

New Hampshire Department of Revenue Administration

Fiscal Note Quick Guide

19-1035

SB 191, *relative to exemptions for the tax on interest and dividends.*

Senate Ways & Means

The proposed legislation amends the Interest and Dividends (I&D) Tax, namely, RSA 77:5, II-IV, to double the additional exemptions for taxpayers who are 65 years of age or older, blind, or disabled, from \$1,200 to \$2,400 and applies to tax years ending on and after December 31, 2019. It takes effect July 1, 2019.

The proposed legislation would decrease State General Fund revenues by approximately \$2,100,000, based on tax year 2017. Specifically, the Department applied the proposed exemption amounts to tax year 2017. The estimated fiscal impact does not take into consideration any possible changes to the number of taxpayers or the amount of interest and dividends income with respect to FY 2020 through FY 2023, including the possible effects of the proposed legislation.

To determine the fiscal impact the Department examined tax year 2017 as of January 11, 2019. The total I&D Tax liability reported by taxpayers for tax year 2017 was \$99,425,884. To calculate the estimated fiscal impact of the proposed legislation on tax year 2017, the Department adjusted any additional exemptions claimed by taxpayers from \$1,200 to \$2,400. Increasing the additional exemptions resulted in a new tax year 2017 I&D Tax liability of \$97,333,518, which is a decrease of \$2,092,366.

However, there are taxpayers who have overpaid their I&D Tax liability that carry the overpayment as a credit rather than request a refund. If such a taxpayer no longer has an I&D Tax liability due to the changes in the proposed legislation, it may request that its credit be refunded. Any requested refunds would add to any revenue decrease attributable to the proposed legislation.