

# Department of Revenue Administration

## Revenue Estimates

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The Department of Revenue Administration (DRA) has developed FY2025 through FY2027 revenue estimate ranges for the following taxes: Business Profits Tax (BPT), Business Enterprise Tax (BET), Meals and Rentals Tax, Tobacco Tax, Interest and Dividends Tax, Communications Services Tax, Real Estate Transfer Tax, and Utility Property Tax. The DRA estimates were calculated by adjusting FY2025 based on currently available data through April, expected monthly revenues, and considering the impacts of tax law changes. Lastly, these estimates are subject to change.

<b>Estimate Scenarios</b>	<b>Description</b>
<b>Plan</b>	State of NH FY2025 Revenue Plan for the General & Education Trust Funds combined
<b>Sustaining % versus Plan</b>	Actual revenue for the first ten months of FY2025 plus sustaining % vs Plan for the last two months of FY2025
<b>Year-Over-Year Growth</b>	Actual revenue for the first ten months of FY2025 plus sustaining % vs prior year for the last two months of FY2025
<b>Actual with Plan</b>	Actual revenue for the first ten months of FY2025 with Plan revenue for the last two months of FY2025
<b>Actual with Prior Year</b>	Actual revenue for the first ten months of FY2025 with actual prior year revenue for the last two months of FY2025

## Business Taxes BPT & BET: Split 78.3% BPT 21.7% BET

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**Factors to consider:**

- FYTD we are \$156.2m or 14.9% below Plan
- FYTD we are \$134.4m or 13.1% below prior year
- Economic growth with resetting of estimated payments
- Supply chain constraints-disruptions in ports and factories, tariffs or sanctions
- Low unemployment rate
- Interest rate changes

DRA Taxes - FY2025 thru FY2027 Revenue Estimate Ranges								
Business Taxes	FY2025 DRA Low	FY2025 DRA High		DRA FY2026 Low Range	DRA FY2026 High Range		DRA FY2027 Low Range	DRA FY2027 High Range
\$ in Millions	\$1,063.7	\$1,102.8		2%	8%		2%	8%

**DRA Revised FY2025 Estimate Range:**

- Low: \$195.3m or 16% below Plan
  - Actual revenue for the first ten months of FY2025 plus sustaining % vs prior year for the last two months of FY2025
- High: \$156.2m or 12% below Plan
  - Actual revenue for the first ten months of FY2025 with Plan revenue for the last two months of FY2025

**DRA Revised FY2026 and FY2027 Growth Estimate Range:**

- FY2026: 2% to 8%
  - Low reflects recent increase in economic uncertainty
  - High reflects potential growth in business taxes as taxpayers finish adjusting for overpayments which decreased revenues seen in FY2024 and FY2025
- FY2027: 2% to 8%
  - Historic long-term business tax growth trend

## Meals & Rentals Tax (Historical Breakdown: 80% meals, 18% rooms and 2% motor vehicles)

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**Factors to consider:**

- FYTD \$9.9m or 3.6% ahead of Plan
- FYTD \$7.6m or 2.7% ahead of prior year
- Inflation impact on the cost of meals
- International visitor travel trends
- Transfers to the Municipal Revenue Fund (MF) in accordance with RSA 78-A:26 and School Building Aid Debt Service (SBA) in accordance with RSA 78-A:26, I(a)

DRA Taxes - FY2025 thru FY2026 Revenue Estimate Ranges								
Meals and Rentals Tax	FY2025 DRA Low	FY2025 DRA High		DRA FY2026 Low Range	DRA FY2026 High Range		DRA FY2027 Low Range	DRA FY2027 High Range
\$ in Millions	\$477.0	\$479.9		0%	5%		2%	5%
Transfers to MF & SBA	-\$143.2	-\$143.2		-\$145.4	-\$146.2		-\$145.0	-\$152.9
Net	\$333.8	\$336.7						

**DRA Revised FY2025 Estimate Range:**

- Low: \$8.8m or 3% ahead of Plan
  - Actual revenue for the first ten months of FY2025 with actual prior year revenue for the last two months of FY2025
- High: \$11.7m or 4% ahead of Plan
  - Assumes actual revenue for the first ten months of FY2025 plus sustaining % vs Plan for the last two months of FY2025

**DRA Revised FY2026 and FY2027 Growth Estimate Range:**

- FY2026: 0% to 5%
  - Low assumes that the impact of inflation and/or slowing economy and decline in international visitors keeps M&R flat
  - High assumes continued increases in demand and/or prices
- FY2027: 2% to 5%
  - Historical growth rates for M&R

**Tobacco Tax** (FY2024 YTD Revenue Breakdown: 83% Cigarette Stamps and 17% Other Tobacco Products)

**Factors to consider:**

- FYTD we are \$24.1m or 13.6% below Plan
- FYTD we are \$7.0m or 4.4% below prior year
- Stamps sales are declining while Other Tobacco Products (OTP) sales are growing
- Availability of products in surrounding states and cross-border elasticity

**DRA Taxes - FY2025 thru FY2027 Revenue Estimate Ranges**

Tobacco Tax	FY2025 DRA Low	FY2025 DRA High	DRA FY2026 Low Range	DRA FY2026 High Range	DRA FY2027 Low Range	DRA FY2027 High Range
\$ in Millions	\$183.3	\$183.9	-5%	-3%	-3%	0%

**DRA Revised FY2025 Estimate Range:**

- Low: \$29.0m or 14% below Plan
  - Assumes actual revenue for the first ten months of FY2025 plus sustaining % vs Plan for the last two months of FY2025
- High: \$28.4m or 13% below Plan
  - Assumes actual revenue for the first ten months of FY2025 with actual prior year revenue for the last two months of FY2025

**DRA Revised FY2026 and FY2027 Growth Estimate Range:**

- FY2026: -5% to -3%
  - Historic year-over-year reductions in cigarette stamp sales due to cessation efforts slightly offset by an increase in OTP
- FY2027: -3% to 0%
  - Growth consistent with historic trends

## Interest & Dividends Tax

*TY 2023 Breakdown: 32.5% Taxable Annuities or Actual Cash & Property Distributions, 35.6% Dividend Income, 26.9% Interest Income and 5.0% Federal Tax Exempt Interest Income*

### Factors to consider:

- FYTD we are \$12.5m or 15.6% ahead of Plan
- FYTD we are \$68.6m or 42.5% below prior year
- I&D repealed effective tax years beginning on or after January 1, 2025
- Residual revenues received from returns filed on extension and tax notice activity after FY2025

DRA Taxes - FY2025 thru FY2027 Revenue Estimate Ranges								
Interest and Dividends Tax	FY2025 DRA Low	FY2025 DRA High		DRA FY2026 Low Range	DRA FY2026 High Range		DRA FY2027 Low Range	DRA FY2027 High Range
\$ in Millions	\$144.3	\$155.6		-	-		-	-
Tax Law Changes	-\$49.8	-\$49.8		-\$85.8	-\$97.1		-\$8.7	-\$8.7
Net Tax Law Changes	\$94.5	\$105.8		\$8.7	\$8.7		\$0	\$0

### DRA Revised FY2025 Estimate:

- Low: \$12.5m or 15% above Plan
  - Assumes actual revenue for the first ten months of FY2025 with Plan revenue for the last two months of FY2025, minus the impact of the rate reduction
- High: \$23.8m or 29% above Plan
  - Assumes actual revenue for the first ten months of FY2025 plus sustaining % vs prior year for the last two months of FY2025, minus the impact of the rate reduction

### DRA Revised FY2026 and FY2027 Growth Estimate Range:

- FY2026: No growth
  - I&D repealed effective tax years beginning on or after January 1, 2025. FY2026 assumes residual revenues from returns filed on extension and tax notice activity
- FY2027: No growth
  - I&D repealed effective tax years beginning on or after January 1, 2025. FY2027 assumes minimal additional revenue from tax notice activity

## Communications Services Tax

**Factors to consider:**

- FYTD we are \$1.1m or 4.3% below Plan
- FYTD we are \$1.6m or 6.2% below prior year
- Use of video conferencing
- Decreased use of VoIP and traditional telephone
- Shift in allocation of billing of wireless plans from voice to data

DRA Taxes - FY2025 thru FY2027 Revenue Estimate Ranges								
Communications Services Tax	FY2025 DRA Low	FY2025 DRA High		DRA FY2026 Low Range	DRA FY2026 High Range		DRA FY2027 Low Range	DRA FY2027 High Range
\$ in Millions	\$28.7	\$30.0		-3%	0%		-3%	0%

**DRA Revised FY2025 Estimate:**

- Low: -\$1.3m or -4% below Plan
  - Assumes actual revenue for the ten months of FY2025 plus sustaining % vs prior year for the last two months of FY2025
- High: No change from Plan
  - Assumes FY2025 Plan

**DRA Revised FY2026 and FY2027 Growth Estimate Range:**

- FY2026: -3% to 0%
- FY2027: -3% to 0%

## Real Estate Transfer Tax

**Factors to consider:**

- FYTD we are \$4.1m or 2.4% below Plan
- FYTD we are \$16.8m or 11.0% ahead of prior year
- FYTD amounts are net of the \$5m transfer to the Affordable Housing Fund (AHF) as provided in RSA 78-B:13, III
- Mortgage interest rates have increased and remained steady at the higher rates
- Median sales price remains at a high level
- Inventory shortage, cost of building supplies, and a lower affordability factor

DRA Taxes - FY2025 thru FY2027 Revenue Estimate Ranges								
Real Estate Transfer Tax	FY2025 DRA Low	FY2025 DRA High		DRA FY2026 Low Range	DRA FY2026 High Range		DRA FY2027 Low Range	DRA FY2027 High Range
\$ in Millions	\$206.2	\$210.9		3%	8%		3%	8%
Transfers to AHF	-\$5.0	-\$5.0		-\$5.0	-\$5.0		-\$5.0	-\$5.0
Net Transfers	\$201.2	\$205.9						

**DRA Revised FY2025 Estimate Range:**

- Low: -\$8.8m or 4% below Plan
  - Actual revenue for the first ten months of FY2025 with actual prior year revenue for the last two months of FY2025
- High: \$4.1m or 2% below Plan
  - Assumes actual revenue for the first ten months of FY2025 with Plan revenue for the last two months of FY2025

**DRA Revised FY2026 and FY2027 Growth Estimate Range:**

- FY2026: 3% to 8%
  - Assumes a small rebound after the post real estate peak decline caused by a lack of available and affordable inventory
- FY2027: 3% to 8%
  - Assumes historical trends are maintained

## Utility Property Tax

**Factors to consider:**

- FYTD \$4.6m or 14.0% ahead of Plan
- FYTD \$1.0m or 2.7% below prior year
- Fluctuations in property value
- New taxable property may be constructed
- Taxpayers using credits on account

DRA Taxes - FY2025 thru FY2027 Revenue Estimate Ranges								
Utility Property Tax	FY2025 DRA Low	FY2025 DRA High		DRA FY2026 Low Range	DRA FY2026 High Range		DRA FY2027 Low Range	DRA FY2027 High Range
\$ in Millions	\$47.6	\$49.0		0.0%	3.0%		0.0%	3.0%

**DRA Revised FY2025 Estimate:**

- Low: \$4.6m or 11% ahead of Plan
  - Assumes actual revenue for the first ten months of FY2025 with Plan revenue for the last two months of FY2025
- High: \$6.0m or 14% ahead of Plan
  - Actual revenue for the first ten months of FY2025 plus sustaining % vs Plan for the last two months of FY2025

**DRA Revised FY2026 and FY2027 Growth Estimate Range:**

- FY2026: 0% to 3%
- FY2027: 0% to 3%

## DRA Estimated Revenues

### Summary of Taxes

The table below summarizes the DRA’s estimated revenue ranges for FY2025 as well as growth ranges for FY2026 thru FY2027. Growth rates are not net of tax law changes and transfers.

DRA Taxes - FY2025 thru FY2027 Revenue Estimate Ranges								
\$ in Millions	FY2025 DRA Low	FY2025 DRA High		DRA FY2026 Low Range	DRA FY2026 High Range		DRA FY2027 Low Range	DRA FY2027 High Range
Business Taxes	\$1,063.7	\$1,102.8		2%	8%		2%	8%
Meals and Rentals Tax	\$333.8	\$336.7		0%	5%		2%	5%
Tobacco Tax	\$183.3	\$183.9		-5%	-3%		-3%	0%
Interest and Dividends Tax	\$94.5	\$105.8		-	-		-	-
Communications Services Tax	\$28.7	\$30.0		-3%	0%		-3%	0%
Real Estate Transfer Tax	\$201.2	\$205.9		3%	8%		3%	8%
Utility Property Tax	\$47.6	\$49.0		0%	3%		0%	3%

FY2025 through FY2027 Comparison of Revenues

	FY2024 Audited Revenue	FY2025 Plan	FY2025 Revised				FY2026 Estimates				FY2027 Estimates							
			Pre April Data		With April Data		Pre April Data		With April Data		Pre April Data		With April Data					
			Gov. Est. 2/13/25	HWM 2/11/25	DRA Low 4/29/25	DRA High 4/29/25	Gov. Est. 2/13/25	HWM 2/11/25	DRA Low 4/29/25	DRA High 4/29/25	Gov. Est. 2/13/25	HWM 2/11/25	DRA Low 4/29/25	DRA High 4/29/25				
<i>\$ in Millions</i>																		
<b>Business Taxes</b>	\$1,225.7	\$1,259.0	\$1,119.7	\$1,030.0	\$1,063.7	\$1,102.8	\$1,209.2	\$1,060.0	\$1,085.0	\$1,191.0	\$1,245.5	\$1,102.0	\$1,106.7	\$1,286.3	8.0%	2.9%	2.0%	8.0%
<b>Meals &amp; Rentals Tax</b>	\$329.8	\$325.0	\$336.4	\$333.9	\$333.8	\$336.7	\$353.2	\$348.5	\$331.6	\$357.7	\$370.9	\$361.3	\$341.5	\$376.2	5.0%	4.4%	-0.7%	6.2%
<b>Tobacco Tax</b>	\$189.5	\$212.3	\$185.3	\$183.5	\$183.3	\$183.9	\$179.7	\$176.1	\$174.1	\$178.4	\$179.7	\$173.5	\$168.9	\$178.4	-3.0%	-4.0%	-0.7%	6.2%
<b>Interest &amp; Dividends Tax</b>	\$184.6	\$82.0	\$134.3	\$134.3	\$94.5	\$105.8	\$8.7	\$8.7	\$8.7	\$8.7	\$0.0	\$0.0	\$0.0	\$0.0	-93.5%	-93.5%	-90.8%	-91.8%
<b>Communications Services Tax</b>	\$30.6	\$30.0	\$30.0	\$29.5	\$28.7	\$30.0	\$30.0	\$29.1	\$27.8	\$30.0	\$30.0	\$28.7	\$27.0	\$30.0	0.0%	-1.4%	-3.0%	0.0%
<b>Real Estate Transfer Tax</b>	\$183.8	\$210.0	\$198.2	\$199.4	\$201.2	\$205.9	\$214.0	\$210.7	\$207.4	\$222.8	\$231.1	\$222.8	\$213.8	\$241.0	8.0%	5.7%	3.1%	8.2%
<b>Utility Property Tax</b>	\$46.8	\$43.0	\$46.7	\$45.2	\$47.6	\$49.0	\$46.7	\$45.9	\$47.6	\$50.5	\$46.7	\$46.6	\$47.6	\$52.0	0.0%	1.5%	0.0%	3.0%
<b>Grand Total</b>	\$2,190.8	\$2,161.3	\$2,050.6	\$1,955.8	\$1,952.8	\$2,014.1	\$2,041.5	\$1,879.0	\$1,882.1	\$2,039.1	\$2,103.9	\$1,934.9	\$1,905.4	\$2,163.9	-0.4%	-3.9%	-3.6%	1.2%