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Resolute Connections

Since it is April and traditionally tax returns were due this month, we thought *Return on Tax Investment* might provide some assurance that many of us in New England are actually getting a pretty good return on our tax dollars; in fact, New Hampshire was rated #1 for its return on tax dollars. *Good News on the (Soon-To-Be Post-Covid) Economy* reviews the rather spectacular rebound we are witnessing in some sectors; recent data offers better news than anybody was expecting about the U.S. economy.

During the pandemic some companies and industries saw record sales despite lockdowns. The gun, liquor, and marijuana markets all had significant sales increases in 2020 – one cannot be certain if this is a positive commentary on our culture. Our third article, *The Weed Boom*, concerns the growth in marijuana sales and why we will be hearing more about it, especially in states where it has yet to be legalized, as state tax revenue is a big driver of legalization. And *New mRNA Therapies* is about one of the few bright spots to come out of the pandemic - new cures for all sorts of diseases based on the technology used to develop the Moderna and Pfizer covid vaccines.

Please be safe and we wish you continued health. If you have any questions about anything we have covered in the articles, or a specific situation please feel free to give us a call, or visit our website, www.ResoluteFinancial.com.

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interests
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Return on Tax Investment

You might wonder what you get in return for your tax dollars. The question isn't so far-fetched; after all, the government collects those taxes—theoretically, at least—in order to give you back a comparable value in services like police protection, education, infrastructure and a social safety net.

Are we getting what we pay for?

A recent study by the WalletHub website asked a team of experts to calculate which states offers the highest return on your tax “investment” based on measures of health, safety, the economy, education, infrastructure and pollution. Among the factors listed under “education” were the quality of the school systems and universities, the public high school graduation rates and funding of Pre-K programs. The metrics for “safety”—basically police protection—included the violent crime rate per capita, property crime rate and traffic fatalities. For the economy, pertinent measures were median household income and unemployment rate. Regarding infrastructure, factors such as the average commute time to and from work, the quality of parks and recreation opportunities, water quality and highway spending per driver were assessed. Health metrics included hospital beds per 1,000 residents, average life expectancy at birth and average health insurance premiums.

On the other end, the study looked at the tax rates of the different states—the “tax investment” that state residents were asked to make in return for the services they received.

The results? New Hampshire finished with the best “taxpayer ROI” score; its residents paid the second-lowest amount of per-capita taxes in the country, yet the state offered, according to the survey, the 9th best overall government services rank. Next came Florida, whose residents pay the lowest taxes of any state, and receive the 30th best combination of government services. South Dakota came in third: it finished 6th in overall taxes paid, and 21st in government services. Others in the top 10: Virginia (23rd in taxes paid, 3rd in services); Missouri (3rd and 38th); Ohio (12th

and 26th); Texas (7th and 35th); Georgia (9th and 34th); Nebraska (24th and 12th); and Tennessee (4th and 41st).

At the bottom of the list, as you might expect, were some of the highest-taxed states. Number 50 was Hawaii, which ranked 49th in taxes paid (in other words, higher than every state but North Dakota), and just 33rd in services. California came in second-last (45th, 37th), followed by New Mexico (37th, 49th), North Dakota (50th, 4th), Delaware (44th, 17th) Nevada (26th, 44th) and New York (43rd, 19th).

The states with the highest rated services were Minnesota (47th, 1st) and Vermont (48th, 2nd). The article further breaks down states with the best school systems (Massachusetts, Connecticut and New Jersey), the best hospital systems (Vermont, South Dakota and Iowa), the lowest violent crime rate (Maine, New Hampshire and Connecticut), and the lowest percentage of residents living in poverty (New Hampshire, Maryland and Hawaii). The worst government services “awards” went to Louisiana (50), New Mexico (49), Alaska (48), Mississippi (47), South Carolina (46) and Alabama (45).

Wouldn't it be interesting to see an assessment of the services that we get from our federal taxes, vs. what we could get if we simply paid for them on our own?

If you want more details on the study and where the various states rank, paste the following link into your browser: <https://wallethub.com/edu/state-taxpayer-roi-report/3283>.

Good News on the (Soon-To-Be Post-Covid) Economy

You already know that the U.S. stock markets are constantly testing all-time highs, and part of the euphoria is the idea that we may soon get our lives back. But is there any solid economic data to back it up?

Recent Commerce Department data offers better news than anybody was expecting about the U.S. economy. Among the statistics: retail sales jumped 9.8% in March,

prodded, in part, by the stimulus checks. Also, first-time filings for unemployment insurance dropped to the lowest level since March of last year: 576,000, well below the 710,000 that has been predicted by economists.

How about our manufacturing sector? The Empire State Manufacturing survey for April came in at the highest number since October 2017, and the Philly Fed survey followed up with the largest number ever reported. Industrial production was up 1.4% in March and capacity utilization rates reached 74.4%—not ideal, but it's up from 73.4% in February.

The stock market is also boosted when bond yields are low—in other words, when bond returns are not competitive with what people might earn on stock investments. In the past month, the yield on Treasury bonds of 10-year maturity fell slightly, to a very low 1.551%, and 30-year Treasury yields fell further, down to 2.232%. Not much competition there.

There is no question that our recent economic growth is being boosted by an influx of government spending and checks sent from the Treasury back to American taxpayers. Some economists are predicting robust growth for the remainder of the year, particularly if the new infrastructure bill passes Congress. But next year could see a return to slower growth, as taxes on individuals and businesses rise, and the sugar high of government stimulus has ended. The current market boom is nice while it lasts, but nobody should expect it to last forever.

The Weed Boom

The American business landscape is booming again after a difficult 2020, but one sector did quite well in the pandemic year. Legal sales of marijuana rose (estimates vary) between 46% and 67% last year from 2019, to a record \$17.5 billion in consumer purchases. Currently, 14 states allow adult recreational use and 36 others allow for medical use. California is the largest cannabis economy, estimated at \$3.5 billion in total revenues last year.

You might think, from these statistics, that pot smoking (or ingesting) is going mainstream, but that seems not to be the case. A Gallup survey found that 22.1% of 18-25 year-old Americans have used marijuana in the past month, compared with just 8.6% of people over age 26. A separate survey found that edibles are becoming the most popular marijuana consumption product, and that consumers are shifting away from smoking or vaping — possibly because of the pandemic. (COVID is fundamentally a lung disease.)

A majority of Americans (68%) now support national legalization of marijuana, although this is split along party lines, with more Democrats (83%) than Republicans (48%) favoring laws that would decriminalize marijuana use. One argument for more states to decriminalize is the tax revenue that legalization generates. Last year, California took in more than \$1 billion in marijuana tax revenue, with 60% going to anti-drug programs targeting minors, and another 20% each to environmental programs and public safety.

Washington took in \$469 million, using the money for a youth health survey, marijuana-related educational programs, and various state departments for marijuana research related to pesticides, licensing, accreditation and testing. Colorado's tax base increased by \$387 million due to pot sales, with 10% allocated to local governments, 15% to the state's general fund, 13% to the state public school fund and the remainder to a "marijuana tax cash fund." Recreational marijuana was a windfall for Oregon (\$133 million), Nevada (\$105 million), Massachusetts (\$81 million) and Illinois (\$53 million).

New mRNA Therapies

Many of us have been locked down for more than a year. We've cancelled vacations, restaurant visits and in-person schooling. More than 500,000 of our loved ones across the country have passed away.

Is there any good coming out of the COVID pandemic? Anything at all?

Turns out, there is. The messenger RNA (mRNA) immunization technology that was developed for the Moderna and Pfizer coronavirus vaccines has the potential to revolutionize the way we treat, and prevent, a wide variety of other maladies. Scientists are sequencing HIV, seasonal flu viruses and certain cancers, and identifying snippets of their RNA that could teach the body to fight them off before they can run rampant through the body.

The vaccine approach to the coronavirus uses lipid nanoparticles, essentially fat bubbles, to deliver bits of a disease's genetic material into the body, helping the immune system spot the spike proteins they use to enter human cells. At the moment, Moderna is working on two HIV vaccine candidates: mRNA-1644 and mRNA-1574. The vaccine has been tested successfully in macaque monkeys, which developed neutralizing antibodies that bind to the proteins that HIV uses to enter cells, neutralizing the disease before it can spread. Another mRNA test has protected humanized mice against HIV infection.

Meanwhile, phase 1 clinical trials for more effective seasonal flu vaccines will start this year, and additional mRNA vaccines are being developed for mononucleosis, types of lymphoma and nasal cancer. Other experimental cancer vaccines will require doctors to extract tumor samples from the patient, sequence the genome and create a specific mRNA therapy that will teach the immune system to destroy the cancer cells—and only the cancer cells. Six of 10 patients in an early trial responded positively to the treatment; in two, the cancer was entirely destroyed, while four others stabilized and had no further cancer progression.

The newly-developed therapies also offer promise in fighting a number of autoimmune diseases, including multiple sclerosis, and a recent mRNA experiment suggests that mRNA treatment can be used to promote the development of blood vessels. An injection might improve outcomes in people undergoing coronary artery bypass surgery.

It is possible that some of these therapies might have happened eventually without the crash COVID vaccine projects, but almost certainly they would not have been in clinical trials this quickly. This doesn't mean we shouldn't mourn the millions of

people lost to the pandemic here and abroad, but it's possible that there will be fewer deaths, and diseases, in our future.

Source:

Bob Veres Inside Edition Newsletter

For more information on these topics or for a free consultation, contact Resolute Financial, LLC at (978) 463-8771 ext. 1003.

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