

HB 1596-FN - AS INTRODUCED

2026 SESSION

26-2942
07/08

HOUSE BILL ***1596-FN***

AN ACT relative to the collection of certain health care program premiums; funding for the university system of New Hampshire; and raising the tobacco tax.

SPONSORS: Rep. Stringham, Graf. 3; Rep. Spahr, Graf. 12; Rep. Burton, Straf. 10

COMMITTEE: Ways and Means

ANALYSIS

This bill:

- I. Raises the tobacco tax.
- II. Appropriates moneys to the university system of New Hampshire.
- III. Repeals the collection of certain healthcare premiums.

Explanation: Matter added to current law appears in ***bold italics***.
Matter removed from current law appears ~~[in brackets and struckthrough.]~~
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty-Six

AN ACT relative to the collection of certain health care program premiums; funding for the university system of New Hampshire; and raising the tobacco tax.

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

1 1 Taxation; Tobacco Tax; Tax Imposed. Amend RSA 78:2, I to read as follows:

2 I. A tax on all cigarettes and little cigars sold at retail in this state is imposed upon the
3 consumer at the rate of [~~\$1.78~~] **\$2.80** for each package containing 20 cigarettes or little cigars or at a
4 rate proportional to such rate for packages containing other than 20 cigarettes or little cigars.

5 2 New Section; Education; University System; Annual Appropriation. Amend RSA 187-A by
6 inserting after section 2-c the following new section:

7 187-A:2-d Annual Appropriation. There is hereby appropriated annually the sum of \$18,000,000
8 to the university system of New Hampshire, in addition to any other sums appropriated, for deposit
9 in account number 06-50-50-506010-1855, for the purpose of restoring higher education funding to
10 2024 budget levels. The governor is authorized to draw a warrant for said sum out of any money in
11 the treasury not otherwise appropriated.

12 3 Repeals. The following are repealed:

13 I. RSA 126-A:3, IX, relative to the collection of premiums for the children's health insurance
14 program.

15 II. RSA 126-AA:2-a, relative to the collection of premiums for the New Hampshire granite
16 advantage health care program.

17 4 Effective Date. This act shall take effect July 1, 2026.

**HB 1596-FN- FISCAL NOTE
AS INTRODUCED**

AN ACT relative to the collection of certain health care program premiums; funding for the university system of New Hampshire; and raising the tobacco tax.

FISCAL IMPACT:

Estimated State Impact				
	FY 2026	FY 2027	FY 2028	FY 2029
Revenue	\$0	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase
<i>Revenue Fund(s)</i>	General Fund and Education Trust Fund			
Expenditures*	\$0	\$34,000,000	\$34,000,000	\$34,000,000
<i>Funding Source(s)</i>	General Fund			
Appropriations*	\$0	\$18,000,000	\$18,000,000	\$18,000,000
<i>Funding Source(s)</i>	General Fund			

*Expenditure = Cost of bill

*Appropriation = Authorized funding to cover cost of bill

METHODOLOGY:

This bill raises the tobacco tax from \$1.78 to \$2.80 per pack of 20 cigarettes or little cigars or at a rate proportional to such rate for packages containing other than 20 cigarettes or little cigars, appropriates \$18,000,000 of general funds annually to the University System of New Hampshire, and repeals the premiums for the children's health insurance program and NH granite advantage health care program.

The bill does not address tobacco stamps sold prior to July 1, 2026 and affixed to packages sold at retail on or after July 1, 2026.

The Department of Revenue Administration states this bill will increase General Fund and Education Trust Fund revenue by an indeterminable amount beginning in FY 2027. Though the Department is not able to predict future tobacco stamp sales, it can use FY 2025 information to estimate the FY 2027 potential impact. In FY 2025, there were tobacco stamp sales of 82,218,000 resulting in \$146,300,000 in revenue at \$1.78 per pack. Increasing the rate to \$2.80 per pack would have yielded \$230,200,000 in tobacco stamp sales revenue, an increase of \$83,900,000 of revenue. The table below shows the estimated tobacco revenue increase and the distribution to the General Fund and Education Trust Fund.

Table 1: Estimated Impact of Increasing Tobacco Stamp Rate (In Millions)

Fiscal Year	Total Estimated Tobacco Stamp Revenue Increase	Portion to General Fund (61%)	Portion to Education Trust Fund (39%)
FY 2027	\$83.9	\$51.2	\$32.7

The Department would need to update all necessary tax return forms and the Revenue Information Management System (RIMS) relative to the change to the tobacco tax. The Department would be able to absorb these costs without any additions to its operating budget but does not believe it could make the necessary changes by the effective date of this bill.

This bill appropriates \$18,000,000 of general funds annually to the University System of New Hampshire. This will increase state general fund expenditures by \$18,000,000 each year.

The premiums on the insurance programs was intended to decrease general fund expenditures. The repeal of the premiums for the children's health insurance program will increase expenditures by approximately \$11 million in FY 2027 and each year thereafter. The repeal of the premiums for the NH granite advantage health care program will increase expenditures by approximately \$5 million in FY 2027 and each year there after.

AGENCIES CONTACTED:

Department of Revenue Administration