

# New Hampshire Department of Revenue Administration

## Fiscal Note Quick Guide

16-2519

**HB 1360-FN**, *establishing a credit against business profits taxes for media production expenditures in New Hampshire.*

House Way & Means Committee

This bill establishes a non-refundable tax credit against the Business Profits Tax (BPT) for media production expenditures made in New Hampshire (NH). To obtain the media production tax credit, the taxpayer must enter into an agreement with the "Film Office," which will, in conjunction with the State Treasurer, determine whether or not to enter into agreements with taxpayers.

The bill provides that an agreement can be entered into for photography beginning after December 31, 2015. Therefore, tax credits could be used for Tax Year 2016. Returns for Tax Year 2016 could be filed as early as March, 2017 so the fiscal impact of this bill could begin in FY 2017.

The maximum fiscal impact in any year would be \$10,000,000, the limit that the law mandates as the aggregate total of credits allowed per fiscal year. Any unused portion of the credit may be carried forward to any of the 5 subsequent tax years.

The tax credit is equal to 12.5% of the total aggregate payroll paid by the production company that constitutes NH source income when total production expenses incurred in NH equal or exceed \$25,000 during the taxable year. An additional tax credit is available against the BPT equal to 12.5% of all NH production expenses, and qualified non-NH expenses, not including expenses used to claim the first credit, where the production company is eligible for the first credit and either: (1) NH production expenses exceed 50% of the total production expenses; (2) at least 50% of the total photography days of the film take place in NH; or (3) in excess of \$100,000 in eligible NH production expenses are incurred.

Aggregate salary and compensation amounts for an individual in excess of \$2,000,000 shall not qualify for either of the tax credits against BPT under this bill.

The aggregate of the credit to all taxpayers shall not exceed \$10,000,000 for any fiscal year. However, the proposed law does not create a tax credit program to which taxpayers can apply by a specific due date, after which proportional tax credits could be awarded. There is no mechanism for the DRA to award proportional credits and thus the \$10,000,000 aggregate credit limit cannot be fully implemented.

All or any portion of tax credits issued may be transferred, sold or assigned to a NH resident taxpayer with BPT liabilities after application to the Commissioner and issuance of a certificate of eligibility.

This bill is effective July 1, 2016 and will be prospectively repealed effective July 1, 2020.