

New Hampshire Department of Revenue Administration

Fiscal Note Quick Guide

25-0775.0

HB 483, *relative to the definition of a scholarship organization for purposes of the education tax credit.*

Ways and Means

This bill provides that, for purposes of the education tax credit, a qualifying scholarship organization shall be incorporated in this state.

The proposed legislation amends RSA 77-G:1 XVII Education Tax Credit; Definition of Scholarship Organization by striking “or qualified to do business” from the definition. The removal of the language changes the definition so that only charitable organizations incorporated in the state may qualify as a Scholarship Organization.

The DRA would be responsible for updating all necessary program applications and material related to this bill. The proposed legislation would not result in any additional administrative costs that could not be absorbed in the DRA operating budget.

The effective date is July 1, 2025, impacting the program year beginning July 1, 2025, and ending June 30, 2026.

Under RSA Chapter 77-G, which creates the Education Tax Credit (ETC), a “scholarship organization” is a charitable organization incorporated or qualified to do business in this state.¹ The ETC allows a business organization, business enterprise, or individual to make money contributions (up to \$600,000) to approved scholarship organizations and claim a tax credit against their Business Profits Tax (BPT) or Business Enterprise Tax (BET) or a portion of each, equal to 85% of their contribution. The aggregate amount of tax credits awarded in any given ETC program year is \$5.1 million. The ETC has a 5-year carryforward provision as it applies to the BPT and/or BET.

The revenue impact of the proposed legislation is indeterminable to the General and Education Trust Funds. The 2024-2025 ETC program year only has one approved scholarship organization. That organization is incorporated outside of New Hampshire but is in good standing with the state. The passage of this proposed legislation would disqualify the current approved scholarship organization for the 2025-2026 ETC program year. This potential scenario will have a positive revenue impact on BET and BPT if no scholarship organizations are approved.

¹ A scholarship organization must also meet four additional requirements that are not relevant to this analysis.