



## New Hampshire State Budget Summary (HB 1 & HB 2)

Posted September 2023

This year, NHMA was in the enjoyable—and somewhat unusual—position of supporting several budget proposals, including additional state aid, that garnered bipartisan support in both chambers. As evidenced by the overwhelming support in passing the state budget in both chambers, this cooperative atmosphere marked a welcome change of course—and one that ultimately had a positive effect on cities and towns. We believe that legislators have been listening to constituents, local officials, and NHMA explain how past reductions to state aid have impacted local budgets and property taxpayers.

As always, the efforts of local officials made a huge difference throughout the legislative session. Without your phone calls, testimony, and e-mails to your legislators, the work of NHMA's staff would be far more difficult. Thank you for all your work and support. **We also encourage you to thank your legislators who supported local government with their votes.**

### State Budget Overview

[Chapter 106](#) (HB 1) and [Chapter 79](#) (HB 2) comprise the state operating budget appropriations and the statutory changes necessary to implement the budget for the two-year period July 1, 2023 through June 30, 2025. A schedule of state aid to cities, towns and school districts prepared by the Legislative Budget Assistant Office is available [here](#). Below are the highlights of the budget relative to municipal government.

- **Meals & Rooms Tax Distribution.** An estimated **\$121.1 million** in FY 24 with a potential increase to **\$123.5 million** in FY 25 for Meals and Rooms tax distributions to municipalities. The legislature amended the Meals and Rooms statute in 2021 to set the municipal distribution at 30 percent of actual revenues collected through a dedicated fund.
- **Road and Bridge Aid.**
  - **\$32.56 million** in FY 24 and **\$32.35 million** in FY 25 for highway block grants (apportionment A& B) and **\$8 million** in highway block grants under the provisions of SB 367.
  - The budget also established an annual registration surcharge on electric (\$100) and plug-in hybrid (\$50) vehicles, with proceeds credited to the highway fund, effective September 1.
  - **\$6 million** for municipal bridge aid grants.
  - An additional one-time payment of **\$10 million** for highway block grants for municipal road maintenance and repair and **\$10 million** for municipally owned bridges. Please see the guidance document which can be found [here](#).
- **State Aid Environmental Grants for Water, Wastewater, and Landfill Closure.**
  - **\$27.9 million** appropriation to fund wastewater state aid grants (SAG) for municipalities, with an additional **\$15 million** per year in FY 26 and FY 27.

- **\$10.6 million** for public water system grants.
  - **\$830,000** each year to reimburse municipalities involved in flood control compacts.
  - **\$420,000** for landfill closure grants.
- **PFAS Remediation. \$2 million** in funding for PFAS remediation to be added to the PFAS remediation fund.
- **Cyanobacteria Mitigation. \$1 million** to establish the cyanobacteria mitigation grant and loan fund.
- **Solid Waste Management. \$1 million** to establish the Solid Waste Management Fund for a matching grant program for solid waste-related activities.
- **Railroad tax. \$183,000** for railroad tax distributions under RSA 82:21 and RSA 288:69.
- **Land and Community Heritage Investment Program (LCHIP). \$5 million** each year for the LCHIP Program.
- **Body-worn and Dashboard Camera Fund. \$1 million** in competitive grants funding to continue the program.
- **Employee Recruitment and Retention.**
  - **\$1 million** for establishing a law enforcement, professional firefighter and EMT career development, recruitment and retention program.
  - Establishes a commission to study New Hampshire Retirement System (NHRS) benefits and the retention of public employees.
  - Modifies the New Hampshire Retirement System pension recalculation for the Group I (Employee and Teacher) annuity for members who retire on or after July 1, 2023.
  - Provides a \$500 state-funded cost of living stipend for NHRS members who retired on or before July 1, 2018, with at least 20 years of creditable service and whose annual retirement benefit as of June 30, 2023, is not greater than \$40,000.
- **State Contribution to Participating New Hampshire Retirement System Employers. \$0.** No funding was allocated for an NHRS employer contribution.
- **Housing Initiatives.**
  - **\$10 million** for InvestNH, allowing both municipalities and housing developers to access grants.
  - **\$30 million** for the Affordable Housing Fund.
  - **\$5 million** for a new Housing Champion Program, including a housing production municipal grant program and a housing infrastructure municipal grant and loan program.
  - **\$10 million** for funding to increase rates for shelter programs and to assist cities and towns with housing expenses for homeless people.
- **Childcare Funding. \$15 million** to expand childcare availability state-wide.
- **Medicaid and Health Care.**
  - **\$134 million** increase for Medicaid reimbursements, and a **seven-year reauthorization** for New Hampshire's Medicaid Granite State Advantage.
  - **\$1.4 million** for Medicaid post-partum coverage.
  - **\$5.8 million** increase for Ambulance provider reimbursements rates for certain services.
- **Cybersecurity. \$1.2 million** for FY 24 and **\$1.6 million** for FY 25 for the state match to a federal grant, the Local Cybersecurity Grant Program, which will provide direct grant assistance to cities and towns, and **\$400,000** for the state-attorney general to prosecute cybercrime.

- **Education Aid.** Increases state aid to local school districts totaling **\$81,837,936** more in FY 24 than FY 22 and **\$74,133,440** more in FY 25 than FY 22 and provides targeted aid to schools in need. A municipality-by-municipality breakdown of education funding can be found [here](#).
- **School Building Aid.** **\$100** million in building aid with **\$49** million for new projects.
- **Public School Infrastructure.** **\$10 million** for the Public School Infrastructure Fund for safe schools.
- **Stabilization Fund.** Increases the state “rainy day fund” balance to an estimated **\$222 million**.
- **Municipal Aid.** **\$0.** No provision for municipal aid.
- **Revenue Sharing.** **\$0.** Continues to suspend revenue sharing under RSA 31-A which had provided \$25.2 million per year to municipalities. This program has been suspended since 2010 and every year thereafter.