

New Hampshire Department of Revenue Administration

Fiscal Note Quick Guide

17-0326

HB 574-FN, *increasing the limit on contributions to the community development finance authority for which an investment tax credit may be taken.*

House Ways & Means

The proposed bill increases the annual allowable contributions to the Community Development Finance Authority (CDFA) that may be used as a tax credit under RSA 162-L:10, IV(b) (CDFA Tax Credit), from \$5,000,000, to \$10,000,000 in any state fiscal year. The CDFA Tax Credit can be used against taxes imposed by any of the following individually or in combination; the RSA 77-A Business Profits Tax, RSA 400-A Insurance Premium Tax, and RSA 77-E Business Enterprise Tax, and is equal to 75 percent of the contribution made. This bill would take effect July 1, 2017.

The revenue impact of this proposed legislation in FY2017 may be a minimal decrease in business estimate payments by some donors who are anticipating tax credits from their contributions made during the first year of this bill. In each fiscal year after FY2017, the DRA has no definitive method to determine the total future value of approved contributions under this proposed legislation, or when the tax credits awarded would be utilized by the taxpayer. However, the DRA believes that increasing the amount of allowable CDFA Tax Credits will result in an indeterminable decrease in state revenue. In prior years, taxpayers have claimed the CDFA Tax Credit as follows: \$3,140,000 in FY2014, \$3,687,000 in FY2015 and \$3,168,000 in FY2016.

The proposed legislation could be administered by the DRA without any additional costs that could not be absorbed in our operating budget.