

New Hampshire Department of Revenue Administration

Fiscal Note Quick Guide

17-0160

HB 440-FN-A-LOCAL, *repealing the tax on interest and dividends.*

House Ways & Means

The proposed bill repeals the RSA 77 Interest and Dividends (I&D) Tax.

Taxpayers reported a total I&D Tax liability in Tax Year 2015 (TY15) of \$82,551,040. Taxpayers reported \$15.6 million of I&D Tax overpayment in TY15 and requested that amount be carried forward to offset any potential future liabilities.

If the I&D tax were repealed, there would be no future liability for outstanding credit carry overs to offset; resulting in a large amount of refund requests. As a result, to calculate the fiscal impact of repealing the I&D Tax, the Department presumes the payment of refunds of the total amount of tax overpayment reported by taxpayers on their final return. Had the proposed legislation been effective upon the completion of TY15, the total fiscal impact of repealing the I&D Tax would be \$98,137,661.

This analysis is a static analysis based on a single tax year and does not take into consideration the Department's ongoing audit and collection activities with respect to prior tax years.

This analysis is completed on a tax year basis not a fiscal year basis. A fiscal year encompasses multiple tax years and will change the fiscal impact on a year by year basis.

This bill would take effect January 1, 2018. As a result, the proposed repeal would apply to only a portion of the tax year for taxpayers adopting a fiscal year that is different than the calendar year. The Department would recommend an applicability date that impacts "taxable periods ending on or after December 31st." Adopting this applicability date ensures that a tax law change will impact all taxpayers for a particular tax year.