New Hampshire Advantage 2.0: A Strategic Blueprint for Prosperity

by State Representative Mary Murphy – Member: House Ways & Means and Labor Committees.

New Hampshire stands at a critical economic crossroads. Following the elimination of the Interest and Dividends Tax and recent business tax reductions, we must balance cutting expenses with actively growing our revenue to balance our budget and rejuvenate our state. The Republican "New Hampshire Advantage 2.0" strategy is not about raising tax rates—it is about transforming our state into a national powerhouse for regulatory excellence and high-margin commerce. It's about giving our New Hampshire families property tax relief and our young people a reason to stay.

Some people believe the only option is adding sales or income taxes or to increase business tax rates. It is not. Instead, we seek to increase the amount of business taxes through a three-pronged strategy of **making existing New Hampshire businesses more profitable**, bringing in **strategically selected high-profit industries into our state** and **establishing a Chancery Court** to collect recurring fees from out-of-state corporations. Any further reduction in business tax rates should be recovered through taxes on increased profits of existing and newly relocated companies. This becomes possible when you reduce costs to do business in our state and expand their access to trading partners.

The goal of this strategy is to provide ***property tax relief*** by specifically targeting the SWEPT (Statewide Education Property Tax) which is currently funded via local collection and is approximately $363 million. The logistics of how Business Profits Taxes (BPT) will be earmarked and distributed as replacement will be worked out with help from the Department of Revenue Administration and other tax and financial experts. Longer-term, if successful, additional Business Profits Tax or Chancery Court revenues could be directed to provide funding for infrastructure in economically disadvantaged areas of our state so that it becomes practical for businesses to relocate there or further statewide property tax relief.

NH Advantage 2.0 creates a more win-win situation in which we increase business tax revenues **NOT by increasing business tax rates**, but by **reducing the cost to do business**, thus **increasing business revenue and profitability**. In addition, we intend to expand the number and quality of trading partners to provide more markets for New Hampshire-based businesses to sell their goods and services.

Second, we want to strategically grow the number of employers in our state through business recruitment to bring in working age families and higher income jobs. By passing laws that attract profitable industries—similar to our success with the Life Sciences sector—we build a more recession-proof state. These high-earning employees then support existing local businesses with their discretionary spending. It will also help to retain our young people who are currently one of our biggest exports as they seek higher paying jobs in other states.

Third, we want to compete with Delaware, Nevada, Texas and other states to become the most desirable state in which to incorporate a business by establishing a Chancery Court. DEXIT (referring to the mass corporate migration out of Delaware) has currently resulted in a loss of approximately $33 billion in filing fees and other revenue. The beauty of this part of our strategy is that corporate filing fees are recurring revenue and **do not require a company to relocate**. Also, a Chancery Court would result in a significant increase in revenue for the corporate legal industry which would also be subject to state business taxes. Beyond establishing a specialized business court, we must pass **complementary legislation** to gain a competitive edge over established jurisdictions like Delaware and Texas.

We frequently hear about four impediments to success: lack of affordable housing, energy supply and costs, workforce readiness and skills mismatch, and lack of childcare supply and costs. I agree these are challenges the state faces, however, most of these are currently being worked on and progress is being made. If more legislators and the public support this strategy and contribute ideas for solutions, we will make progress faster. Florida, Texas, North Carolina and other states ALL faced these problems when they began their business recruitment strategies.

New Hampshire's strategy is unique in that we want to be more selective in our business recruitment. We do not want to recruit industries that are resource intensive (energy, water, etc.) or polluters. Nor do we want low-margin businesses that employ mostly low-income workers. We want to create regulatory conditions that are attractive to the specific industries we seek to recruit, such as Life Sciences and Healthcare, Technology, Advanced Manufacturing, Construction and Infrastructure, and Financial Services.

The state's current heavy dependence on tourism revenues and property taxes makes us extremely vulnerable in the next recession. Therefore, it behooves us to fast-forward this strategy before we have a future economic downturn.