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New study on New Hampshire: Number two in freedom?

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“We’re number two” just doesn’t sound right, does it? New Hampshire placed second in the latest version of our study, Freedom in the 50 States, and we’ve gotten some flak for it. So why is the Live Free or Die state not number one?

First, it is important to note that New Hampshire is not far behind first-place Florida, and over the years 2015 and 2016, New Hampshire was the biggest gainer in freedom in the whole country. During the 2015-16 session, the Legislature passed civil asset forfeiture reform, expanded the medical marijuana law and allowed the abolition of the certificate of need requirement for hospitals, enacted in 2011, to come into effect. Since the closing date of our study, marijuana decriminalization and constitutional carry have further expanded Granite Staters’ personal freedom.

But since 2000, New Hampshire is actually one of the worst states for change in freedom. In 2000, New Hampshire’s state and local tax burden was just 7.6 percent, but that has risen to 8.3 percent today, entirely because of growth in local property taxes. Land-use freedom has declined significantly due to an explosion in the restrictiveness of local planning and zoning, which makes housing more costly and hurts employers’ ability to recruit workers here.

The Granite State now ranks just 31st on regulatory policy, due largely to lacking right-to-work, regulating health insurance heavily, and having some of the strictest restrictions on building housing in the country. It simply isn’t keeping up with reforms passed in other states.

These problems are particularly important because our regulatory policy correlates strongly with businesses’ evaluations of state policies as measured by the Thumbtack.com/Kauffman Foundation survey of small businesses and the CEO survey conducted by Chief Executive magazine. Moreover, regulatory policy is the strongest statistical predictor of future economic growth.

Still, New Hampshire’s strengths in fiscal policy and personal freedom serve as lessons for the rest of the country and especially the rest of New England. State-level taxes have fallen and are among the lowest in the country. New Hampshire long ago abolished punitive damages in civil suits and as a result businesses enjoy some of the lowest liability insurance rates anywhere. Crime-adjusted incarceration rates are much lower than the national average, which saves taxpayers money and allows nonviolent offenders to reintegrate themselves into society.

Meanwhile, neighboring Vermont has fallen dramatically in freedom due to tax increases and growing restrictions on property rights. New Hampshire beats Vermont soundly in attracting new residents. Vermont has lost 1.9 percent of its 2000 population, on net, to other states, while New Hampshire had net in-migration from other states of 2.9 percent of its 2000 population. Massachusetts has performed even worse than Vermont by this measure, losing 5.9 percent of its 2000 population, on net, to other states. New Hampshire also bests Maine, Connecticut and Rhode Island in attracting new residents.

While New Hampshire has much to teach the rest of New England about tax policy, criminal justice, and personal freedom, it can also learn from some of its neighbors. Vermont is actually significantly better than New Hampshire for occupational freedom. It has sunrise review of all new licensing proposals and automatically sunsets licensing boards. Consequently, it licenses fewer occupations than New Hampshire. Property managers, sign language interpreters, dietitians, massage therapists, and emergency dispatchers are just a few of the occupations New Hampshire licenses but Vermont does not. All surrounding states have now legalized personal possession of marijuana, a policy two-thirds of New Hampshire voters support- but which the state senate still does not.

New Hampshire has always prided itself on its freedoms, and for a long time the state's foremost position in freedom was uncontestable. But other states started reforming rapidly while New Hampshire stagnated in the 2000s. In 2011-12 and since 2014, the state has made strides toward regaining its top spot. But there remain some big problem areas in local government that the state will need to address to become, once again, first in freedom.

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