,000 for the biennium ending June 30, 2027, is
37 appropriated to the department of environmental services to the Pillsbury Lake Village District for the
38 purpose of addressing loan costs associated with the following upgrades:

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

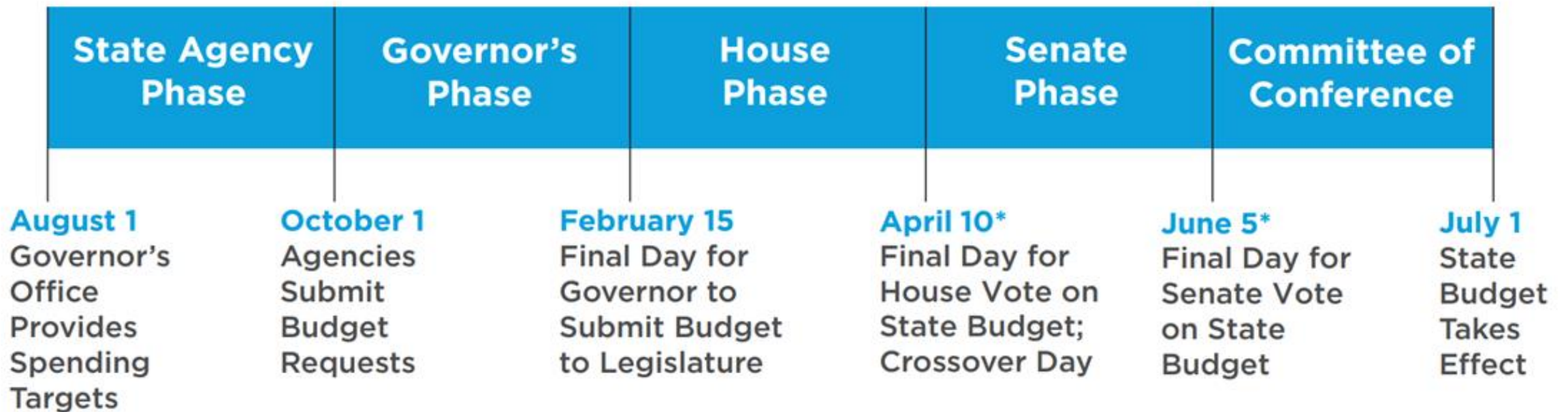
- Identified upcoming planned projects, construction dates, and costs
- Altered every two years by Legislature, typically legislation in even-numbered years

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

BUDGET CREATED IN A YEARLONG PROCESS, TYPICALLY WITH FIVE PHASES (2025 PROCESS BELOW)

State Budget Process Timeline



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

CLASS QUESTION

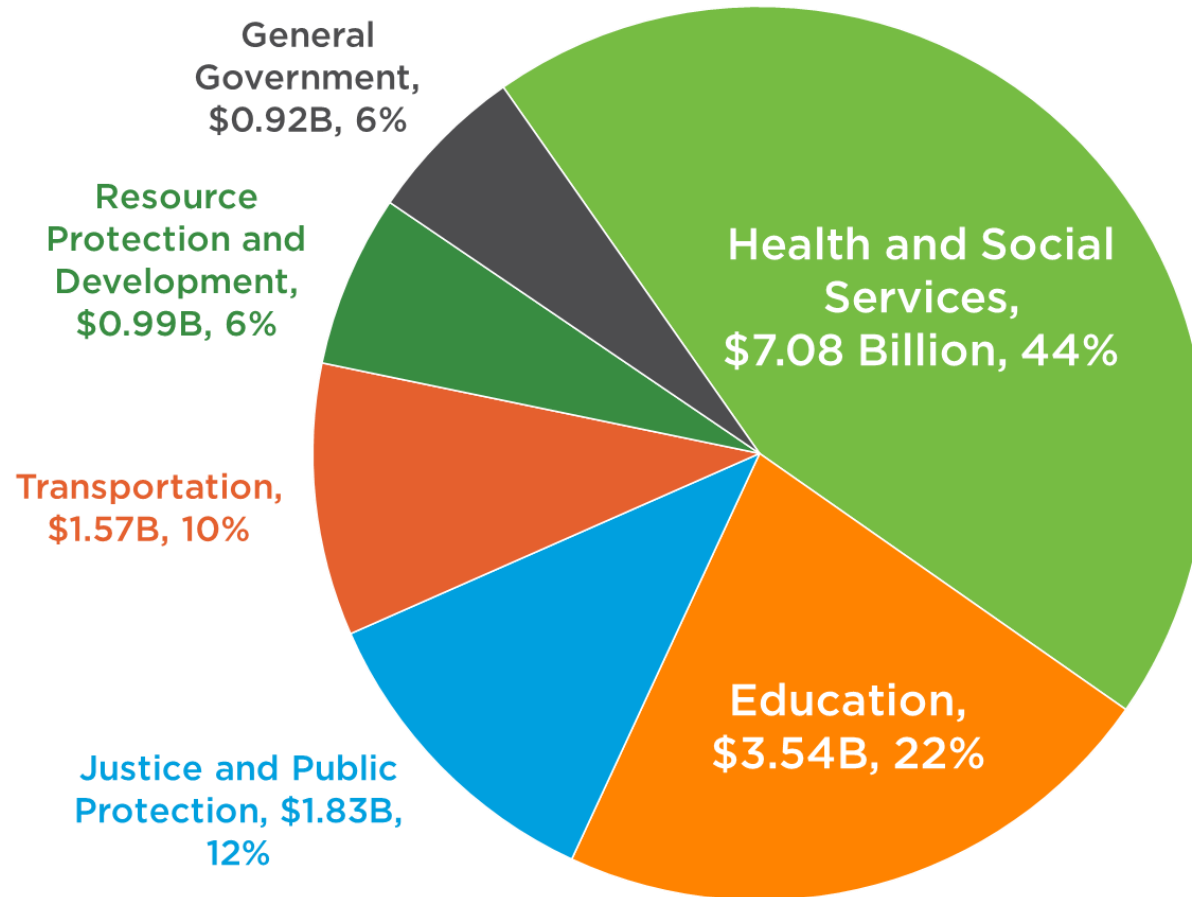
OF THE SIX CATEGORIES OF STATE EXPENDITURES...
WHAT PERCENTAGE
OF THE STATE BUDGET
IS APPROPRIATED TO:

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

BUDGET APPROPRIATIONS IN SIX CATEGORIES

STATE BUDGET APPROPRIATIONS BY CATEGORY

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



Note: These figures account for inter-agency transfers.

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

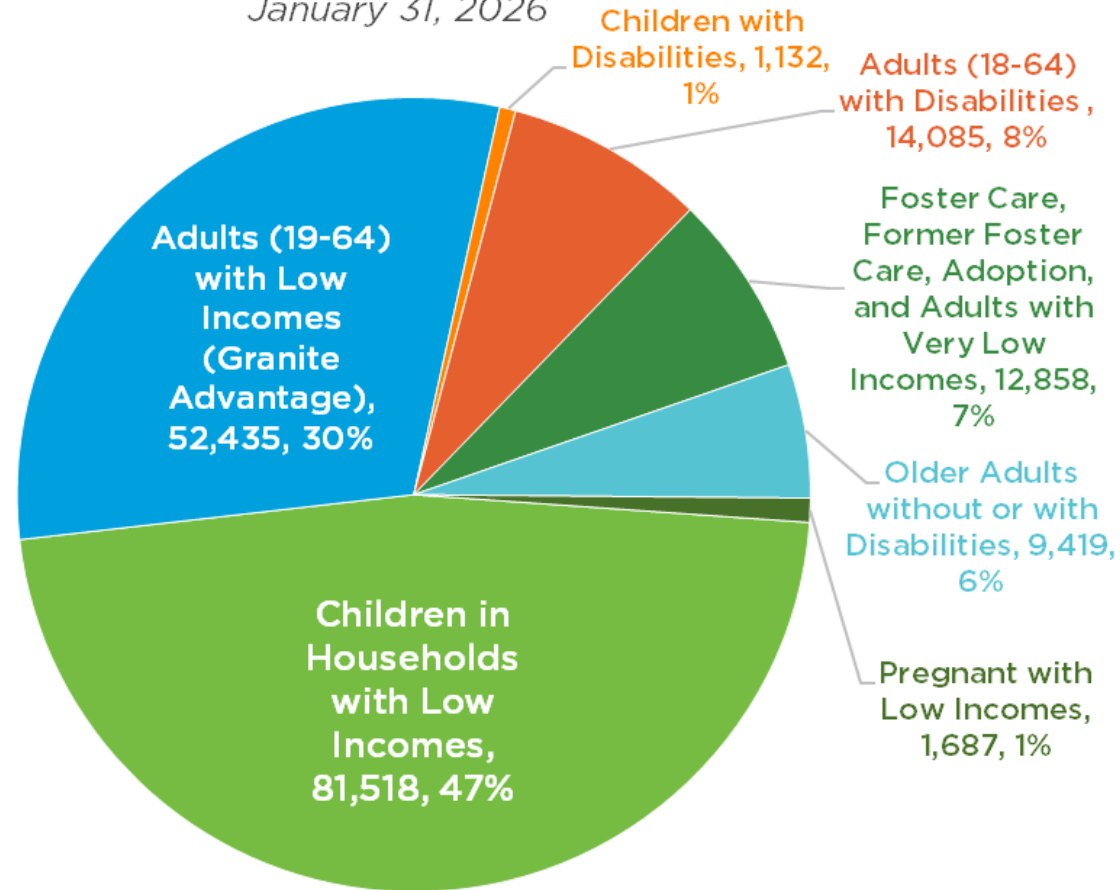
HEALTH AND SOCIAL SERVICES

- 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

- 168,652 Granite Staters had access to health care through Medicaid at the end of May 2026 (11.9% 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

CLASS QUESTION

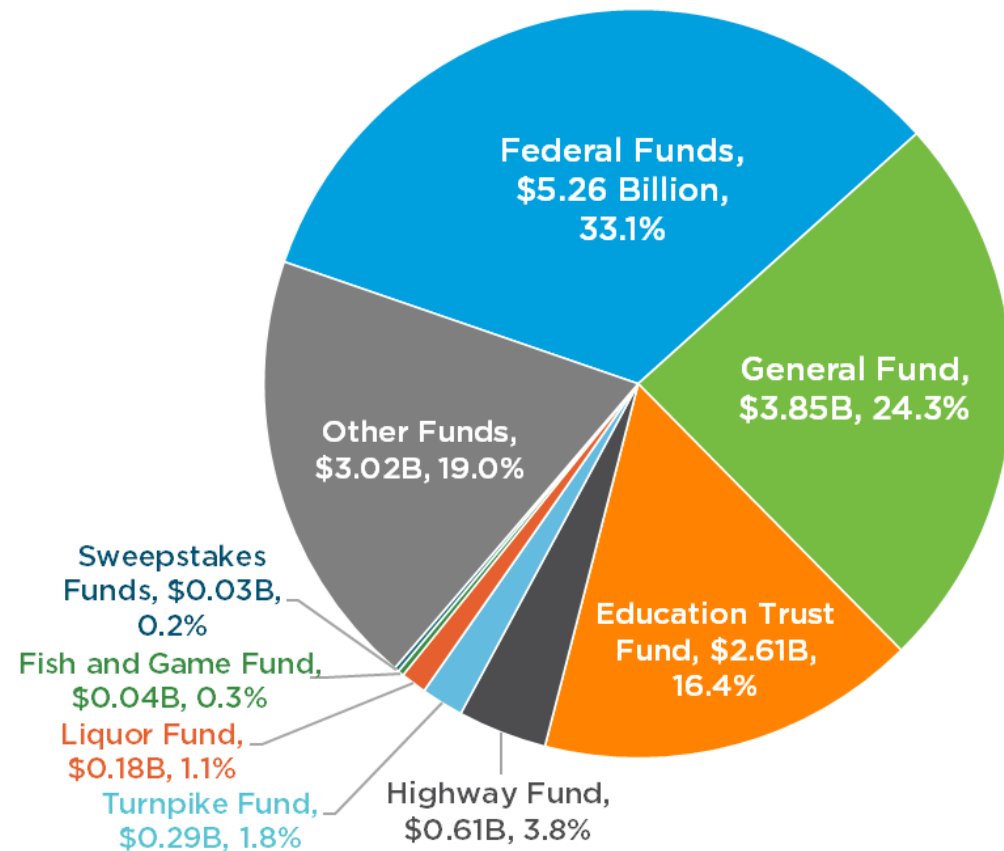
WHAT DO YOU KNOW ABOUT THE
STATE “GENERAL FUND” OR
“EDUCATION TRUST FUND”?

WHAT DOES THE PHRASE “GENERAL
FUND” MEAN TO YOU IN YOUR
JURISDICTION?

STATE BUDGET EXPENDITURES AND FUNDING SOURCES ORGANIZED INTO FUNDS

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

Includes Operating Budget and Trailer Bill Appropriations



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

- 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 directed by the State Constitution
- Other funds directed by statute
- Federal Funds support about a third of the State Budget

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

NEW HAMPSHIRE'S STATE REVENUE SYSTEM

CLASS QUESTION

WHAT ARE THE TEN LARGEST
STATE TAX REVENUE SOURCES?

LARGEST STATE TAX REVENUE SOURCES

Audited Amounts to All Funds (State Fiscal Year 2025)

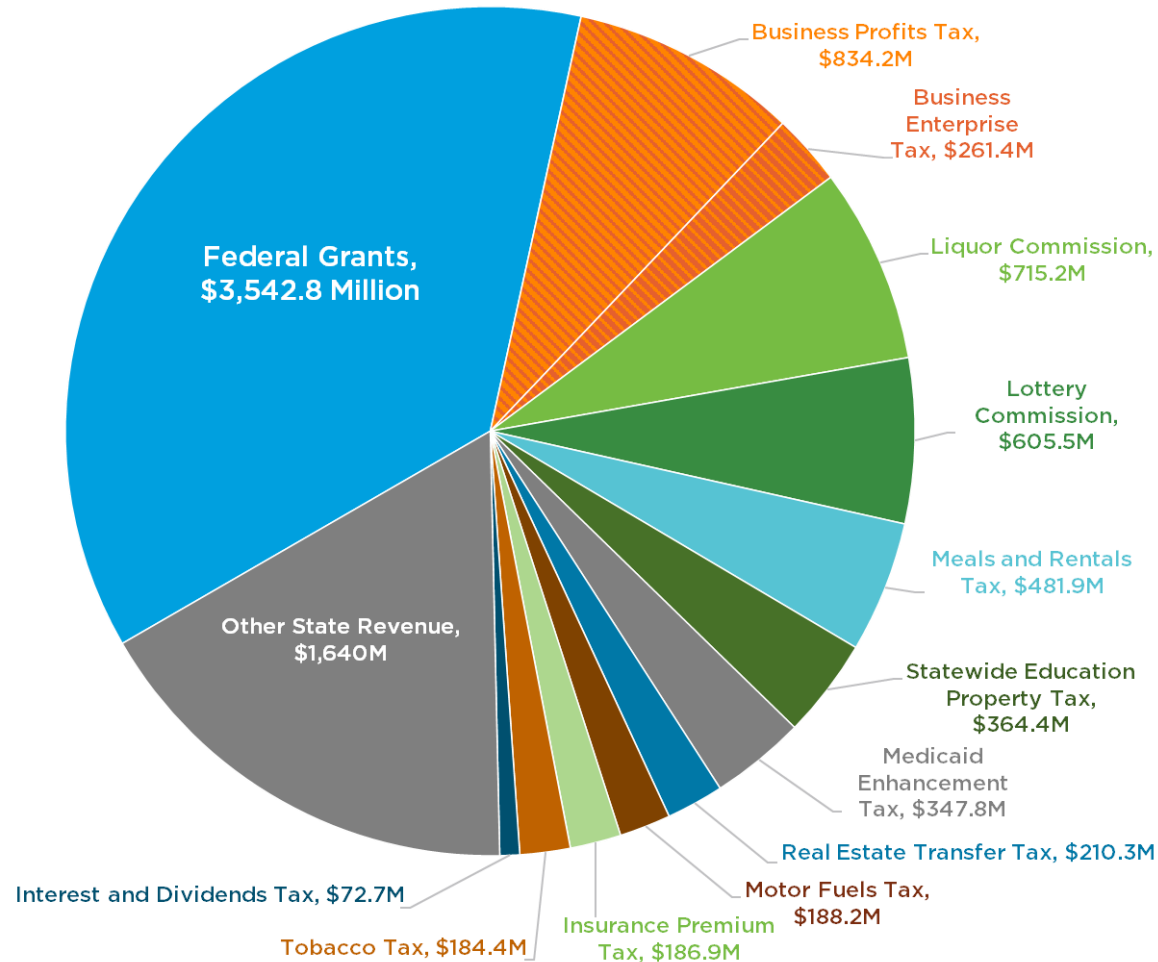
1. Business Profits Tax* - \$834.2 million
2. Meals and Rentals Tax - \$481.9 million
3. Statewide Education Property Tax - \$364.4 million
4. Medicaid Enhancement Tax - \$347.8 million
5. Business Enterprise Tax* - \$261.4 million
6. Real Estate Transfer Tax - \$210.3 million
7. Motor Fuels Tax - \$188.2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

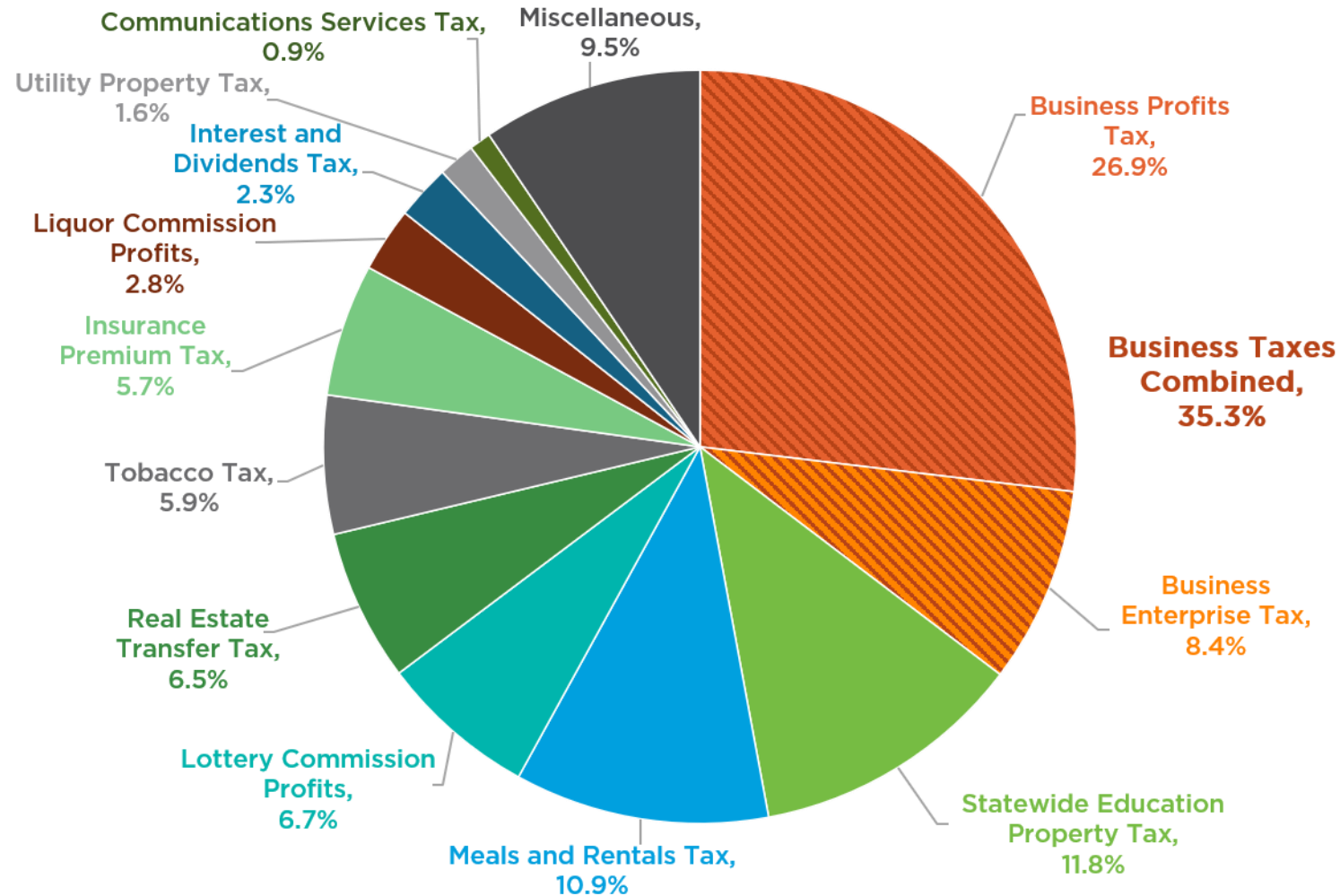
STATE REVENUE SOURCES, GOVERNMENTAL AND ENTERPRISE FUNDS, STATE FISCAL YEAR 2025



- Federal transfers significant, typical among U.S. states as fraction of total revenue
- 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

FUNDS SHARE KEY REVENUE SOURCES

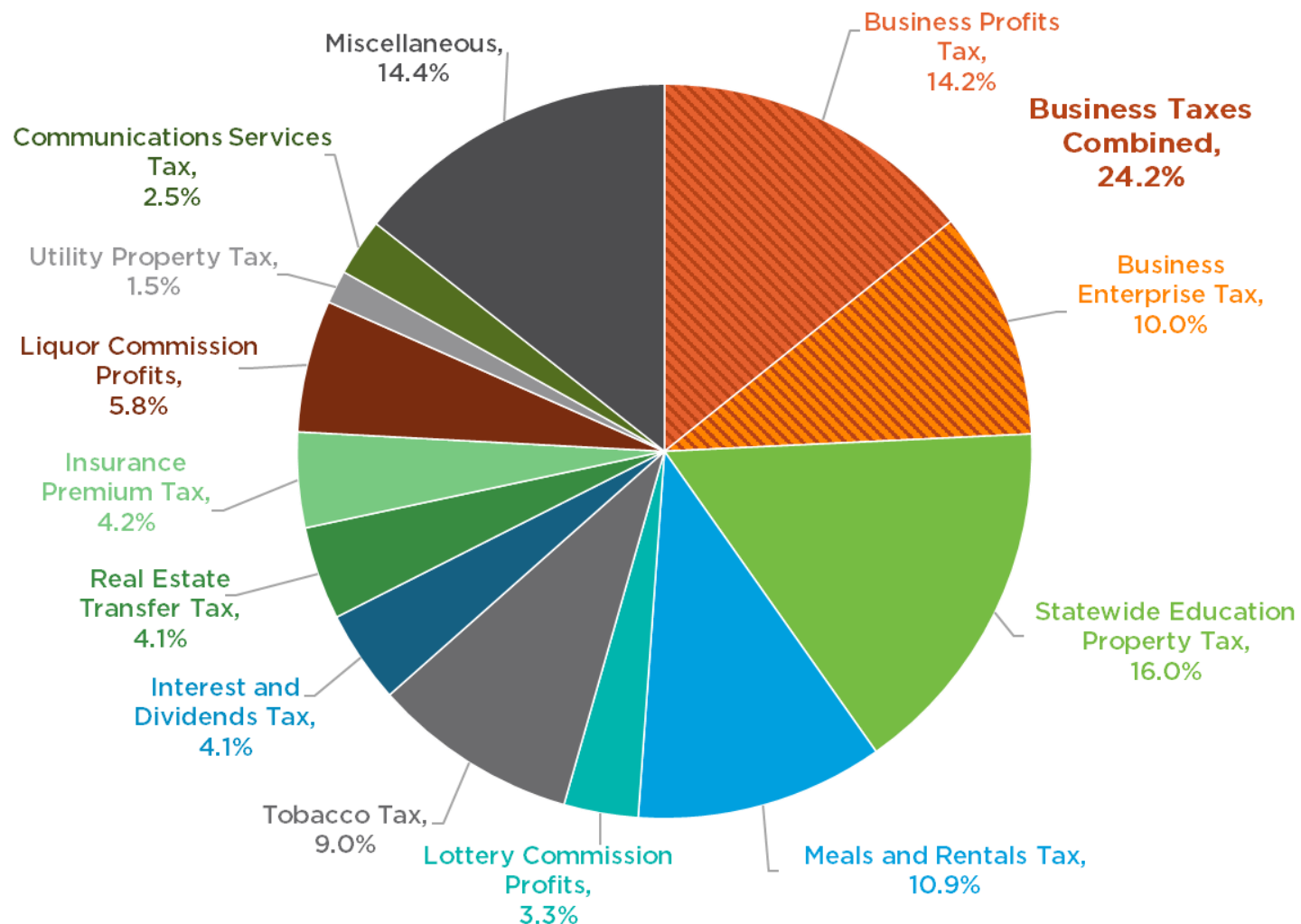
GENERAL AND EDUCATION TRUST FUNDS COMBINED REVENUE IN STATE FISCAL YEAR 2025



Source: New Hampshire Annual Comprehensive Financial Report, State Fiscal Year 2025

RELATIVE SIZES HAVE CHANGED OVER TIME

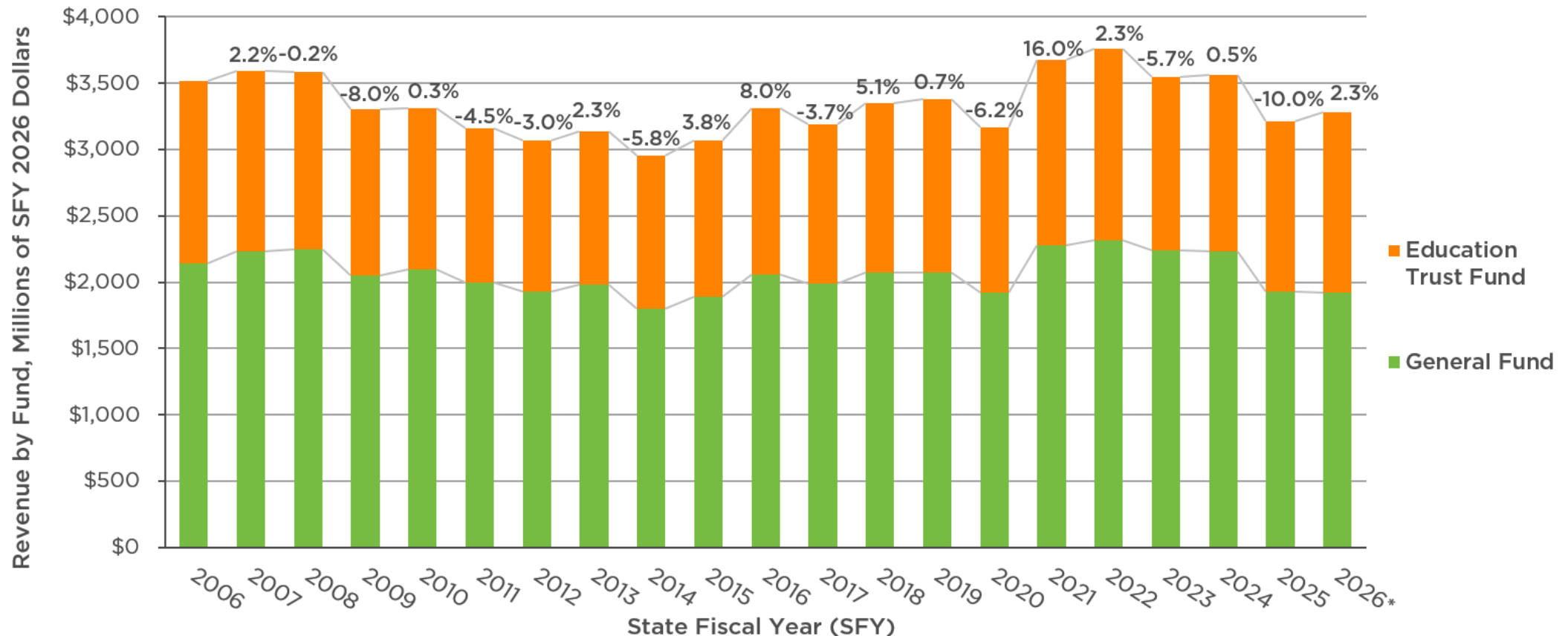
GENERAL AND EDUCATION TRUST FUNDS COMBINED REVENUE IN STATE FISCAL YEAR 2013



Source: New Hampshire Annual Comprehensive Financial Report, State Fiscal Year 2013

INFLATION-ADJUSTED REVENUE SHOWS POST-PANDEMIC BOOST, THEN DECLINE

GENERAL AND EDUCATION TRUST FUND REVENUE, ADJUSTED FOR INFLATION



*Note: Data based on unaudited preliminary cash revenues.

Sources: New Hampshire Annual Comprehensive Financial Reports, SFYs 2014-2025; New Hampshire Department of Administrative Services Monthly Revenue Focus; U.S. Bureau of Labor Statistics Consumer Price Index-Urban, Northeast

CLASS QUESTION

WHEN YOU THINK OF
NEW HAMPSHIRE'S STATE "BUSINESS
TAXES," WHAT DO YOU THINK OF?

THE TWO PRIMARY BUSINESS TAXES

Business Profits Tax (BPT)

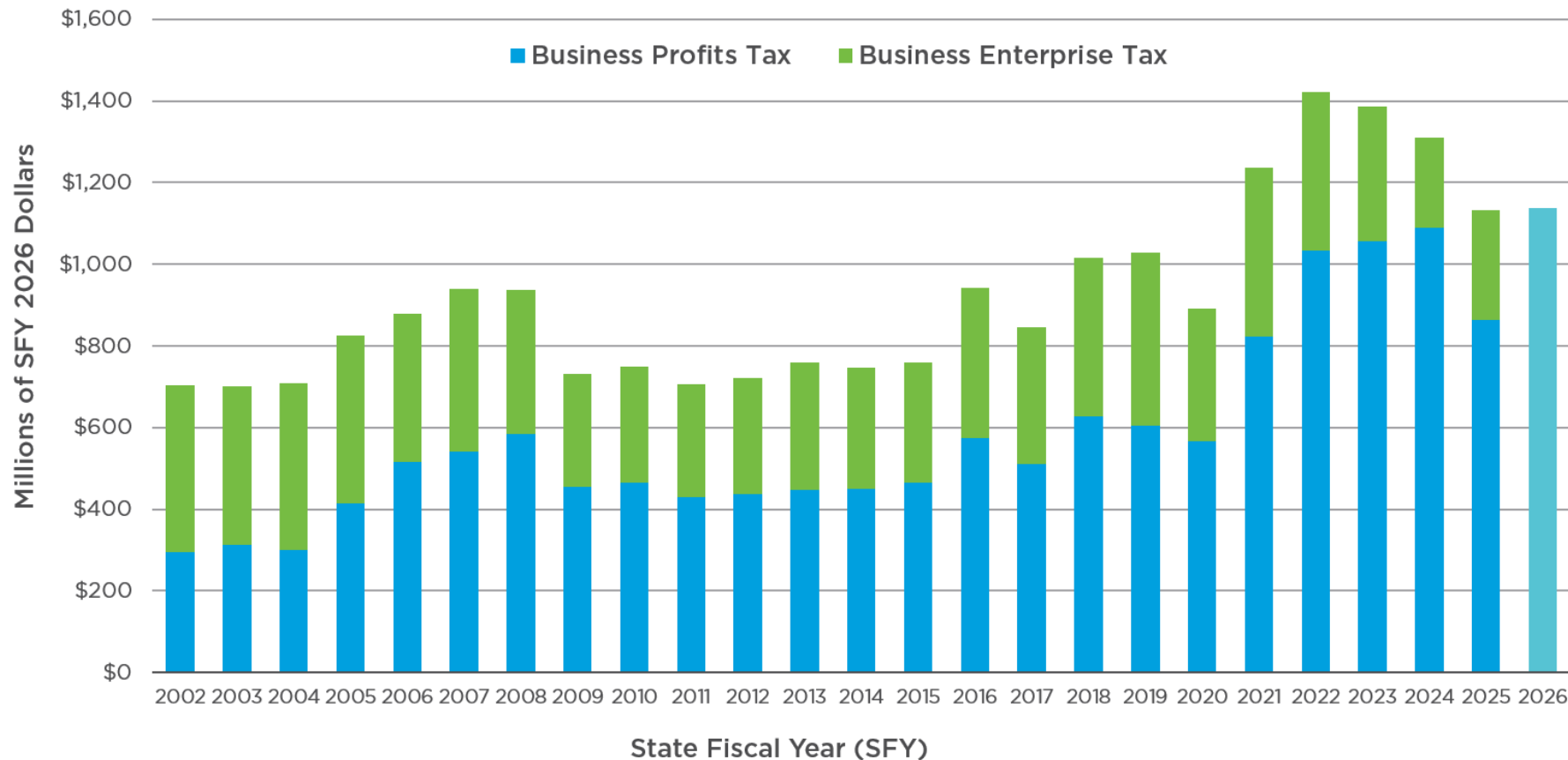
- Traditional state corporate income tax
- Tax based on net business profits after adjustments (BET) and apportionment
- Tax base likely about \$10.1 billion in Tax Year 2023
- Recent rate reductions:
2001-2015: 8.5%, 2016-17: 8.2%,
2018: 7.9%, 2019-21: 7.7%, 2022: 7.6%,
2023: 7.5%
- Supports the General Fund (61%) and the Education Trust Fund (39%)

Business Enterprise Tax (BET)

- Unique among state business taxes, based on compensation and interest paid or accrued and dividends paid, adjustments, and apportionment
- Broader tax base, likely about \$45.9 billion in Tax Year 2023
- Recent rate reductions
2001-2015: 0.750%, 2016-17: 0.720%,
2018: 0.675%, 2019-21: 0.600%,
2022: 0.550%
- Supports the General Fund (61%) and the Education Trust Fund (39%)

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

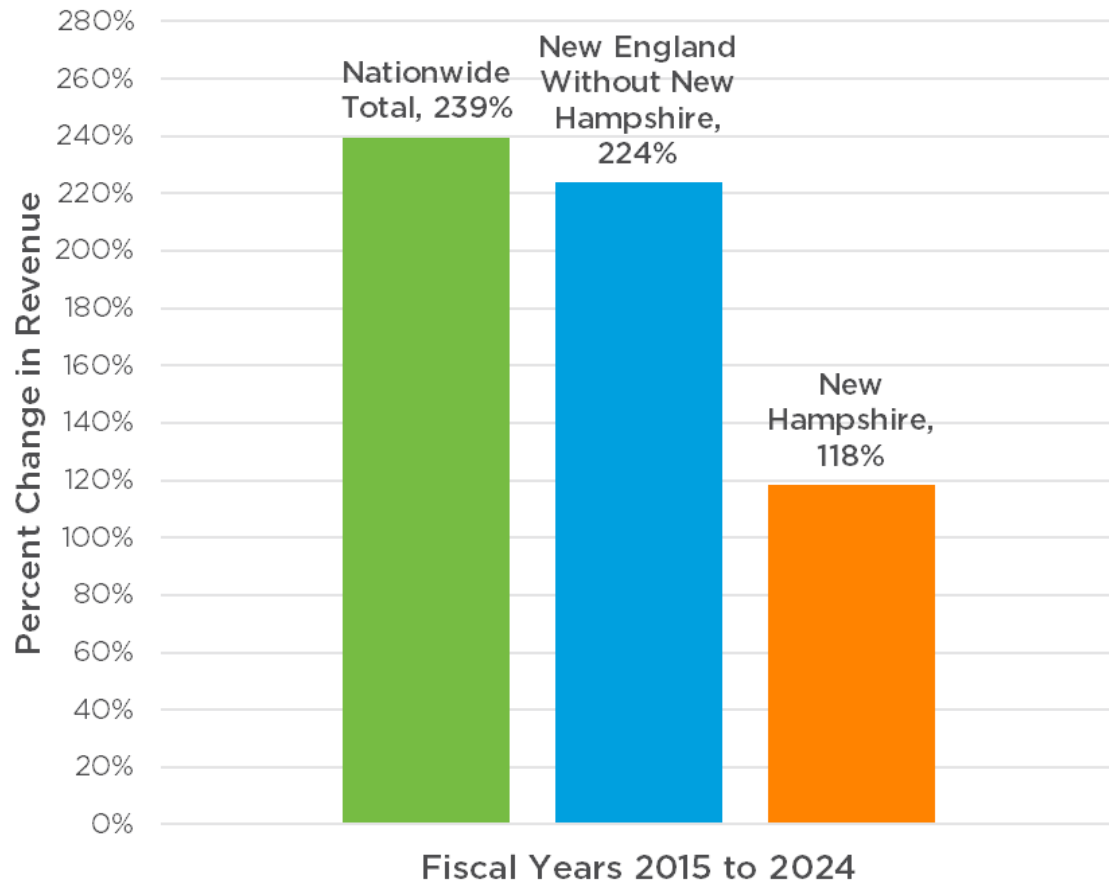
NEW HAMPSHIRE BUSINESS PROFITS TAX AND BUSINESS ENTERPRISE TAX
GENERAL AND EDUCATION TRUST FUNDS INFLATION-ADJUSTED REVENUE



- BPT appears to be primary driver of revenue growth
- BPT versus BET assumptions in cash revenue splits have changed over time as BPT revenues have increased
- Recent BPT/BET revenues lower than previous high levels

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

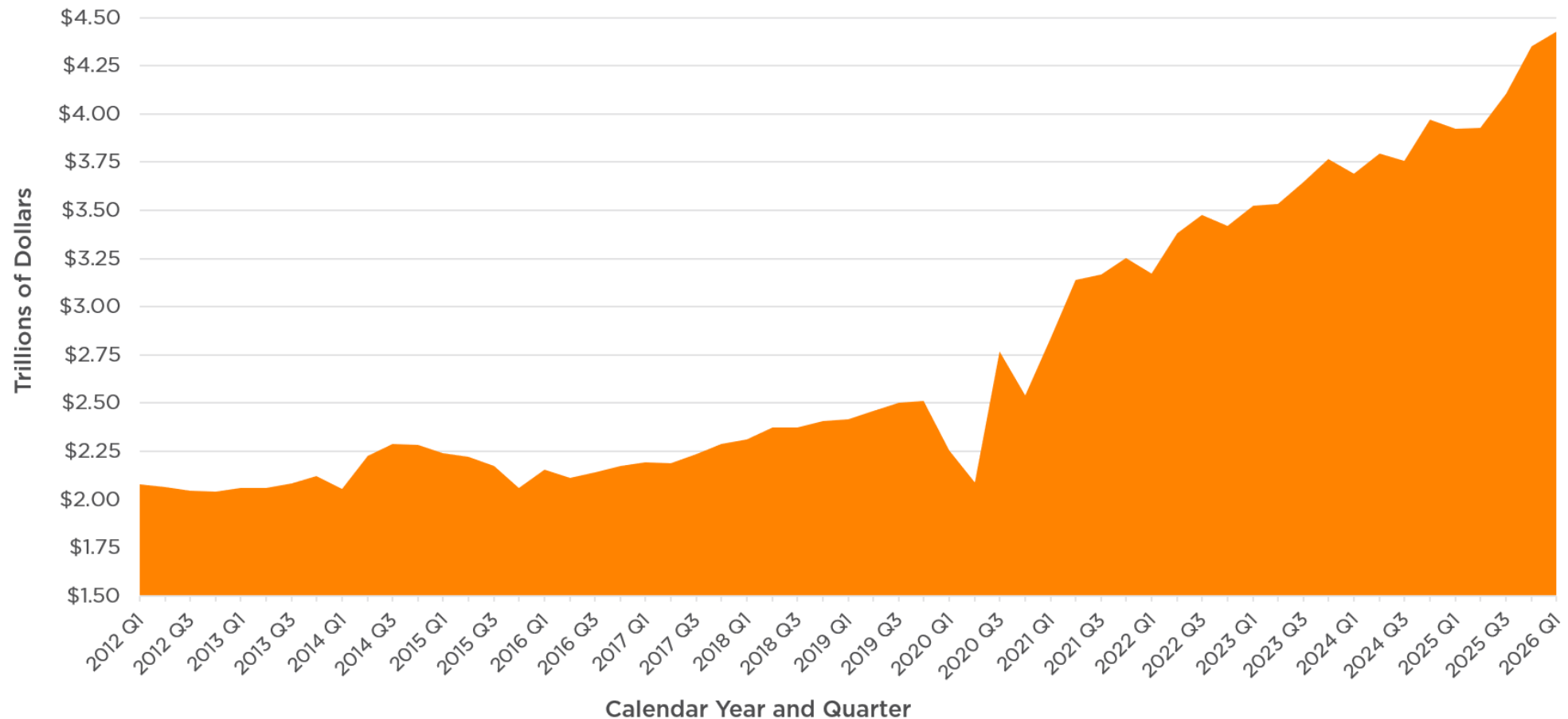
- New Hampshire's experience is not unique, increase likely not attributable to State policies
- Magnitude of increase may have been reduced by State policies
- Little evidence that tax rate reductions are related to economic growth or changes in jobs, and no evidence to suggest lower rates increased 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

INCREASING NATIONAL CORPORATE PROFITS LIKELY BOOSTING STATE REVENUES

U.S. CORPORATE PROFITS BY QUARTER

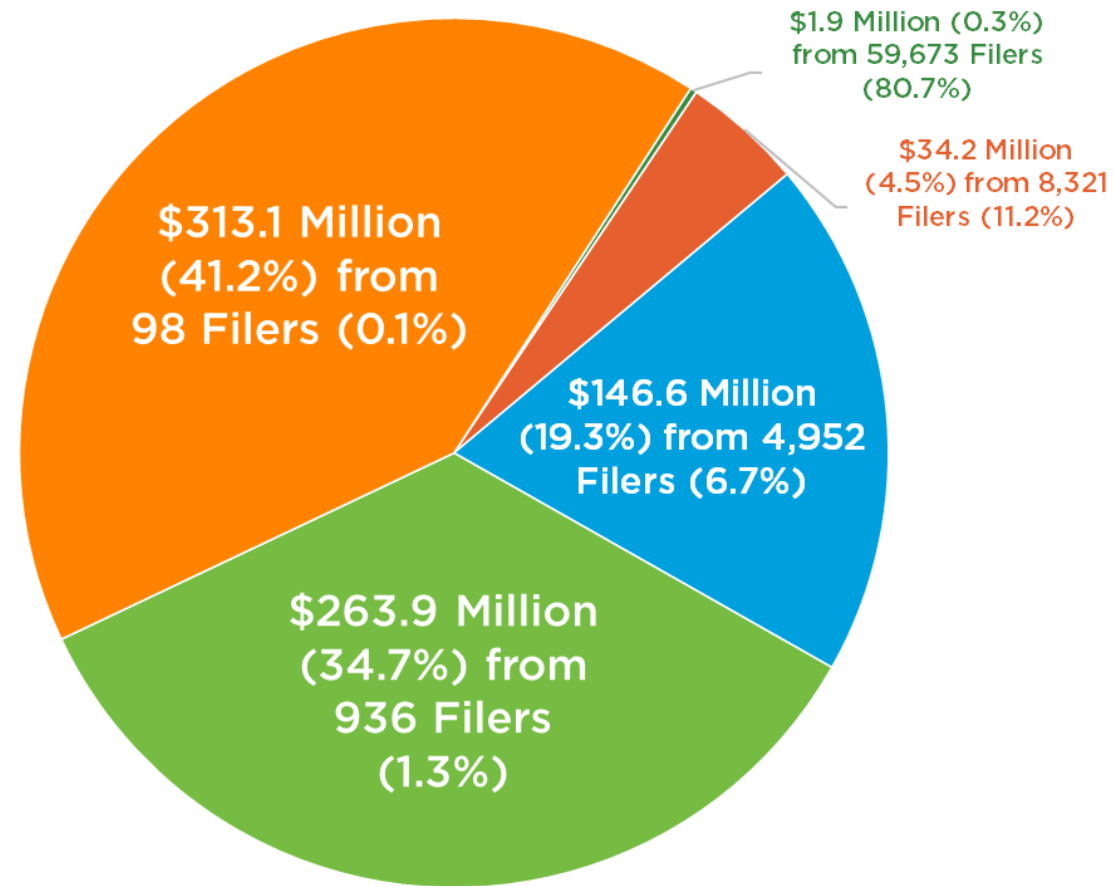
*Corporate Profits Adjusted for Inventory Valuation and Capital Consumption,
Annual Rate, Seasonally Adjusted*



Source: Federal Reserve Bank of St. Louis, accessed July 2026

LARGE FILERS KEY TO BPT REVENUES

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



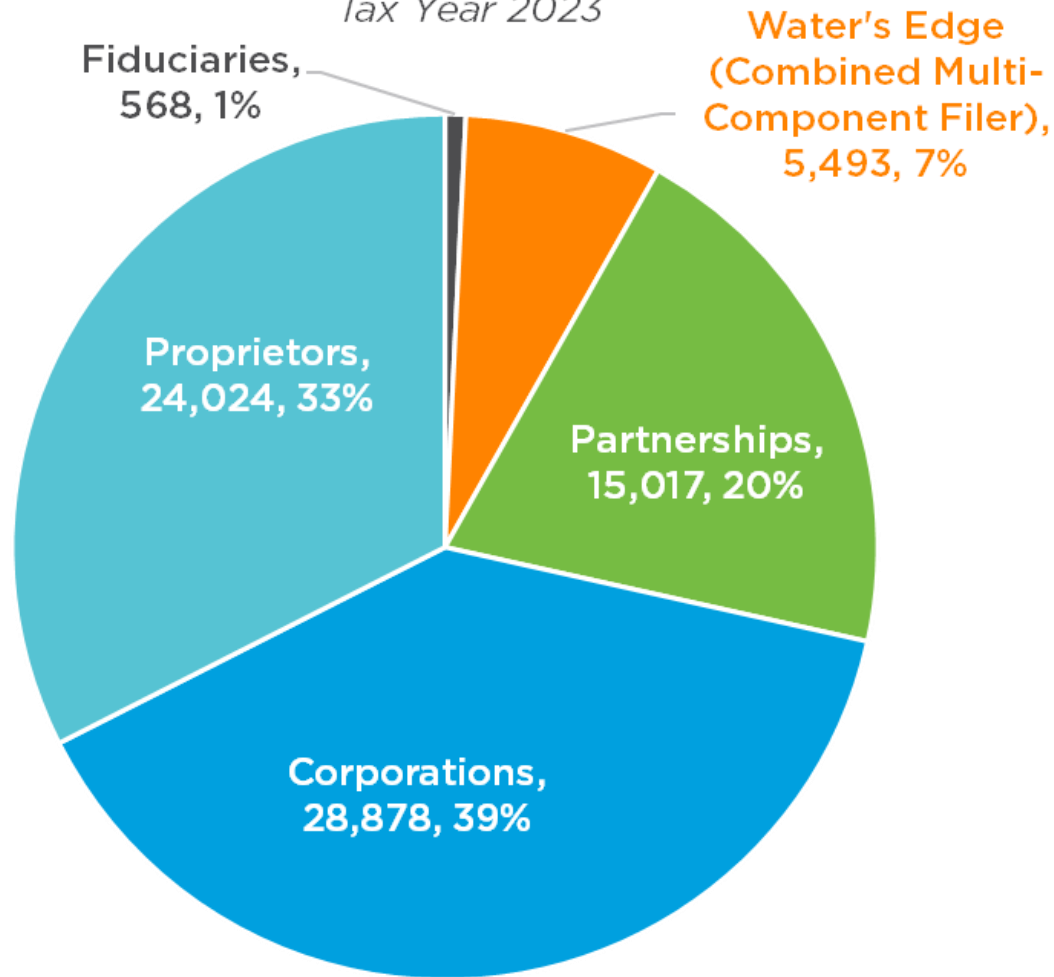
Note: Draft data as of July 21, 2025.

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

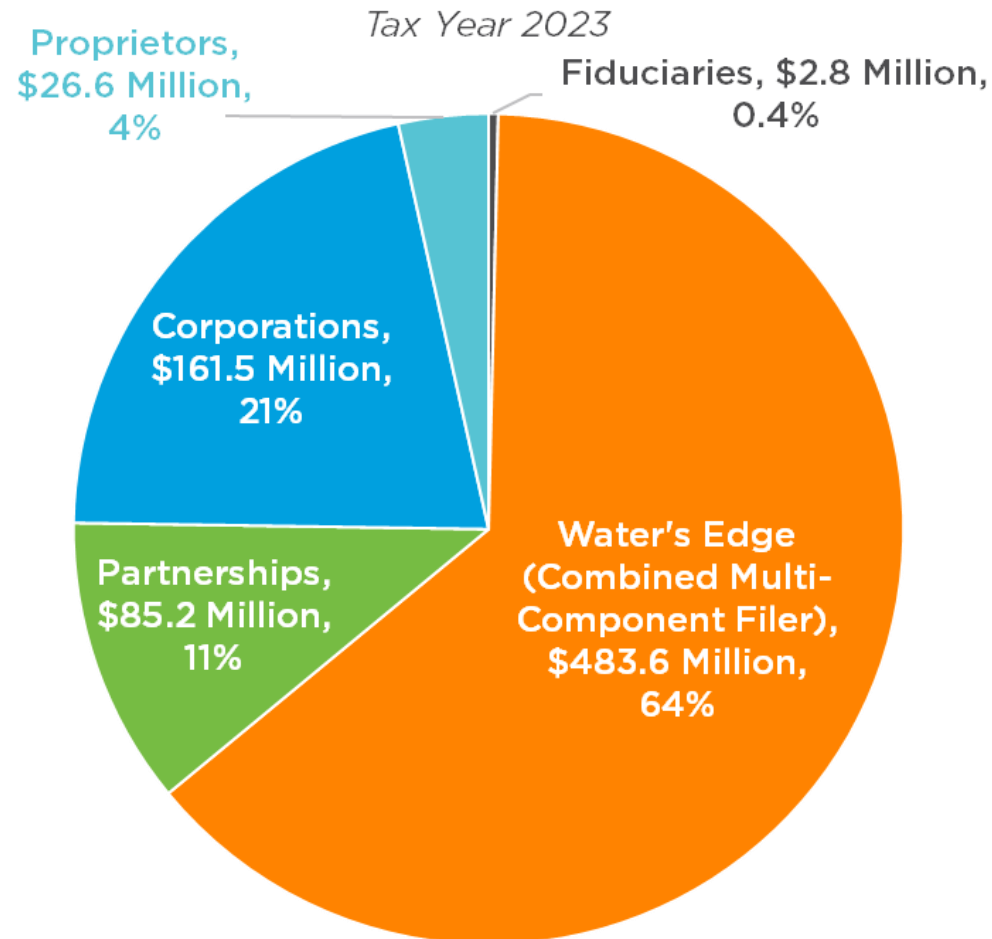
Note: Draft data as of July 21, 2025

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



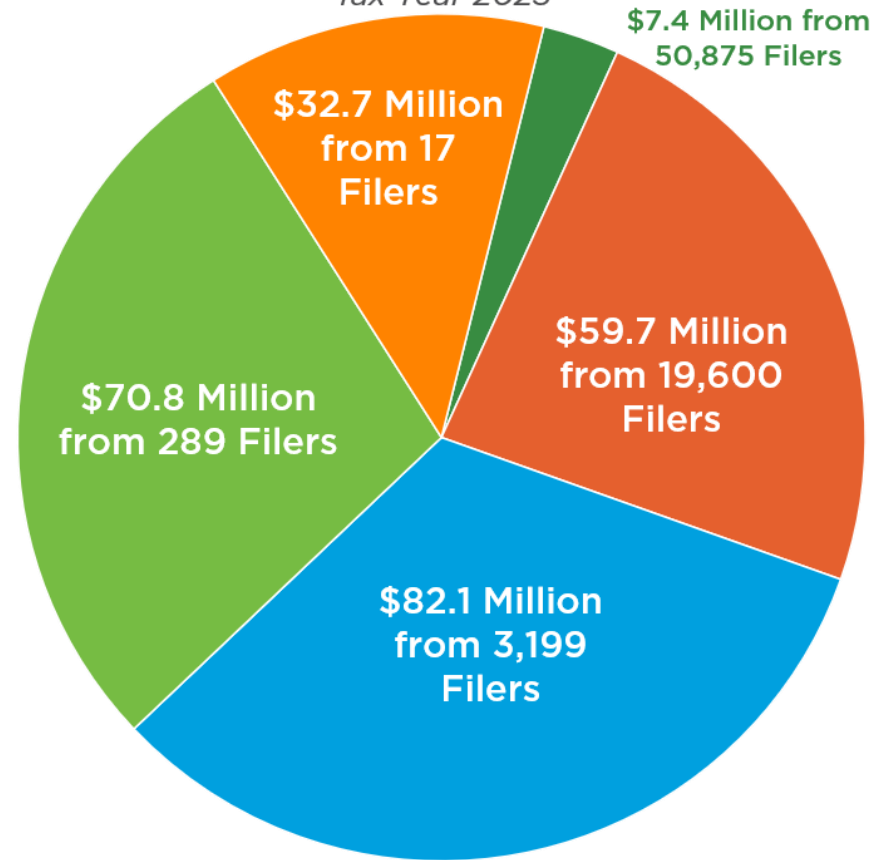
Note: Draft data as of July 21, 2025.

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

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

NEW HAMPSHIRE BUSINESS ENTERPRISE TAX PAID AND NUMBER OF FILERS

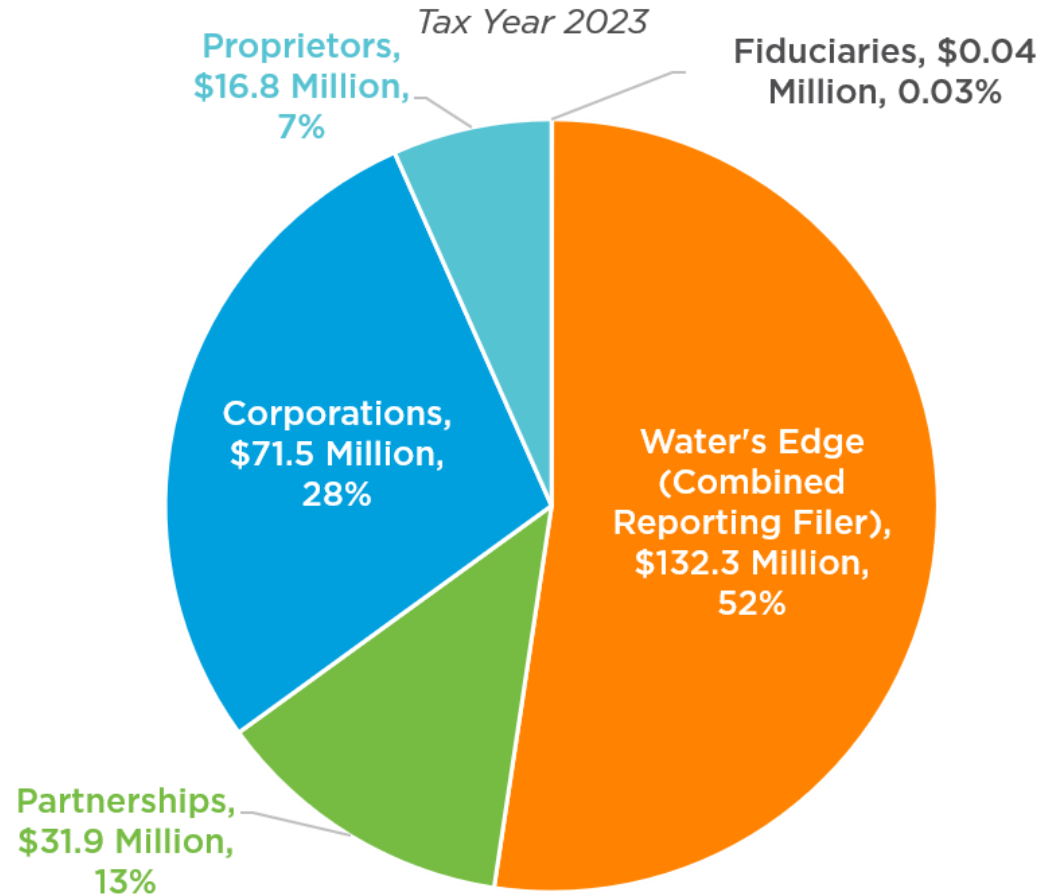
Tax Year 2023



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

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

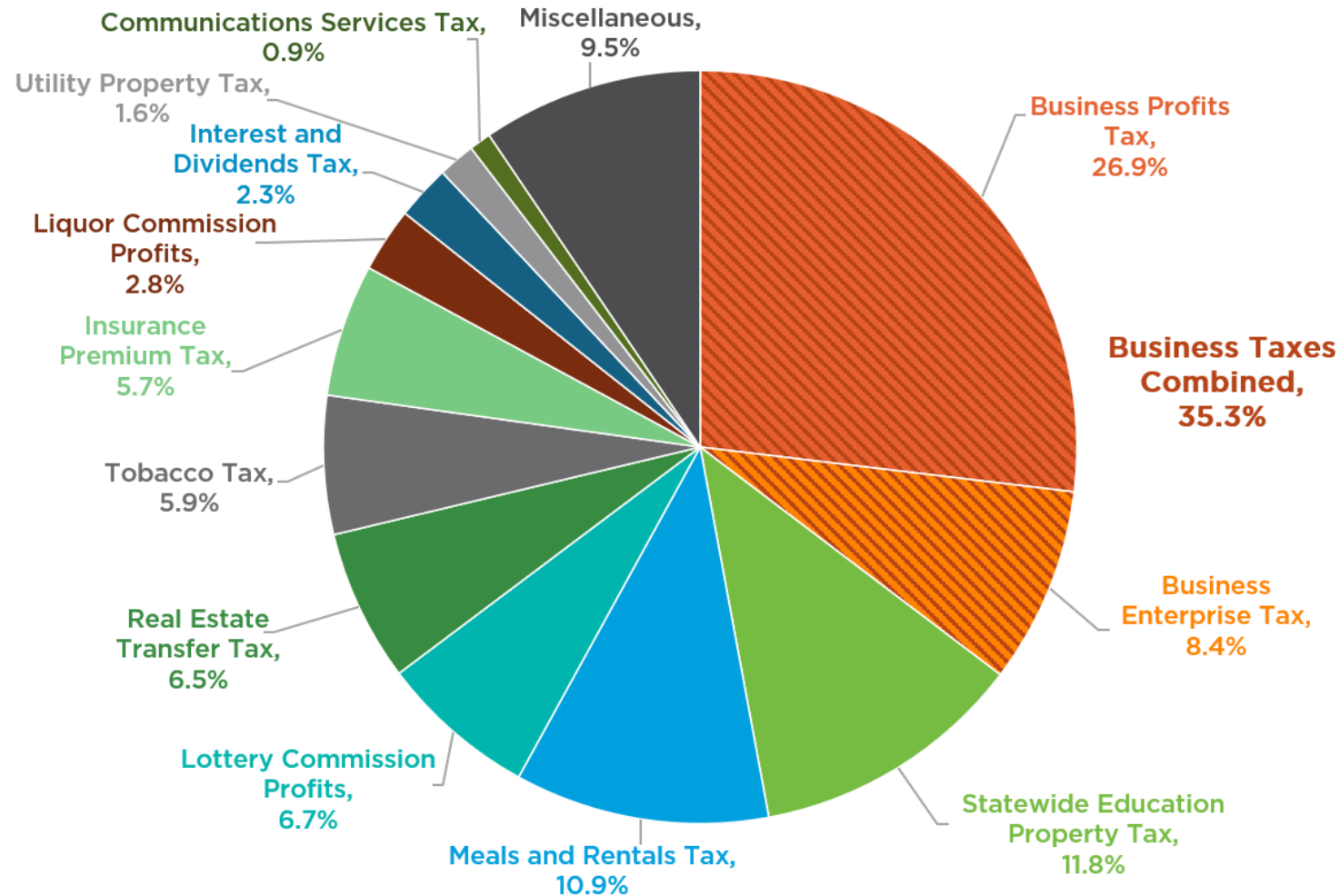
BUSINESS ENTERPRISE TAX FILERS BY TYPE
AND TOTAL REVENUE COLLECTED



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

REVIEW: GENERAL AND EDUCATION TRUST FUND REVENUE SOURCES

GENERAL AND EDUCATION TRUST FUNDS COMBINED REVENUE IN STATE FISCAL YEAR 2025



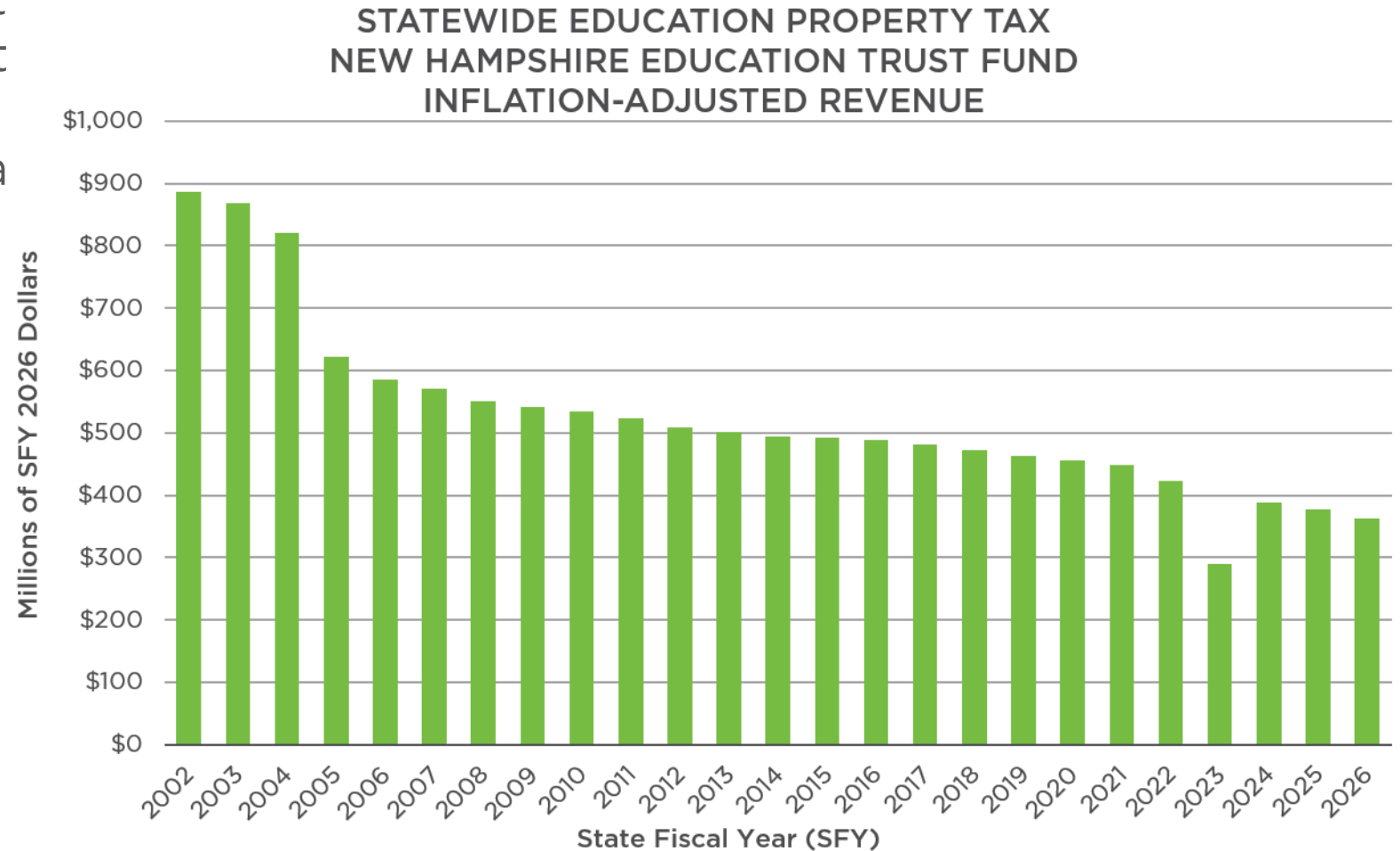
Source: New Hampshire Annual Comprehensive Financial Report, State Fiscal Year 2025

CLASS QUESTION

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

THE STATEWIDE EDUCATION PROPERTY TAX

- Established in 1999 to support newly created Education Trust Fund for Adequate Education Grants funding education on a per pupil basis
- Set to raise \$363 million in 2005, does not adjust for inflation; one-time reduction to \$263 million for SFY 2023
- State requires local governments to raise this revenue
- Retained locally; revenue went to State previously, but not after 2011



*Note: SFY 2026 preliminary data based on unaudited cash receipts.

Sources: New Hampshire Annual Comprehensive Financial Reports; Department of Administrative Services Monthly Revenue Focus, June SFY 2026; U.S. Bureau of Labor Statistics, CPI-U, Northeast

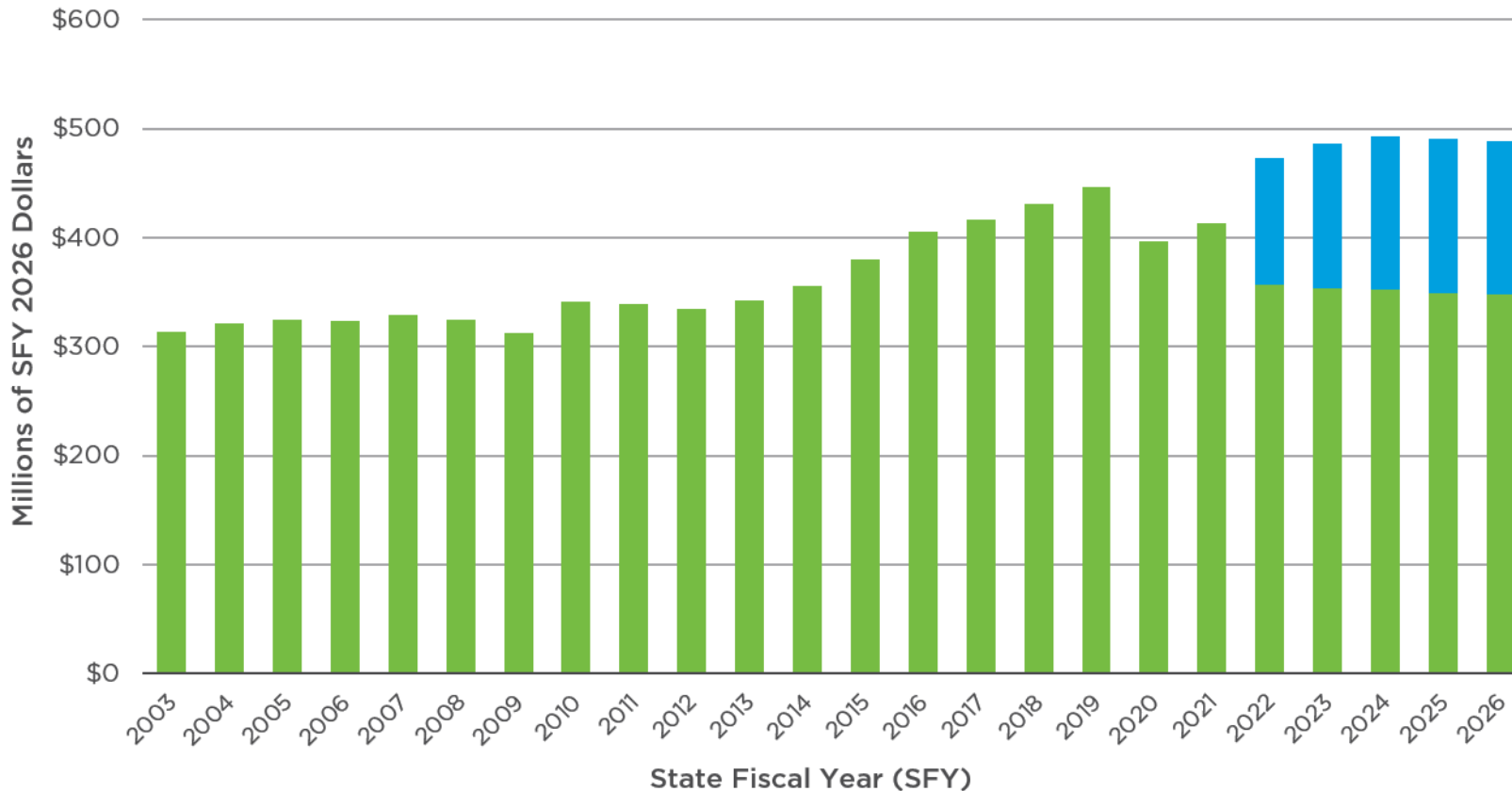
CLASS QUESTION

WHO PAID THE MEALS AND
RENTALS TAX RECENTLY?

THE MEALS AND RENTALS TAX

NEW HAMPSHIRE MEALS AND RENTALS TAX INFLATION-ADJUSTED REVENUE

■ General and Education Trust Funds ■ Municipal Revenue Fund Transfer



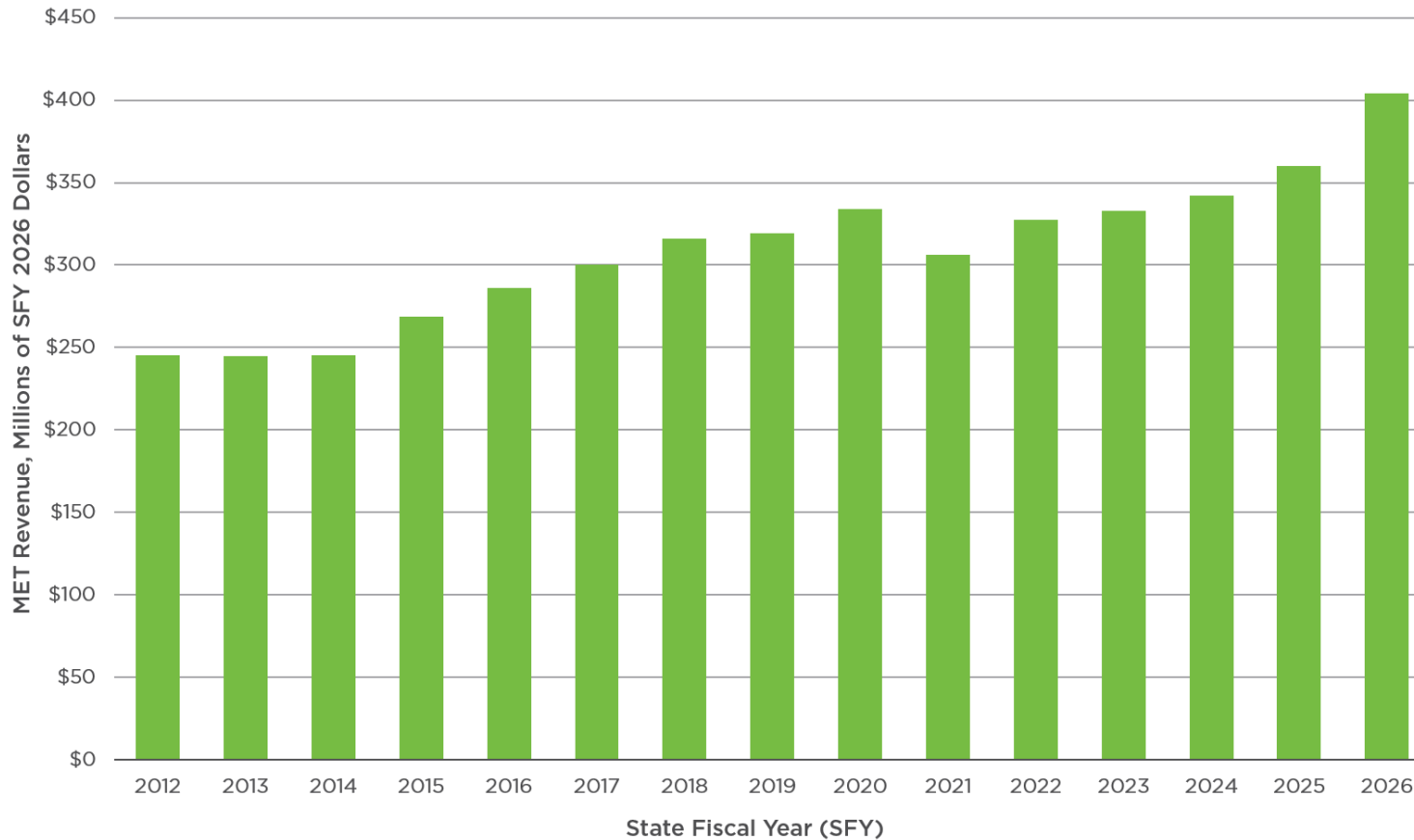
*Note: SFY 2026 data based on unaudited cash receipts.

Sources: NH Annual Comprehensive Financial Reports; Department of Administrative Services Monthly Revenue Focus, June SFY 2026;
U.S. Bureau of Labor Statistics, CPI-U, Northeast

- Tax of 8.5% levied on most purchases of food or beverages from restaurants, also on hotel rooms and car rentals
- Rate was 9% 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% directed to a special fund outside State Budget)

THE MEDICAID ENHANCEMENT TAX

NEW HAMPSHIRE MEDICAID ENHANCEMENT TAX REVENUE



Note: All revenues are unaudited cash basis revenues.

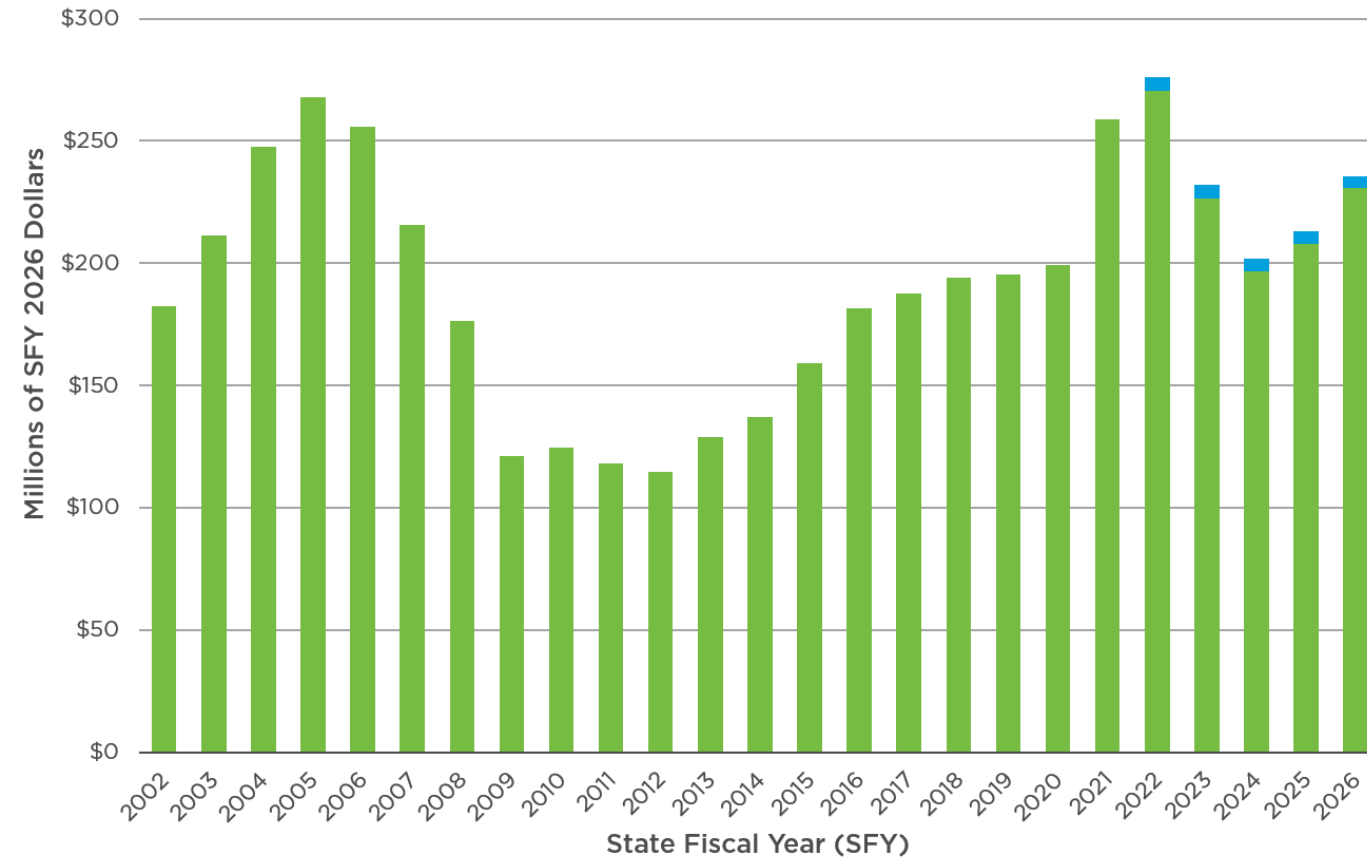
Sources: New Hampshire Department of Revenue Administration; New Hampshire State Treasury; U.S. Bureau of Labor Statistics, CPI-U, Northeast

- Tax on hospitals equivalent to 5.4% of charges levied for services (specifically, net patient services revenue)
- 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

THE REAL ESTATE TRANSFER TAX

NEW HAMPSHIRE REAL ESTATE TRANSFER TAX INFLATION-ADJUSTED REVENUE

■ General and Education Trust Funds ■ Affordable Housing Fund Transfer



Note: SFY 2026 preliminary data based on unaudited cash receipts.

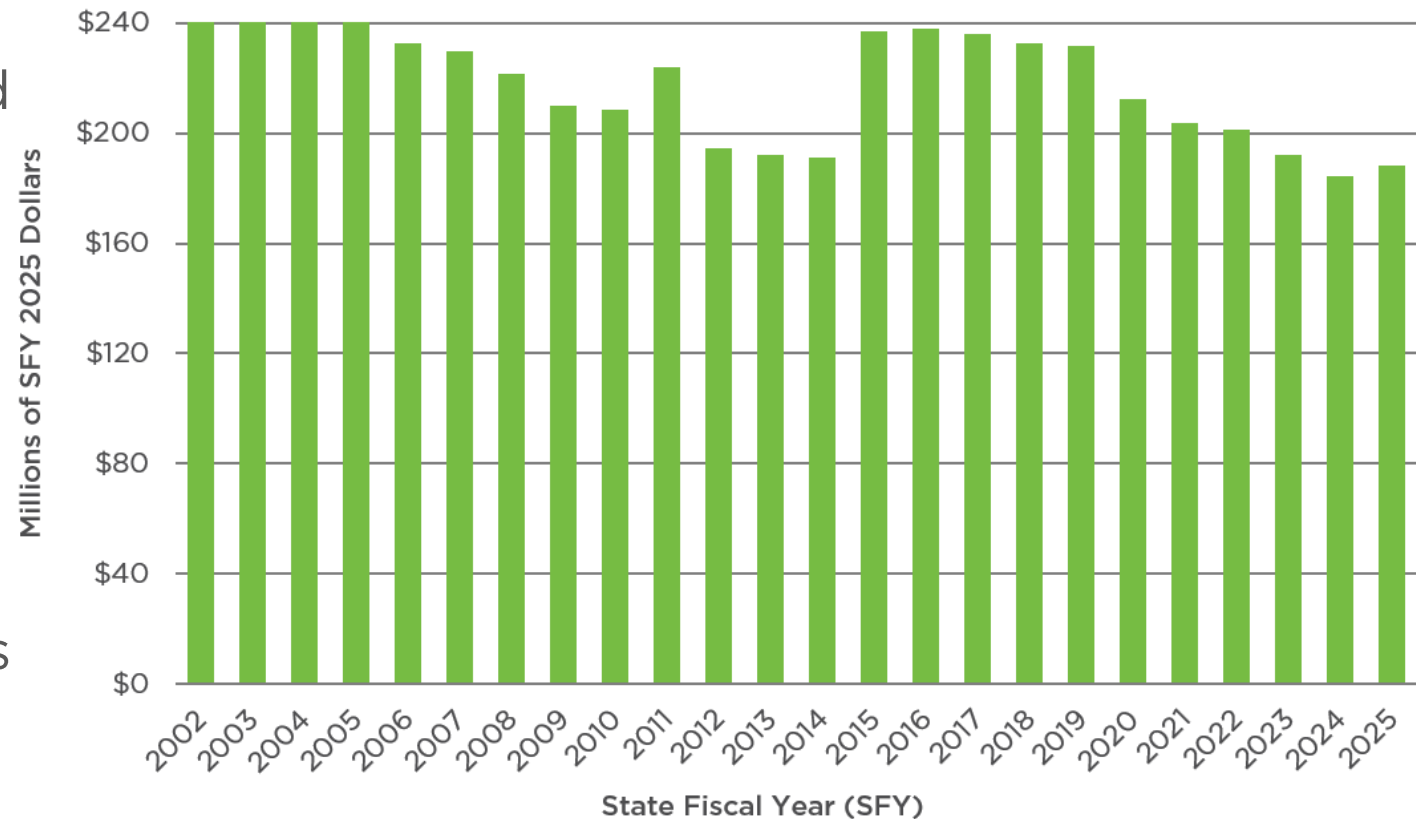
Sources: New Hampshire Annual Comprehensive Financial Reports; Department of Administrative Services Monthly Revenue Focus, June SFY 2026; U.S. Bureau of Labor Statistics, CPI-U, Northeast

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

THE MOTOR FUELS TAX

- \$0.222 per gallon on motor fuels, aviation fuel taxed at different rate
- Rate was increased from \$0.18 for SFY 2015, continues to have a fixed dollar amount that is not adjusted for inflation
- Can only be used for highway-related purposes under the State Constitution, other more specific restrictions on parts of revenue
- Revenues go to the Highway Fund, used for interest on highway bonds and notes as well as for highway-related operations, such as construction and maintenance

NEW HAMPSHIRE MOTOR FUELS TAX
HIGHWAY FUND INFLATION-ADJUSTED REVENUE

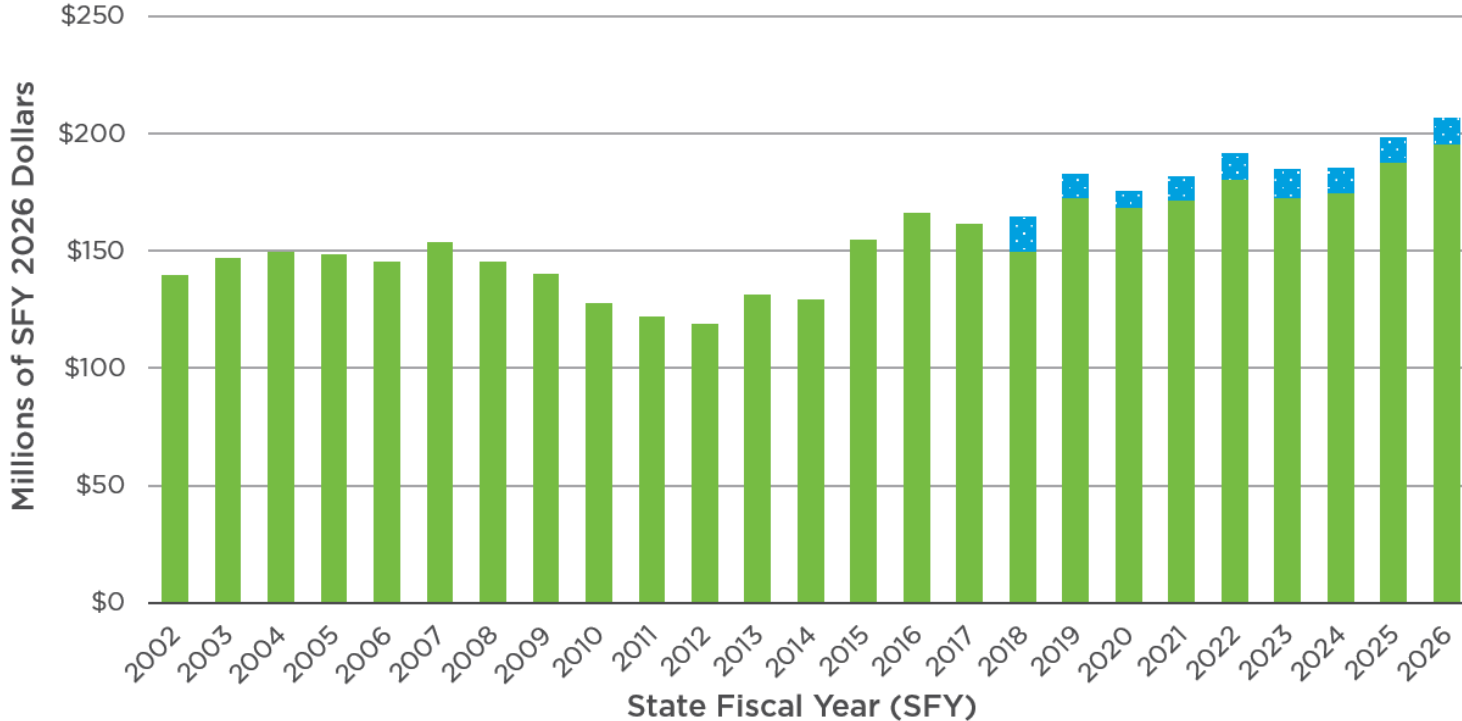


Sources: New Hampshire Annual Comprehensive Financial Reports; U.S. Bureau of Labor Statistics, Consumer Price Index-Urban, Northeast

THE INSURANCE PREMIUM TAX

NEW HAMPSHIRE INSURANCE PREMIUM TAX
INFLATION-ADJUSTED REVENUE

■ General Fund ■ Non-Federal Expanded Medicaid Share



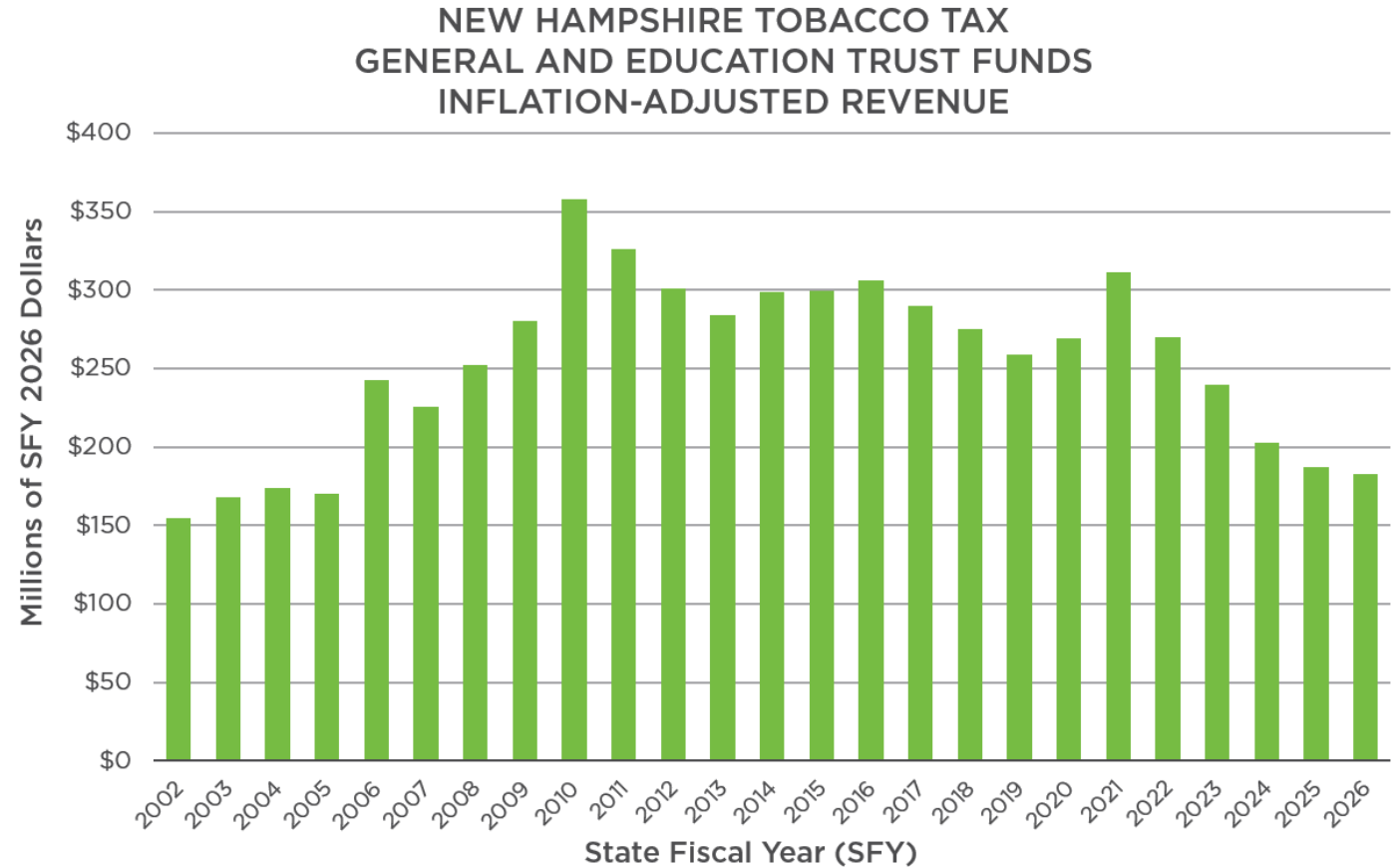
*Note: Preliminary data based on unaudited cash receipts.

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

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

THE TOBACCO TAX

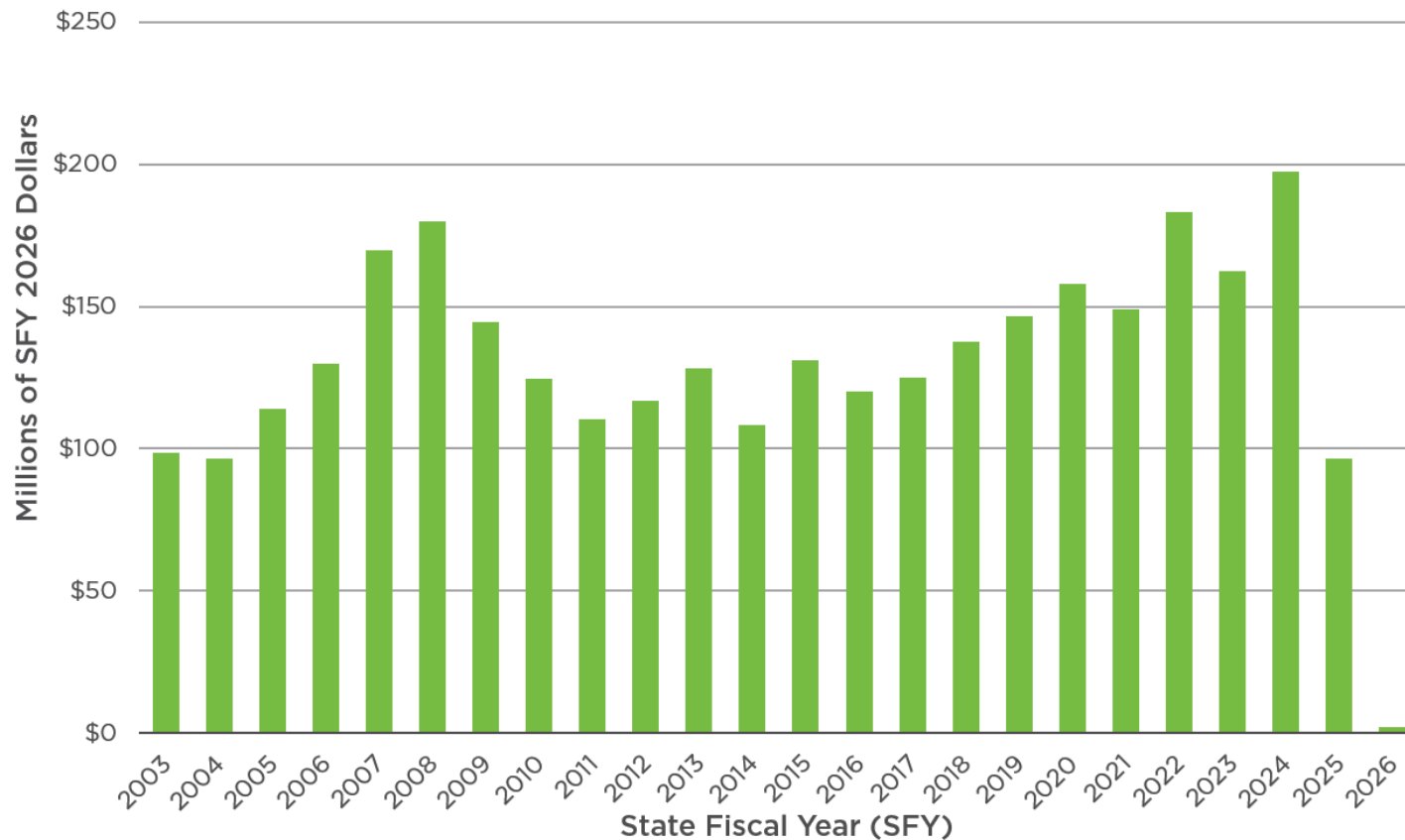
- \$1.78 per 20-cigarette pack, adjusted-proportionally for pack size, does not include premium cigars
- 65.03 percent on wholesale price of other tobacco products
- Also includes e-cigarettes, certain nicotine products (8 percent tax open system, \$0.30 per milliliter closed system)
- Several rate changes 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: SFY 2026 preliminary data based on unaudited cash receipts.
Sources: New Hampshire Annual Comprehensive Financial Reports; Department of Administrative Services
Monthly Revenue Focus, June SFY 2026; U.S. Bureau of Labor Statistics, CPI-U, Northeast

THE INTEREST AND DIVIDENDS TAX

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



Note: SFY 2026 preliminary data based on unaudited cash receipts.

Sources: New Hampshire Annual Comprehensive Financial Reports; Department of Administrative Services
Monthly Revenue Focus, June SFY 2026; U.S. Bureau of Labor Statistics, CPI-U, Northeast

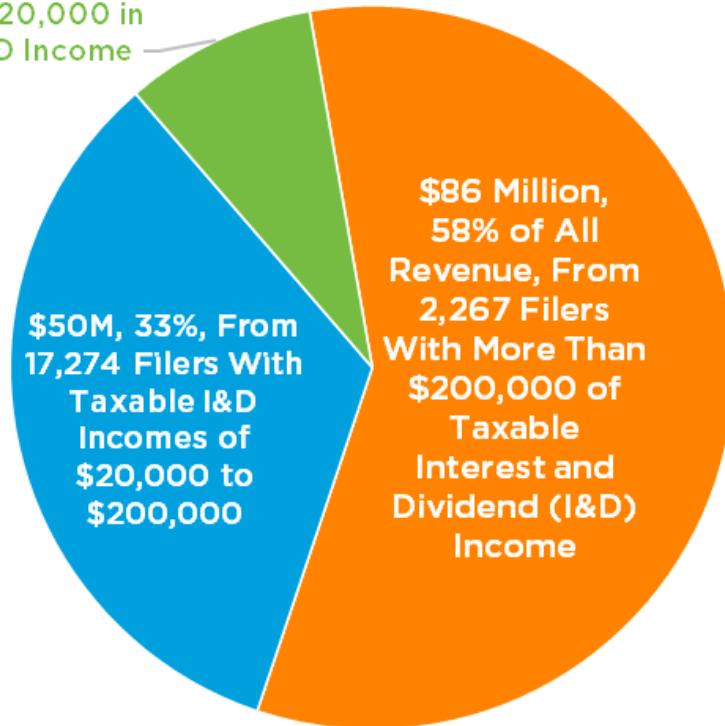
- Repealed as of 2025
- Tax on interest, dividend, and distribution income from assets
- Effectively tax on income generated from wealth, including stock or business ownership, not including the sale of assets (capital gains)
- Individuals, joint filers, and certain companies and partnerships
- Filing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

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; “carve out” from original SWEPT
- Relatively stable revenue source, \$49.3 million in SFY 2025

Nursing Facility Quality Assessment

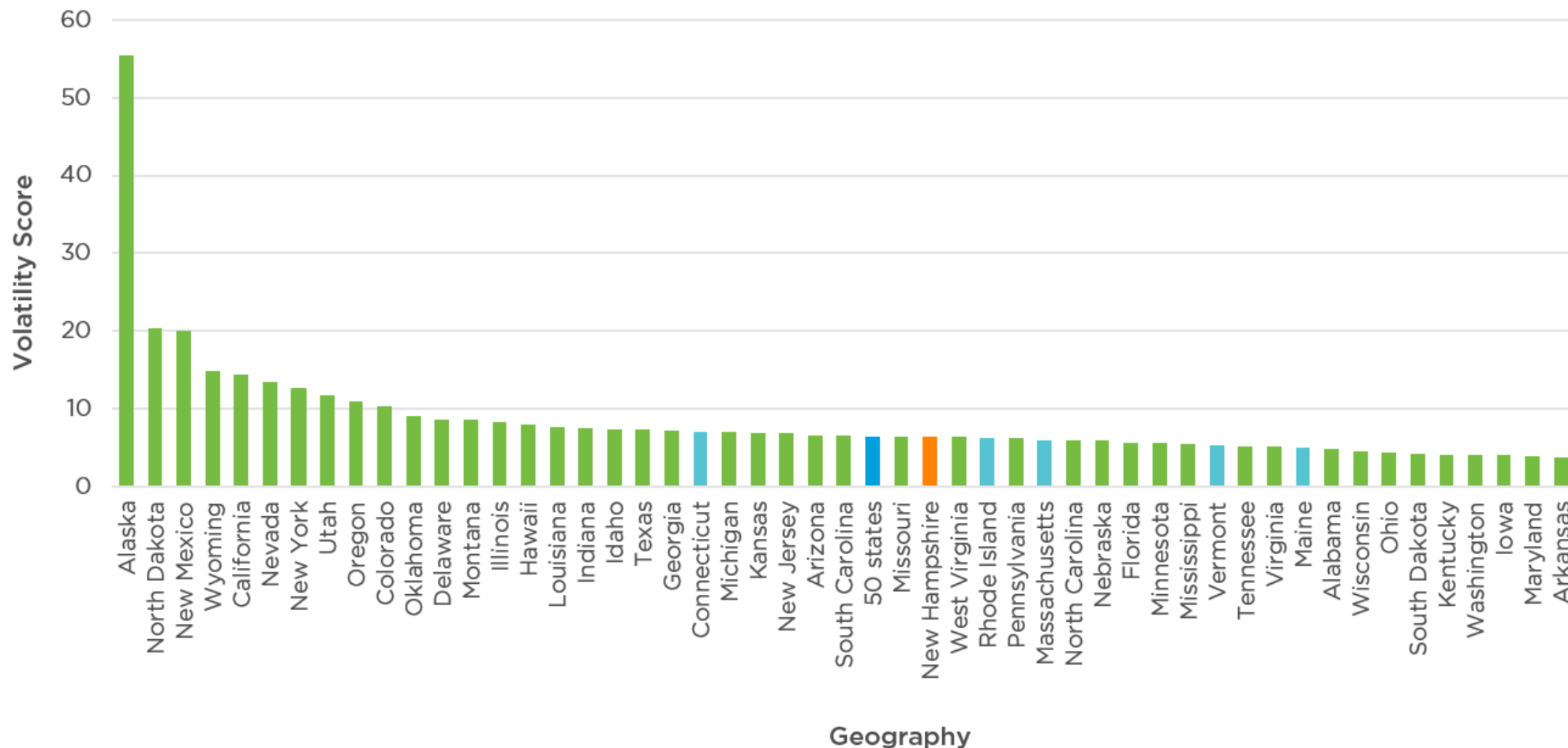
- 5.5% net revenues related to patient services at nursing facilities
- \$46.7 million in SFY 2025, provider tax that leverages federal dollars
- Revenues to nursing facilities through Medicaid Quality Incentive Program

Communications Services Tax

- 7% 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, \$29.0 million in SFY 2025

NEW HAMPSHIRE TAX REVENUES SLIGHTLY BELOW AVERAGE VOLATILITY

STATE TAX REVENUE VOLATILITY, FISCAL YEARS 2009-2024



Source: The Pew Charitable Trusts, State Tax Revenue Volatility Remains High as Long-Term Trends Moderate, April 9, 2026

DISCUSSION QUESTIONS

WHAT ARE THE CONSEQUENCES
OF REVENUE VOLATILITY?

HOW DO YOU EXPERIENCE, OR
ADJUST FOR, REVENUE
VOLATILITY IN YOUR
JURISDICTION?

CLASS QUESTION

WHAT ARE THE LARGEST
NON-TAX REVENUE SOURCES
FOR THE STATE?

KEY 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
- Motor Vehicle Registration Fees (State Highway Fund revenue) - \$136.8 million
- Unemployment Compensation Operating Revenue - \$39.0 million

ENTERPRISE REVENUES AND FUNDS

Liquor Commission

- Operates State liquor stores that are sole source for liquor and spirits, while certain wine may be sold from licensed businesses; beer is taxed
- Funds its own operations, the Alcohol Abuse Prevention and Treatment Fund, non-federal share of expanded Medicaid, and the General Fund

Lottery (and Gaming) Commission

- Sells lottery tickets and oversees racing, charitable gaming, video lottery terminals, Keno, sports betting; several recent expansions to scope of gaming
- Per constitutional requirement, lottery profits support public schools

Turnpike System

- Tolls users of three Turnpikes to operate, construct, and maintain them
- Not all 89 miles of Turnpike highway are tolled, sections can be transferred from other forms of New Hampshire Department of Transportation ownership

Unemployment Compensation Fund

- Charges employers at a variable rate, funds unemployment payments

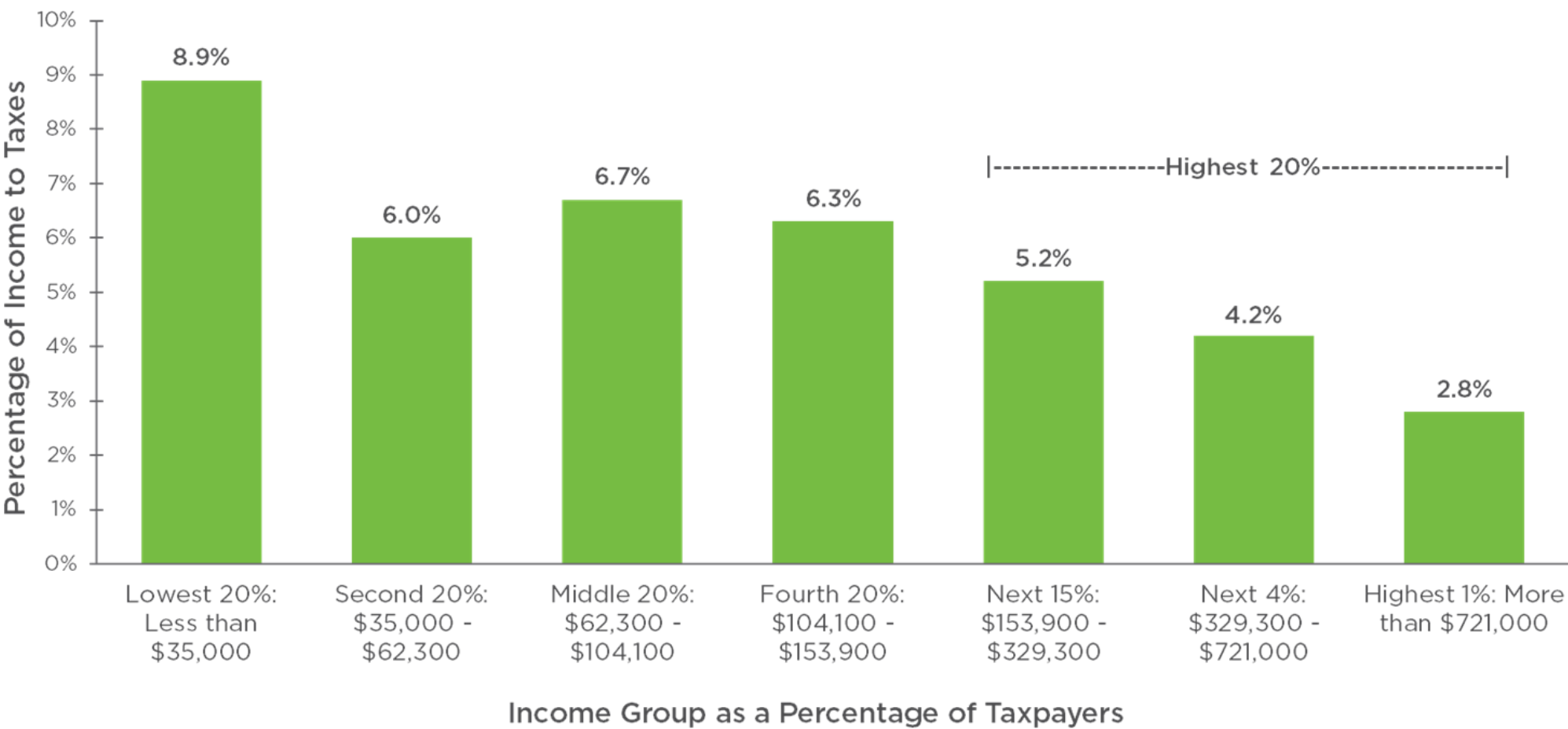
STATE REVENUE SYSTEM: STRENGTHS AND WEAKNESSES

- Reliance on many revenue streams, most with narrow bases
- High importance of non-tax revenue sources: profits from liquor and lottery sales
- Fortunes do not rise or fall with small changes in a single revenue source, adds stability to the revenue system relative to some other states
- Increased importance of the Business Profits Tax could add reliance on a single, relatively volatile revenue source
- Narrow bases more likely to disappear with changing economy
- Certain revenue sources likely to be declining over time, such as the Tobacco Tax and the Communications Services Tax
- Policymaker flexibility might be more limited because of narrower bases, large or many adjustments may be needed to react to changes
- Changing demographics may complicate sustainability
- Reliance on federal sources results in limited options if funding from the federal government is reduced

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

COMPARING STATE AND LOCAL GOVERNMENT TAX REVENUES

CLASS QUESTION

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

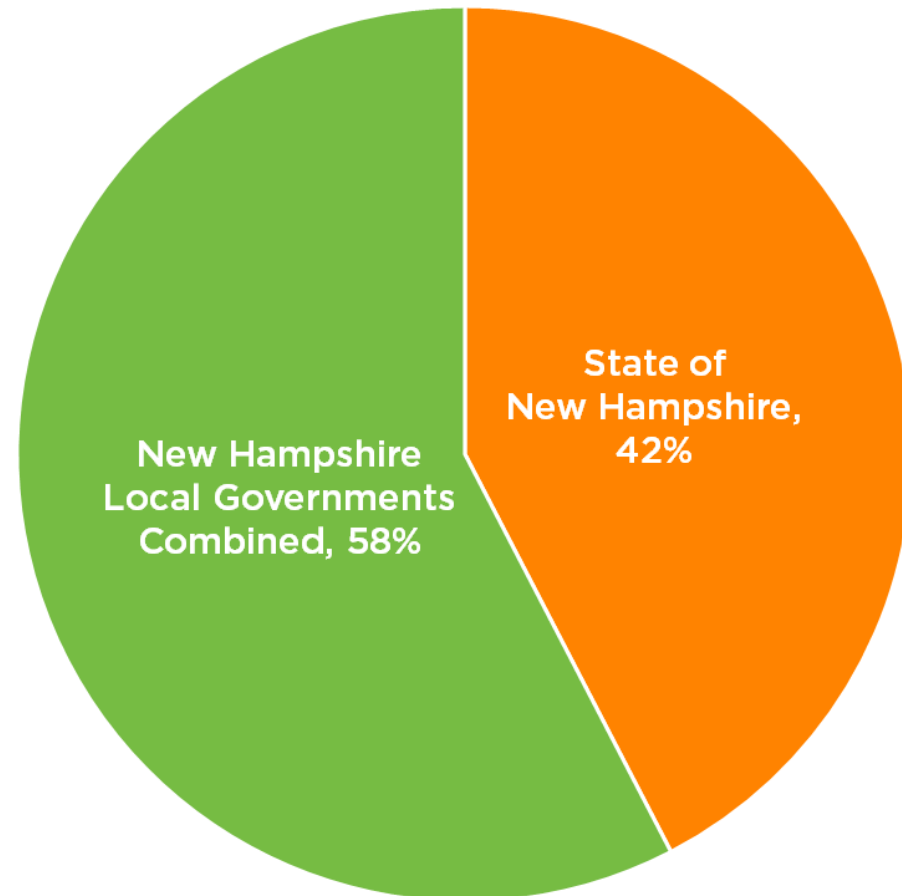
LOCAL GOVERNMENTS COLLECT MORE TAX REVENUE THAN THE STATE

NEW HAMPSHIRE TAX REVENUE BY GOVERNMENT LEVEL, FISCAL YEAR 2022

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

Local Governments includes:

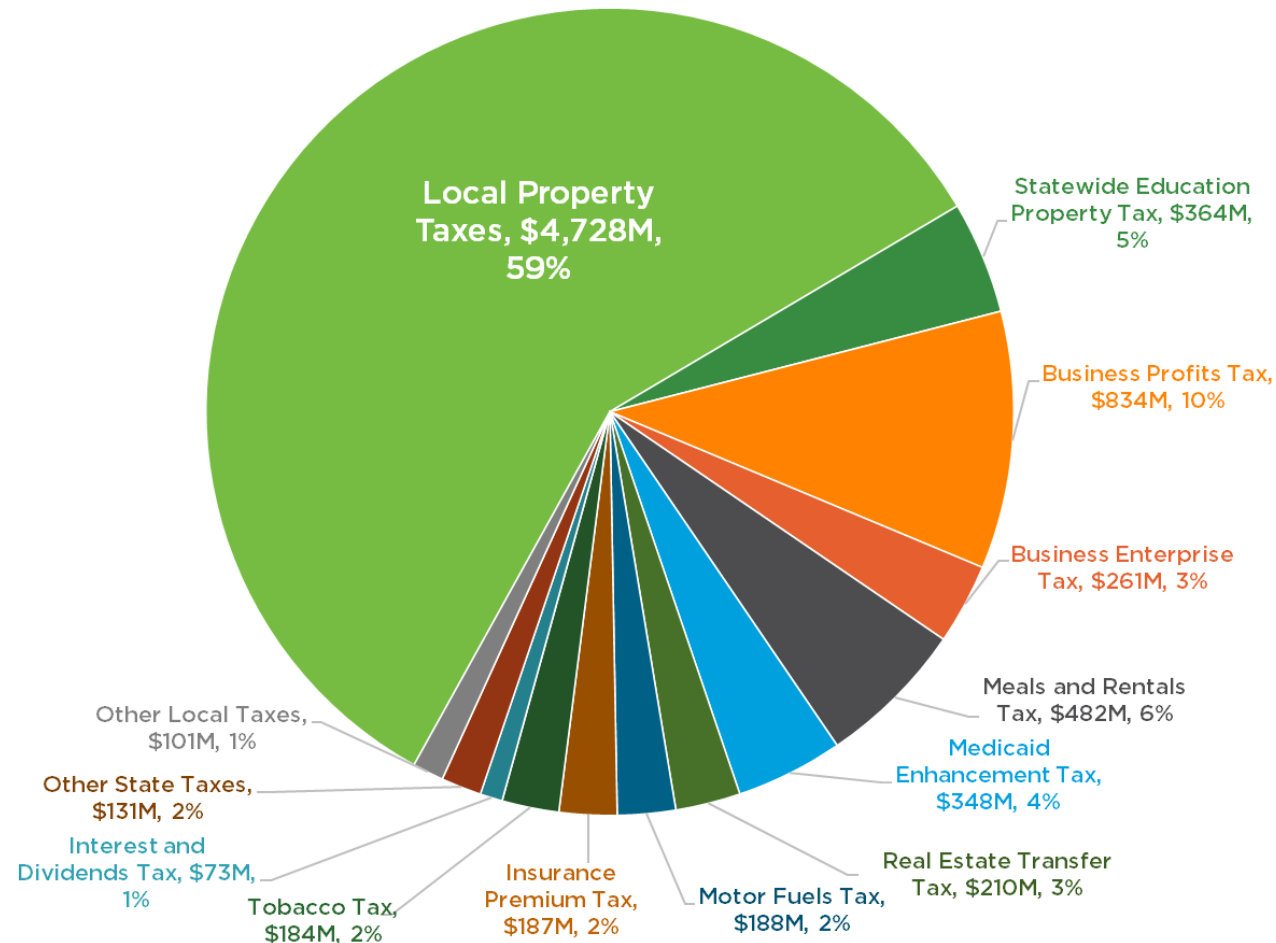
- Municipal governments (town and city)
- School districts
- County governments



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

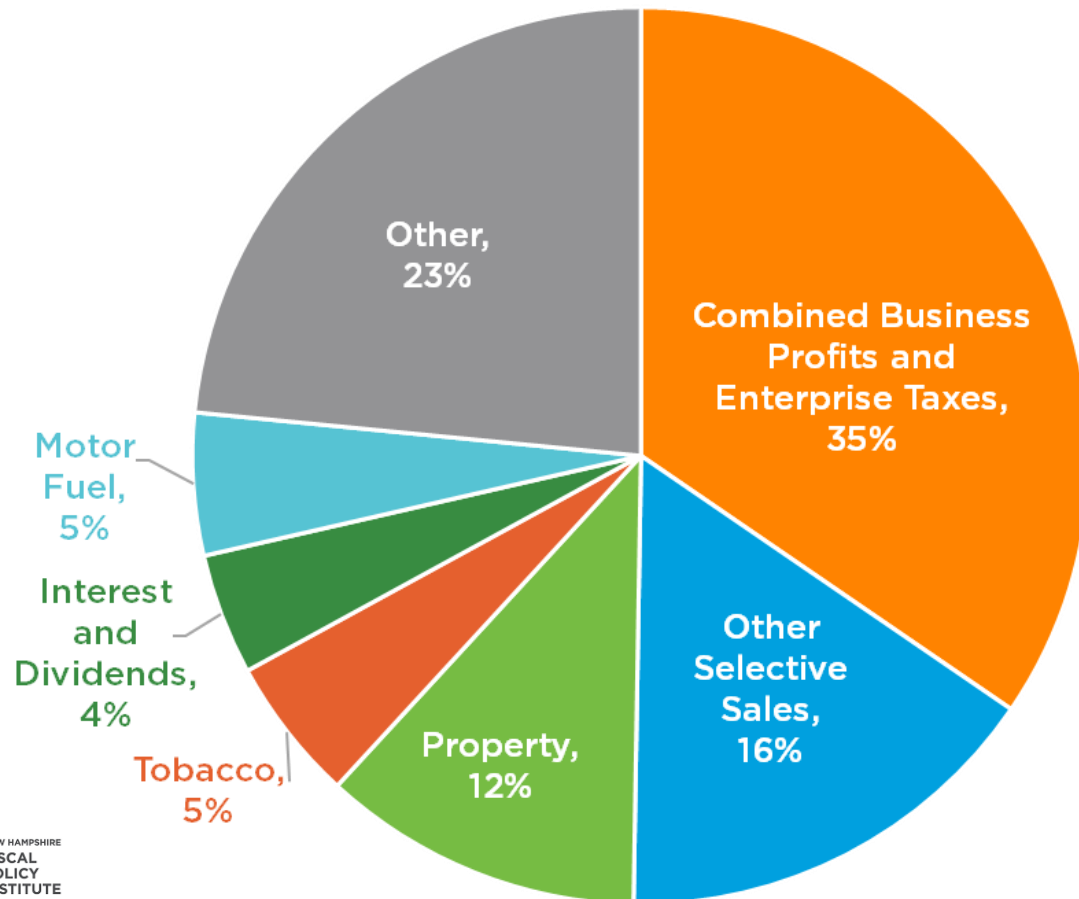


Sources: New Hampshire Annual Comprehensive Financial Report, State Fiscal Year 2025; New Hampshire Department of Revenue Administration, 2025 Annual Report and Completed Public Tax Rates 2025; U.S. Census Bureau, Survey of State and Local Government Finances, 2022; New Hampshire Department of Administrative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

FEWER LOCAL TAX REVENUE OPTIONS

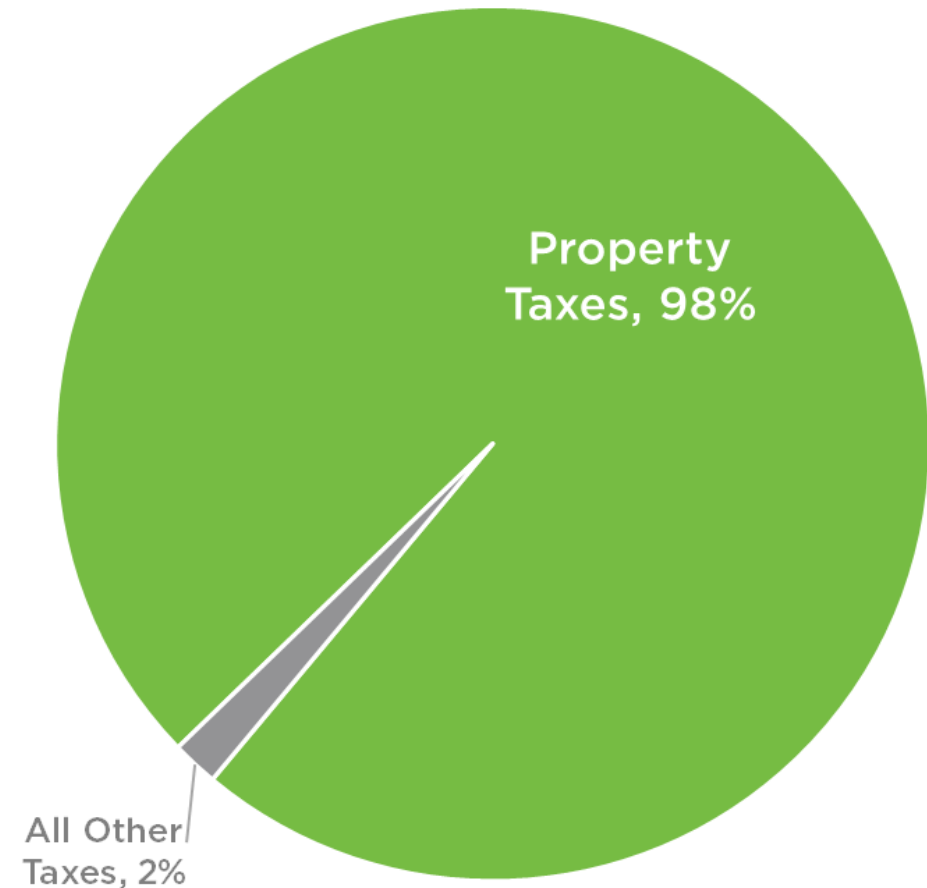
ALL STATE TAX REVENUE IN NEW HAMPSHIRE FISCAL YEAR 2022

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



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

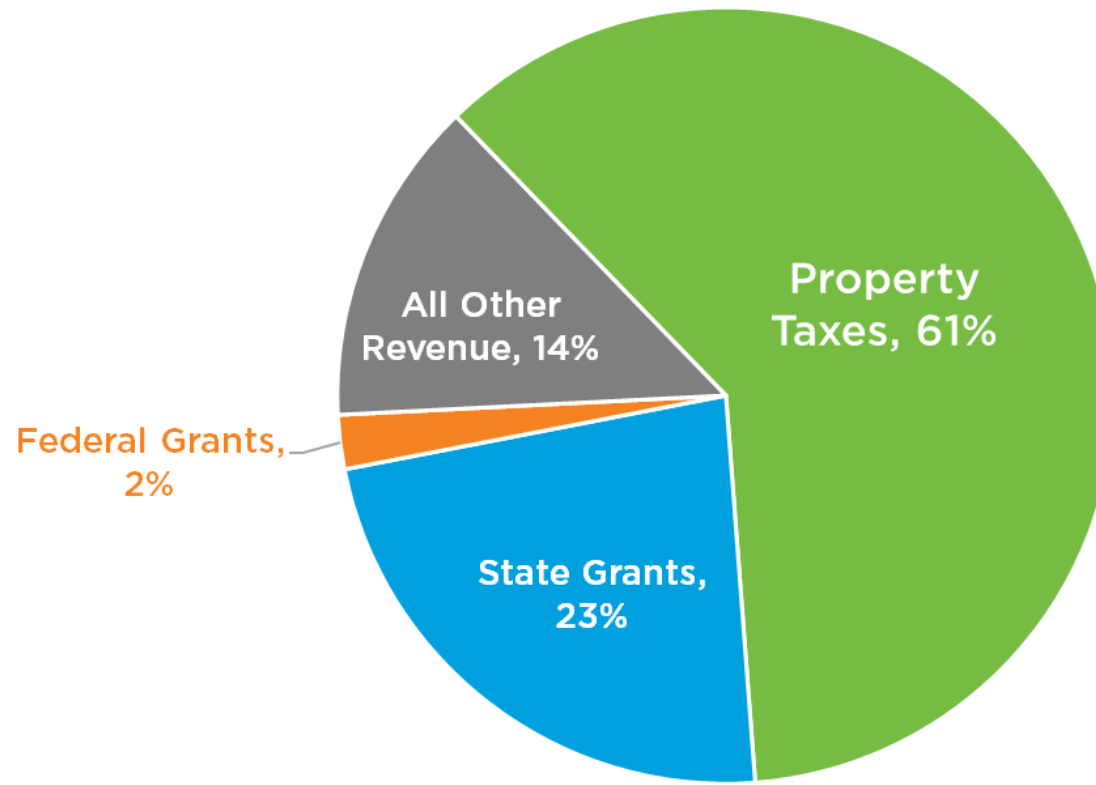
STATE AND LOCAL TAX REVENUE PER CAPITA				
Fiscal Year 2022, Tax Revenue Sources Only				
Relative Rank	State	State Taxes Only	State	State and Local Taxes Combined
Highest	California	\$7,237	New York	\$12,732
	Hawaii	\$7,137	California	\$10,319
	North Dakota	\$6,851	Connecticut	\$9,703
	Vermont	\$6,813	Hawaii	\$9,525
	New York	\$6,703	New Jersey	\$9,354
	<i>United States Overall</i>		<i>United States Overall</i>	<i>\$7,089</i>
		<i>\$4,412</i>	<i>New Hampshire (32nd)</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

PROPERTY TAX RECEIPTS MAJORITY OF LOCAL REVENUE IN NEW HAMPSHIRE

LOCAL GOVERNMENT REVENUE SOURCES NEW HAMPSHIRE, FISCAL YEAR 2022



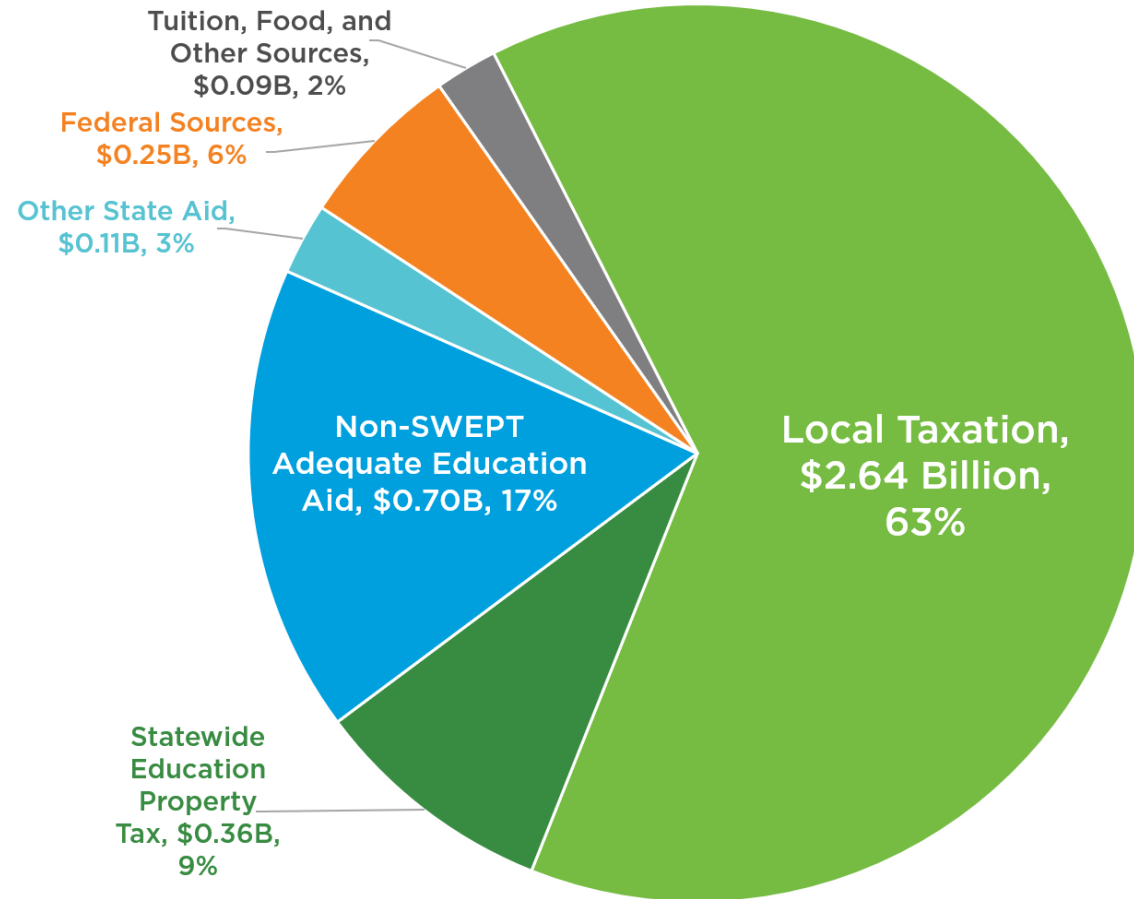
Note: Statewide Education Property Tax removed from local tax collection total to adjust for apparent double-counting in U.S. Census Bureau data.
Sources: U.S. Census Bureau, Survey of State and Local Government Finances; New Hampshire Department of Revenue Administration; New Hampshire Annual Comprehensive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

LOCAL GOVERNMENTS RELY ON PROPERTY TAXES MORE THAN IN ANY OTHER STATE

PROPERTY TAXES AS A PERCENTAGE OF LOCAL GOVERNMENT REVENUE		
Fiscal Year 2022, Including All Tax and Non-Tax Revenue Sources		
Highest	New Hampshire	61%
	Connecticut	60%
	New Jersey	56%
	Maine	51%
	Rhode Island	50%
	<i>United States Average</i>	27%
Lowest	Tennessee	17%
	Washington	16%
	Nevada	13%
	Alabama	10%
	Arkansas	10%
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		
nhfpi.org		

MOST LOCAL PUBLIC SCHOOL DISTRICT REVENUE PRODUCED BY PROPERTY TAXES

AGGREGATE NEW HAMPSHIRE SCHOOL DISTRICT REVENUE 2024-2025

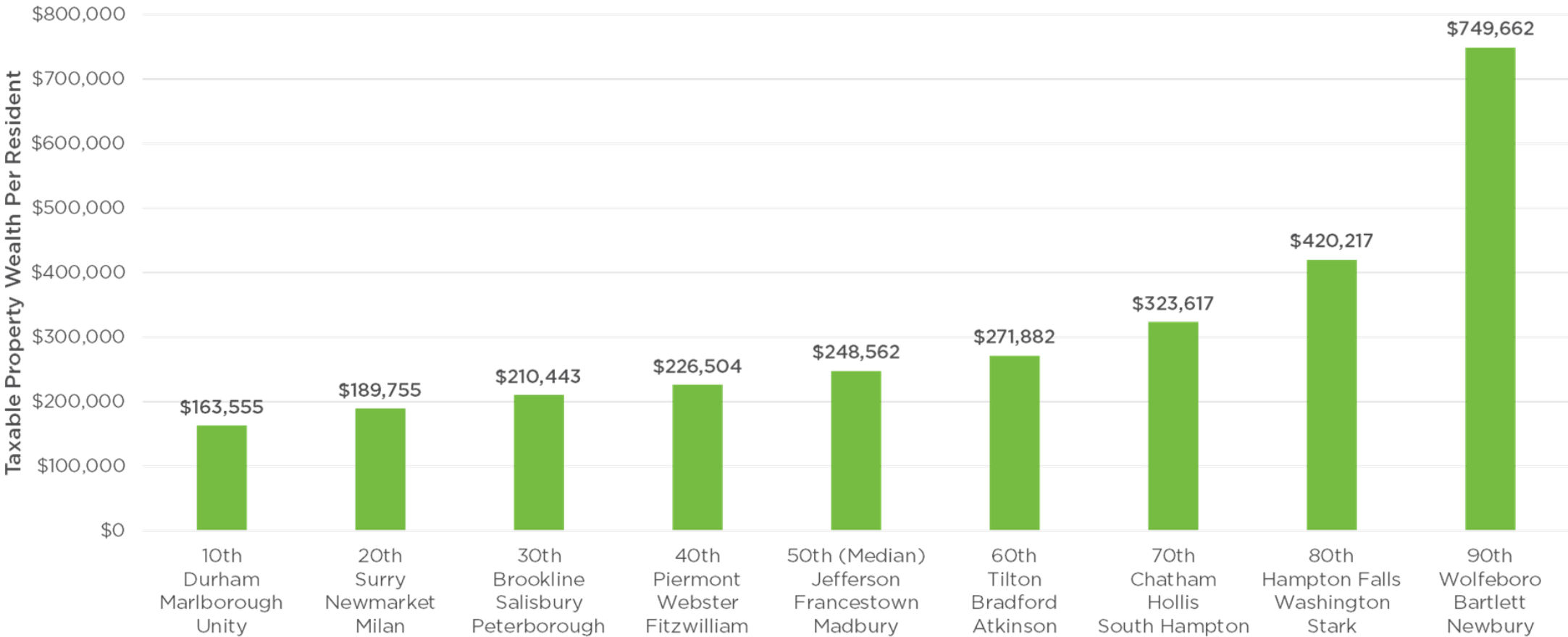


Note: Excludes data from the Newfound School District, which was unavailable.
Source: New Hampshire Department of Education

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

DISCUSSION QUESTIONS

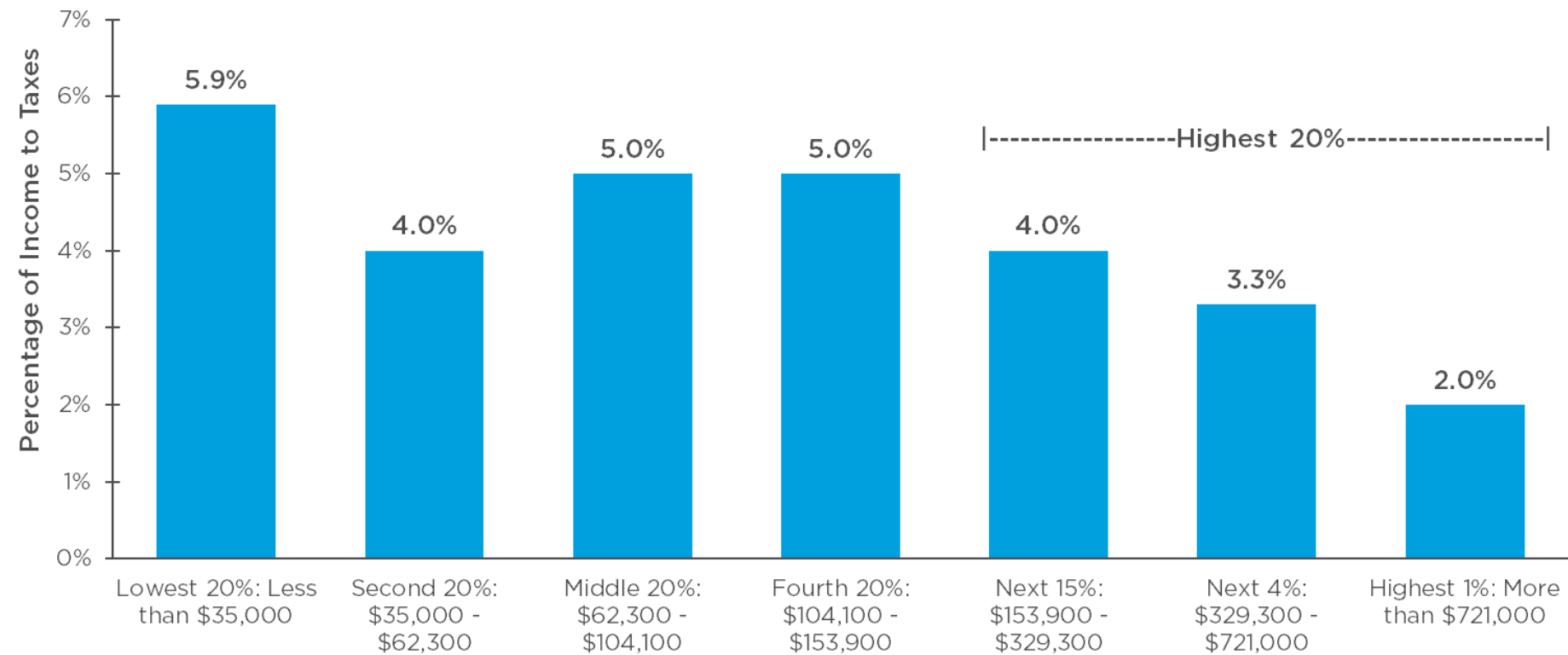
WHAT FACTORS CAN IMPACT
TAXABLE PROPERTY VALUES
WITHIN A COMMUNITY?

WHAT MIGHT THESE
DIFFERENCES MEAN FOR LOCAL
FINANCES AND RESIDENTS?

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**

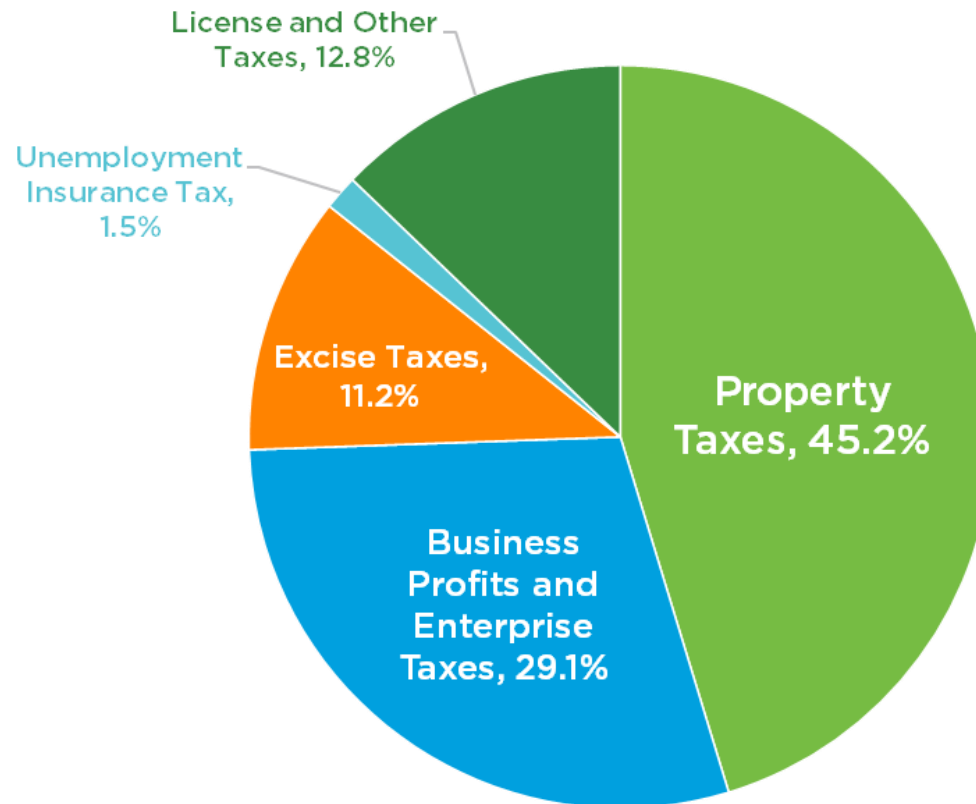


Income Group as a Percentage of Taxpayers

*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

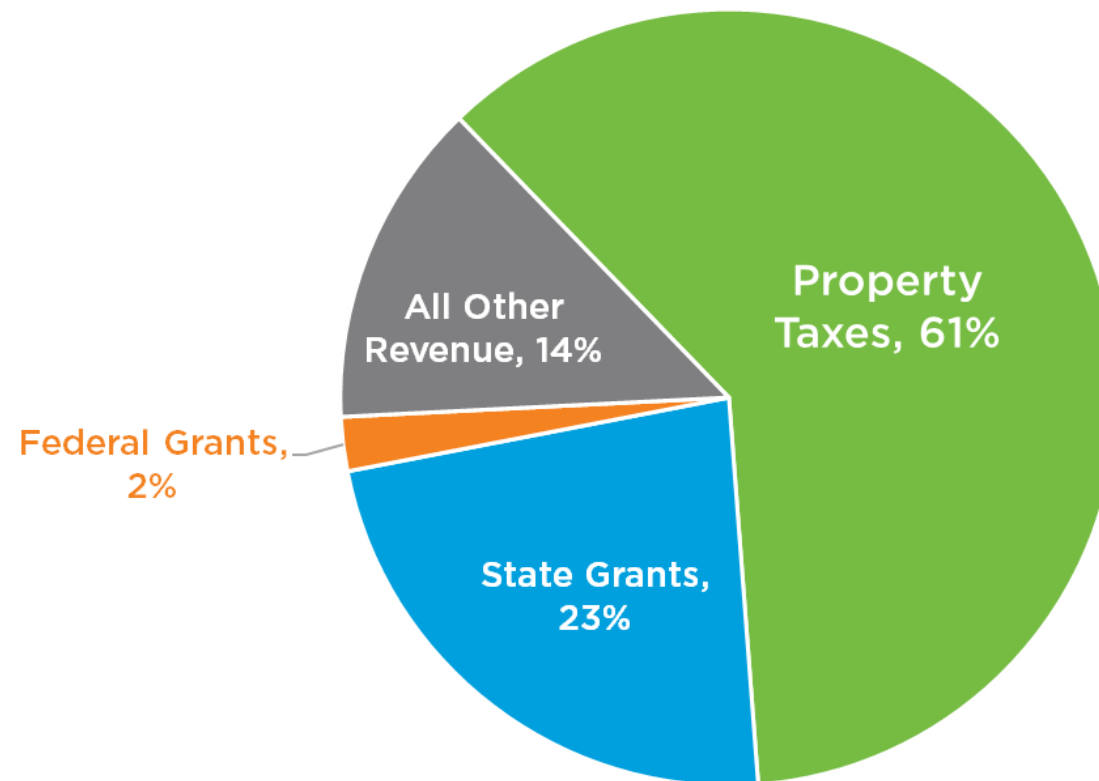


Note: Totals do not sum to 100 percent due to rounding.
Source: Council on State Taxation, Total State and Local Business Taxes, December 2025

INTERACTIONS BETWEEN STATE AND LOCAL BUDGETS AND REVENUES

STATE AID SLIGHTLY LESS THAN A QUARTER OF ALL LOCAL GOVERNMENT REVENUE

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.

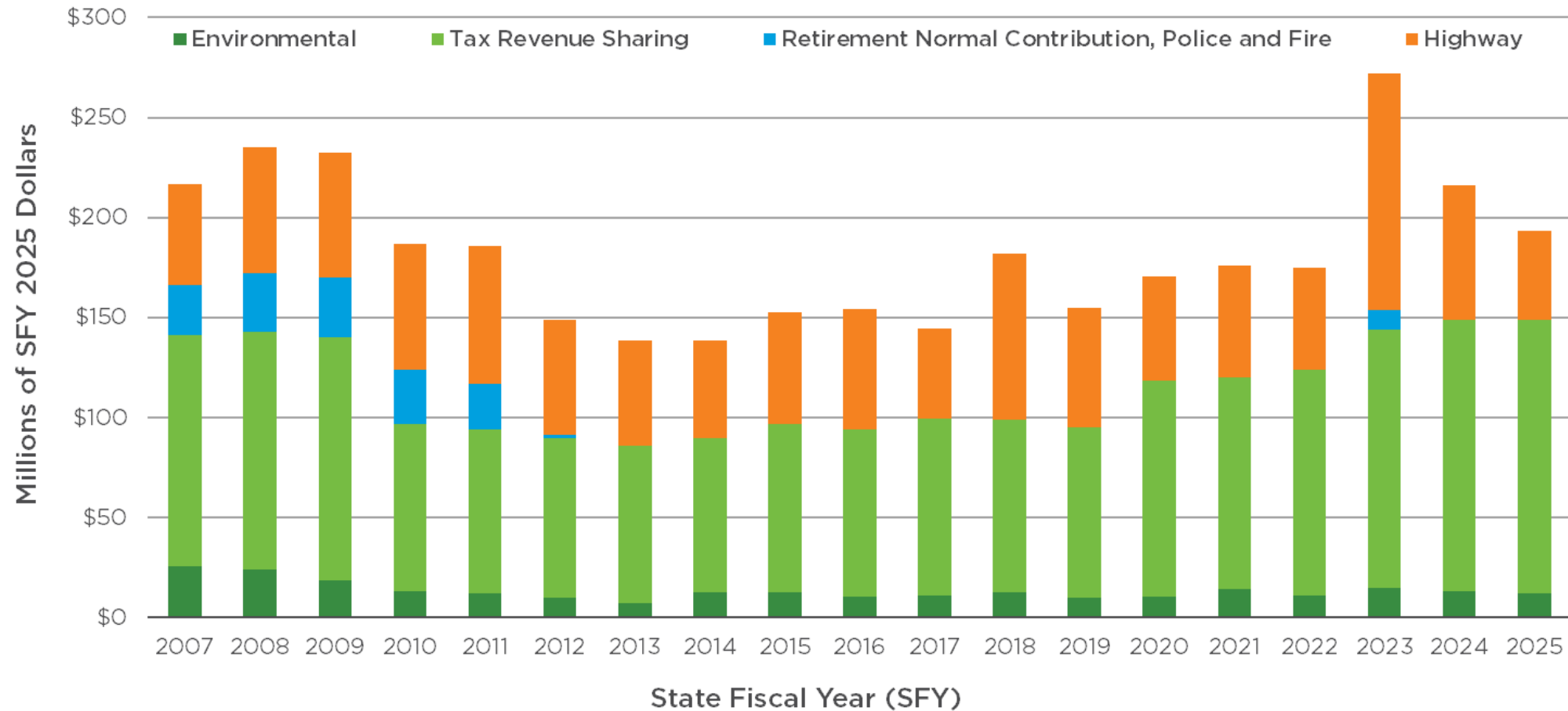
Sources: U.S. Census Bureau, Survey of State and Local Government Finances; New Hampshire Department of Revenue Administration; New Hampshire Annual Comprehensive Financial Report

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



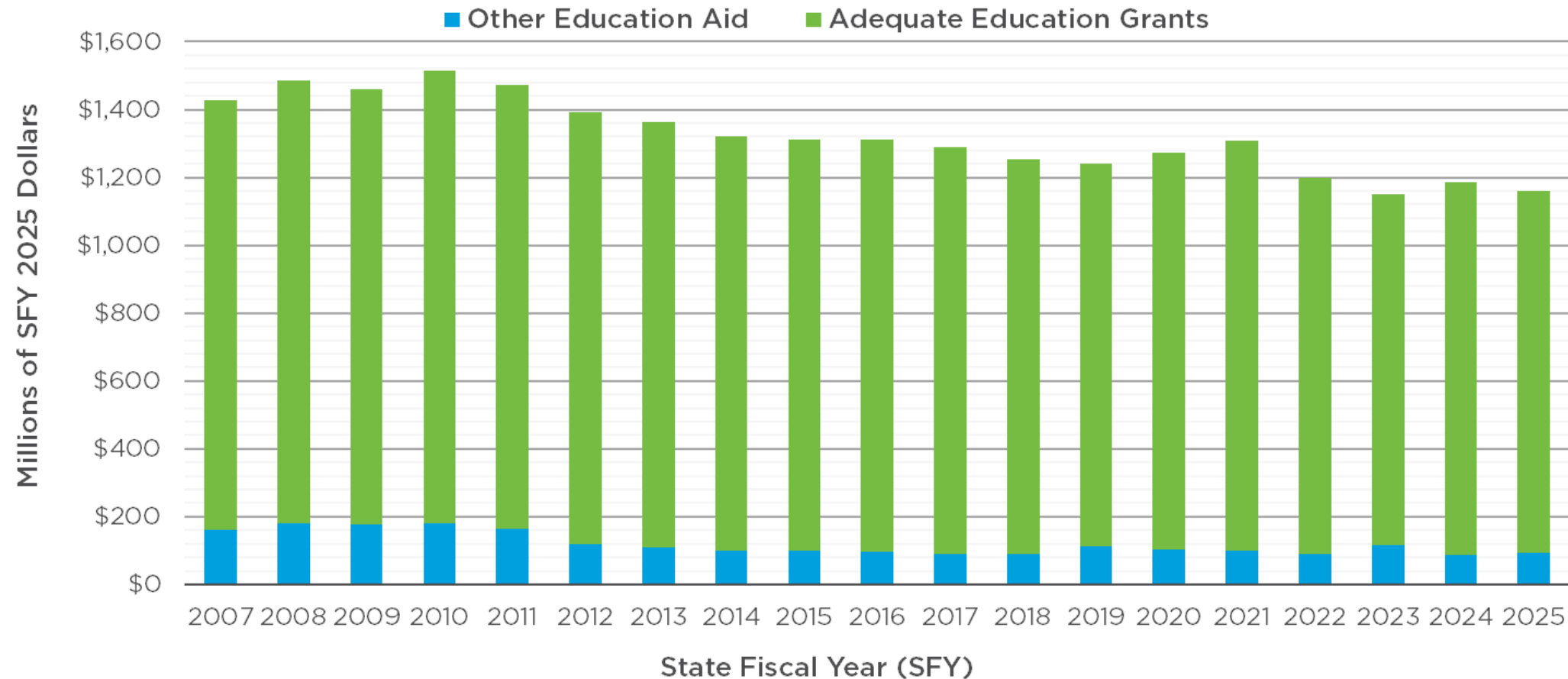
Sources: New Hampshire Office of Legislative Budget Assistant, *State Aid to Cities, Towns, and School Districts*, October 1, 2025;
U.S. Bureau of Labor Statistics, Consumer Price Index-Northeast, State Fiscal Year Adjustment from NHFPI Calculations

KEY CHANGES IN NON-EDUCATION FUNDING FOR LOCAL GOVERNMENTS

- Meals and Rentals Tax distribution to municipalities set at 30 percent of revenue in law in SFYs 2022-2023 State Budget, previously 40 percent, but formula to reach that percentage had been suspended most years in the last decade
- In the SFYs 2020-2021 State Budget, \$20 million per year in revenue sharing aid with municipalities, which was distributed based on the number of resident students and the number of free and reduced-price meal eligible students in residence
- Traditional revenue sharing program suspended since 2010, repealed by current State Budget
- Since SFY 2013, State contribution to local teacher, police, and firefighter retirement costs has been suspended; 35 percent in SFY 2009 and earlier; one-time appropriation for 7.5 percent of costs for SFY 2023
- Environmental grants for drinking water and wastewater facilities and landfills have declined in aggregate until SFY 2024; recent State Budgets have included small increases or one-time boosts in funding
- Highway and bridge aid funding has fluctuated over time, recently an influx of one-time funds in several different one-time appropriations; for example, legislation in 2022 appropriated \$66 million for road and bridge maintenance

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
United States	44.0%	--
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 : 10th
- Elementary and secondary revenue from state sources only in dollars per pupil: 34th
- Elementary and secondary revenue from local sources only in dollars per pupil: 4th

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.

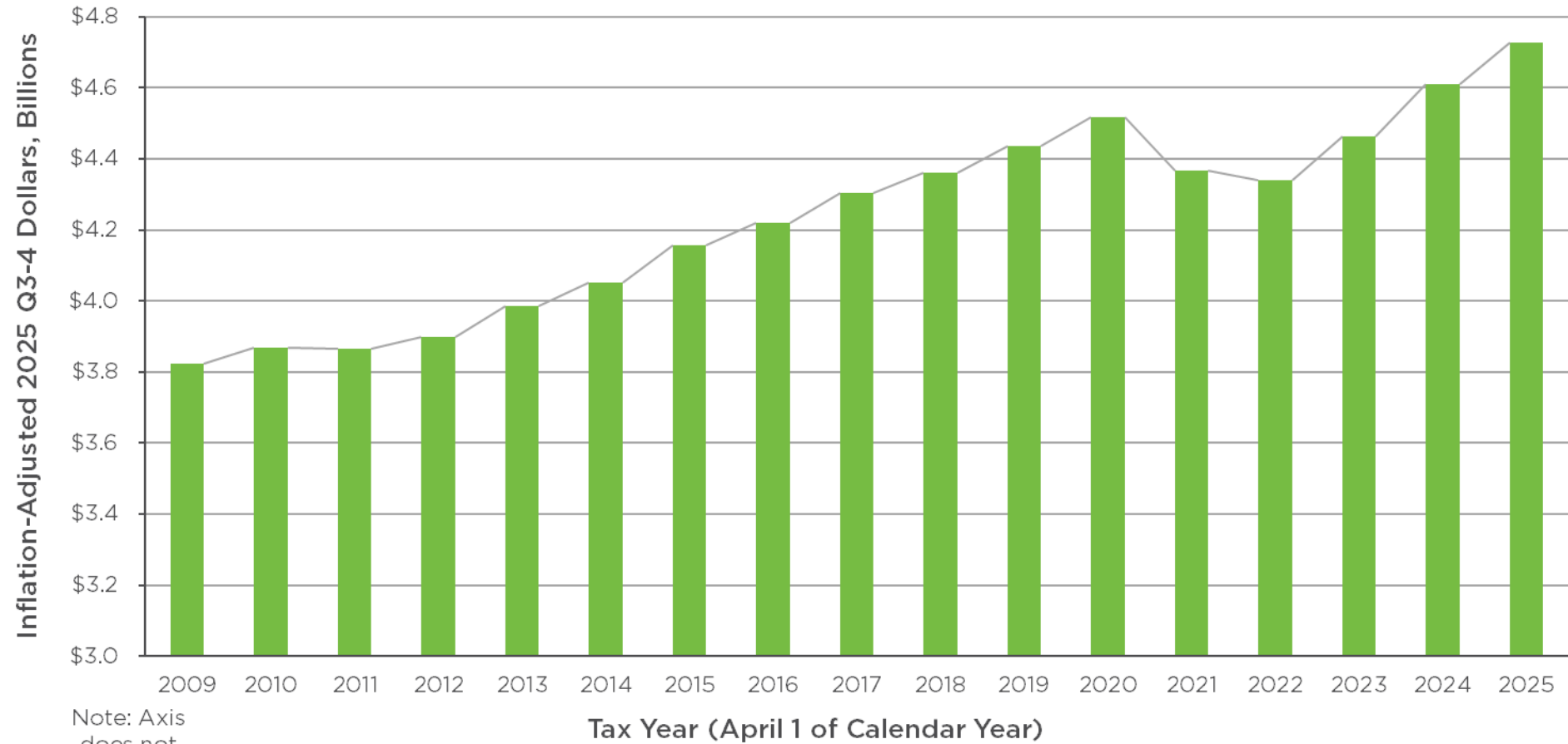
Sources: U.S. Census Bureau, Survey of State and Local Government Finances and Population Estimates Program; New Hampshire Department of Revenue Administration; New Hampshire Annual Comprehensive Financial Report

STATE AID RELATIVELY LESS SIGNIFICANT TO LOCAL GOVERNMENTS IN NEW HAMPSHIRE

STATE AID AS A PERCENTAGE OF LOCAL GOVERNMENT REVENUE		
Fiscal Year 2022, Including All Tax and Non-Tax Revenue Sources		
Highest	Vermont	58%
	Arkansas	44%
	Delaware	42%
	Michigan	42%
	Nevada	41%
	<i>United States Average</i>	28%
	<i>New Hampshire (44th)</i>	23%
Lowest	New York	20%
	Colorado	19%
	Florida	19%
	Nebraska	16%
	Hawaii	6%
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		
		nhfpi.org

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

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



DISCUSSION QUESTION

WHAT ARE YOUR KEY
TAKEAWAYS FROM THIS
PRESENTATION?

WHAT DID YOU LEARN THAT
MOST SURPRISED YOU?

KEY TAKEAWAYS

- New Hampshire State government has a wide array of revenue sources, which has helped keep tax revenue volatility lower than the national average
- However, State revenues have become more dependent on the behavior of corporate profits, which has increased volatility and could add more in the future
- Property taxes are key for local governments, comprising the majority of total revenue and nearly all tax revenue
- New Hampshire is disproportionately reliant on property taxes relative to all other states when considered at the aggregate state level
- Federal policy decisions impact State finances, and State policy decisions impact local finances, with strong fiscal relationships between levels of governments
- Aggregate reduction in inflation-adjusted State aid to local governments following Great Recession, but recovery in State revenues was followed by resumption of many, but not all, State aid programs

ADDITIONAL NHFPI RESOURCES

- Weekly Newsletter: <https://nhfpi.org/subscribe>
- Publication: New Hampshire Policy Points – Second Edition
<https://nhfpi.org/resource/new-hampshire-policy-points-2025/>
- Podcast: New Hampshire Uncharted
<https://nhfpi.org/podcast/>
- Publication: Revenue in Review: An Overview of New Hampshire's Tax System and Major Revenue Sources – May 24, 2017:
<https://nhfpi.org/resource/revenue-in-review-an-overview-of-new-hampshires-tax-system-and-major-revenue-sources/>
- Report: Property Taxes in New Hampshire: How They Work and How They Compare – April 9, 2026:
<https://nhfpi.org/resource/property-taxes-in-new-hampshire-how-they-work-and-how-they-compare/>



NEWSLETTER: www.nhfpi.org/subscribe

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

PHONE: 603.856.8337

WEBSITE: www.nhfpi.org

EMAIL: info@nhfpi.org

FOLLOW US:



nhfpi



NewHampshireFiscalPolicyInstitute



@nhfpi



nhfpi

NHFPI NEWSLETTER SIGNUP

