



New Hampshire receives high rank in analysis of bonded debt obligations

Dave Fidlin

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With an average tax burden of \$1,545 per person, New Hampshire was recently singled out as one of the states with the lowest levels of bonded debt on its books across the country.

The American Legislative Exchange Council, or ALEC, recently released its **annual report** on states' bonded debt obligations, based on available data through Dec. 31, 2020.

With current total bonded debt obligations hovering around \$2.1 billion, New Hampshire ranked as the fifth lowest state overall. On a per capita basis, the state ranked No. 11.

Nationwide, all states collectively have bonded debt burdens in excess of \$1.25 trillion, according to ALEC. The average annual tax burden obligation for bonded debt is \$3,800 per person.

ALEC, a Virginia-based organization advocating for fiscal reform in the government sector, said the report indicates philosophical differences across the country on the practice of taking out debt to fund various budgetary line items.

“Many states are continuing to use bonds to increase government spending and pass the buck to future generations of taxpayers,” Jonathan Williams, ALEC chief economist and executive vice president of policy, said in a statement.

Williams added, “Even in the near term, states that neglect to reform their budgeting practices will eventually see taxpayers leave for states with less burdensome tax and fiscal policies.”

In the ALEC report, last-place finisher California was ranked No. 50 for outstanding bonded debt obligations of \$209.2 million on its books, while first-place state Wyoming was noted for its total debt burden of \$38.9 million.

While many of the lower-ranked states have higher populations, Williams said there are some notables that do have large urban cores, yet have held the line on the amount of debt taken out. He singled out Indiana, which ranked No. 2 on the per capita analysis with a per-person debt burden of \$200.

Williams pointed to legislative policies in the Hoosier State and Nebraska that have controls in place to limit the amount of bonded debt taken out.

“Fortunately, states like Indiana and Nebraska have constitutional amendments to keep debt limits relatively low and provide valuable lessons for policymakers in states suffering from significant debt burdens,” Williams said.

New Hampshire performed above average in each of ALEC’s seven metrics, which also looked into bond liabilities in multiple criteria.

In terms of broader fiscal policies, New Hampshire has garnered high scores in other reports.

For example, the Cato Institute, a Washington, D.C.-based think tank, gave New Hampshire a top score in its **2020 fiscal policy report card** on America’s governors.

In the white paper, authors Chris Edwards and David Kemp gave Republican Gov. Chris Sununu an “A,” based on his record of spending restraint and tax cuts.

“Throughout his tenure, Sununu has resisted pressure to increase taxes and spending, and he has defended New Hampshire’s status as a low-tax state with no individual income tax,” Edwards and Kemp wrote.