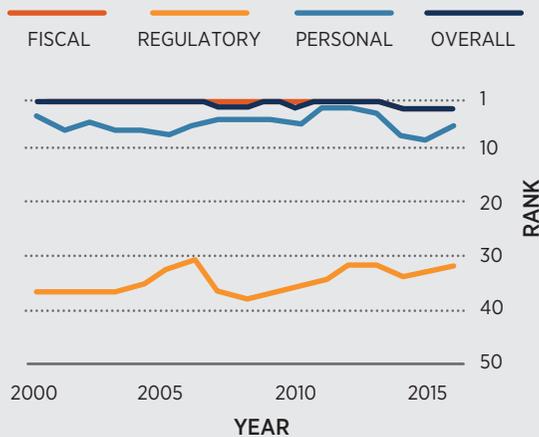


NEW HAMPSHIRE

2016 RANK
2nd



POLICY RECOMMENDATIONS

- Fiscal:** Local governments need to get a handle on school spending and taxes. State government may be able to help by moving town meetings and local elections to coincide with state elections, boosting turnout and diluting the political power of insiders.
- Regulatory:** Review local zoning ordinances, and strike down those that increase the price of new housing beyond that needed to pay for the cost of new infrastructure.
- Personal:** Legalize more forms of private gambling that pay out at a higher ratio than the state lottery and therefore, even for anti-gambling advocates, should be considered less exploitative.



Population, 2017
1,342,795

Net Migration Rate
2.9%



State Taxes, Percent of Personal Income, FY 2017
3.01%

Local Taxes, Percent of Personal Income, FY 2015
5.34%

Partisan Lean, 2016
R +1.4



Real Per Capita Personal Income, 2016, in 2009 \$
\$47,837

Real Personal Income Growth, CAGR, 2000-15
1.8%

ANALYSIS

Despite big improvements in recent years, New Hampshire—the second freest state—has been overtaken by Florida. In the more distant past, New Hampshire had a huge lead over the rest of the country on fiscal policy, a lead that dissipated between 2000 and 2008 because of big increases in local property taxes, which were in turn driven by growth in education spending. The three states of northern New England pose a stark contrast in economic policies and, for most of the late 20th and early 21st centuries, economic outcomes.

New Hampshire's state government taxes less than any other state but Alaska. We show a decline in state taxes as a share of adjusted personal income from 3.7 percent in FY 2000 to a projected 3 percent today. Meanwhile, local taxes have risen from 3.9 percent of income in FY 2000 to 5.3 percent in FY 2015. New Hampshire is therefore a highly fiscally decentralized state. Granite Staters have quite a wide choice in local government, with two and a half competing jurisdictions per every 100 square miles. Government debt, consumption, and employment are all much lower than average, and in all these categories we see improvements since 2010. However, cash and security assets are below average and have been dropping.

New Hampshire's regulatory outlook is not so sunny. Its primary sin is exclusionary zoning. It is generally agreed that the Granite State is one of the four worst states in the country for residential building restrictions. Part of the problem might be the absence of a regulatory taking law. However, the eminent domain law is strong. On labor-market freedom, New Hampshire is below average primarily because of the absence of a right-to-work law and of any exceptions to the workers' compensation mandate. New Hampshire has no state-level minimum wage. Health insurance mandates are low, but the state mandates direct access to specialists, hobbling managed care. A telecommunica-

tions deregulation bill was passed in 2011-12, but the state has not yet adopted statewide video franchising. The state is above average on occupational freedom solely because the health professions enjoy broad scope of practice; the extent of licensing grew significantly during the 2000s—and more recently in 2016—and the state is now worse than average on most indicators of licensing extent. Insurance freedom is generally better than average, except for some rate classification prohibitions. The hospital certificate-of-need law was abolished in 2011-12, but that only became effective in 2016. Household goods movers are still licensed. There are no price-gouging or sales-below-cost laws. New Hampshire is one of the least cronyist states. The state's civil liability system is far above the national average; punitive damages were abolished long ago.

New Hampshire is personally relatively free. Incarceration rates and drug arrest rates are low but rose significantly after 2011. Nondrug victimless crime arrests are only about average. The state enacted a significant asset forfeiture reform in 2016. Tobacco freedom is below average, as taxes are fairly high and smoking bans are extensive. A liberal tax credit scholarship law was enacted in 2012, raising the state above average on educational freedom, even though there is no public school choice, compulsory schooling lasts 12 years, and private schools require state approval. Because the state has only charitable gambling, it scores well below average in the gambling freedom category. Cannabis freedom is only about average. The 2017 decriminalization law does not yet show up in the index. Alcohol freedom is about average; the state monopolizes liquor retail and wine wholesale, but the effective tax rate is extremely low. Wine (but not spirits) is in grocery stores. It is one of the best states in the country for gun rights, especially when it comes to lack of restrictions on open and concealed carry. The constitutional carry bill enacted in 2017 does not yet show up in the index.