

# Tax Expenditure and Potential Liability Report

(Pursuant to [RSA 71-C](#))

Fiscal Year 2024

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Prepared By

New Hampshire Department of  
Revenue Administration

December 6, 2024

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*For*  
*The New Hampshire General Court*  
*- and -*  
*His Excellency, Governor Christopher T. Sununu*  
*Governor of New Hampshire*



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## TAX EXPENDITURE AND POTENTIAL LIABILITY REPORT

### I. INTRODUCTION

The Legislature “expends” funds in two ways: 1) through actual appropriations (expenditures); and 2) by foregoing the collection of taxes that it has the statutory authority to collect. The New Hampshire Supreme Court has characterized tax expenditures as follows: “. . . *all exemptions from taxation are practically equivalent to a direct appropriation.*” Canaan v. District, 74 N.H. 517, 537 (1908).

In 2014, the New Hampshire Legislature passed, and Governor Hassan signed, Chapter 28, Laws of 2014 (HB 1531) repealing RSA 77-A:5-a, relative to the “Tax Expenditure Report” previously published by the Department of Revenue Administration on February 1 of every calendar year, and creating a new chapter, RSA 71-C, entitled “Tax Expenditure and Potential Liability Reports.”

Pursuant to [RSA 71-C](#), on or before December 15 of every fiscal year, the Commissioner of the Department shall certify to the General Court and the Governor a “Tax Expenditure and Potential Liability Report,” that analyzes each of the past fiscal year’s tax expenditures and other credits allowed under RSA 77, RSA 77-A, RSA 77-E, RSA 77-G, RSA 78, RSA 78-A, 78-B, RSA 82-A, RSA 83-E, RSA 84-A, RSA 84-C, and RSA 400-A.

RSA 71-C:1, defines “tax expenditure” to mean:

a credit or exemption that is intended by the legislature to allow individuals or businesses to reduce the amount owed for state taxes in return for a change in behavior. A tax expenditure does not include a credit or exemption meant only to avoid double taxation of the same income or assets within the same taxing jurisdiction. A tax rate reduced for the express purpose of achieving a change in behavior may also be identified by the committee in RSA 71-C:3 as a tax expenditure for the purpose of regular review.

RSA 71-C:2 more specifically provides that tax expenditures include, but are not limited to, the Community Development Finance Authority New Investment tax credit as computed in RSA 162-L:10; the Economic Revitalization Zone tax credit as computed in RSA 162-N:6; the Research and Development tax credit under RSA 77-A:5, XIII; the Coos County Job Creation tax credit under RSA 77-E:3-c; the Education Tax Credit as computed in RSA 77-G:4; the Regional Career and Technical Education Center tax credit pursuant to RSA 188-E:9-a, II(a) and the exemption for qualified regenerative



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manufacturing companies allowed under RSA 77-A:1, I and RSA 77-E:1, III.

RSA 71-C also created a Joint Committee on Tax Expenditures that shall:

- Determine which credits, exemptions, and reduced rates meet the definition of a tax expenditure;
- Recommend legislation to add any additional tax expenditures to RSA 71-C:2;
- Establish a rotating schedule for review of all qualifying tax expenditures over 5-year periods;
- Determine the goals of each tax expenditure; and
- Establish general criteria for the future evaluation of each such tax expenditure to review and determine which credits, exemptions, and reduced rates meet the definition of a tax expenditure.

This FY 2024 Tax Expenditure and Potential Liability Report is a compilation of data contained within the Department's Revenue Information Management System (RIMS). The numbers have been rounded to the nearest thousand dollars to enhance visual clarity. The information presented is not a statistical sample; but, rather, a summary of the information reported on returns filed within the period. This report provides the most current and complete information and, thus, gives some insight into the next fiscal year.

The purpose of this report is not to single out any group of taxpayers, nor to comment on the correctness or appropriateness of any credit; but, rather, to provide decision makers with the verifiable facts as to the "cost" of the various credits and exemptions. I encourage readers of this report to provide comments and suggestions for future reports.

**Lindsey M. Stepp, Commissioner**

**NH Department of Revenue Administration**



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## II. DEFINITION OF TERMS

The following terms used in this report have the meaning ascribed below:

- A. Tax liability means the amount of tax shown to be due prior to the application of any payments or credits.
- B. Department means the NH Department of Revenue Administration.
- C. Tax returns filed with the Department in FY 2024 means all tax returns filed with the Department from July 1, 2023 through June 30, 2024 without regard to the tax period for which the returns were filed. Amended returns and audit adjustments are not included in this report unless the original return was filed in FY 2024.
- D. Cascading Credit means a credit allowed against the BET that is also considered BET paid for purposes of the credit allowed against the BPT under [RSA 77-A:5, X](#), such as in the Taxpayer C example below:

Taxpayer A <i>Has no tax credits</i>	Taxpayer B <i>Has \$2,500 tax credit that is not cascading meaning the credit used is not considered "taxes paid"</i>	Taxpayer C <i>Has \$2,500 tax credit that is a cascading credit. Meaning the credit used to offset the BET liability is considered "taxes paid" under RSA 77-E, and may be applied to the BPT liability.</i>
<u>Tax Liability:</u> BET: \$2,500 BPT: \$7,500	<u>Tax Liability:</u> BET: \$2,500 BPT: \$7,500	<u>Tax Liability:</u> BET: \$2,500 BPT: \$7,500
BET: \$2,500 - \$0 = \$2,500 (BET Paid) BPT: \$7,500 - \$0 = \$7,500 -\$2,500 (BET Paid) \$5,000 (BPT Paid)	BET: \$2,500 - \$2,500 = \$0 (BET Paid) BPT: \$7,500 - \$0 = \$7,500 (BPT Paid)	BET: \$2,500 - \$2,500 = \$0 (BET Paid) BPT: \$7,500 - \$2,500 = \$5,000 (BPT Paid)
BET Paid after Credits: \$2,500 BPT Paid after Credits: \$5,000 Total BS Paid by Taxpayer: \$7,500	BET Paid after Credits: \$0 BPT Paid after Credits: \$7,500 Total BS Paid by Taxpayer: \$7,500	BET Paid after Credits: \$0 BPT Paid after Credits: \$5,000 Total BS Paid by Taxpayer: \$5,000



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### III. GENERAL INFORMATION

This report includes credits against Business Profits Tax (BPT) under [RSA 77-A](#), Business Enterprise Tax (BET) under [RSA 77-E](#), and Interest and Dividends Tax (I&D) under [RSA 77](#):

1. Community Development Finance Authority – New Investment Tax Credit ([RSA 162-L:10](#));
2. Economic Revitalization Zone Tax Credit ([RSA 162-N:7](#)), formerly the Community Reinvestment and Opportunity Zones Credit;
3. Research and Development Tax Credit ([RSA 77-A:5, XIII](#));
4. Coos County Job Creation Tax Credit ([RSA 162-Q](#)); and
5. Education Tax Credit ([RSA 77-G](#)).
6. Exemption for Qualified Regenerative Manufacturing Companies ([RSA 77-A:5-c](#))
7. Career and Technical Education Center Credit ([RSA 188-E:9-a](#))
8. Granite State Paid Family Leave Plan Tax Credit ([RSA 77-E:3-e](#))

This report also includes information from additional areas:

1. Net Operating Losses ([RSA 77-A:4, XIII](#));
2. Business Enterprise Tax Credit ([RSA 77-A:5, X](#));
3. Credit Carryovers From Overpaid Business Taxes; and
4. Insurance Tax ([RSA 400-A](#)).



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## IV. OVERVIEW OF TAX EXPENDITURES AND AMOUNTS

The following table gives a general overview of the tax credits that were available to taxpayers in FY 2024:

Tax Credit Program	RSA	Tax the Credit Can be Applied	Current Year Cap on Program	Maximum Credit Awarded per Taxpayer	Program Maximum Credit	Carryforward Provisions	"Cascading" Credit	Administered by
<b>CDFA -New Investment Tax Credit</b>	<a href="#">RSA 162-L:10</a>	IPT*, BPT & BET	\$5,000,000	75% of Contribution Amount	\$3,750,000	5 Years, but not to exceed \$1,000,000 in any given year.	Yes	Community Development Finance Authority (CDFA)
<b>Economic Revitalization Zone Tax Credit</b>	<a href="#">RSA 162-N:7</a>	BPT & BET	\$825,000	\$40,000	N/A	5 Years, but not to exceed \$40,000 in any given year.	Yes	NH Dept. of Business and Economic Affairs
<b>Research &amp; Development Tax Credit</b>	<a href="#">RSA 77-A:5, XIII</a>	BPT & BET	\$7,000,000	\$50,000	\$7,000,000	5 Years	No	DRA
<b>Coos County Job Creation Tax Credit</b>	<a href="#">RSA 162-Q</a>	BPT & BET	N/A	Based on Types of Employees	N/A	5 Years	Yes	NH Dept. of Business and Economic Affairs
<b>Education Tax Credit</b>	<a href="#">RSA 77-G</a>	I&D, BPT & BET	\$6,000,000	85% of Donation Amount	\$5,100,000	5 Years, but not to exceed \$1,000,000 in any given year. No Carryforward for I&D Tax.	No	DRA
<b>Career &amp; Technical Education Center Credit</b>	<a href="#">RSA 188-E:9-a</a>	BPT	\$500,000	Credit Equals Donation Amount	\$500,000	No	No	NH Dept. of Education
<b>Granite State Paid Family Leave Plan Tax Credit</b>	<a href="#">RSA 77-E:3-e</a>	BET	N/A	50% of the Premium Paid	N/A	No	No	DRA
<b>Insurance Premium Tax Credit</b>	<a href="#">RSA 400-A</a>	BPT	N/A	Amount of IPT Paid	N/A	No	No	NH Insurance Dept.

\*IPT = Insurance Premium Tax



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The following table gives a general view of the BPT, BET and I&D tax expenditures and amounts as reported on tax returns filed in FY 2024:

Type of Tax Expenditures	Amount of Credit Used
Community Development Finance Authority - New Investment Tax Credit ( <a href="#">RSA 162-L:10</a> )	\$2,982,000
Economic Revitalization Zone Tax Credit ( <a href="#">RSA 162-N:7</a> )	\$627,000
Research and Development Tax Credit ( <a href="#">RSA 77-A:5, XIII</a> )	\$6,186,000
Coos County Job Creation Tax Credit ( <a href="#">RSA 162-Q</a> )	\$240,000
Education Tax Credit ( <a href="#">RSA 77-G</a> )	\$1,995,000
Granite State Paid Family Leave Plan Tax Credit ( <a href="#">RSA 77-E:3-e</a> )	\$23,000
Exemption for Qualified Regenerative Manufacturing Companies ( <a href="#">RSA 77-A:5-c</a> )	-*
Career and Technical Education Center Credit ( <a href="#">RSA 188-E:9-a</a> )	-*
<b>Total Amount of Tax Credit Used</b>	<b>\$11,464,000</b>

\*There were a number of organizations electing to be treated as a QRMC or claimed the CTE tax credit during FY2024, however, pursuant to RSA 21-J:14 the number of organizations are insufficient to disclose any information.

The following table gives a general view of the additional areas and amounts (revenue loss or amount claimed) as reported on tax returns filed in FY 2024:

Additional Areas	Revenue Loss/Amount Claimed
Net Operating Loss Deductions Claimed ( <a href="#">RSA 77-A:4, XIII</a> )	\$45,434,000
Business Enterprise Tax Credits Claimed ( <a href="#">RSA 77-A:5, X</a> )	\$177,912,000
Credit Carryovers Requested – Business Taxes	\$401,042,000
Insurance Premium Tax Credits Claimed ( <a href="#">RSA 77-A:5, III</a> )	\$33,449,000





## V. REPORT OF TAX CREDIT UTILIZATION

### 1. Community Development Finance Authority (CDFA) - New Investment Tax Credit ([RSA 162-L:10](#)):

**Administered by:** The Community Development Finance Authority

**Purpose:** To encourage contributions to the CDFA, whose mission "...is focused on maximizing the value and impact of community development, economic development and clean energy initiatives throughout New Hampshire."

**Description:** Chapter 338, Laws of 1998 (HB 1397) enacted the CDFA tax credit, and it became effective July 1, 1999. It is an investment tax credit equal to 75% of the contributions made to the CDFA as provided in [RSA 77-A:5, XI](#). The tax credit may be applied to the BPT, the BET, or the Insurance Premium Tax. The Investment Tax credit may be carried forward for no more than five years.

The Investment Tax credit is a "cascading" credit that may be used to reduce a BET liability and then used to reduce a BPT liability. The amount included in this report is the total reduction in revenue to the state whether applied against BPT, BET, or both tax liabilities.

**Methodology:** Credit used is the amount reported and used by 144 taxpayers to offset a tax liability on the New Hampshire BPT return, BET return, or both. This report does not include any credit taken to offset the IPT, which may be done in lieu of applying the credit against business taxes.

**Tax returns filed in FY 2024:**

Tax Credit Used Against BPT, BET, or both.....\$2,982,000

**Comparison FY 2020 through FY 2024**

FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
\$2,017,000	\$2,992,000	\$4,281,000	\$3,691,000	\$2,982,000

**Number of Taxpayers Utilizing the Credit**

FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
144	165	211	170	144



**2. Economic Revitalization Zone Tax Credit (ERZTC) ([RSA 162-N:7](#)):**

**Administered by:** The NH Department of Business and Economic Affairs

**Purpose:** To expand the commercial or industrial base in a designated economic revitalization zone and create new jobs in the state by targeting redevelopment of unused or underutilized industrial parks and vacant land or structures previously used for industrial, commercial, or retail purposes that are currently not so used due to demolition, age, obsolescence, deterioration, brownfields, relocation of the former occupant's operations, or cessation of operation resulting from unfavorable economic conditions either generally or in a specific economic sector.

**Description:** The authority to enter into Community Reinvestment and Opportunity (CROP) Zone Credit Agreements became effective July 1, 2003. The CROP Zone tax credit was replaced with the ERZTC under Chapter 263:120, Laws of 2007 (HB 2) and became effective July 1, 2007. It shall be available to taxpayers only for tax liabilities arising during the five consecutive tax periods following the signing of the agreement. ERZTC shall be applied against BPT. Any unused portion may be applied against BET. ERZTCs shall not be transferable. Any unused portion of the ERZTC may be carried forward for five years.

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 amount included in this report is the total reduction in revenue to the State whether applied against BPT, BET, or both tax liabilities.

**Methodology:** Credit used is the amount reported by 42 taxpayers and used to offset a tax liability on the New Hampshire BPT return, BET return, or both.

**Tax returns filed in FY 2024:**

Tax Credit Used Against BPT, BET, or both.....\$627,000

**Comparison FY 2020 through FY 2024**

FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
\$524,000	\$782,000	\$528,000	\$538,000	\$627,000

**Number of Taxpayers Utilizing the Credit**

FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
50	51	41	45	42



**3. Research and Development (R&D) Tax Credit ([RSA 77-A:5, XIII](#)):**

**Administered by:** The NH Department of Revenue Administration

**Purpose:** To encourage manufacturing research and development activities in New Hampshire, and specifically the payment of wages attributable to manufacturing research and development.

**Description:** Chapter 271, Laws of 2007 (SB 134) enacted the R&D Tax Credit. The first credits were allowed to be taken against taxes due on account of taxable periods ending on and after September 7, 2007. The credit is based upon 10% of the excess of the qualified R&D expenses for the taxable year over the base amount. Wages for which a credit is taken shall not also be eligible under the ERZTC ([RSA 162-N:7](#)). Each taxpayer’s share of the R&D tax credit shall not exceed \$50,000 per fiscal year. Taxpayers must apply by June 30 following the tax year during which the research and development occurred, and awards are sent by September 30. Through FY 2013, the maximum credit allowed for all taxpayers was \$1,000,000 per fiscal year and beginning in FY 2014, it was \$2,000,000 each year. Beginning in FY 2018, the maximum amount to be issued was \$7,000,000 each year. The R&D tax credit may be carried forward for no more than five years.

The R&D tax credit is first applied to the BPT and while this is not a “cascading” tax credit, the unused portion of any R&D tax credit shall be available to apply to the BET.

**Methodology:** Credit used is the amount reported by 271 taxpayers and used to offset a tax liability on the New Hampshire BPT return, BET returns, or both.

**Tax returns filed in FY 2024:**

Tax Credit Used Against BPT, BET, or both..... \$6,186,000

**Comparison FY 2020 through FY 2024**

FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
\$5,341,000	\$5,044,000	\$5,308,000	\$4,786,000	\$6,186,000

**Number of Taxpayers Utilizing the Credit**

FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
219	219	235	214	271



**4. Coos County Job Creation (CCJC) Tax Credit ([RSA 162-Q](#)):**

**Administered by:** The NH Department of Business and Economic Affairs

**Purpose:** To foster the creation of additional high quality jobs and to stimulate economic growth in Coos County, an area that the general court recognized was particularly impacted by job losses.

**Description:** Chapter 172, Laws of 2008 (HB 1644) enacted the CCJC tax credit and became effective for taxable periods ending on or after June 9, 2008. The CCJC is awarded to each business organization that hires qualified tax credit employees which means new, full-time, year-round employees hired in Coos County for work directly in one or more business activities for which actual wages paid are equal to or greater than 150 percent of the current state minimum wage. CCJC tax credits shall be applied against tax due under BET and any remainder may be applied against tax due under BPT. Any unused CCJC tax credits may be carried forward for up to five years.

The CCJC tax credit is a “cascading” credit. The amount included in this report is the total reduction in revenue to the State whether applied against BPT, BET, or both tax liabilities.

**Methodology:** Credit used is the amount reported by 52 taxpayers and used to offset a tax liability on the New Hampshire BET and BPT tax returns.

**Tax returns filed in FY 2024:**

Tax Credit Used Against BPT, BET or both..... \$240,000

**Comparison FY 2020 through FY 2024**

FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
\$88,000	\$165,000	\$96,000	\$193,000	\$240,000

**Number of Taxpayers Utilizing the Credit**

FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
25	38	24	45	52



**5. Education Tax Credit ([RSA 77-G](#)):**

**Administered by:** The NH Department of Revenue Administration

**Purpose:** To (a) Allow maximum freedom to parents and nonpublic schools to respond to and, without governmental control, provide for the educational needs of children, and this act shall be liberally construed to achieve that purpose. (b) Promote the general welfare by expanding educational opportunities for children. (c) Enable children in this state to achieve a higher level of excellence in their education. (d) Improve the quality of education in this state, both by expanding educational opportunities for children and by creating incentives for schools to achieve excellence.

**Description:** Chapter 287, Laws of 2012 (SB 372) allows a business organization, business enterprise or individual to make a money donation (up to \$600,000) to an approved scholarship organization(s) for which the business organization, business enterprise or individual will receive a tax credit against the BPT, BET and/or I&D equal to 85% of their donation. The Education Tax Credit Program began January 1, 2013, and is capped at \$5,100,000 in awarded credits. The program was extended to the I&D Tax and a five year carryforward provision was added only for the BPT and BET, effective July 1, 2018.

This tax credit is not a “cascading” credit. The amount included in this report is the total reduction in revenue to the State whether applied against BPT, BET, and/or I&D tax liabilities.

**Methodology:** Credit used is the amount reported by 103 taxpayers and used to offset a tax liability on the New Hampshire BET, BPT and I&D returns.

**Tax returns filed in FY 2024:**

Tax Credit Used Against BPT, BET and I&D..... \$1,995,000

**Comparison FY 2020 through FY 2024**

FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
\$1,372,000	\$1,909,000	\$1,545,000	\$2,256,000	\$1,995,000

**Number of Taxpayers Utilizing the Credit**

FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
110	116	120	118	103



## 6. **Exemption for Qualified Regenerative Manufacturing Companies** **([RSA 77-A:5-c](#)):**

**Administered by:** The NH Department of Revenue Administration

**Purpose:** To encourage the development of the regenerative manufacturing activities in New Hampshire.

**Description:** Chapter 157, Laws of 2018 (SB 564) exempts an organization from the BPT and BET if it meets all the requirements for a qualified regenerative manufacturing company (QRMC) as defined in [RSA 77-A:1, XXX](#), including filing an election with the DRA. The exemption was effective July 29, 2018, for taxable periods beginning after December 31, 2017. An organization electing to be treated as a QRMC must file an election with the DRA on or before the fifteenth day of the third month immediately following the end of its taxable period. The election is effective for the taxable period for which it is made and for all succeeding taxable periods until it is terminated or expires. The election to be a QRMC expires for taxable periods beginning after December 31, 2027. Also, with respect to each taxable period, the organization must file a report detailing income received and expenses incurred, or a copy of its federal income tax return, on or before 30 days following the filing of the federal income tax return with the IRS.

**Methodology:** Pursuant to [RSA 21-J:14](#), as of the start of the credit thru FY 2024 the number of organizations electing to be treated as a QRMC are insufficient to disclose any information.



## 7. **Career and Technical Education Center Credit ([RSA 188-E:9-a](#)):**

**Administered by:** The NH Department of Education

**Purpose:** To encourage charitable donations to regional career and technical education centers.

**Description:** Chapter 247, Laws of 2019 (SB 270) allows a tax credit against the BPT for qualifying charitable donations to career and technical education (CTE) centers, effective July 1, 2019. A taxpayer may only use the credit in the tax year during which it made the donation, and only in an amount up to 25% of the taxpayer's BPT due before credits. The maximum amount of tax credits issued to all donors for any state fiscal year will be \$500,000. The program is scheduled to be repealed after fiscal year 2026.

This tax credit is not a "cascading" credit. The tax credit may only be used to offset up to 25% of BPT tax due before credits, within the tax year during which it made the donation.

**Methodology:**

Pursuant to [RSA 21-J:14](#), as of the start of the credit thru FY 2024 the number of organizations claiming CTE credits are insufficient to disclose any information.



**8. Granite State Paid Family Leave Plan Tax Credit ([RSA 77-E:3-e](#))**

**Administered by:** The Department of Revenue Administration

**Purpose:** To encourage employers to sponsor family and medical leave insurance coverage offered to employees.

**Description:** Chapter 91, Laws of 2021 (HB 2) enacted the Granite State Paid Family Leave Plan tax credit, effective July 1, 2021. As the program launched in December 2022, the first tax year credits could be reported by employers were for periods beginning on or after January 1, 2023. It is a tax credit equal to 50% of the premium paid by a sponsoring employer for family and medical leave insurance coverage offered to employees pursuant to [RSA 21-I:103](#). The tax credit may be applied to the BET Tax. The Granite State Paid Family Leave Plan Tax credit is only to be used for the taxable period in which the premium is paid.

The Granite State Paid Family Leave Plan tax credit is not a “cascading” credit that may be used to reduce a BET liability and then used to reduce a BPT liability. The amount included in this report is the total reduction in revenue to the state applied against BET liabilities.

**Methodology:** Credit used is the amount reported and used by 17 taxpayers to offset a tax liability on the New Hampshire BET return.

**Tax returns filed in FY 2024:**

Tax Credit Used Against BET.....\$23,000

**Comparison FY 2020 through FY 2024**

FY 2020	FY 2021	FY 2022	FY 2023	FY 2024*
N/A	N/A	N/A	N/A	\$23,000

**Number of Taxpayers Utilizing the Credit**

FY 2020	FY 2021	FY 2022	FY 2023	FY 2024*
N/A	N/A	N/A	N/A	17

\* The amount of credit taken against BET in FY2024 is for only a partial tax year because, although the credit became available for tax year 2023, returns are filed in both FY2024 and FY2025 (filers with and without an extension.)





## VI. Report of Additional Information

### 1. Net Operating Losses ([RSA 77-A:4, XIII](#)) (Reduction in BPT)

The Department included in the first Tax Expenditure Report, per request from the New Hampshire legislative leadership, information pertaining to taxpayer use of the Net Operating Loss (NOL) deduction, RSA 77-A:4, XIII. The NOL carry forward provision has a result similar to a credit against the current year tax liability.

The NOL deduction is a provision of the BPT law added in 1988. The NOL provision was effective for losses incurred after January 1, 1989. On July 1, 2002, the law was revised to provide that NOLs may be carried forward for ten years following the loss year instead of five years. The amount of NOL generated each year per entity was limited to \$250,000. For taxable periods ending between July 1, 2003, and June 30, 2004, the NOL generated could not exceed \$500,000, between July 1, 2004, and June 30, 2005, the NOL generated could not exceed \$750,000 and on or after July 1, 2005, the NOL generated could not exceed \$1,000,000 and the requirement to carry-back losses is eliminated.

For taxable periods ending on or after January 1, 2013, the NOL generated may not exceed **\$10,000,000** per entity. For taxable periods ending on or after December 31, 2022, the NOL deduction shall only be apportioned in the year the loss is incurred and the NOL calculation shall conform to the Internal Revenue Code in effect, as defined in [RSA 77-A:1, XX](#).

In FY 2024, 6,113 business organizations used the net operating loss deduction. The following table details the results of this usage:

Total NOL Used (after apportionment) .....	<u>\$599,339,000</u>
Average NOL Used (after apportionment).....	<u>\$98,043</u>
<b>Total tax decrease due to NOL.....</b>	<b><u>\$45,434,000</u></b>
Average Tax Benefit to each taxpayer .....	<u>\$7,432</u>

#### NET OPERATING LOSS (Reduction in BPT) Comparison FY 2020 through FY 2024

FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
\$27,843,000	\$28,444,000	\$36,234,000	\$41,609,000	\$45,434,000

#### Number of Taxpayers Utilizing this Credit

FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
6,445	6,607	6,995	6,997	6,113



**2. Business Enterprise Tax Credit ([RSA 77-A:5, X](#))**

Taxes paid under the BET receive a dollar-for-dollar credit against BPT. This tax credit was allowed to be carried forward for up to five years. Effective July 1, 2014, any unused BET credit can be carried forward for 10 years from the taxable period in which it was paid starting with taxable periods ending on or after December 31, 2014.

There were 38,580 returns filed in FY 2024 which had a BET liability, with BET liability reported of \$234,409,000.

BET Credit Used Against BPT.....\$177,912,000

BET credit was used to offset BPT liabilities on 22,308 returns filed in FY 2024.

**BUSINESS ENTERPRISE TAX CREDIT  
 Comparison FY 2020 through FY 2024**

FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
\$189,456,000	\$212,303,000	\$183,162,000	\$188,912,000	\$177,912,000

**Number of Taxpayers Utilizing this Credit**

FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
20,181	22,041	21,923	23,236	22,308



### 3. Credit Carryovers from Overpaid Business Taxes

Taxpayers often pay more in estimated payments and extension payments than the actual amount of the tax liability due as determined by the filing of their Business Tax return. In that case, the taxpayer directs the Department what to do with the overpaid BPT and BET. Sometimes the taxpayer requests the overpayment be returned to the taxpayer in the form of a refund. Sometimes the taxpayer requests the overpayment be credited against next year’s tax liability. And, sometimes the overpayment is partially refunded and partially credited as an estimate against the subsequent filing period. For taxable periods ending on or after December 31, 2022, a credit shall only be allowed up to 500% of the total tax liability for the taxable period and the remainder of the overpayment shall be refunded. This limitation changes to 250% for taxable periods ending on or after December 31, 2029 and 100% for taxable periods ending on or after December 31, 2031<sup>1</sup>.

As of October 25, 2025, the number of business returns filed in FY 2024 was 70,576.

Of these 70,576 returns filed in FY 2024, 16,883 taxpayers requested that some portion of their overpayment of taxes be credited and carried over to the next tax year. The total amount of requested overpayment to be credited and carried over was \$412,579,000.

#### CREDIT CARRYOVERS FROM OVERPAID BUSINESS TAXES Comparison FY 2020 through FY 2024

FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
\$271,594,000	\$297,436,000	\$342,529,000	\$412,579,000	\$401,042,000

#### Number of Taxpayers Utilizing a Credit Carryover

FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
17,881	20,282	17,944	18,325	16,883

<sup>1</sup> An earlier version of this report erroneously stated the effective dates for the 250% and 100% cap on credit carryovers as December 31, 2025 and December 31, 2027 respectively.



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**4. Insurance Premium Tax ([RSA 400-A](#)):**

The Insurance Premium Tax is a tax assessed on insurance companies that do business in New Hampshire as provided in RSA 400-A. The Insurance Premium Tax is administered by the New Hampshire Insurance Department. A BPT tax credit for taxes paid pursuant to RSA 400-A is allowed by [RSA 77-A:5, III](#).

The amount reported as Insurance Premium Tax credit used is the amount of credit used to offset a BPT liability on 275 returns filed in FY 2024.

Tax credit used against BPT returns filed in FY 2024 ..... \$33,449,000

**CREDIT FOR INSURANCE PREMIUM TAX  
 Comparison FY 2020 through FY 2024**

FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
\$37,366,000	\$36,685,000	\$44,490,000	\$33,540,000	\$33,449,000

**Number of Taxpayers Utilizing this Credit**

FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
214	279	273	275	275



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## VII. Acknowledgements

The following individuals made a material contribution to the production of this report. Without their help in compiling the data, this report would not have been possible.

Lauren O'Sullivan, Senior Financial Analyst, NH Department of Revenue Administration

**Lindsey M. Stepp, Commissioner**

A handwritten signature in black ink that reads "Lindsey M. Stepp".

**NH Department of Revenue Administration**