

Getting NH Back to Business

The responses to Covid-19 have impacted both business activity and consumer spending.
They will negatively impact tax revenues and State and Local government expenditures.

We already know the direct consequences of specific government actions. For example:

Closing restaurants and hotels will reduce receipts from the Rooms and Meals tax.

Stay at home orders will result in less travel and consequently reduced gas tax receipts.

Closing businesses will reduce receipts from Business Enterprise and Business Profit Taxes.

Unemployment insurance costs will increase as workers file claims.

Prices for needed commodities will increase as sources of production close.

Transfers from the Federal government will offset some of these costs.

We know the above issues will impact State Finances, but don't yet know the magnitude.

There are also prospective consequences due to the pandemic and responses thereto.

Fluctuations in the stock market that may impact Interest and Dividends tax revenue.

Reduced income due to job loss and stock market fluctuations may impact property tax revenue.

The challenge is to determine how government should best respond to those circumstances.

The first priority should be to reopen NH for business, consistent with current knowledge.

Initial projections of millions of deaths nationally have fallen as new data is accumulated.

In New York City and Santa Clara County, data shows significant portions of those tested have antibodies.

In those tests, many of those with antibodies had previously shown no symptoms of having the virus.

Developing "herd" immunity requires interaction between people, which is unlikely when they are shut in.

The vast majority of deaths occur in high risk groups (aged, heart or lung compromise, diabetes, obesity)

Job and income loss and bankruptcy also stress people and lead to illness, violence and deaths.

People have assimilated ideas of social distancing, hand washing, and use of masks to prevent infection.

Businesses, social and other venues should now be able to be reopened using the [White House Guidelines](#).

Following are suggestions from those guidelines.

Maintain the stay at home recommendation for high risk groups.

Those with symptoms of fever, dry cough and shortness of breath call their doctor and self-quarantine.

All others should follow social distancing (six foot separation) where possible.

Use masks when in public, and always where social distance minimums can't be maintained.

Employees should use personal protective equipment when dealing with the public.

Businesses should employ policies (queues, controlling attendance) that promote social distancing

Let business owners and customers decide the appropriate policies for their situation.

The second priority is for government to promote positive policies on business and taxes.

Following are suggestions on how that might be done.

Reduce government spending now in anticipation of reduced revenue. (Just like citizens must do.)

Determine the actual situation before acting and act only in response to known, quantifiable, problems.

Promote strategies that support business growth and personal spending.

Reduce taxes where possible to promote business and consumer spending.

Don't raise taxes or allow them to be raised "automatically." (If you want less of something, tax it.)

Avoid perverse incentives like making unemployment benefits more lucrative than working.

Deal with potential property tax issues using current procedures that deal with non-payment.

The shut-downs in response to Covid-19 have reduced the spread of the virus, at least in the near term.

But their impact on GDP, Federal deficits and the economy creates a serious, potentially long-term problem.

To reduce that threat and its impact, we should start now on a deliberate, calculated return to a more normal society.