

HB 623-FN-A - AS INTRODUCED

2019 SESSION

19-0689

10/08

HOUSE BILL **623-FN-A**

AN ACT relative to the rates of the business profits tax and business enterprise tax.

SPONSORS: Rep. Almy, Graf. 13; Rep. Mombourquette, Hills. 5; Rep. Schultz, Merr. 18; Rep. Fellows, Graf. 8; Rep. Horrigan, Straf. 6; Rep. T. Smith, Hills. 17; Rep. Edgar, Rock. 21; Rep. Porter, Hills. 1; Rep. Herbert, Hills. 43; Rep. Cloutier, Sull. 10

COMMITTEE: Ways and Means

ANALYSIS

This bill establishes the rates of the business profits tax and the business enterprise tax for taxpayer tax years ending on or after December 31, 2019 and for subsequent tax years, and repeals rate reductions effective in 2021.

Explanation: Matter added to current law appears in ***bold italics***.
Matter removed from current law appears ~~[in brackets and struckthrough.]~~
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.
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STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Nineteen

AN ACT relative to the rates of the business profits tax and business enterprise tax.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 Business Profits Tax; Imposition of Tax; 2019. RSA 77-A:2 is repealed and reenacted to read as follows:

77-A:2 Imposition of Tax. A tax is imposed at the rate of 8.5 percent upon the taxable business profits of every business organization.

2 Business Enterprise Tax; Imposition of Tax; 2019. RSA 77-E:2 is repealed and reenacted to read as follows:

77-E:2 Imposition of Tax. A tax is imposed at the rate of .50 percent upon the taxable enterprise value tax base of every business enterprise.

3 Repeal of Prospective Amendments. The following are repealed:

I. 2017, 156:215; relative to the rate of the business profits tax in 2021.

II. 2017, 156:216; relative to the rate of the business enterprise tax in 2021.

III. 2017, 156:217, II, relative to the applicability of the 2021 rates changes.

4 Applicability. Sections 1 and 2 of this act shall apply to taxable periods ending on or after December 31, 2019.

5 Effective Date. This act shall take effect 60 days after its passage.

LBAO
19-0689
1/7/19

**HB 623-FN-A- FISCAL NOTE
AS INTRODUCED**

AN ACT relative to the rates of the business profits tax and business enterprise tax.

FISCAL IMPACT: ☒ **State** ☐ **County** ☐ **Local** ☐ **None**

STATE:	Estimated Increase / (Decrease)			
	FY 2020	FY 2021	FY 2022	FY 2023
Appropriation	\$0	\$0	\$0	\$0
Revenue	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase
Expenditures	\$0	\$0	\$0	\$0
Funding Source:	<input checked="" type="checkbox"/> General <input checked="" type="checkbox"/> Education <input type="checkbox"/> Highway <input type="checkbox"/> Other			

METHODOLOGY:

This bill increases the business profits tax rate for taxable periods ending on or after December 31, 2019 from 7.7 percent to 8.5 percent and reduces the business enterprise tax rate for taxable periods ending on or after December 31, 2019 from 0.6 percent to 0.5 percent. The bill also repeals prospective decreases in the business profits and business enterprise taxes in 2021. The exact fiscal impact of this bill cannot be determined, however the Department is able to provide an estimate based on the following assumptions:

- business tax rate reductions for taxable periods ending on or after December 31, 2019 and December 31, 2021 would have been in effect for FY 2020 through FY 2023,
- the FY 2018 cash basis revenue of \$775,900,000 is the starting point to calculate an estimated fiscal impact, and
- tax year revenue collected is allocated to each fiscal year's revenue based on the proportionate amount of revenue anticipated to be received,

It should be noted the fiscal impact of the proposed rate reductions may vary for future fiscal years depending on whether actual revenue is more or less than the FY 2018 revenue amount. The table below summarizes the Department's analysis:

Fiscal Impact of Rate Reductions by Fiscal Year

Fiscal Year	FY 18 Revenue with Current BPT and BET Rate Reductions Applied	FY 18 Revenue with New BPT Rate Increase and BET Rate Reduction	Difference
FY20	\$710,527,743	\$717,369,371	\$6,841,629

FY21	\$692,565,789	\$710,135,004	\$17,569,215
FY22	\$658,212,733	\$710,135,004	\$51,922,270
FY23	\$651,234,769	\$710,135,004	\$58,900,235

AGENCIES CONTACTED:

Department of Revenue Administration