

New Hampshire Department of Revenue Administration

Fiscal Note Quick Guide

17-0840

SB 183-FN, *establishing the New Hampshire technology sector marketing tax credit.*

Senate Ways & Means

The proposed bill establishes a new Technology Sector Marketing Tax Credit under RSA 162-L:10-a, to be used against taxes imposed by any of the following individually or in combination; RSA 77-A, RSA 400-A, RSA 77-E effective July 1, 2017. The proposed bill contains a sunset provision, prospectively repealing this tax credit effective July 1, 2019.

This proposed bill allows a tax credit equal to 75 percent of the contribution made to the Community Development Finance Authority (CDFA), by an eligible business as determined by the NH High Tech Council. The aggregate of tax credits awarded by the authority under this proposed legislation shall not exceed \$1,000,000 in any given tax year. The credit or any unused portions thereof may be carried forward for 5 succeeding years.

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, there would be an indeterminable decrease in revenue depending upon the amount of tax credits issued and used by taxpayers. 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.

The DRA would be responsible for updating all necessary tax return forms and electronic management systems related to this bill. Appropriate policies and procedures for administering this bill will be implemented prior to the effective date of this bill. The proposed legislation could be administered by the DRA without any additional costs that could not be absorbed in our operating budget.

The prospective repeal of this bill is effective July 1, 2019, however, taxpayers are permitted to carry-forward tax credits issued for 5 years. It is customary to allow taxpayers to use tax credits already outstanding, issued, awarded or earned, in which case the repeal should indicate its applicability to a particular tax year or otherwise specify that credits may continue to be carried-forward for up to 5 years.

Consistent with the statutory framework for other existing tax credits, appropriate references to this new tax credit should be made to RSA 77-A:5, RSA 77-E, and RSA 400-A.