THE FORUM

PHASE 2 ISSUE BRIEF

Examining New Hampshire's Reliance on Property Taxes

A Narrow Tax Base, Local Burden, And Revenue Trade-Offs

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New Hampshire pays for most local public services in an unusual way. Because the state has no broad-based† sales tax and no broad wage-income tax, it gives towns, counties, and school districts few revenue tools other than the property tax, so local budget decisions show up directly on local property-tax bills. Phase I participants said resting so much on one revenue source strains homeowners, renters, landlords, businesses, and small towns. This brief does not recommend a tax plan. It explains how the system works, how New Hampshire compares to other states, who bears the burden, and the trade-offs behind different responses.

WHAT NEW HAMPSHIRE RESIDENTS ARE SAYING

"Resting all of New Hampshire's costs on property taxes is awful. It forces people out of their homes because they can't pay the taxes, and it increases rent until nobody can afford it."

[P1]

"In the past 8 years, NH has reduced rates on the Business Profit Tax and the Business Enterprise Tax... The result is a transferred burden to towns."

[P1]

"I have to charge $1300/month just to pay taxes. Then I have to add the mortgage, insurance, maintenance, repairs. 3 bedroom house = $4500/month. Ridiculous."

[P1]

These comments show concern and lived experience. They are not used as proof of tax, revenue, or housing-market facts unless separately supported by public sources.

KEY STATISTICS

~61%

Share of New Hampshire local government revenue from property taxes in FY2022, the highest of any state (national average about 27%). [S2]

~60%

Share of all New Hampshire *state and local* tax revenue from property taxes, far above the next-closest state. Nearly all of this is *local* property tax; at the state level the only property tax is the Statewide Education Property Tax (SWEPT)†, about $364 million. [S2] [S8]

~$3,388

New Hampshire property tax per person in FY2022, the second-highest in the nation (national average about $1,943). [S2]

None

New Hampshire has no broad-based sales tax and no broad wage-income tax; the Interest and Dividends Tax† was repealed January 1, 2025. [S1]

OPTIONS AND CHALLENGES

The options below are broad directions people could consider. They are not recommendations; each addresses a different part of the problem and raises trade-offs.

Option family	Problem this responds to	What it might try to change	Key trade-off or challenge	What residents may want to discuss
Preserve the current low-tax structure	Many residents value having no broad-based sales or wage-income tax.	Hold the line on new broad taxes; manage within the current structure.	Leaves property owners carrying most of the load; towns keep few revenue tools.	What is worth preserving about New Hampshire's tax tradition, and at what cost?
Broaden or rebalance state revenue	A narrow revenue base puts recurring pressure on property taxes.	Consider new or expanded state revenue, selective taxes or fees, or tax-base sharing.	New revenue sources create new burdens and political trade-offs.	What kinds of revenue, if any, would residents consider fair enough to reduce property-tax reliance?
Increase state aid to municipalities	Towns receive comparatively little state aid and lean on property taxes.	Increase or redesign aid, including fiscal-capacity†-based or targeted municipal aid.	More aid requires state revenue or spending shifts and can raise control questions.	How much should the state help fund local services, and how should that be paid for?

Option family	Problem this responds to	What it might try to change	Key trade-off or challenge	What residents may want to discuss
Target property-tax relief	Some households feel squeezed even when town budgets are meeting needs.	Expand or redesign credits, exemptions, circuit breakers, or renter-inclusive relief.	Targeting can be fairer but more complex; broad relief may miss those under most pressure.	Who should receive relief first: seniors, low-income households, renters, high-tax towns, or everyone?
Revisit business tax choices	Residents question whether business-tax cuts shifted burden to towns.	Adjust rates, credits, thresholds, or how business-tax revenue is used for local aid.	Evidence about revenue and economic effects is contested.	How should New Hampshire weigh business climate, public revenue, and local tax pressure?
Control costs or prioritize spending	Some residents prefer slowing tax growth before adding revenue.	Shared services, budget rules, capital planning, procurement, or service choices.	Savings may not be enough to address the structural burden.	Where can efficiency help, and where would cuts reduce services residents value?

CROSS-CUTTING TRADE-OFFS

Lower bills vs. replacement revenue: cutting property taxes without a replacement affects services or shifts the burden elsewhere.

A new broad-based tax vs. tradition: many residents value New Hampshire's no-sales/no-income-tax tradition even as it concentrates the burden on property.

State aid and equity vs. local control: more state funding can reduce local rates but may come with state rules.

Homeowners vs. renters: owners see the bill directly; renters may experience property taxes through housing costs.

Business climate vs. public revenue: business-tax choices affect competitiveness arguments and the money available for local aid.

Property-rich vs. property-poor towns: similar needs can produce very different rates depending on the local tax base.

High property tax vs. low overall tax: New Hampshire's property taxes are among the highest in the nation, but its total tax burden is among the lowest; reducing property taxes generally means shifting to another revenue source or cutting services.

KEY QUESTIONS

1. What is the main problem residents want solved: the level of property taxes, the narrow revenue base, the level of state aid, or the level of spending?
2. What trade-offs would residents accept to reduce reliance on property taxes, including whether any new broad-based revenue is on the table?
3. Should the state send more aid to towns, and how should it be funded?
4. If property-tax relief is expanded, should it be broad or targeted, and how should renters be included?
5. How should business-tax choices be weighed against local property-tax pressure?
6. What do residents value about New Hampshire's current tax structure that should be preserved?
7. If the goal is to lower property taxes, where should the replacement come from—a new or broader state revenue source, more state aid, or reduced services—recognizing New Hampshire's overall tax burden is already among the nation's lowest?

STATE OF PLAY

New Hampshire's tax system is distinctive. The state has no broad-based general sales tax and no broad wage-income tax, and its Interest and Dividends Tax was repealed effective January 1, 2025. The Department of Revenue Administration lists the Business Profits Tax at 7.5% and the Business Enterprise Tax at 0.55%. [S1]

The state does raise substantial revenue of its own—in audited fiscal year 2025 its largest sources were the Business Profits Tax (about $834M), the Meals and Rentals Tax (about $482M), SWEPT (about $364M), and the Medicaid Enhancement Tax (about $348M), among others. [S8] What is distinctive is that New Hampshire collects relatively little tax *per person* at the state level and gives municipalities few revenue tools other than the property tax, so local budgets lean heavily on it. A New Hampshire Fiscal Policy Institute analysis of U.S. Census Bureau data reports that in FY2022, New Hampshire local governments relied on property taxes for about 61% of their total revenue, the highest share of any state, and that about 60% of all state and local tax revenue in New Hampshire came from property taxes, far above the next-closest state. [S2] [S8]

Residents also raised the business-tax question, arguing that reductions in the Business Profits Tax and Business Enterprise Tax† shifted cost pressure to towns. The size and effects of those changes are debated: NHFPI analysis argues the

Business Enterprise Tax cuts lowered revenue with limited measurable economic benefit, while others emphasize competitiveness benefits. This brief presents that as a contested debate rather than a settled fact. [S1] [S3] [S6]

HOW THIS WORKS IN NEW HAMPSHIRE

Local tax bills often combine several pieces: municipal, county, local school, and state education taxes, and sometimes village district taxes. Towns and school districts adopt budgets, the Department of Revenue Administration sets tax rates using those budgets and assessed values, and property owners receive bills based on assessed value, rates, and any credits or exemptions. [S1]

A key distinction is between reliance† (the share of revenue that comes from property taxes) and the per-capita amount (the dollars paid per person). New Hampshire ranks at or near the top on both. Because the state provides comparatively little aid and few local revenue alternatives, most changes in service costs show up directly in property-tax bills. Reducing those bills without a replacement requires new revenue, more state aid, or lower spending. [S2]

Renters do not receive the property-tax bill directly, but property taxes are part of landlords' fixed costs and can influence rents alongside many other factors. New Hampshire Housing's 2024 rental cost survey documents rising rents that shape how renters experience overall housing costs. [S4] New Hampshire also offers a Low and Moderate Income Homeowners Property Tax Relief program, which is income-tested and homeowner-focused. [S5]

HOW NEW HAMPSHIRE COMPARES

According to the New Hampshire Fiscal Policy Institute's analysis of U.S. Census Bureau data for Fiscal Year 2022. [S2]

Measure	New Hampshire	National context
Local revenue from property taxes	About 61% (highest of all states)	About 27% nationally
All state and local tax revenue from property taxes	About 60%	Next-closest state about 41%; about 27% average
Property tax per person	About $3,388 (2nd highest)	About $1,943 average
Total local revenue per person	About $5,076 (about 40th)	About $7,021 average

The pattern NHFPI describes is that New Hampshire residents pay among the highest property taxes per person in the country, yet local governments raise relatively little total revenue per person, because the state provides comparatively little aid and towns have few other revenue tools. [S2] [S7]

Property taxes are only one part of the overall tax picture. By national comparisons, New Hampshire's *total* state-and-local tax burden is among the lowest in the country—it has no general sales tax and no broad income tax, and ranks at or near the bottom in state taxes collected per person—even though its *property-tax* reliance and property tax per person are among the highest. In other words, Granite Staters tend to pay a large share of a comparatively low total bill through property taxes. Any conversation about property taxes therefore involves how the overall burden would shift, not just the property-tax line. [S10] [S11]

WHAT IS CURRENTLY BEING TRIED, PROPOSED, OR DEBATED

Area	What is happening	Why residents may care
Tax structure	New Hampshire continues to operate without broad-based sales or wage-income taxes; the Interest and Dividends Tax was repealed in 2025. [S1]	The structure concentrates the burden on property owners and shapes every other option.
Comparative reliance	Analysis points to New Hampshire's reliance on property taxes as the highest in the nation. [S2] [S7]	The comparison frames whether and how to rebalance revenue.
Business taxes	DRA lists business taxes as a major state revenue source; NHFPI and others debate the effects of rate reductions. [S1] [S3] [S6]	Business-tax choices affect state revenue, economic arguments, and possible aid to towns.
Property-tax relief	The state administers an income-tested homeowner relief program. [S5]	Residents can ask whether relief reaches the households under the most pressure, including renters.

GLOSSARY

† Defined in Glossary.

- **Broad-based tax:** A tax that applies generally across the economy, such as a general sales tax or a wage-income tax. New Hampshire has neither.
- **Property tax / assessed value:** A tax on the assessed value of real estate. A bill typically combines municipal, county, local school, and state education rates applied to a property's assessed value.
- **Statewide Education Property Tax (SWEPT):** The only property tax levied at the state level. Since 2005 it has been set to raise a fixed statewide total (about $364 million) and is collected and retained locally.
- **Reliance vs. per capita vs. total burden:** *Reliance* is the share of revenue that comes from a tax; *per capita* is the dollars paid per person; *total burden* is all taxes as a share of income. New Hampshire is high on property-tax reliance and per-capita property tax, but among the lowest on total tax burden.

- **Fiscal capacity:** A community's ability to raise revenue from its local property-tax base, which varies widely between property-rich and property-poor towns.
- **Business Profits Tax (BPT) and Business Enterprise Tax (BET):** New Hampshire's two main state business taxes. The BPT taxes net business profits; the BET taxes a base of wages, interest, and dividends paid by a business.
- **Interest and Dividends Tax:** A former state tax on interest and dividend income, repealed effective January 1, 2025.
- **State aid to municipalities:** Funding the state sends to towns, cities, counties, and school districts. New Hampshire provides comparatively little, which increases reliance on local property taxes.
- **Property-tax relief (credit, exemption, circuit breaker):** Programs that reduce property-tax bills for some taxpayers, such as income-tested relief, exemptions, or a "circuit breaker" that caps tax as a share of income.

SELECTED SOURCES

Source key: `P` sources are Forum process inputs, such as Phase I resident input. `S` sources are public source materials used for factual, legal, program, or background claims.

- **[P1]** Phase I Input: Narrow Tax Base Places Burden On Property Owners: ../00-phase-i-intake/phase-i-input.md
- **[S1]** New Hampshire Department of Revenue Administration, Overview of New Hampshire Taxes, January 21, 2025: https://www.revenue.nh.gov/sites/g/files/ehbemt736/files/documents/1-21-2025-overview-of-nhdra-taxes.pdf
- **[S2]** New Hampshire Fiscal Policy Institute, Property Taxes in New Hampshire: How They Work and How They Compare: https://nhfpi.org/resource/property-taxes-in-new-hampshire-how-they-work-and-how-they-compare/
- **[S3]** New Hampshire Fiscal Policy Institute, Business Enterprise Tax Rate Decreases Have Lowered Revenue with Limited Economic Benefit: https://nhfpi.org/resource/business-enterprise-tax-rate-decreases-have-lowered-revenue-with-limited-economic-benefit/
- **[S4]** New Hampshire Housing, 2024 Residential Rental Cost Survey Report: https://www.nhhfa.org/wp-content/uploads/2024/08/NHH-2024-Residential-Rental-Cost-Survey-Report.pdf
- **[S5]** New Hampshire Department of Revenue Administration, Low and Moderate Income Homeowners Property Tax Relief: https://www.revenue.nh.gov/taxes-glance/low-and-moderate-income-homeowners-property-tax-relief
- **[S6]** Tax Foundation, New Hampshire Tax Rates and Rankings: https://taxfoundation.org/location/new-hampshire/
- **[S7]** New Hampshire Bulletin, New Hampshire unique among states in reliance on property tax, report finds: https://newhampshirebulletin.com/
- **[S8]** New Hampshire Fiscal Policy Institute, The State Budget and Funding for Public Services in New Hampshire (largest state tax revenue sources, audited SFY2025): https://nhfpi.org/assets/2026/03/The-State-Budget-and-Funding-for-Public-Services-in-New-Hampshire_NHTI-3.23.26_for_web.pdf
- **[S9]** New Hampshire Fiscal Policy Institute, New Hampshire Policy Points 2025: Funding Public Services: https://nhfpi.org/blog/new-hampshire-policy-points-2025-funding-public-services/
- **[S10]** Tax Foundation, Facts & Figures 2025: How Does Your State Compare? (per-capita collections and tax-burden tables): https://taxfoundation.org/wp-content/uploads/2025/03/TaxFoundation_FactsFigures2025.pdf
- **[S11]** WalletHub, Tax Burden by State (2026) (total state-and-local tax burden as a share of income): https://wallethub.com/edu/states-with-highest-lowest-tax-burden/20494

Source note: Sources include official data and public records, research and local reporting, and stakeholder perspectives. Claims based on stakeholder perspectives are identified as viewpoints rather than neutral facts. Comparative figures are attributed to NHFPI analysis of U.S. Census Bureau data and should be hand-checked against the dated report before release.

Process note: This issue brief is intended to support real-time community conversations on the described issue. It was produced using a blend of AI-assisted research and design, internal team review, and external expert review where available. We acknowledge the possibility of errors, omissions, and unintended biases.

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