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Nashua, NH

Nashua, NH is the second-largest city in New Hampshire with an estimated population of 87,321 residents, to whom the city fulfills many needs. The purpose of this paper will be to analyze the roles it plays as a place to home to workers who commute south into Massachusetts. In particular, this paper will discuss: The attractiveness of the alternative tax system in place in New Hampshire as opposed to Massachusetts, the rising price of commuting that balances that appeal out, and the way the advertised strong community in Nashua draws new residents in.

The tax system in New Hampshire is completely different than Massachusetts and is one of the primary factors that fuels Nashua's booming economy. The number one draw for shoppers in Massachusetts to come up to New Hampshire is the fact that the state is completely sales tax free. Massachusetts on the other hand has a statewide 5% sales tax. Located conveniently across the border from Tyngsboro, MA and with easy highway access to Interstate Route 93 into Boston, shoppers flood into the city's commercial Daniel Webster Highway to purchase all kinds of high ticket items; the D.W. Highway hosts many outdoor malls, the indoor Pheasant Lane Mall, and a slew of auto dealerships.

New Hampshire's policymakers cleverly use their tax-free shopping to promote business like no other state in the union. They also encourage entrepreneurs and workers to set up shop in New Hampshire by offering a system by which nobody has to pay the state any income tax. This begs the question: Where does New Hampshire's government get its money from?

One of the ways that New Hampshire compensates for their discounted other taxes is by setting up a system of steep property tax. State and local property tax collections per capita in the state of New Hampshire are the third highest in the country, trumped only by Connecticut at #2 and New Jersey at #1. These taxes allow New Hampshire to funnel substantial amounts of funding to their education system. Nashua's hefty 17.2% property tax has afforded city officials the opportunity to take on two significant construction projects for their high school system. In 2002, the brand new 77-acre Nashua High School North campus was opened for students, costing \$67.9 million to complete. The next year, Nashua High School South was completely renovated too. Although hard figures are not readily available, the end result was a building with just as many luxuries as the North campus.

Suburbanization trends over the past twenty years have shown that more and more people are moving out of busy cities and into the suburbs to settle down. Predictably, Nashua's population has grown steadily over the past twenty years, from 80k in 1990, to 87k in 2000. The population has only grown by an estimated 600 residents from 2000 to 2005, but Nashua remains an enticing place to move into.

With all that Nashua has to offer, with its scenery, shopping, entertainment, and education, it is the only city to be voted "#1 Best Place to Live in America" twice by *Money Magazine*. One might ask what exactly it takes to earn Money's award, and when reading what they have to say about it, it is a combination of quantitative and qualitative assessments. According to Money, there are many criteria; they look for cities with a population between 50k and 300k and eliminate retirement havens, cities with low education scores, high crime rates. They also look at a series of 38 quality-of-life indicators, and perform additional quantitative tests -- most of which are more complicated than can be accurately described while remaining

within the scope of this paper. Finally, qualitative data from interviews is examined by analysts to determine a single winner.

While the advantages to living in Nashua and commuting down to Massachusetts are plentiful, there are still some drawbacks that should be noted. For instance, while people who live in Massachusetts and work in New Hampshire are not charged income tax, people who live in New Hampshire and work in Massachusetts are. This means that they need to pay both the high property taxes associated with Nashua as well as the income tax of Massachusetts, plus if they have any daily expenses while in Massachusetts, they will still end up paying the 5% sales tax.

One of the most repetitive expenses that comes along with commuting to Massachusetts from Nashua to work, however, is the price of gas. At an estimated 42 miles from Nashua to Boston, MA and 55 miles to Worcester, MA it is easy to go through between 25 and 30 gallons of gas every week just in the commute alone. With the national mean price of gas nearly tripling over the past five years from \$1.35/gal in 2002 to just under \$3.00/gal today, commuting to work is becoming less and less affordable. However, the strong economy in Massachusetts currently keeps it possible to commute and still earn a healthy income, and the value of property in Massachusetts has been steadily increasing (with the exception of some areas close by the heart of the city with condensed poverty.) Besides just the price difference between property in Massachusetts also, the “Best Place to Live in America” criteria that Nashua fulfills keeps plenty of people interested in living there.

To help alleviate the demand on gas so that commuters can more easily get back and forth between Nashua and Massachusetts, an extension to the Lowell commuter line called the Greenbush Line is being restored. Most people still use their own personal transportation to get

back and forth between their homes and work, but if the price of commuting keeps going up and/or if anyone is enthusiastic enough about saving money to take advantage of it, the Greenbush Line will soon be available to those working in Massachusetts and living in Nashua. The Lowell station serves as a great hub from Nashua because it branches off to many other busy connectors. It is only a logical choice for a new commuter line.

In conclusion, there are a many reasons to live in Nashua and work in Massachusetts, although the current gas trends may not make it economical to continue doing so. On the other hand, the transportation partnership that exists between New Hampshire and Massachusetts to reduce the stress caused by the gas price inflation is smart planning to keep Nashua's economy running strong. The policymakers in New Hampshire have also shown is that by smart taxation, it is possible to build a city with abundant luxuries with no income tax or sales tax -- so good that it can be chosen as the best city in America to live in by independent sources.

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