

## New Hampshire Department of Revenue Administration

### Fiscal Note Quick Guide

25-0453.0

**HB 659**, *establishing the New Hampshire college graduate retention incentive program.*

Education Funding

**This bill establishes the New Hampshire college graduate retention incentive program with the purpose of retaining graduates from New Hampshire higher education institutions and incentivizing businesses to hire local graduates.**

The proposed legislation establishes the New Hampshire college graduate retention incentive program primarily administered by the Department of Business and Economic Affairs (DBEA). In this fiscal note, the DRA has limited its analysis to the sections of the proposed legislation that fall within the DRA's purview, namely the \$500 business enterprise tax (BET) rebate associated with the Business Hiring Incentive in section 1 of the proposed legislation.

Section 1 of the proposed legislation amends RSA 12-O by inserting a new subdivision with sections 77 through 83 called the New Hampshire College Graduate Retention Incentive Program.

RSA 12-O:80 establishes a Business Hiring Incentives Program (BHIP). Paragraph I of RSA 12-O:80 allows participating businesses to receive a \$500 rebate per hired New Hampshire graduate to be "applied to the BET." It is not clear from this language whether it is intended that these rebates are to be issued for BET already paid, in the form of payment from the New Hampshire College Graduate Retention Incentive Program Fund established in RSA 12-O:81 or whether they are to function as a credit against the BET in which case a language change is suggested. DRA assumes for now that these rebates would function as a BET credit in some way. Rebates are available for up to two years per hire. The proposed legislation is not clear which agency is awarding the BET rebate however the DRA assumes the intent is for DBEA to determine business eligibility and administer the rebate by issuing some sort of indicia of credit which DRA would honor. The DRA assumes that the awarded BET rebates do not carry forward.

The DRA assumes that the BHIP does not have a program cap and that DBEA can award as many BET rebates as there are eligible businesses and employees participating in the BHIP. The DRA assumes that eligible businesses are New Hampshire-based businesses employing New Hampshire graduates from a New Hampshire college, university, or technical school regardless of whether the graduate meets any of the criteria for the other incentives in the New Hampshire College Graduate Retention Incentive Program.

Paragraph II of RSA 12-O:80 requires the state to reimburse participating businesses 50% of wages paid to interns up to \$5,000 per intern annually. The DRA assumes the reimbursement will come from the newly created New Hampshire College Graduate Retention Incentive

Program Fund established in RSA 12-O:81.

Newly inserted RSA 12-O:83 gives DBEA rulemaking authority in consultation with the DRA and the New Hampshire Lottery Commission.

Section 3 of the proposed legislation sunsets the \$500 BET rebate effective July 1, 2035.

The DRA would be responsible for updating all necessary tax return forms and electronic management systems related to this bill.

The proposed legislation relative to the sections analyzed through this fiscal note is effective July 1, 2025 and is repealed effective July 1, 2035. For purposes of this analysis the DRA has assumed that the rebate is available for tax years beginning on or after December 31, 2025 and sunsets for tax years beginning on or after December 31, 2035. The DRA suggests clarifying language for which tax years the rebate is effective.

The fiscal impact of proposed legislation as it relates to the BHIP is an indeterminable decrease to the general and education trust funds. The DRA is unable to determine the fiscal impact of this proposed legislation because the DRA does not have enough information to determine how many businesses would be awarded the \$500 rebate per eligible employee hired nor how many employees would be eligible at each business. The proposed legislation does not include a program cap provision making it difficult to determine how much rebate will be claimed in any given year.

It should also be noted that any program reducing BET will also reduce the BET credit available to offset the BPT, increasing BPT revenue. However, the BPT increase will be less than the BET decrease because not all taxpayers have a BPT liability to be offset by a BET credit and not all taxpayer's BET liability exceeds the BPT credit. In those situations, the BET loss in revenue is not offset by an increased BPT liability.