

New Hampshire Department of Revenue Administration

Fiscal Note Quick Guide

17-0227

SB 75-FN, *establishing a tax credit against business profits tax for donations to career and technical education centers.*

Senate Ways & Means

The proposed bill establishes a new tax credit under RSA 188-E:9, to be used against the Business Profits Tax (BPT) under RSA 77-A, for donations to career and technical education centers.

This proposed bill allows school districts to accept certain charitable donations, and requires school districts to report within 30 days the donor name and donation value to the NH Department of Education. Under this proposed legislation, the program would be administered by the NH Department of Education, who would compute the amount of tax credits to be issued based on those qualifying donations reported to them.

The proposed legislation states that the tax credit allowed against the BPT shall not exceed 25% of the tax due under RSA 77-A, before any credits under RSA 77-A:5 are taken into account. The aggregate of tax credits issued by the NH Department of Education under this proposed legislation shall not exceed \$500,000 per fiscal year.

The DRA has no definitive method to determine the total future value of approved donations under this proposed legislation. The revenue impact in FY2018 may be a minimal decrease in business estimate payments by some donors who are anticipating tax credits from their donations during the first year of this bill, for taxable periods ending after December 31, 2017. In each fiscal year after FY2018, the maximum revenue impact would be a decrease in State Revenue equal to the allowed aggregate tax credits of \$500,000 per program year.

The DRA would be responsible for updating all 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.

This bill would take effect January 1, 2018 and is applicable to taxable periods ending after December 31, 2017.

The proposed legislation does not address the carryforward of unissued credits by the NH Department of Education or the carryforward of unused credits by the taxpayer. The DRA interprets this to mean that any unused tax credits by a donor and any unissued tax credits by the NH Department of Education may not be carried forward.

This proposed legislation creates a new tax credit, which could be added to RSA 71-C:2, relative to the Tax Expenditure Report produced by the DRA.