



## Study Shows Importance of Retail Industry to NH's Economy

March 28, 2011

For Immediate Release 3/28/11

Contact: Nancy C Kyle, President/CEO

Retail Merchants Association of New Hampshire

35A South Main Street, Concord, NH 03301

603-225-9748, fax 603- 229-0060

Concord, NH (March 28, 2011) While New Hampshire's retail industry has long been thought to be important to New Hampshire's economy, misconceptions regarding the characteristics of retail jobs have been in abundance. A new study shows that New Hampshire's sales tax free advantage gives real value to the state, and that retail is offering good paying career opportunities to workers.

Polecon Research has released a study – sponsored by the Retail Merchants Association of New Hampshire, in conjunction with the New Hampshire Automobile Dealers Association - that provides a detailed, accurate, and complete picture of the retail industry, it's employees, and it's role in New Hampshire's economy. Nancy Kyle, President/CEO of the Retail Merchants Association of New Hampshire stated "This is the first time we've had pertinent, solid information about retail's contribution to New Hampshire's economy, and just how much impact our sales tax free status has."

In a presentation to the New Hampshire House Ways and Means Committee last week, Brian Gottlob of Polecon Research documented the impact a retail sales tax would have on the New Hampshire economy, and the quality and importance of retail jobs in the state.

### New Hampshire's Retail Advantage

Retail sales in New Hampshire are expected to be \$25.1 billion in 2011. The study showed that, during the recent recession, retail sales in New Hampshire did not fall as far other areas of the country, as shoppers in the region looked to stretch their dollars by shopping in our sales tax free state. Over the past 20 years, retail sales in New Hampshire have grown 27% faster than in Massachusetts, and 14% faster than the United States. Employing 92,000 people in the state, retail is the largest employer in New Hampshire, followed closely by health care. In fact, New Hampshire leads the country in retail employment per 1000 residents.

One simple measure of NH's retail advantage is evidenced by the state's high level of retail sales per capita, or per person. New Hampshire per capita retail sales are \$19,268, that's 41% higher than Massachusetts' sales of \$13,657, and 48% higher than the US average of \$13,036. This figure shows the impact of cross border and tourist sales from our lack of a sales tax.

### Little Known Facts About Retail Jobs

The most important and defining impact of NH's retail sales advantage is that it makes increasingly good employment opportunities available to a broad segment of New Hampshire's population. There is a misconception among many that retail jobs are low paying – much of that is because a large portion of retail jobs are part time – for those that don't want

to or can't work full time. If you separate out the part time jobs, and compare full time employment opportunities, the picture changes drastically.

The increasing use of technology has the skill level of the retail workforce rising more than most industries – only four industries employ more college educated workers. Full time retail employees with a Bachelor's degree earn less early in their careers, but earnings grow faster, equaling or exceeding those of college educated workers in other NH industries.

For younger workers in NH (age 25 - 44) without some post-secondary education, on average, retail now provides better paying job opportunities than manufacturing and most other industries. The percentage of adult retail employees working full time in retail, at 75.2%, is above the NH average and higher than many industries. Among adult workers in retail who work part-time, only 20% are doing so because they can't get full time. Many workers chose part time employment based on personal obligations – retailing is one of the few industries that offers workers that opportunity.

The retail industry employs about 8,000 of the employed 16-18 year olds in NH, more than one third of all working teenagers in that age group, and more than any other industry. In addition, retail employs the largest percentage of disabled workers of any industry in NH.

### Impacts to NH of a Sales Tax

The Polecon study also looked at what would happen to NH's economy if a sales tax was introduced. Even a low-rate general sales tax (2.5%) would result in a loss of 46% of taxable, cross border sales, or about \$1.6 billion of taxable retail sales.

Spending at retail stores is the second largest category of spending by visitors to NH. Over 4 million annual shopping visits to NH, over \$340 million in spending, and \$40 million in state and local revenues would be at risk if NH were to adopt a sales tax.

In 2010, there was about 2.8 million square feet of vacant retail space in southern New Hampshire. A sales tax would further reduce demand, doubling or tripling vacancies and lowering commercial property values.

Local Governments would stand to lose at least \$83.5 million of revenue with a low rate sales tax, more at a higher rate. A decline in retail sales from a sales tax would reduce the demand for retail space, lowering property values, reducing the commercial property tax base of communities, and reducing property tax payments. With a 2.5% sales tax, local governments would lose about \$80 million in lower commercial property tax payments, and \$3.5 million in visitor retaliated revenues. Those impacts would be concentrated in southern NH, border communities and other centers of retail activity.

Even a 2.5% general sales tax would cost New Hampshire 13,100 jobs (59% in retail, 41% in other industries), equal to about one half of the total number of jobs lost during the recent recession.

For every \$1 of revenue that New Hampshire would raise from a general sales tax, state and local governments would lose about \$0.42 from local property taxes, state tourism, and business taxes. Had the 2002 proposed retail sales tax taken effect in fiscal year 2003, retail sales in New Hampshire would have been lower in 2009 than in 1999.

Nancy Kyle, President/CEO of the Retail Merchants Association of New Hampshire commented "Diminishing the importance of the retail industry, the quality and characteristics of our jobs and employees, could make it easier for some to propose a sales tax. Retail is providing well paying, full and part time job opportunities for much of New Hampshire's diverse population due to our lack of a sales tax, and retailers in the state want continue to our tax free advantage."

#####

*The Retail Merchants Association of New Hampshire (RMANH) is a statewide, nonprofit trade association representing over 800 businesses in the state, from large chains to small independent retailers. Formed in 1966, RMANH serves as the voice of retailing in New Hampshire and concentrates on preserving the state's strong retail climate. For more information on RMANH, check their website at [www.rmanh.org](http://www.rmanh.org) or call the RMANH offices at 603-225-9748.*