

New Hampshire Department of Revenue Administration

Fiscal Note Quick Guide

17-0141

SB 74, *relative to economic revitalization zone tax credits.*

Senate Ways & Means

This bill Amends RSA 162-N:3 & RSA 162-N:4 by making a number of small changes to the process by which the Commissioner of the Department Resources and Economic Development (DRED) processes requests for Economic Revitalization Zone Tax Credits (ERZTC).

This bill also Amends RSA 162-N:5 by increasing the aggregate total limit of ERZTC which may be issued by the Commissioner of DRED from \$825,000 to \$3,000,000 per calendar year, and the maximum allowed tax credit utilized by each taxpayer from \$40,000 to \$50,000 per calendar year.

The ERZTC is a “cascading” tax credit that may be used to reduce a BET liability and, as considered “taxes paid” under RSA 77-E, may then be used to reduce a BPT liability. The amounts included in this fiscal note are the total reductions in revenue to the State whether applied against BPT, BET, or both tax liabilities.

The DRA is unable to estimate the revenue loss that would result from the proposed legislation. Although the maximum aggregate amount of credit that can be issued in any given year would be raised to \$3,000,000, the ability to carry-forward unissued tax credits to future years could increase the fiscal impact of the proposed legislation in later years. Additionally, because taxpayers have the ability to carry forward unused tax credits to five subsequent taxable periods, the fiscal impact of any issued tax credit cannot be isolated to the year of issuance.

The ERZTC used to offset a tax liability on the NH BPT return, BET return, or both was \$360,000 in FY2014, \$806,000 in FY2015 and \$901,000 in FY2016.

The proposed legislation could be administered by the DRA without any additional costs.

This bill would take effect July 1, 2017.