

New Hampshire Department of Revenue Administration

Fiscal Note Quick Guide

25-0694.0

HB 517, *repealing the Granite State paid family leave plan.*

Commerce and Consumer Affairs

This bill repeals the Granite State paid family leave plan.

1. HB2 (Chapter 91, Section 464) was enacted and signed into law during the 2021 legislative session and created the Granite State Paid Family Leave Plan effective July 1, 2021.
2. As a component of the Granite State Paid Family Leave Plan, Chapter 91, Section 469 created a Business Enterprise Tax (BET) credit in an amount 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.
3. The proposed legislation would repeal the Granite State Paid Family Leave Plan, including the BET credit, effective 60 days after passage.
4. The proposed legislation would also remove various references to the Granite State Paid Family Plan in statute, effective 60 days after passage.
5. The proposed legislation would not result in any additional administrative costs that could not be absorbed in the DRA operating budget.
6. For the purposes of this fiscal note, the DRA assumes the applicability date to be for tax periods ending on or after December 31, 2026, given the likely effective date of sometime in mid-2025. DRA suggests that language be added to the bill to clarify the tax period applicability date.

The Granite State Paid Family Leave Plan insurance became available to private employers beginning January 1, 2023. The tax credit is to be used for the taxable period in which the premium is paid, so the first tax year it could be taken was TY 2023, returns for which are filed in fiscal years 2024 and 2025 (for filers with and without an extension). Accordingly, tax credits taken under the plan were seen for the first time in FY 2024, and then only for a partial year.

Because of the timing of when this proposed legislation would become effective (assumed to be some time in 2025 and applicable to taxable periods ending on or after December 31, 2026), the DRA does not expect any fiscal impact for FY2025 and FY2026, as taxpayers will already have paid their premiums for TY2024 and TY2025. The earliest returns where DRA would expect a fiscal impact will be for TY2026 returns filed in FY2027 and FY 2028. The DRA anticipates repeal of the Granite State Paid Family Leave Plan BET credit would increase revenue to the General and Education Trust Funds for those and following fiscal years in an amount which DRA is unable to estimate given the minimal data available after only a single plan year.

The proposed legislation would not result in any additional administrative costs that could not be absorbed in the DRA operating budget.