

Excerpts from: "Fingertip Facts"—2004 Edition, a publication of the Manchester (NH) Economic Development Office, One City Hall Plaza, Manchester, NH 03101, (603) 624-6505, econdev@ci.manchester.nh.us.

LOCAL TAXES

1. Real Estate and Property Tax

NH Revised Statutes Annotated 72-7 defines real estate as lands, buildings, etc. Effective April 1, 1999 New Hampshire's property tax system includes a state education property tax which will be assessed and collected by local municipalities by assessing an amount equal to \$5.49 per \$1,000 of total equalized value of all non-utility property in the community.

2004 tax rate (Manchester).....\$26.40 per \$1000.

A revaluation of all city properties was completed in 2001.

2. Other Taxes and Fees

a. Auto Registration Permit: 1st year \$18, 2nd year \$15, 3rd year \$12, 4th year \$9, 5th year \$6, and thereafter \$3 per \$1,000 of factory list price. In addition, the City of Manchester charges a waste reclamation fee of \$5 for vehicles weighing over 18,000 pounds, \$3 for passenger vehicles, and \$2 for trailers, motorcycles and mopeds.

b. Building Permits: assessed by City Building Department with fee varying according to type and amount of work permitted. Specifications are based upon 2000 International Building Code provisions.

c. Sewer Entrance Permit: commercial/industrial, \$250-300; residential, \$150-200.

d. Municipal Licenses: includes special business permits (theaters, dance halls, junk dealers, wood dealers, private employment agencies, taxicabs, taxi drivers and stores operating on Sunday), marriage licenses, dog licenses and filing fees for candidates for local offices.

STATE TAXES

New Hampshire is the only state in the continental United States which has neither an earned income nor a general sales tax. A tax on income from interest and dividends exceeding \$2,400 per taxpayer per year is assessed at a rate of 5%.

1. **Business Enterprise Tax** at a rate of 0.75% of the "taxable enterprise value" of every business enterprise having gross business receipts in excess of \$150,000, or having an enterprise tax base--compensation, interest and dividends--over \$75,000. Amounts paid under the BET may be credited against the Business Profits Tax.

2. **Business Profits Tax** (RSA Chapter 77-A) on "taxable income before net operating loss deduction and special deductions" at the rate of 8.5% on any enterprise "organized for gain or profit, carrying on any business activity within the State, except such enterprises as are expressly made exempt under the Internal Revenue Code."

3. **Unemployment Compensation Tax** levied on employers having one or more workers for at least 20 weeks or gross wages of at least \$1500 in any calendar quarter of 1972 or thereafter. Employers pay a tax on the first \$8000 of each employee's earnings. The initial rate for new enterprises is 2.7% with a variable fund balance reduction allowance that may be applied to rates, depending upon the balance of the New Hampshire Unemployment Compensation Fund. A merit rating formula, when in effect, begins after 2 1/2 years of coverage, and rates assigned each July 1st represent the individual employer's payroll experience. The average rate in 2003 as about 1.2%

4. **Communications Services Tax** of 7% on all two-way communications, with the first \$12 of local residential phone bills exempt.

5. **Corporation Fees:**

a. Domestic Corporations	
1. Articles of Incorporation.....	\$35.00
2. Addendum to Articles of Incorporation.....	\$50.00
3. Annual report fee.....	\$100.00
b. Foreign Corporations	
1. Certificate of Authority.....	\$35.00
2. Addendum to Application for Certificate of Authority.....	\$50.00
3. Annual report fee.....	\$100.00

Most costs of state government are met by excise taxes on gasoline, pari-mutuel betting, liquor and beer, tobacco products, an 8% Meals and Rentals Tax and the Business Profits and Business Enterprise Taxes. Highway construction and maintenance and most motor vehicle enforcement are paid for by road tolls, gasoline taxes and motor vehicle license and registration fees (based on vehicle weight). Revenue derived from state-operated sweepstakes is used for state aid

to education and is distributed to towns and cities on a per capita basis.