

Testimony Against Amendment #2026-1134h to CACR 12

Rep. Timothy Horrigan (Strafford 10); April 15, 2026
House Ways & Means Committee

Classical economics tells us that labor is the source of all wealth. Many other schools of economics have arisen since Adam Smith wrote the “Wealth of Nations” in 1776, but the value of labor is central to all of them. All personal income (and hence all wealth) is produced, directly or indirectly, by labor.

When you look at the issue of taxation, you will soon see that all taxes are directly or indirectly paid by individuals out of their personal income.

The first section of Amendment #2026-1134h, prohibiting all taxes “on wages, earned income, personal income, or other income of individuals” sounds good at first glance, but it makes no sense, because the economy is fundamentally made up entirely of personal income in various forms. If we Granite Staters literally banned all state taxation of personal income, we would end up with no state taxation at all, and hence no state government at all. The rest of the amendment adds two exceptions which make it possible to actually have a state government, but which are basically just playing games with words.

There are many ways to tax personal income. The simplest way is to directly tax individual earnings. But that’s not the only way.

The Granite State is just one of eight states with no individual income tax at all, although the interest and dividends tax was repealed just last year. There is a lot of bipartisan anxiety over the prospect of a broad-based income tax being enacted, even though no such bill has come anywhere near close to passing since 2000. Even if this amendment fails, it is highly unlikely that a state income tax will be passed anytime soon.

Both the underlying bill and the proposed amendment are counterproductive and totally unnecessary. I urge the Ways & Means committee to reject both versions of CACR 12.