

Shifting Sources: A Brief Look at Long-Term State Revenue Trends in New Hampshire

New Hampshire State revenues, which are critical for funding public services supported by the State, vary every year. With the close of State Fiscal Year (SFY) 2025 on June 30 and the State's auditing staff working on the final figures for the year, an early look shows that key revenue sources for the State declined in SFY 2025 relative to the prior year.¹

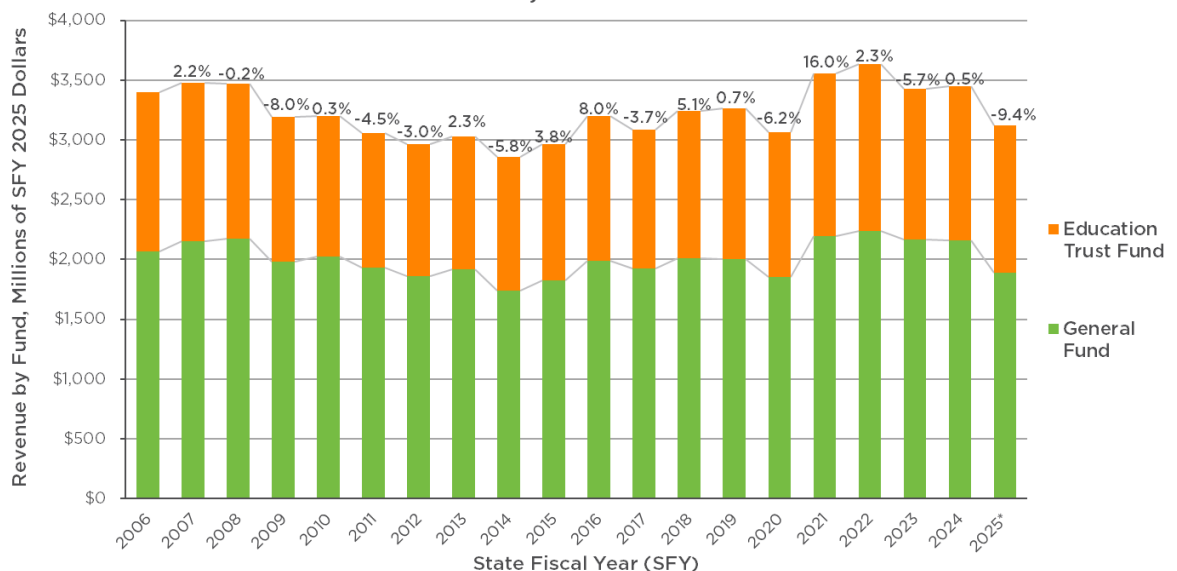
Overall revenues for two of the largest State Budget funds, the General Fund and the Education Trust Fund, declined 9.4 percent from SFY 2024 to SFY 2025, after adjusting for consumer inflation.² Combined revenues to these two funds were expected to support about 44.6 percent of the last State Budget. These combined revenues come from several shared tax and non-tax sources, including most of the State's largest tax revenue sources, but do not include all State revenues.³

Revenue to these two funds increased following the initial impacts of the COVID-19 pandemic, driven primarily by high corporate

KEY POINTS

- New Hampshire's State revenues to the General Fund and Education Trust Fund, after being boosted by high corporate profits and quickly-accelerating housing prices, have declined since 2022
- State revenues are becoming more reliant on gambling and Insurance Premium Tax revenues, while Tobacco Tax and liquor receipts have declined
- Combined business tax receipts were 39 percent of General and Education Trust Funds revenues in State Fiscal Year (SFY) 2023, but declined to about 35 percent in SFY 2025, dropping \$156 million since SFY 2023
- Lottery revenues have increased substantially, in large part due to more legalized gaming, and will likely grow with new sources added this year
- Key questions remain about the future of State revenues, including whether business tax receipts will continue to decline, if Real Estate Transfer Tax revenues will rebound, how much lottery revenues will increase with new sources, and if Liquor Commission receipts will continue to be eroded

GENERAL AND EDUCATION TRUST FUND REVENUE, ADJUSTED FOR INFLATION, WITH CHANGE FROM PRIOR YEAR



*Note: Preliminary data based on unaudited preliminary accrual accounting figures. Figures do not adjust for policy changes.
Sources: New Hampshire Annual Comprehensive Financial Reports, SFYs 2014-2024; New Hampshire Department of Administrative Services Monthly Revenue Focus, Preliminary Accrual SFY 2025; U.S. Bureau of Labor Statistics Consumer Price Index-Urban, Northeast

profits supporting Business Profits Tax revenue and higher home sale prices boosting Real Estate Transfer Tax revenues.⁴ However, revenues have declined since the inflation-adjusted high point of SFY 2022, in part because of lower revenues from those two key sources of growth and in part due to policy choices that have reduced revenue, such as business tax rate reductions and the repeal of the Interest and Dividends Tax.⁵

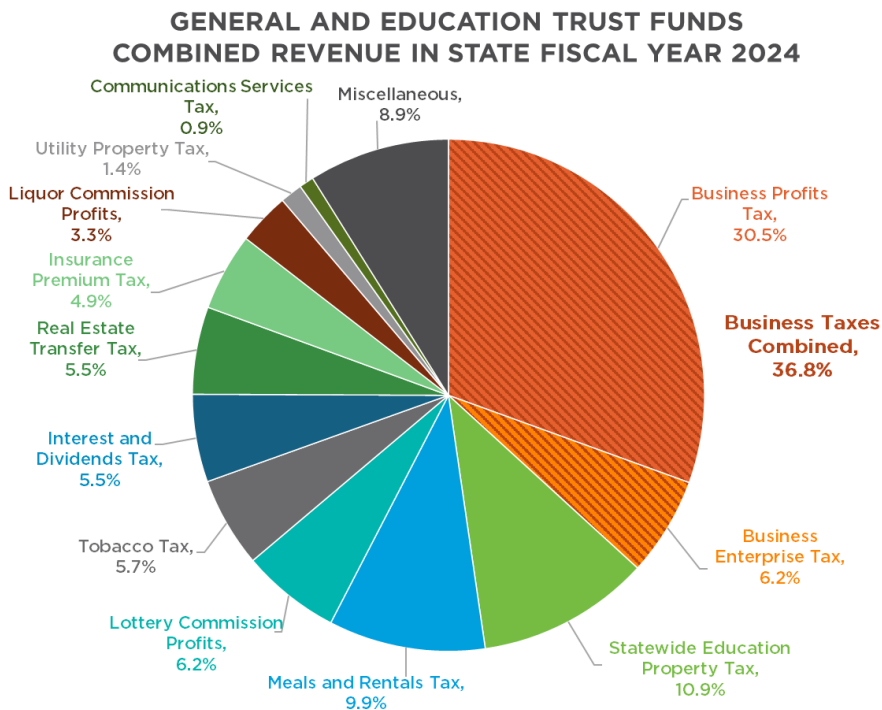
CHANGES BY REVENUE SOURCE OVER TIME

The General Fund and the Education Trust Fund draw from both tax and non-tax revenue sources. Of the State's ten largest tax revenue sources, all of the revenue generated by five of them, and most of the revenue generated by three more of them, flows to at least one of these two funds. The remaining two taxes in the top ten are the Medicaid Enhancement Tax, which supports funding for hospitals and the Medicaid program, and the Motor Fuels Tax, which

generates revenue for the Highway Fund. These taxes are State taxes, so municipal, county, and school district property taxes are not included in these comparisons.⁶

The largest non-tax revenue sources flowing to the General Fund and the Education Trust Fund are the profits from the operations of the Lottery Commission and the Liquor Commission. Total revenues collected by these operations, counting all gaming revenue and liquor sales, are substantially larger than the profits generated for the two State Budget funds, but the profits still remain significant sources of revenue.⁷

The most substantial changes between these sources has been in the relative importance of the combined revenues from the State's two primary business taxes over time. The Business Profits Tax, which collected more than twice as much revenue as the next largest tax revenue source in SFY 2024, and the Business Enterprise Tax are often paid



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

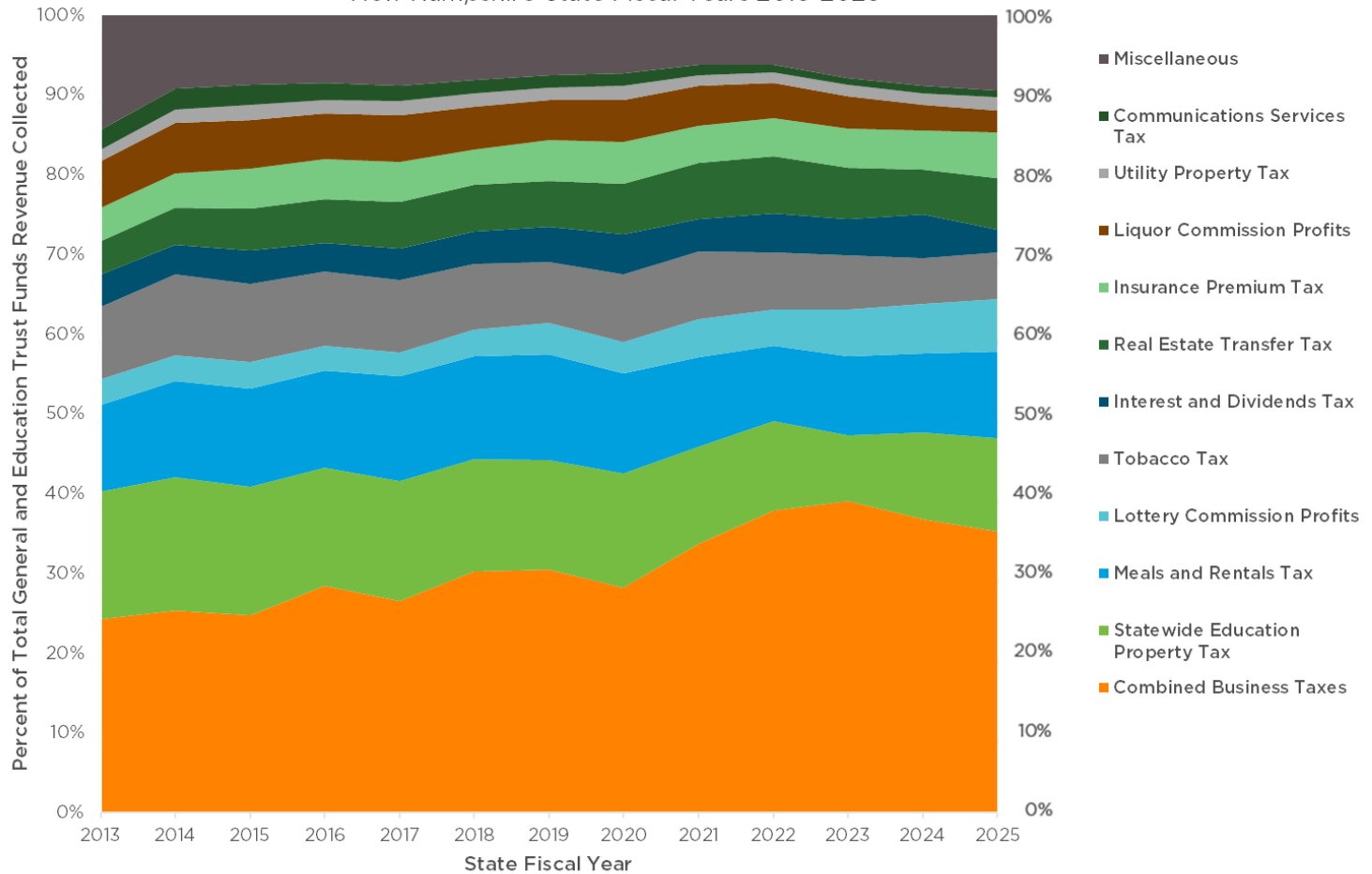
together, and the early figures for SFY 2025 do not show the split between these two taxes.⁸ The combined business taxes accounted for \$1.103 billion in SFY 2025 revenues, which was the largest tax revenue source but \$122.9 million lower than the final audited figures for SFY 2024.

Combined business tax revenues were about 24 percent of total General and Education Trust Funds receipts in SFY 2013, and about 25 percent in each of the next two State fiscal years. These revenues began to grow faster in SFY 2016, after the delayed recovery from the Great Recession.⁹ Business tax revenues rose to about 30 percent of all General and Education Trust Funds revenues in SFYs 2018 and 2019, and then to 38 percent in SFY 2022, boosted by corporate profits following the COVID-19 crisis. However, the peak reliance on combined business taxes for these two funds was about 39.1 percent in SFY 2023; the percentage of combined General and Education Trust Funds revenue from the two business taxes fell to about 35.3 percent in SFY 2025. From SFY 2013 to SFY 2025, unadjusted for inflation, combined business tax revenues nearly doubled.

Other long-term shifts show some tax revenue sources diminishing in importance while others have grown. Tobacco Tax revenues, which are in long-term decline, have fallen both in the amount of revenue collected (-11.0 percent) and as a share of total General and Education Trust Funds revenue (-3.2 percentage points) over the SFYs 2013-2025 period. Real Estate Transfer Tax revenue increased 116.6 percent between these two years, and became more important (2.4 percentage points) as a share of all General and Education Trust Funds revenue. Liquor Commission profits, some of which were diverted to other funds, have also declined by 33.2 percent, or 3.0 percentage points

GENERAL AND EDUCATION TRUST FUND REVENUES BY SOURCE

New Hampshire State Fiscal Years 2013-2025



Sources: New Hampshire Annual Comprehensive Financial Reports; Preliminary Accrual Report SFY 2025

nhfpi.org

relative to the total revenue flowing to these two funds. Lottery Commission profits, however, have increased 173.8 percent with expanded gambling opportunities during this period, and comprised 3.2 percentage points more of total General and Education Trust Funds revenue in SFY 2025 than in SFY 2013.¹⁰

Some Meals and Rentals Tax revenues that previously flowed through the General Fund have been diverted outside of the State Budget, resulting in a growing Meals and Rentals Tax providing a relatively stable share of General and Education Trust Funds revenue over this period.¹¹

RECENT SHIFTS IN MAJOR REVENUE SOURCES

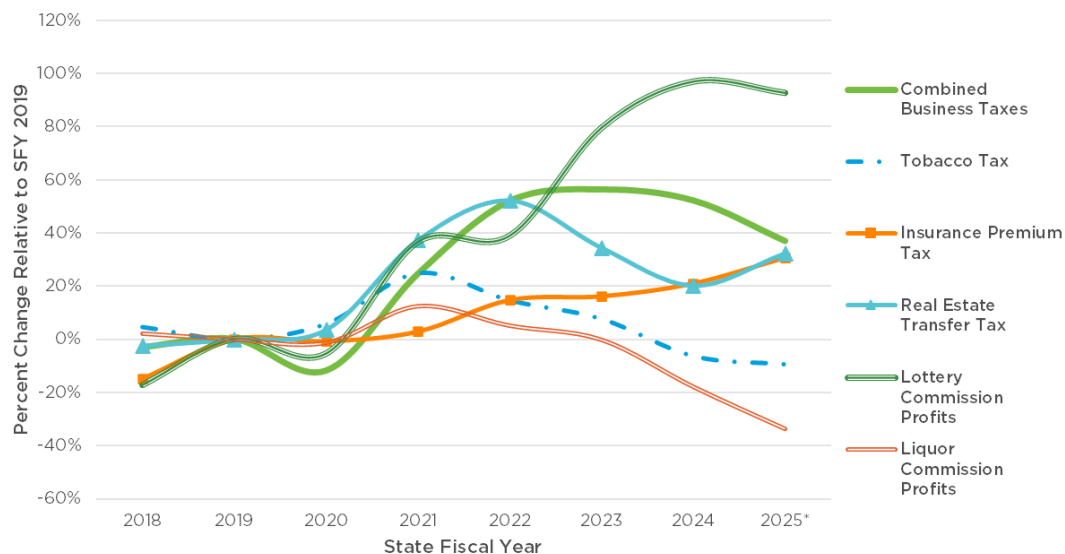
Changes in recent revenues have been driven by significant swings in revenues from the combined business taxes and the Real Estate Transfer Tax, particularly following the COVID-19 pandemic. However, those two revenue sources are not the only factors impacting revenues to the General and Education Trust Funds.

Combined business tax revenues in SFY 2023 were \$453.3 million (56.3 percent) higher than they were in SFY 2019, unadjusted for inflation. While the SFY 2025 preliminary data show these receipts have dropped \$156.3 million (12.4 percent) from SFY 2023 to SFY 2025, they remained about 36.9 percent higher than in SFY 2019, unadjusted for inflation. The increase in business tax revenues accounted for about 62.1 percent of the total increase in General and Education Trust Funds revenues from SFYs 2019 to 2025.

Real Estate Transfer Tax revenue rose nearly as fast following the initial impacts of the pandemic, and have fallen faster since then. Real Estate Transfer Tax revenues increased \$79.7 million (52.1 percent) from SFYs 2019 to 2022 as housing prices and sales increased. Higher interest rates and a lack of inventory, however, slowed the housing market quickly, leaving Real Estate Transfer Tax revenues only 20.2 percent higher than SFY 2019 levels in SFY 2024.

Revenues have recovered to about 32.3 percent higher than SFY 2019 levels in SFY 2025, unadjusted for inflation, but remained \$30.3 million (13.0 percent) below their SFY 2022 peak.

RECENT CHANGES IN KEY GENERAL AND EDUCATION TRUST FUNDS REVENUE SOURCES



*Note: Preliminary data based on unaudited preliminary accrual accounting figures. Figures do not adjust for policy changes or inflation. Sources: New Hampshire Annual Comprehensive Financial Reports, SFYs 2014-2024; New Hampshire Department of Administrative Services Monthly Revenue Focus, Preliminary Accrual SFY 2025

nhfpi.org

However, while revenues from the Real Estate Transfer Tax dropped and combined business tax revenues may still be declining, other revenue sources have partially offset those declines. Lottery Commission revenues increased \$97.8 million (92.6 percent) from SFY 2019 to SFY 2025; the SFY 2025 figure was a slight decline from SFY 2024, but will likely be followed by more gambling revenue after expansions to legalized gaming earlier this year.¹²

Insurance Premium Tax revenues to the General Fund were also \$41.3 million (30.6 percent) higher than in SFY 2019, accelerating significantly SFY 2025. Those revenues helped offset continuing declines in Tobacco Tax revenues and Liquor Commission profits.

QUESTIONS FOR THE FUTURE

The preliminary data reflecting the end of SFY 2025 leaves a few key questions for the near-term future of State revenues. Revenues over the next two years will determine whether the upcoming budget has the benefit of a revenue surplus or if revenues fall short of their targets, which might prompt reductions in services or other adjustments to State programs.

First, will business tax revenues continue their slide, stabilize, or grow? The answer to this question will likely be the most consequential for State revenues going forward. Receipts toward the end of SFY 2025 provided some cause for optimism that these revenues had finished their fall from the post-pandemic high point, but the first two months of SFY 2026 have provided less promise, with collections 19.6 percent below the same time in the prior year. However, September is the first key month in the new year for business tax revenues.¹³

Second, how well do gambling and gaming revenues continue to perform? The newly-renamed State Lottery and Gaming Commission will oversee expanded high-stakes tournaments and Keno hours, higher wagers and lottery ticket prices, and a new source of revenue from legalized Video Lottery Terminals. The expansions to these revenue sources may help generate more revenue than predicted and push lottery receipts to an even more important position in the array of State revenue sources. However, any new revenue source is difficult to forecast.

Third, is the Insurance Premium Tax becoming one of the State's cornerstone revenue sources? This tax on the premiums insurance companies charge policyholders has grown substantially, and generated enough surplus revenue in SFY 2025 to fully offset the losses from slipping Tobacco Tax revenues relative to expectations.

Fourth, will Liquor Commission profits to the General Fund rebound? Liquor Commission revenues have been diverted to key State services funded outside the General Fund in recent years. Liquor sales have also stalled in recent years due to moderation of use among younger adults and competition from recreational cannabis, according

to the Liquor Commission.¹⁴ While policymakers have control over the flow of Liquor Commission profits to different services, continued lower alcohol consumption would affect these profits in the long term.

Fifth, will the volume and prices of home sales still support Real Estate Transfer Tax revenue growth? The number of home sales is up about 3.3 percent in the last twelve months relative to the year before, on average, and the median sale price increased about 6.0 percent across those same periods, according to the New Hampshire Association of Realtors.¹⁵ If interest rates decline, then both prices and sales volume could be supported, and drive more tax revenue growth, in future years, but a housing market unaffordable for many buyers will likely still put downward pressure on sales and growth.

The answers to these questions and others will inform the course of State revenues during the next budget biennium. Recent history and the preliminary SFY 2025 data show some of the key challenges and potential areas of concern facing State revenues. Policymakers seeking to track the State's financial health would benefit from keeping eyes on these data in the months and years to come.

¹ The SFY 2025 data used in this analysis is drawn from the New Hampshire Department of Administrative Services unaudited [Preliminary Accrual](#) report. Data for prior years are drawn from the State's [Annual Comprehensive Financial Reports](#).

² For more information on the General Fund and the Education Trust Fund, and their respective roles in the State Budget, see NHFPI's February 2025 [New Hampshire Policy Points, Second Edition, State Budget](#) chapter.

³ Learn more in NHFPI's presentations [Overview of Fiscal Policy in New Hampshire](#) from April 10, 2025 and [Funding Public Services in New Hampshire](#) from July 23, 2025.

⁴ See NHFPI's April 1, 2025 Issue Brief [Business Tax Rate Reductions Led to Between \\$795 Million and \\$1.17 Billion in Forgone Revenue for Public Services Since 2015](#) and June 16, 2024 blog [May State Revenues Show Continued Decline in Key Tax Revenue Sources](#).

⁵ See NHFPI Informational Testimony Related to the Interest and Dividends Tax from January 16, 2024 and NHFPI's April 1, 2025 Issue Brief [Business Tax Rate Reductions Led to Between \\$795 Million and \\$1.17 Billion in Forgone Revenue for Public Services Since 2015](#).

⁶ For the full list of the top ten largest tax revenue sources for the State and comparisons with local property tax revenue, see NHFPI's presentation [Funding Public Services in New Hampshire](#) from July 23, 2025.

⁷ Learn more about the roles of the Liquor and Lottery Commissions in State revenues in NHFPI's presentation [Funding Public Services in New Hampshire](#) from July 23, 2025, as well as NHFPI's February 2025 [New Hampshire Policy Points, Second Edition, Funding Public Services](#) chapter and NHFPI's May 2017 resource [Revenue in Review: An Overview of New Hampshire's Tax System and Major Revenue Sources](#).

⁸ See NHFPI's [July 23, 2025 presentation](#) [Funding Public Services in New Hampshire](#) to the New Hampshire Government Finance Officers Association, [slide 32](#). See also NHFPI's August 2, 2023 Issue Brief [State Business Tax Rate Reductions Led to Between \\$496 Million and \\$729 Million Less for Public Services](#).

⁹ See NHFPI's August 2, 2023 Issue Brief [State Business Tax Rate Reductions Led to Between \\$496 Million and \\$729 Million Less for Public Services](#).

¹⁰ See NHFPI's June 2025 policy memo in the New Hampshire Business Review [The expanding role of gambling in state finances](#).

¹¹ See NHFPI's August 2021 Issue Brief [The State Budget for Fiscal Years 2022 and 2023](#).

¹² See NHFPI's July 2025 report [The State Budget for Fiscal Years 2026 and 2027](#).

¹³ See NHFPI's September 8, 2025 blog [State Revenues Behind Early Forecasts in Summer Data](#).

¹⁴ See the New Hampshire Liquor Commission's [February 3, 2025 presentation](#) to the House Ways and Means Committee.

¹⁵ See the New Hampshire Association of Realtors [NH Monthly Indicators for August 2025](#).