

The New Hampshire 2026-2027 Operating Budget

A RAW DEAL FOR THE GRANITE STATE

New tax cuts for the rich and chaos at the Federal level have combined to put the State of New Hampshire in a difficult financial situation.

In February, Governor Kelly Ayotte proposed a \$16.5 billion two-year budget. Republicans in the legislature are trying to cut \$800 million from that amount, mostly by targeting programs they don't like.

Their proposals will starve funding from vital state programs, forcing towns and cities to raise property taxes to make up the difference.



How did we get here?

Years and of tax cuts, benefiting the wealthy and big corporations, have created a situation where the State just isn't bringing in enough money. **Adjusted for inflation, the State is bringing in less revenue than it was in 2007** – and the state population has grown since then!

One big blow to revenue was the recent repeal of the interest and dividends tax. This tax brought in \$180 million per year, primarily from the wealthy; in 2022, **over 90% of the interest and dividends tax was paid by taxpayers making \$20,000 or more in *unearned* income.**

This is on top of cuts to the business profits tax – primarily paid by large corporations – that have cost the State around \$1 billion in revenue since 2016.

There have been other budget shocks as well – **\$80 million in allocated funds for Health and Human Services were recently clawed back by the Trump Administration**, forcing cancellation of existing state contracts.

Additionally, the **\$76 million a year required to pay for Sununu Center** abuse-related settlements was not included in this budget.

Hands off our resources!

Because they have already cut revenue so much, Republicans are grabbing money for the budget that's already been designated for other purposes.

The Rainy Day fund is being drawn down by \$149 million. That's over half the money that's currently in the fund, being used to make up for the loss of the interest and dividends tax – not an actual rainy day.

They are **co-opting \$34.9 million from the opioid settlement fund**, designated for recovery and harm-reduction efforts, & using it to backfill other reallocated funds.

They are taking another \$11 million from cities and towns by **claiming a larger share of the rooms and meals tax.** This is on top of the regular short-changing the State's been doing to municipal budgets since the tax was introduced years ago.

They are reallocating charitable gaming revenue, **reducing a funding source used by nonprofit organizations and claiming it for the state budget.**

They are **defunding the housing champions program**, which had just been set up to help municipalities address the housing affordability crisis in NH.

What can you do?

Call Governor Kelly Ayotte and tell her to reign in the fanatical Republicans who are sabotaging our state institutions like a common Elon Musk.

Gov. Ayotte's office phone number is:
(603) 271-2121

Join the rally at the State House in Concord: Wednesday April 9 at 12PM

Spread awareness – share this information with people you know. You can find a digital version of this document, together with links to resources at

<https://democracynh.com/2025/budget>



Produced by the Keene City Democrats



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Why is this budget bad for NH?

The Republican budget includes the following proposals harming education and arts:

- **A \$60+ million cut in funding to the University System of New Hampshire**, a \$4 million cut to the community college system, and a \$1.6 million cut to adult education.
- New state-imposed budget caps for every school district – **this is taking away local control**. The majority party in Concord will dictate how much schools can spend and what they teach
- Dissolution of the NH State Council on the Arts, **cutting off grant funding to arts institutions across the state**
- Closure of the state library (fortunately, due to aggressive lobbying, this proposal has been beaten back – **don't mess with librarians**)
- But they will spend an extra \$100 million on expansion of “**Education Freedom Accounts**,” enabling wealthy families to send their kids to private schools on the public dime

Republicans propose the following measures that hurt the most vulnerable:

- **NEW MEDICAID TAX** requiring low-income Granite Staters to pay 5% of their income in order to maintain health care coverage through Medicaid
- Elimination of the **Office of the Child Advocate** – an office dedicated to uncovering abuse and protecting vulnerable children
- Elimination of the **New Hampshire Commission on Aging** (NH has the second oldest population in the country)
- Cancellation of the **Women, Infants and Children Farmer's Market Nutrition Program**, a hunger-relief initiative – slated to start this summer - that would have helped low-income families buy fresh produce at farmers markets
- A late addition to the budget banning “**DEI**” – Diversity, Equity, and Inclusion – in NH Contracts, **defunding public schools that maintain policies identified as DEI**