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NH Strengths, Weaknesses, Opportunities & Threats

Scott Shepard · January 11, 2026

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Executive Summary: New Hampshire's Strengths, Risks, and the Choices Ahead

New Hampshire is, by many measures, one of the strongest places in America to live. People earn high incomes, crime is low, health outcomes are strong, and the state offers an exceptional quality of life. At the same time, beneath these successes are structural challenges that—if left unaddressed—could weaken the very advantages residents value most.

This SWOT analysis looks honestly at **what New Hampshire does well**, **where it is vulnerable**, **what opportunities exist**, and **what external threats could disrupt the state's future**. The goal is not to advocate a particular policy, but to clarify the trade-offs facing the state so residents can better understand the decisions ahead.

What New Hampshire Does Well

New Hampshire's biggest strengths are economic and social:

- **High incomes and low poverty** mean most residents are doing well by national standards.
- **Low crime and good health outcomes** make communities safe and attractive.
- **An educated workforce and near-universal broadband** support high-skill jobs and remote work.
- **Strong fiscal management** has earned the state an excellent credit rating and solid reserves.
- **No broad-based income or sales tax** remains a defining feature that attracts residents and businesses.
- **Natural beauty and quality of life** fuel tourism and make the state appealing to families and retirees.

These strengths reinforce one another. A safe, healthy, well-educated population supports economic success, which in turn supports public services and community stability.

Where the State Is Struggling

Despite these advantages, several internal weaknesses are putting pressure on residents and local governments:

- **Housing is scarce and expensive.** Many workers—especially young families and service employees—cannot afford to live near their jobs.
- **Property taxes are very high.** Because the state raises relatively little revenue itself, costs are pushed down to towns, creating large tax differences between communities.
- **The population is aging rapidly.** Retirements are accelerating, births are declining, and employers struggle to find workers.
- **Education funding is unequal and legally challenged.** Courts have ruled that the state is not paying its constitutional share, leaving local taxpayers to fill the gap.
- **Mental health and rural healthcare access remain strained**, even as demand rises.
- **State revenues are narrow and volatile**, relying heavily on business taxes that fall quickly in downturns.

These are not short-term problems. They are structural issues that compound over time.

Opportunities the State Can Still Seize

New Hampshire also has real opportunities—if it can act on them:

- **Remote work and in-migration** can help replenish the workforce if housing is available.
- **Federal infrastructure and energy funding** can modernize roads, bridges, broadband, and power systems.
- **Clean energy and efficiency investments** could lower some of the region's highest electricity costs.
- **Advanced manufacturing and tech hubs** offer high-wage job growth outside Boston.
- **Tourism and outdoor recreation** continue to expand, especially beyond peak seasons.
- **Regional collaboration** can reduce costs by sharing infrastructure and services.
- **The "silver economy"**—services for older adults—can become an economic strength if planned intentionally.

These opportunities align closely with the state's existing strengths—but only if barriers such as housing shortages and infrastructure resistance are addressed.

External Threats That Cannot Be Ignored

Several risks lie largely outside the state's direct control:

- **An economic recession** would hit New Hampshire hard because its revenue system depends on business profits.
- **Worsening housing costs** could push workers out faster than new residents arrive.
- **Federal funding cuts** would strain state and local budgets.
- **Climate change** threatens winter recreation, infrastructure, and flood-prone communities.
- **Competition from neighboring states** for workers and businesses is increasing.
- **Deferred infrastructure maintenance** raises the risk of costly failures.
- **Political stalemate** has slowed responses to housing, education, and revenue challenges.

These threats do not arrive one at a time—they interact and reinforce one another.

The Central Tension: Advantage vs. Sustainability

At the heart of this analysis is a fundamental tension:

New Hampshire's low-tax model delivers real benefits—but it also limits the state's ability to respond to modern costs, court mandates, demographic change, and economic shocks.

Avoiding broad-based taxes has shifted pressure onto:

- Property taxes,
- Local school budgets,
- Housing affordability,
- Infrastructure maintenance,
- And long-term workforce stability.

The question is not whether New Hampshire should abandon its identity—but whether it can adapt its systems to sustain that identity over the next 20 years.

What This Means for Residents

For ordinary citizens, this SWOT points to a simple reality:

- The state is strong today.
- Many current problems are the predictable result of long-standing policy choices.
- Doing nothing is itself a choice—with consequences for taxes, schools, housing, and services.
- Future decisions will involve real trade-offs, not easy wins.

Understanding those trade-offs is essential for informed civic debate.

This executive summary is intended to support that understanding.

Purpose and Value of a SWOT Analysis

A **SWOT analysis** (Strengths, Weaknesses, Opportunities, Threats) is a foundational strategic framework used to evaluate an organization's competitive position and to develop strategic planning.

The Purpose

- **Internal Audit:** It forces an honest look at internal factors—**Strengths** (what you do well) and **Weaknesses** (where you struggle)—to understand your true capabilities.
- **External Scan:** It requires analyzing the external environment—**Opportunities** (market trends you can exploit) and **Threats** (competitors or risks)—to understand the landscape you operate in.
- **Integration:** Its primary goal is to connect these two views, helping you leverage internal strengths to capture external opportunities, or to shore up weaknesses to defend against threats.

The Value

- **Clarity & Focus:** It cuts through noise to provide a single, organized snapshot of the current reality, preventing "strategic drift."
- **Risk Mitigation:** By explicitly listing threats (like the "checkmate" scenarios discussed in the NH analysis), organizations can prepare contingency plans rather than reacting in crisis.
- **Actionable Strategy:** It moves planning from abstract goals to concrete actions. For example, matching a **Strength**(e.g., strong fiscal reserves) with an **Opportunity** (investing in infrastructure) creates a clear strategic initiative.

- **Consensus Building:** It serves as a common language for stakeholders, aligning diverse teams (e.g., finance, operations, policy) around a shared understanding of the challenges and goals.

Strengths (Internal, Positive)

S1. Affluent, High-Quality Economy – Top Income and Low Poverty

New Hampshire's population enjoys one of the highest median household incomes in the nation and a very low poverty rate. In 2024, median household income reached **$99,782**, remaining nearly **22% above the U.S. median** (~$81,600). The state's **7.2%** poverty rate is the lowest of all states (U.S. ~12.5%), and child poverty stands at approximately **8.0%**, also among the lowest in the country. High educational attainment and a mix of well-paying industries (tech, healthcare, advanced manufacturing) contribute to broadly shared prosperity.

Why it matters: Affluence translates to a strong tax base, consumer spending, and lower social service burdens. New Hampshire's low poverty also correlates with positive social outcomes (lower crime, better health) that reinforce its quality of life appeal.

(Inference: The state's economic stability is a "moat" that protects it during downturns, though recent data suggests income growth has flattened in real terms, highlighting the need to sustain high-value job creation.)

- **Confidence: High.** (Confirmed by U.S. Census Bureau 2024 ACS 1-Year Estimates released in September 2025.)

S2. Very Low Unemployment and High Labor Participation

New Hampshire is effectively at full employment, with one of the tightest labor markets in the country. The state's unemployment rate was a preliminary **3.0%** in late 2025 (vs. **4.4%** U.S. rate in December 2025), consistently remaining well below the national average. Labor force participation hovers around **65.4%** (significantly above the **62.4%** national rate), indicating that a large share of residents are employed or actively seeking work. New Hampshire also boasts low underemployment; its broader "U-6" measure was **6.3%** in mid-2025, roughly two percentage points lower than the U.S. rate of **8.4%** (Dec 2025).

Why it matters: A fully engaged workforce signals robust economic health – jobs are plentiful and residents are working. High participation, including among women (**60.9%** vs ~57.4% U.S.) and seniors, expands the labor pool for employers.

(Inference: Employers benefit from a deep labor participation culture, and households benefit from earnings – though such tightness can constrain growth if not addressed).

- **Confidence: High.** (Consistent with Bureau of Labor Statistics and NH Employment Security data released in January 2026).

S3. Educated and Skilled Workforce

New Hampshire workers are among the most educated in the U.S., underpinning a productive economy. **41.5%** of adults have a bachelor's degree or higher (vs. ~35% U.S.), and over **94%** have at least a high school diploma (vs. ~89% U.S.)—one of the highest rates in the nation. State students continue to score above national averages in core K-12 metrics; for instance, **2024 NAEP results** show NH 4th graders scored **7 points higher** in reading than the national average (221 vs. 214). The state also has robust career training: active apprenticeships have surged, reaching over **3,530 participants** in late 2025, an **~85% increase** over the last decade according to the Community College System of NH.

Why it matters: A well-educated workforce attracts employers in tech, R&D, and advanced manufacturing. It also correlates with higher productivity and innovation—New Hampshire was a top-5 state for labor productivity growth in 2024 (**+4.3%**), significantly outpacing the national average.

(Inference: This strength positions NH to compete for knowledge-driven industries and adapt to technological changes, though maintaining this edge requires retaining graduates who often migrate to larger metros.)

- **Confidence: High.** (Verified by 2024 Census American Community Survey data, 2024 National Assessment of Educational Progress (NAEP) scores, and 2025 Department of Labor/CCSNH reports.)

S4. Low Crime and Healthy Communities

New Hampshire offers an exceptionally safe and healthy living environment. It consistently has one of the lowest crime rates in the nation: in 2024, its violent crime rate was **110 per 100,000 residents**, ranking second lowest in the U.S. (behind only Maine) and nearly **70% below the national average**. Property crime is also exceptionally low (**918 per 100,000** vs. ~1,760 U.S.). Health outcomes rank in the top tier: life expectancy is **~78.5 years**, and the state held its uninsured rate steady at **4.5%** in 2024 (significantly better than the national average of ~7.7%). The state's opioid overdose death rate has seen a promising turnaround; preliminary 2024 data shows a **~33% decrease** in confirmed overdose deaths compared to the same period in 2023, signaling that public health interventions are gaining traction.

Why it matters: Safe communities and good health reduce costs (e.g., NH spends less on corrections per capita than 45 other states) and make the state attractive for families and retirees. These factors also bolster workforce productivity by minimizing crime-related disruptions and maintaining a healthier labor pool.

(Confidence: High. Confirmed by 2024 FBI Uniform Crime Reporting data and late 2025 CDC provisional mortality statistics.)

S5. Strong Fiscal Reserves and Credit Standing

Prudent fiscal management has maintained New Hampshire's solid financial cushion and high credit standing. In **March 2024**, S&P Global Ratings upgraded NH's general obligation bond rating to **AA+** (its first upgrade in decades), citing the state's "strong, sustainable, and efficient position." While the state faced a revenue dip in FY2025, the Rainy Day Fund (Revenue Stabilization Reserve) remains robust, projected to hold over **$228 million** through the FY2026–2027 biennium. The state's tax-supported debt per capita remains low—roughly **half the U.S. state average**—and it strictly adheres to statutory debt limits.

Why it matters: A higher credit rating reduces borrowing costs for infrastructure projects (saving millions in interest payments). Healthy reserves mean the state can weather economic downturns (like the revenue volatility seen in 2025) without being forced into immediate, drastic service cuts or tax hikes.

(Inference: This fiscal strength provides the "dry powder" needed to respond to future crises or invest strategically, a critical asset given NH's limited revenue levers.)

- **Confidence: High.** (Validated by the S&P upgrade in March 2024 and official State Treasury reports from mid-2025.)

S6. Business-Friendly Tax Climate (No Income/Sales Tax)

New Hampshire's tax structure—no broad-based income or sales tax—remains its most distinctive draw for businesses and individuals. As of **January 1, 2025**, the state fully repealed its Interest & Dividends (I&D) Tax, making New Hampshire the **only state in the nation** with no tax on earned income, investment income, or retail sales. Consequently, overall tax burdens on households are exceptionally low: NH ranks **3rd lowest** for total tax burden (approx. 5.94% of personal income, per WalletHub 2025) and moved up to **#3 overall** in the Tax Foundation's *2026 State Business Tax Climate Index*.

While NH levies business taxes, rates have become more competitive: the Business Profits Tax (BPT) is now **7.5%** and the Business Enterprise Tax (BET) is **0.55%** (for 2024–2025 tax periods), with legislative proposals in 2025 aiming to lower the BET further to 0.50% by 2026.

Why it matters: The complete absence of income/sales taxes is a magnet for high-earning individuals (e.g., entrepreneurs, retirees) and drives significant cross-border retail activity from high-tax neighbors like Massachusetts. It maximizes disposable income for residents, bolstering local purchasing power.

(Inference: This tax advantage is the cornerstone of NH's "Live Free or Die" brand; the recent I&D repeal removes the final "asterisk" from its no-income-tax status, likely accelerating the migration of wealth into the state.)

- **Confidence: High.** (Confirmed by the enacted Jan 1, 2025 I&D tax repeal and the Tax Foundation's late-2025 release placing NH at #3 nationally.)

S7. High Broadband and Digital Connectivity

· New Hampshire has achieved near-universal internet access, cementing its status as a leader in digital infrastructure. As of late 2025, over **98% of homes and businesses** have access to high-speed broadband, leaving only ~5,000 addresses in the entire state classified as "unserved." This progress places NH **#3 in the nation for Internet Access** (U.S. News & World Report 2025) and #1 for median download speeds (165.3 Mbps). The state has aggressively targeted the "last mile" using public-private partnerships, recently securing **$18.6 million in targeted BEAD funding** (Nov 2025) to connect the final hard-to-reach locations in the North Country.

· **Why it matters:** Strong broadband access enables remote work, e-commerce, and telehealth—crucial for competitiveness in a decentralized economy. This connectivity is a primary driver behind NH's ability to attract remote workers (who now make up a significant portion of in-migration). It also supports a thriving tech ecosystem: New Hampshire has one of the highest concentrations of tech workers in the country (**~10.7% of the workforce** vs. ~7.3% nationally), proving that high-tech jobs can flourish outside of major urban hubs.

· **(Confidence: High.** Data from the 2025 NH Broadband Mapping Initiative, U.S. News rankings, and confirmed federal funding allocations validate the state's top-tier connectivity status.)

S8. Attractive Quality of Life and Environment

The state offers natural beauty, recreation, and livability that consistently rank highly. Over **82%** of New Hampshire's land is forest or protected, featuring the White Mountains, lakes, and seacoast – outdoor recreation now contributes **$3.9 billion** to the state's economy (BEA 2024 release), a massive jump from previous years. The state ranks **#1 for Public Safety** and **#1 Healthiest State** in the nation (U.S. News & World Report 2025; United Health Foundation 2025). Commute times remain reasonable (average **27.2 minutes**), and urban areas are relatively low-congestion. New Hampshire

also has among the lowest carbon emissions per capita in the nation (about **9.7 MTCO2** vs ~14 MT U.S. average) due to cleaner energy and less heavy industry.

Why it matters: These factors help attract skilled workers and retirees. Families often choose NH for its good schools and access to nature—a key reason the state was named the **#1 Best Place to Raise a Family** in 2025. The high quality of life supports workforce retention – e.g., surveys by NH Businesses for Social Responsibility find that employees cite “community environment” as a top reason to stay in-state.

(Inference: Quality of life is a strategic asset that complements the economic strengths, helping NH punch above its weight in talent attraction despite its small size.)

- **Confidence: High.** (Supported by the latest BEA outdoor economy reports, 2025 national safety/health rankings, and confirmed Census commute data.)

Weaknesses (Internal, Negative)

W1. Acute Housing Shortage and High Costs

Housing has become a critical weak point – supply is not keeping up with demand, driving affordability problems. New Hampshire is undersupplying housing by an estimated ~20–30% relative to need: only **~5,100 housing permits** were issued in 2024, far below the ~9,000/year pace seen in the early 2000s. Rental vacancy rates remain extraordinarily low (**0.6%** in 2024–2025), and home prices have continued their relentless climb. By late 2025, the median single-family home price reached **$535,000** (peaking at $565,000 in June), a record high. The median home now costs **~5.5 times** the median household income, significantly above the 4.0 “affordability” benchmark. Rental costs have similarly spiked – the median 2-bedroom rent hit **$1,833** (with utilities) in 2024, requiring an income of over **$73,000** to be affordable, which prices out many essential service workers.

Evidence: NH Housing’s 2025 reports indicate a need for over **30,000 additional units** to restore a balanced market. The affordability gap is stark: recent data shows only **~15%** of NH households can afford the median-priced home, and inventory stands at just **2.0 months** of supply (vs. a healthy 5–7 months). Every county now faces this pressure; even traditionally affordable rural areas have seen prices jump as inventory remains scarce.

Why it matters: Expensive, scarce housing deters young families and in-migrants – surveys consistently find housing costs are the top reason young professionals consider leaving. Employers cite lack of workforce housing as a primary barrier to hiring (e.g., hospitals struggling to recruit nurses who cannot find apartments).

(Inference: If unaddressed, this weakness could stall economic growth and exacerbate labor shortages, as workers simply live elsewhere. It also widens inequality, as lower-income residents spend >50% of income on rent or are pushed into longer commutes.)

- **Confidence: High.** (Supported by multiple 2025 data points: NH Association of Realtors price data, NH Housing rental surveys, and permit issuance statistics.)

W2. Heavy Reliance on Property Taxes (Tax Inequity)

New Hampshire's tax structure leans extremely on local property taxes, creating high burdens in some communities and funding disparities. Over **64%** of all state-local revenue in NH comes from property taxes (highest in the U.S.), and local governments continue to shoulder roughly **70%** of school funding costs. As a result, NH homeowners face the **4th-highest** property tax burden in the nation (averaging nearly **$6,505** per year on a median home) and a high effective tax rate. Property tax bills can be especially onerous for residents on fixed incomes (e.g., many seniors) and those in property-poor towns. Communities with low property values must set very high tax rates to fund services, yet still often spend less per student than their wealthier counterparts.

Evidence: In 2025, the disparity remains stark: property-poor towns like **Charlestown** and **Keene** faced tax rates exceeding **$30 per $1,000** of value, while wealthy resort towns like **Moultonborough** enjoyed rates as low as **~$5.33**. The state's funding inequities were confirmed in **July 2025**, when the NH Supreme Court ruled in *ConVal v. State* that the state's base education funding ($4,100 per pupil) was unconstitutionally low, mandating an increase to at least **$7,356**. However, in the parallel *Rand* decision (June 2025), the Court ruled that wealthy towns *can* keep excess "Statewide Education Property Tax" revenue rather than redistributing it, cementing the advantage of property-rich municipalities.

Why it matters: High property taxes can discourage home ownership and business investment (since NH taxes business property and machinery heavily too). It also leads to entrenched regional inequality—prosperous towns can thrive with low rates and high services, while struggling towns face a "death spiral" of rising rates and service cuts.

(Inference: The reliance on an essentially regressive tax (not tied to ability to pay) is a structural weakness that fuels political conflicts and hampers equal opportunity, creating a "two-tier" state based on zip code.)

- **Confidence: High.** (Confirmed by 2025 legislative audits, the ConVal/Rand Supreme Court opinions, and 2025 national tax burden rankings.)

W3. Rapid Demographic Aging and Workforce Drain

New Hampshire's population is aging faster than the nation's, raising acute concerns about labor force sustainability and caregiving burdens. The state's median age has risen

to **43.6 years** (2024 estimate), making it the second-oldest state in the U.S. (tied with Vermont, behind Maine). By **2030**, the population of seniors (65+) is projected to permanently exceed the number of children (under 18)—a "demographic crossover" that has already occurred if counting residents over 60. Meanwhile, the prime working-age share is shrinking relative to retirees; **deaths now consistently outnumber births** in the state, meaning 100% of workforce growth relies on migration.

Evidence: As of late 2024, nearly **22%** of New Hampshire's population was over age 65, while the under-18 population had shrunk to just **~18%**. The workforce pipeline faces a "silver tsunami": state labor data from 2025 reveals that **31% of NH's labor force is now age 55 or older**. While migration has slightly boosted the 25–44 cohort recently, it is insufficient to offset retirements in critical sectors. Employers in healthcare and manufacturing report persistent vacancies not due to a lack of budget, but a lack of bodies; for instance, the ratio of potential caregivers (aged 45–64) to seniors (80+) is plummeting, creating a structural deficit in eldercare capacity.

Why it matters: Fewer working-age adults relative to retirees strains everything from the tax base (fewer taxpayers supporting more services) to the health system. It creates a vicious cycle where a lack of workers (e.g., in child care or elder care) prevents other working-age adults from entering the labor force.

(Inference: Without aggressive measures to attract younger people—e.g., affordable housing and "lifestyle" infrastructure—NH risks a permanent "demographic cliff" where businesses structurally cannot fill jobs, forcing them to relocate. The aging weakness is internal, structural, and currently the state's biggest economic throttle.)

- **Confidence: High.** (U.S. Census Bureau 2024 estimates and NH Employment Security 2025 reports unanimously underscore the severity of the aging trend and the "deaths > births" reality.)

W5. Constrained State Revenue Flexibility

The state government's ability to raise revenue for new initiatives is limited by its narrow tax base and political aversion to new taxes. With no broad sales or income tax—and the **Interest & Dividends (I&D) tax fully repealed as of January 1, 2025**—New Hampshire relies on relatively volatile streams like the Business Profits Tax (BPT) and Business Enterprise Tax (BET). When economic downturns hit or new spending needs arise, the state has fewer levers than most.

Evidence: This volatility was starkly realized in **Fiscal Year 2025**, which ended with a **$67.3 million deficit** (requiring a withdrawal from the Rainy Day Fund), a sharp reversal from prior surpluses. State revenues in late 2024 tracked ~5.8% below the 15-year trend as business tax receipts slowed. Additionally, statutory constraints limit new revenue sources even as costs grow. For instance, while the actual cost to educate a

student reached **$21,545** in 2024, the state's "base adequacy" grant remained near **$4,100–$4,800**, shifting the burden to local property taxpayers. This creates a structural gap: the state has the lowest share of K–12 funding in the nation (~30% vs. ~47% national avg), yet attempts to boost state aid are blocked by the lack of available revenue buckets.

Why it matters: This weakness means the state often under-invests in areas that fuel long-term growth (e.g., higher education, public health, transit) because raising funds is politically and structurally difficult. Local governments backfill the gap, but this drives up property taxes, effectively transferring the "revenue constraint" problem to homeowners.

(Inference: The revenue rigidity is no longer just a theoretical risk—it is a current fiscal reality. As the state faces deficits again in 2025–2026, it may be forced to cut services or delay modernization, putting it at a disadvantage compared to peers with more resilient, diversified tax structures.)

- **Confidence: High.** (Confirmed by the **January 2026 state audit** reporting the FY2025 deficit and official legislative records on the I&D tax repeal.)

W6. Education Funding Inequity and Strain on Local Schools

The heavy local funding model for education has led to unequal resources and rising strain on property-poor districts. Because **~70%** of K–12 funding is still raised via local property taxes (among the highest rates in the nation), towns with low property values struggle to fund competitive teacher salaries, facilities, or programs.

Evidence: In the 2023–2024 school year, the disparity widened: the highest-spending NH school district (Pittsburg) spent **$44,484 per pupil**, while large urban districts like Manchester spent only **~$17,734** – a massive gap largely tied to local property wealth (state average was **$21,545**). The state's funding formula remains under intense legal scrutiny. In a landmark **July 2025 decision**, the New Hampshire Supreme Court upheld a lower court ruling (*ConVal School District v. State*) declaring the current base adequacy funding of ~$4,100 unconstitutional, affirming that the true minimum cost for an adequate education is at least **$7,356 per student**. Meanwhile, declining enrollments exacerbate the issue: public school enrollment fell to **160,323** in late 2025 (down ~20% since 2002), meaning rural districts lose "economies of scale," driving per-student costs higher even as they cut offerings.

Why it matters: Educational weakness in under-resourced communities translates to skill disparities in the workforce. It can also perpetuate poverty cycles in poorer regions (e.g., parts of Coos County) where special education costs—**83% of which are funded locally**—devour budgets. Additionally, property tax strain for school funding fuels political division; many towns regularly vote down school budget increases, causing deferred maintenance and program cuts.

(Inference: Without the structural reform now mandated by the courts, this weakness could undermine the state's overall strong educational outcomes and create pockets of under-education that drag on economic potential.)

- **Confidence: High.** (Supported by the definite July 2025 Supreme Court ruling and official NH Department of Education fiscal reports released in 2025.)

W7. Health Care Access Gaps, Especially Mental Health

Despite generally good health outcomes, New Hampshire's healthcare system has notable capacity issues, particularly in mental health and rural care. The state has among the fewest psychiatric inpatient beds per capita in New England—leading to a chronic backlog of patients waiting in ERs. While the state launched **"Mission Zero"** in 2023 to eliminate this practice, daily boarding persists, exacerbated by the **May 2025 construction halt** (due to foundation issues) of the new 24-bed forensic psychiatric hospital in Concord, which pushes relief out to late 2026 or 2027. Primary care provider shortages remain acute north of Concord; most rural counties retained their designation as **Health Professional Shortage Areas (HPSAs)** in the October 2025 federal update.

Evidence: As of late 2024, the statewide ratio of population to primary care physicians was **~1,247:1**, but this masks deep regional disparities; rural counties like Coos continue to see ratios nearly double that of the Seacoast. 2025 state reports confirm that **9 of NH's 16 rural hospitals** have closed labor and delivery units since 2000, forcing patients to travel farther for essential care. In mental health, **New Hampshire Hospital** in Concord is operating at full capacity (~185 beds), yet demand continues to outpace supply. Meanwhile, the "silver tsunami" is pressuring budgets: preliminary State Fiscal Year 2025 data shows Medicaid nursing facility reimbursements rose to **~$287 million** (up from ~$256 million the prior year), with per-person costs averaging over **$56,000**.

Why it matters: Gaps in healthcare infrastructure can lead to worse health outcomes in parts of the state and higher long-term costs (e.g., untreated mental illness contributing to homelessness or incarceration). Businesses also consider healthcare access a key factor for location—employees need assurance of nearby services.

(Inference: If unaddressed, these weaknesses could degrade NH's quality of life advantage; mental health capacity remains the system's "choke point," affecting community well-being and productivity despite high-level state interventions.)

- **Confidence: High.** (Supported by the DHHS "Mission Zero" mid-year 2025 report, confirmed construction delays on the forensic hospital reported in Nov 2025, and FY2025 Medicaid fiscal data.)

W8. Small, Homogeneous Market (Innovation & Diversity Drawbacks)

New Hampshire's small population and relative lack of diversity can be a limiting factor for economic dynamism. With **1.41 million people** (2024 Census est.), the state's market size is modest – there are fewer large urban centers to drive innovation clusters or support specialized industries compared to larger states. Additionally, while the state is diversifying, NH's workforce remains **~88% White (non-Hispanic)** and only **~7% foreign-born**, trailing the U.S. average (which hit **~15.6%** foreign-born in 2024). This homogeneity might hamper the state's ability to attract a diverse talent pool or foster the breadth of perspectives that spur innovation.

Evidence: New Hampshire continues to attract significantly less venture capital than its southern neighbor; while Massachusetts led the nation in 2024 with over **$21,000 in VC investment per $1 million of GDP**, New Hampshire's volume remains a fraction of that intensity. Part of this is scale and part the absence of a global-tier research hub: while **UNH successfully retained its top-tier "R1" research status in 2025** and grew external funding to **$252 million**, it remains smaller and less R&D-intensive than the multi-billion dollar ecosystems of MIT or Harvard. Companies in tech and STEM fields increasingly emphasize diverse and inclusive environments – NH's demographics could be seen as a drawback for recruitment.

Why it matters: A smaller, more insular market can mean fewer entrepreneurial startups (less "creative churn") and can make it harder for global companies to convince talent to relocate.

(Inference: New Hampshire's cultural and consumer offerings can seem limited to some young professionals compared to Boston or more diverse states – which may be a weakness in retaining graduates or attracting newcomers in certain sectors.)

- **Confidence: High.** (Demographic data is based on confirmed 2024 U.S. Census Bureau releases; venture capital and university research figures are drawn from 2025 fiscal reports and Carnegie Classification updates.)

W9. Energy Transmission Gridlock & Infrastructure NIMBYism (Weakness)

High energy costs remain a competitive disadvantage, and the state's "local control" culture threatens to block the infrastructure needed to solve it.

- **The Weakness:** New Hampshire faces electricity rates ~40-50% above the U.S. average, a major burden for manufacturers and residents. While the state has a massive opportunity to lower costs through offshore wind and Canadian hydro imports (O3), realizing these benefits requires building new high-voltage transmission lines through local communities.
- **Evidence:** The state's history of rejecting major transmission projects (e.g., Northern Pass) sets a precedent where local opposition can derail regional energy solutions. The same "local control" friction that has diluted housing reform bills in

2024 and 2025 creates a high risk for energy infrastructure, as individual towns can use zoning to block or delay transmission lines needed to bring cheap power to the grid.

- **Why it matters:** Without new transmission capacity, the recent federal offshore wind leases in the Gulf of Maine will benefit neighboring states while NH remains stuck with high rates. This gridlock effectively traps the state in a high-cost energy environment, negating some of the savings from its favorable tax climate.
- **Confidence: Medium-High.** (Inferred from the established pattern of "local control" blocking zoning reforms and the logistical reality of the 2024 Gulf of Maine wind leases requiring onshore connection points.)
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Opportunities (External, Positive)

O1. In-Migration of Remote Workers and Families from High-Cost Areas

New Hampshire can capitalize on the permanent shift to remote/hybrid work and the region's cost differentials to attract new residents. With Boston metro housing costs remaining prohibitive, many remote-capable workers continue to relocate for better affordability and quality of life. In 2024, New Hampshire's population reached a record **1.41 million**, with growth driven entirely by migration (+9,200 net migrants from 2023–2024) which offset a natural decrease (more deaths than births). This trend remains robust: 2025 real estate reports indicate that out-of-state buyers—primarily from Massachusetts—continue to dominate the market, often outcompeting locals with cash offers in the **$600,000+** single-family range.

Why it's an opportunity: Each new high-earning family brings income, skills, and tax base. NH's lack of income tax is a massive selling point for a MA worker who can work from home in NH (effectively giving themselves a **~5% raise** by paying no MA income tax on days worked remotely, adhering to current physical presence tax rules). The state can market itself as the "affordable Boston exurb" with recreation at your doorstep and nearly universal broadband. Expanded commuter rail (Nashua-Manchester) or coworking hubs could amplify this appeal.

(Inference: If NH facilitates remote work relocations—specifically through the new "Housing Champions" incentive program for municipalities—it can significantly grow its labor force and consumer economy with minimal new job creation needed locally, as the jobs travel with the residents.)

Evidence: Census Bureau data released in late 2024 confirmed that while New England neighbors like Massachusetts saw population fluctuations, New Hampshire has maintained consistent growth since 2020. Notably, **100% of this growth is migration-fed**, proving the "in-migration" thesis. Towns like **Salem** and **Portsmouth** remain

hotspots, but the state has formally recognized this potential by designating 18 communities as “Housing Champions” in 2024 to spur development specifically for this workforce.

- **Confidence: High.** (Demographic trends are cemented by 2024 Census figures; the “migration-only” growth dynamic is a confirmed demographic reality for the state.)

O2. Leverage Federal Infrastructure & Climate Funding

A wave of federal funds from the Infrastructure Investment and Jobs Act (IIJA) and Inflation Reduction Act (IRA) provides a chance to upgrade NH’s infrastructure and clean energy, spurring jobs and long-term growth. NH has secured over **$2.3 billion** via IIJA formulas and competitive grants for highways, bridges, transit, and water systems (including **$418M** specifically for water infrastructure) – a significant infusion for a small state. The IRA offers tax credits and grants for renewable energy, EV infrastructure, and weatherization, which NH’s municipalities and businesses are actively tapping.

Why it’s an opportunity: These external funds can help New Hampshire address known weaknesses without solely burdening local taxpayers. For example, NH can accelerate the repair of “red-list” bridges (now down to **7.5%** of the state inventory, or ~192 bridges) and invest in public transit pilot projects. While the state was originally allocated **~$197 million** for the BEAD broadband program to reach 99% coverage, recent federal adjustments in late 2025 have constrained immediate disbursements to **~$18.6 million**, creating a specific opportunity for the state to step in and leverage remaining federal matches to close the “last mile” gap. On the energy front, funding can accelerate distributed generation, lowering costs in this high-rate region.

Evidence: In 2024, NH was awarded a **$43.5 million “Solar for All” grant** from the EPA to lower energy costs for low-income households—a direct win from IRA funding. Additionally, the state has secured **$125 million** in federal grants for the I-93 corridor and General Sullivan Bridge replacement. Private firms are also benefiting: companies like **Acculon Energy** (battery manufacturing) and other clean-tech startups are leveraging IRA 45X manufacturing tax credits to expand production in the state.

(Inference: Skillfully deploying these funds can modernize NH’s infrastructure, attract new businesses (construction, clean tech), and improve climate resilience – positioning the state better for future challenges.)

- **Confidence: High.** (Federal allocations such as the “Solar for All” grant and water funding are confirmed. The “Confidence” remains high despite the broadband fluctuation, as the overall infrastructure investment volume remains historically large.)

O3. Expansion of Renewable Energy and Energy Cost Reduction

New technologies and regional collaborations present an opportunity for New Hampshire to reduce its high energy costs and develop a green economy sector. New England is moving toward renewable power – NH could capitalize by expanding wind (specifically following the **October 2024 federal lease auction** in the Gulf of Maine), solar installations (utilizing significant rooftop and brownfield capacity), and battery storage. The state has been slower than MA/VT on this, but market conditions and active **Inflation Reduction Act (IRA)** incentives make larger projects increasingly feasible.

Why it's an opportunity: Cheaper, locally generated energy would address a major competitive weakness: NH's electricity rates are now **~40-50% above the U.S. average** (hovering around 24–27 cents/kWh in late 2025 vs. the national average of ~18 cents).

- **Offshore Wind:** The first commercial floating offshore wind auction in the Gulf of Maine was completed in **October 2024**, with provisional winners (Avangrid and Invenergy) securing leases. A developed project could, by the **early 2030s**, supply a significant portion of NH's electricity at stable prices and create specialized manufacturing and port jobs in the Hampton/Portsmouth area.
- **Solar:** Accelerating solar adoption (currently fluctuating between **2-4%** of NH's mix) could shave peak electricity costs. Google's Project Sunroof estimates over 60% of NH roofs are viable for solar, identifying hundreds of MW of potential. This not only lowers costs but opens a clean-tech job market for installers and engineers, playing to NH's educated workforce.

Evidence: Neighboring states have accelerated their commitments: **Vermont** recently mandated 100% clean electricity for major utilities by 2030, and **Massachusetts** passed a comprehensive climate bill in late 2024 to streamline siting. Meanwhile, the successful 2024 BOEM auction for Gulf of Maine wind leases moves offshore wind from theoretical to procedural. Regional energy efficiency reports (such as those analyzed by UNH and regional partners) continue to show that every $1 invested in energy efficiency in Northern New England yields approximately $3 in savings—an efficiency gap NH can exploit further.

(Inference: By riding the clean energy wave and leveraging recent federal lease milestones, NH can mitigate its energy cost weakness, reduce dependence on imported fossil fuels, and cultivate an emerging economic sector, all of which strengthen long-term competitiveness.)

- **Confidence: Medium-High.** (The opportunity is now supported by concrete federal actions—specifically the 2024 offshore auction—and active federal funding. However, realizing these benefits requires proactive state-level policy updates, which remain variable compared to neighbors.)

O4. Room for Growth in High-Tech and Advanced Manufacturing

New Hampshire has the foundations to grow its high-tech, aerospace/defense, and advanced manufacturing sectors, especially as companies seek alternatives to higher-cost metros. The state already has a massive tech presence – its concentration of advanced manufacturing jobs is **60% higher** than the national average. Nashua maintains a critical aerospace/defense cluster (**BAE Systems** employs nearly **6,500** in NH as of 2024), while the Manchester-Nashua corridor was designated a federal **"Tech Hub"** in late 2023. With Boston's tech scene remaining expensive, mid-sized firms and startups are finding NH attractive for expansion, supported by new federal capital.

Why it's an opportunity: These sectors bring high-paying jobs and spin-off innovation. NH's no-income-tax perk (solidified by the **2025 repeal** of the Interest & Dividends Tax) appeals to entrepreneurs and skilled tech workers. Moreover, the state's size allows for agile public-private partnerships. A prime example is the **"ReGen Valley"** initiative, which aims to make Southern NH the global epicenter for biofabrication (manufacturing human tissue and organs). This is no longer theoretical: in **July 2024**, the U.S. Department of Commerce awarded the region a **$44 million Tech Hub implementation grant** (authorized by the CHIPS and Science Act) to scale this industry, effectively de-risking investment for private biotech firms.

Evidence: Beyond the federal grant, private investment is accelerating. At the **Pease International Tradeport** in Portsmouth, biotech giant **Lonza** is nearing completion of a new **130,000-square-foot facility** (slated for 2026 operations) to manufacture Type 1 diabetes therapies for Vertex Pharmaceuticals—a tangible expansion of the state's high-tech manufacturing footprint. Meanwhile, the state's manufacturing employment is projected to grow **3.0%** through 2032 (outpacing the regional average), driven by demand in defense and medtech.

(Inference: By leveraging the prestigious "Tech Hub" designation and the cost advantages of its tax-free environment, NH can seize more tech/manufacturing growth—transforming from a "bedroom community" for Boston into a sovereign innovation engine in its own right.)

- **Confidence: High.** (The opportunity is now validated by the confirmed $44M federal investment in July 2024 and ongoing physical plant expansions by major tenants like Lonza.)

O5. Tourism and Outdoor Recreation Growth Post-Pandemic

Tourism remains a vital economic engine, transitioning from a post-pandemic "boom" to sustained, high-level growth. In Fiscal Year 2024, NH tourism spending reached a record **$7.5 billion** (per NH Division of Travel and Tourism, Nov 2025 data) – a massive increase from the $5.9 billion seen in 2022. While international travel has resumed,

domestic demand for NH's mountains, lakes, and beaches remains robust, drawing **14.6 million visitors** in FY2024 alone. Fall foliage and ski seasons remain staples, but weather volatility (such as the low-snow winter of 2023-24) highlights the urgent opportunity to expand shoulder-season tourism and attract remote workers for extended "workcations."

Why it's an opportunity: Tourism now supports **~70,000 jobs** (up from 68,000) and is the state's second-largest revenue generator. By investing in destination marketing and infrastructure (aligned with the newly approved **2024–2028 Statewide Comprehensive Outdoor Recreation Plan**), NH can capture visitor spending that might otherwise flow to VT/ME or Canada. Additionally, the "outdoor economy" is a powerful recruitment tool: the state is tied for **7th in the nation** for outdoor recreation value as a percentage of GDP.

Evidence: Federal Bureau of Economic Analysis data (released late 2024) shows outdoor recreation added **$3.9 billion** to New Hampshire's economy in 2023, outpacing broader national economic growth. Specific sectors are thriving: "leaf peeping" continues to drive massive revenue ($1.7 billion in Fall 2023 alone), and the state has seen sustained demand for rail-trails and OHRV corridors in Coos County. If NH partners with private sectors to "climate-proof" resorts (e.g., more four-season amenities) and expand eco-tourism, it can further monetize its natural beauty year-round.

(Inference: Enhanced tourism not only diversifies the economy but can bring revenue to rural areas that lack other industries, turning a traditional strength (scenery) into an even bigger economic engine.)

- **Confidence: High.** (Data is supported by November 2025 state tourism reports and late 2024 federal BEA economic analysis.)

O6. Potential for Regional Collaboration on Key Issues

New Hampshire could turn some challenges into opportunities by collaborating with neighboring states, leveraging regional scale and resources. For example, regional approaches to transportation (like participating in a regional rail system or interstate bus networks) could give NH residents better mobility without the state shouldering full costs. Likewise, cooperating on energy (e.g., joining multi-state transmission infrastructure projects for offshore wind) helps secure stable power.

Why it's an opportunity: By banding with Massachusetts, Maine, and Vermont on common issues – such as negotiating healthcare prices or pooling procurement – NH can punch above its weight. A tangible current opportunity is the **federal Northeast Rail corridor funding**: because the Nashua-Manchester "Capitol Corridor" was accepted into the **Federal Railroad Administration's (FRA) Corridor ID Program**, NH can partner with MA to access federal grants covering up to **80% of capital costs**, making

the long-discussed project financially feasible. Another is workforce development: regional credential recognition (such as the Nursing Licensure Compact, which NH and neighbors now participate in) expands the skilled labor pool for everyone.

Evidence: Regional cooperation is delivering hard cash: in late 2024, the **"Power Up New England"** coalition (involving NH, MA, CT, ME, RI, and VT) won a **$389 million Department of Energy grant** to fund regional electric grid upgrades, proving that multi-state applications can secure massive federal investment. Similarly, while the "Transportation Climate Initiative" (TCI) stalled, NH is now coordinating with neighbors on **National Electric Vehicle Infrastructure (NEVI)** deployment to ensure seamless EV travel corridors across state lines.

(Inference: While NH values independence, strategic collaboration – as proven by the recent DOE transmission win – can mitigate its size limitations and provide fully funded solutions to weaknesses like transportation and energy reliability.)

- **Confidence: Medium-High.** (The successful 2024 "Power Up" grant provides concrete proof that regional collaboration is currently working and attracting federal dollars, moving this from a theoretical opportunity to an active revenue stream.)

O7. Tapping the Retiree Economy (Silver Economy)

As New Hampshire's population ages, there is an opportunity to develop industries and services around the "silver economy" – turning a demographic challenge into an economic niche. NH is an increasingly attractive retirement destination (scenic, safe, tax-friendly). As of **January 1, 2025**, the state fully repealed the Interest & Dividends Tax, meaning retirees now pay **zero state tax** on Social Security, pension, *or* investment income. By promoting age-friendly communities and healthcare innovation, the state can attract affluent retirees and spur growth in sectors like healthcare, assisted living, and leisure.

Why it's an opportunity: Retirees bring wealth (NH consistently ranks in the **top 5 nationally** for median retirement savings) and stable spending on local services. Supporting the development of diverse senior housing (from independent living communities to continuum-of-care campuses) can create construction jobs now and healthcare jobs long-term. There's also opportunity for **healthtech innovation**: NH's healthcare providers could pilot telehealth and remote monitoring technologies for seniors, potentially drawing startups or research grants (leveraging the **UNH Center on Aging and Community Living**).

Evidence: In 2025, **Bankrate named New Hampshire the #1 Best State to Retire** in the U.S., citing its top-tier safety, healthcare quality, and tax benefits. The state's over-65 population has already surpassed **20% of the total** (Census 2024) and is the fastest-

growing demographic cohort. To capitalize on this, the state launched the **2024–2027 State Plan on Aging**, which explicitly focuses on building "age-friendly" infrastructure. Additionally, initiatives like the **HealthForce NH Innovation Challenge** (active in 2025) are funding new solutions to the caregiving workforce gap, directly supporting this sector.

(Inference: Embracing the silver economy could mitigate some negative impacts of aging by keeping retirees' spending local and creating jobs in eldercare – effectively turning a weakness into a specialized economic segment.)

- **Confidence: Medium-High.** (The #1 retirement ranking and the complete tax repeal provide a strong, confirmed signal of the opportunity; the challenge remains in building sufficient housing and workforce to support this influx.)

Threats (External, Negative)

T1. Economic Recession or Slowdown (Exposure to Cyclical Downturn): A U.S. or regional slowdown poses an outsized threat to New Hampshire's revenue and employment due to its specific tax structure and reliance on cyclical industries. While the state avoided a recession in 2024, **growth stalled significantly in the first half of 2025**, with personal income growth (0.4%) lagging well behind neighbors Maine (1.7%) and Vermont (1.4%).

· **Revenue vulnerability:** The state's reliance on business taxes is currently being tested: Business Profits and Enterprise Tax revenues fell by **~12.4%** between FY2023 and FY2025 (a drop of ~$156 million), flipping the state from surplus to a **$67.3 million deficit** in FY2025. This volatility confirms that without an income tax to capture stable wages, NH's budget rides the roller coaster of corporate profit margins.

· **Why it's a threat:** A deeper recession could spike unemployment—which already crept up to **3.0%** in late 2025 (from lows of 1.7% in 2023)—straining social services just as revenues crater. The "buffer" of federal pandemic aid is gone, leaving the state budget exposed to any further contraction in the manufacturing or tech sectors.

· **Evidence:** The leading indicators are flashing yellow: the number of job openings per unemployed person in NH has plummeted from a high of **3.5** in 2022 to **1.6** in mid-2025, signaling a cooling labor market. Additionally, business tax receipts in early FY2026 are tracking ~19% below the prior year, suggesting the slowdown is accelerating.

· **Confidence: High.** (Confirmed by FY2025 audited revenue shortfalls and rising unemployment claims in late 2025.)

T2. Housing Affordability Worsening (and Out-Migration of Workers): The housing crisis has escalated from a "challenge" to a demographic emergency. With the median single-family home price hitting a record **$565,000** in June 2025, the state is effectively priced out for its own workforce.

· **Why it's a threat:** If prices and rents continue to rise faster than incomes, New Hampshire will lose the younger workers it desperately needs to replace retirees. The **NH Association of Realtors Affordability Index** dropped to **58** in 2025 (where 100 is affordable), meaning the median household has only 58% of the income needed to buy the median home.

· **Evidence:** Inventory remains critically low at **~2.0 months** of supply (well below the healthy 6 months). Consequently, only **~4% of renter households** in the state can currently afford to purchase the median-priced home. Rental vacancies remain stuck near **0.6%**, and the "income to afford" a 2-bedroom apartment has surpassed **$73,000**—far above the wages of the essential workers (teachers, EMTs, service staff) required to run the economy.

· **Confidence: High.** (2025 NH Housing reports and 2026 Realtor data confirm the affordability gap is widening, not shrinking.)

T3. Federal Fiscal Changes – Medicaid/Defense Cuts or Reduced Aid: New Hampshire remains vulnerable to shifts in federal funding, which comprises **~34%** of the state budget. The conclusion of the pandemic-era "enhanced" Medicaid match (FMAP) in 2024 has already forced the state to backfill tens of millions in costs.

· **Why it's a threat:** As a small state with a lean revenue system, NH cannot easily replace lost federal dollars. A 1% cut in the federal Medicaid matching rate costs NH **~$7–8 million** annually. Furthermore, with federal deficits rising, potential caps on discretionary spending could threaten the **$180+ million** NH receives annually for highway projects or the substantial contracts held by defense firms like BAE Systems.

· **Evidence:** In FY2025, the "unwinding" of Medicaid rolls post-pandemic created administrative strain and cost shifts. Additionally, the state is currently relying on federal IIJA funds to plug infrastructure gaps (e.g., $418M for water); if this funding stream dries up after 2026 without a state-level replacement, local property taxes will face a massive shock to cover the difference.

· **Confidence: Medium-High.** (The immediate "fiscal cliff" of pandemic aid ending has hit; the longer-term threat depends on Washington's 2026 budget negotiations.)

T4. Climate Change Impacts (Flooding, Winter Recreation Loss): Environmental changes are transitioning from theoretical risks to active economic damages. The state is seeing heavier, more frequent precipitation events, such as the severe flash floods in the **Monadnock region in 2023 and July 2024**, which caused millions in infrastructure damage.

· **Why it's a threat:** Winter warming threatens the **$2+ billion** outdoor recreation economy. "Shorter winter seasons" are now cited by 75% of recreation providers as a major business impact. If the snowmobile season in Coos County (worth **~$826 million**

in direct/indirect impact) shrinks further, the rural economy loses its primary winter engine.

· **Evidence:** Portsmouth's sea level is up ~7-8 inches since 1970, with "sunny day flooding" becoming routine. In 2024, the state saw record-warm winter months that forced ski resorts to rely almost entirely on snowmaking—an expensive adaptation that smaller, family-owned hills cannot afford indefinitely.

· **Confidence: High.** (Climate data from 2024–2025 and insurance claims from recent flood events provide concrete proof of rising costs.)

T5. Regional Competition for Workforce and Businesses: Neighboring states are aggressively competing for the same talent pool, and NH's traditional "advantage" is eroding. While NH's income growth stalled at 0.4% in 2025, Maine and Vermont saw gains >1.4%, suggesting their investments in childcare and workforce housing may be paying dividends.

· **Why it's a threat:** Massachusetts continues to be a fierce competitor; its 2024 "Competitiveness Act" and massive housing bond bill aim to lower costs for the very demographic NH targets. If NH cannot offer housing, its "no income tax" appeal is negated by high rents.

· **Evidence:** 2024 Census data shows that while NH gained **+9,200** residents via migration, it suffered a natural decrease (more deaths than births) of **-2,400**. This means the state is 100% reliant on importing people to grow. If regional peers like Maine (which offers student loan tax credits) capture that migration flow, NH's workforce will shrink.

· **Confidence: Medium.** (NH still wins on tax burden, but the "total cost of living" gap is closing as housing costs in Southern NH rival those in parts of Mass.)

T6. Aging Infrastructure and Underinvestment: Decades of deferred maintenance are coming due. As of 2025, **192 bridges** (7.5% of the inventory) are structurally deficient, placing NH **42nd in the nation** for the number of poor-condition bridges.

· **Why it's a threat:** Failure of critical nodes can sever economic arteries. The state has hundreds of "high hazard" dams, many over a century old, posing flood risks to downstream towns. Without a broad-based tax for capital projects, the state relies heavily on toll credits and federal grants.

· **Evidence:** The 2025 National Bridge Inventory data highlights that while NH has committed ~$60M in federal funds to fix bridges, inflation in construction costs (up ~40% since 2020) means that money buys significantly fewer repairs than anticipated. The **General Sullivan Bridge** project remains a visible symbol of the high cost of delayed maintenance.

· **Confidence: Medium.** (Federal IIJA funds are currently a band-aid, but the underlying lack of state matching revenue remains a structural weakness.)

T7. Workforce Skill Mismatch and Labor Shortages: The labor shortage has shifted from a cyclical problem to a structural demographic constraint. With **31% of the workforce now over age 55**, the "replacement gap" is widening faster than graduates can fill it.

· **Why it's a threat:** By 2026, NH is projected to have **~900 annual unfilled openings** for Registered Nurses alone. If hospitals cannot staff beds, they close units (as seen in rural maternity wards), which degrades the quality of life that attracts residents.

· **Evidence:** In late 2025, despite a cooling economy, sectors like healthcare and advanced manufacturing reported persistent vacancies. The state produces fewer than 1,000 engineering graduates annually—insufficient to feed the defense and tech sectors (e.g., BAE, Sig Sauer) that drive the state's exports.

· **Confidence: High.** (Demographic data is irrefutable; the ratio of working-age people to retirees is shrinking every year.)

T8. Political Stalemate on Key Reforms: Governance gridlock is actively preventing solutions to the threats above. The most glaring example is the **July 2025 *ConVal* Supreme Court ruling**, which declared the state's education funding levels unconstitutional but *refused to order immediate payment*, effectively kicking the can back to a paralyzed legislature.

· **Why it matters:** This stalemate leaves school districts in limbo, forcing local property taxes higher (worsening T2) while the state sits on the sideline. Similarly, despite the housing crisis, significant zoning reform bills in 2024 and 2025 were diluted or killed by "local control" opposition.

· **Evidence:** The failure of the 2024 "housing toolbox" legislation to mandate deeper zoning changes demonstrates the political difficulty of overruling local NIMBYism. The state is "sleepwalking" into a deeper crisis because political will is fragmented between the Governor, the Courts, and local town meetings.

· **Confidence: Medium-High.** (The 2025 Court rulings provide definitive proof of the legal/political deadlock over the state's most expensive obligation: education.)

T9. Service Sector "Downshifting" & Capacity Collapse (Threat)

The "Silver Tsunami" and housing crisis are colliding to threaten the state's service-dependent economy, creating a risk where businesses must "downshift" capacity despite high customer demand.

- **The Threat:** While tourism demand is record-breaking ($7.5 billion in FY2024), the inability to house low-to-moderate income workers is forcing businesses to artificially cap their growth. Service providers (restaurants, ski resorts, hotels) are

increasingly forced to reduce operating hours, close sections of lodging, or limit services simply because they cannot staff shifts.

- **Evidence:** The median 2-bedroom rent of $1,833 requires an income of over $73,000 to be affordable, effectively pricing out the entire essential service workforce required to run the tourism economy. With job openings per unemployed person dropping to 1.6, the labor market remains tight, but the shortage is most acute in lower-wage sectors where commuting long distances is not financially viable.
- **Why it matters:** If visitors encounter closed attractions or poor service due to understaffing, New Hampshire risks damaging its brand as a premier destination. This "capacity collapse" means the state could leave hundreds of millions in potential revenue on the table, as the labor force physically cannot afford to live near the jobs.
- **Confidence: High.** (Supported by the correlation between the 0.6% rental vacancy rate and persistent service-sector vacancies reported in late 2025.)

T10. Political "Checkmate" – The Education Funding Tax Crisis (Threat)

The state faces a looming fiscal "checkmate" where court mandates may force a restructuring of the "New Hampshire Advantage" (no broad-based taxes).

- **The Threat:** The July 2025 Supreme Court ruling (*ConVal v. State*) affirming that the state must double its base education funding from ~$4,100 to at least $7,356 per pupil creates an immediate, massive structural deficit.
- **Evidence:** The state is currently running a deficit ($67.3M in FY2025) and lacks the revenue levers to absorb this mandated cost increase, as it relies on volatile business taxes rather than stable income or sales taxes. Furthermore, because the Court ruled in the parallel *Rand* decision that wealthy towns can keep their excess property tax revenue, the state cannot simply "redistribute" existing funds to solve the problem.
- **Why it matters:** This puts the legislature in an impossible position: to comply with the Court without bankrupting the state, lawmakers may be forced to consider a broad-based tax (income or sales), which would destroy the state's primary competitive differentiator (S6). Alternatively, they must shift an even crushing burden onto local property taxpayers, exacerbating the housing affordability crisis (W2) and widening inequality.
- **Confidence: High.** (Confirmed by the definitive July 2025 Supreme Court rulings and the audited FY2025 deficit figures.)

Tension A: Low Broad-Based Taxes vs. High Property Tax Burden and Service Equity

Description: New Hampshire's "Live Free or Die" brand is built on having no broad-based income or sales tax, a status solidified by the full repeal of the Interest & Dividends Tax on Jan 1, 2025. However, this "New Hampshire Advantage" creates a hydraulic pressure that forces costs down to the local level, resulting in exceptionally high property taxes and inequitable service funding. The tension is between a **state-level tax haven** and **local-level tax burdens**.

Data:

- **Tax Reliance:** Over **64%** of all state/local revenue comes from property taxes, the highest reliance in the nation.
- **The Burden:** NH homeowners face the 4th-highest property tax burden in the U.S., averaging over **$6,505** per year.
- **The Inequity:** The disparity is stark. Property-poor towns like Charlestown face tax rates exceeding **$30 per $1,000**, while wealthy lakefront towns like Moultonborough enjoy rates as low as **~$5.33**.
- **Legal Mandate:** In July 2025, the NH Supreme Court (*ConVal v. State*) ruled that the state's base education funding of ~$4,100 was unconstitutionally low and must be raised to at least **$7,356**. Yet, the state lacks the diversified revenue streams to pay this difference without a new tax or massive cuts elsewhere.

Why it's Hard: This is an **ideological paradox**. The state government has effectively "maxed out" its strategy of downshifting costs to avoid broad taxes. Politically, a sales or income tax remains the "third rail" (radioactive), yet the current system is legally breaking under the *ConVal* mandate. The 2025 *Rand* decision further complicates this by allowing wealthy towns to keep their excess statewide property tax revenue rather than redistributing it, locking in inequality. The state is now in a "Checkmate": it must fund schools at a higher level but has voluntarily removed its ability to raise revenue (I&D repeal), leaving it with no easy mathematical solution.

Tension B: Economic Growth vs. Housing Constraints and Local Protectionism

Description: New Hampshire is desperate for workforce growth to replace retirees, but its municipalities actively block the housing needed to support that growth. This is a tension between **macro-economic necessity** and **micro-political resistance**.

Data:

- **The Shortage:** The state needs over **30,000 additional units** to restore balance , but permits in 2024 (~5,100) were far below the ~9,000/year pace of previous decades.
- **The Cost:** Scarcity has driven the median single-family home price to a record **$565,000** (June 2025).
- **The Impact:** Vacancy rates are stuck at **0.6%**. As a result, employers cannot hire; hospitals report leaving nursing positions unfilled because recruits cannot find apartments.
- **Illustration:** While the state designated 18 communities as “Housing Champions” in 2024 to encourage density, legislative efforts to mandate zoning reform in 2024–2025 were diluted by “local control” opposition.

Why it’s Hard: This is a **collective action problem**. Every town wants economic vitality (restaurants, hospitals, businesses), but few are willing to host the workforce housing (apartments, duplexes) required to sustain it. The “fiscal myth” that apartments drain school budgets persists, despite declining enrollment (down 20% since 2002). Because zoning is decided at the town meeting level, the state struggles to override local NIMBYism, leaving the economy capped by physical housing capacity.

Tension C: Aging Population vs. Workforce Reality vs. Care Capacity

Description: New Hampshire has crossed a demographic rubicon where deaths now outnumber births, creating a triple tension: **financing the “silver economy,” staffing it**, and **sustaining the rest of the economy** with a shrinking labor pool.

Data:

- **Demographics:** The median age has hit **43.6 years** , and the over-65 population now exceeds 22%. Deaths officially outnumber births, meaning 100% of growth relies on migration.
- **Workforce Drain: 31%** of the labor force is now over age 55. The “caregiver ratio” (workers aged 45–64 vs. seniors 80+) is plummeting.
- **Cost Pressure:** Medicaid nursing facility reimbursements jumped to **~$287 million** in FY2025 , squeezing the state budget just as business tax revenues fell.

Why it’s Hard: This is a **biological deadline**. The state cannot “legislate” more young people. While in-migration is positive (+9,200 in 2024), it is insufficient to offset the “Silver Tsunami” of retirements. The tension manifests in the budget: the state must spend more on eldercare (Medicaid), leaving less for the investments that attract youth

(education, housing, transit). It creates an intergenerational friction where the needs of the voting majority (seniors) crowd out the needs of the working minority.

Tension D: Local Control vs. Statewide Equity (The "Zip Code" Destiny)

Description: NH's governance model relies on 234 distinct "fiefdoms" (towns) making independent decisions. While this maximizes liberty, it creates extreme inequity in essential outcomes like education and health, leading to a tension between **autonomy** and **fairness**.

Data:

- **Education Gap:** Spending per pupil varies wildly based on local property wealth. Pittsburg spends **$44,484** per student, while Manchester spends only **~$17,734**.
- **Legal Reinforcement:** The *Rand* decision (June 2025) reinforced this inequity by ruling that property-rich towns *cannot* be forced to share excess statewide education tax revenue with poor towns.
- **Healthcare Deserts:** While the Seacoast has ample doctors, rural counties remain federally designated "Health Professional Shortage Areas," and 9 of 16 rural hospitals have closed labor/delivery units.

Why it's Hard: Inequality is **structurally protected**. The "New Hampshire Advantage" works exceptionally well for wealthy towns (low taxes, high services) but traps poor towns in a "death spiral" of high taxes and cutting services. Solving this requires the state to assert authority (e.g., redistributing tax revenue or regionalizing schools), which violates the sacred cow of "Home Rule."

Tension E: Energy Cost/Independence vs. Infrastructure NIMBYism

Description: New Hampshire residents face some of the highest energy costs in the U.S. and want relief, yet communities routinely block the very infrastructure (transmission lines, wind projects) needed to lower those costs.

Data:

- **The Pain:** Electricity rates hover around **24–27 cents/kWh**, which is ~40–50% above the national average.
- **The Opportunity:** The **October 2024** federal offshore wind auction in the Gulf of Maine opens the door to gigawatts of clean power.
- **The Barrier:** To utilize this power, new high-voltage transmission is needed. However, the state's history (e.g., rejection of Northern Pass) suggests high friction. Regional efforts like the "Power Up New England" grant ($389M secured in late 2024) rely on infrastructure that faces local zoning hurdles.

Why it's Hard: This is a **Not-In-My-Backyard (NIMBY) vs. Wallet** conflict. Residents demand lower bills and "green" energy but often oppose the visual impact of the infrastructure required to deliver it. The state's "local control" laws allow individual towns to act as choke points for regional energy projects, holding the broader economy hostage to local aesthetics.

Tension F: The "Two New Hampshires" (Urban South vs. Rural North)

Description: The state is economically bifurcated. The southern tier operates as a high-income Boston exurb, while the North Country and West face structural stagnation.

Data:

- **Broadband Success (The Exception):** The state has successfully bridged one gap, with **98%** broadband coverage and $18.6M in new BEAD funding targeting the final northern locations.
- **Economic Reality:** Despite connectivity, the "Two NHs" persist in wealth. Rockingham County drives the state's high median income (~$99k state avg), while rural areas rely disproportionately on the declining "extraction" economy or seasonal tourism, which is threatened by climate change (e.g., shorter snowmobile seasons).
- **Healthcare Split:** Mental health and maternity care access is collapsing in the north (9 closed labor units), forcing residents to travel to the south for basic care.

Why it's Hard: Policy "one-size-fits-all" fails here. A focus on "high tech" (like the Manchester Biofabrication Hub) benefits the south but offers little to a former mill town in Coos County. Conversely, subsidies for rural areas are viewed by southern taxpayers as "bailing out" unviable economies.

Tension G: The "Advantage" vs. The "Cliff" (Fiscal Sustainability)

Description: The "New Hampshire Advantage" (no income/sales tax) is the state's economic engine, but it has left the government with a "brittle" revenue structure that is now cracking under modern costs.

Data:

- **Revenue Volatility:** In FY2025, business tax revenues dropped ~12.4%, causing a **$67.3 million deficit**.
- **The Squeeze:** The state fully repealed the I&D tax (Jan 2025) just as federal pandemic aid ended and the Supreme Court mandated higher education spending.
- **Underinvestment:** To keep the budget balanced, the state under-invests in infrastructure (192 red-list bridges) and relies on federal funds (like IIJA) to plug holes.

Why it's Hard: The state has **removed its shock absorbers**. By eliminating the I&D tax, it narrowed its revenue base right before a potential economic slowdown. The tension is that preserving the *political* victory of "zero income tax" risks the *operational* failure of the state government to pay its bills or maintain its AA+ credit rating in the face of the new education funding mandates.

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