

## New Hampshire Department of Revenue Administration

### Fiscal Note Quick Guide

25-1027.0

**SB 276**, *relative to raising the life sciences research and development tax credit.*

Ways and Means

#### **This bill:**

**I. Raises the aggregate value of all research and development tax credits that can be claimed.**

**II. Raises the hard cap on the research and development tax credit an entity can claim.**

The proposed legislation seeks to increase the aggregate value of Research and Development tax credits (R&D) to be claimed in any fiscal year from \$7,000,000 to \$10,000,000 effective January 1, 2026.

The proposed legislation would also increase the maximum credit amount allowed per entity from \$50,000 to \$100,000 effective January 1, 2026.

Under current law, R&D tax credit applications must be received by June 30 following the tax year during which the research and development occurred. The DRA assumes the proposed legislation is applicable to applications received by June 30, 2026 and suggests an effective date of July 1 to better align with the application period.

The DRA would be responsible for updating all necessary tax return forms and electronic management systems 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 table below assumes the full amount of the R&D tax credit will be awarded each year and will be fully utilized against the BET and BPT. The credit is first applied to the Business Profits Tax and any unused portion can be applied to the Business Enterprise Tax. However, the proposed legislation will result in an indeterminable decrease to state business tax revenues because the DRA is unable to predict taxpayer behavior and determine the timing of when the credit may be claimed. Further, a taxpayer may carry forward the R&D credit for up to 5 years, so the amount of available credit to be claimed in a given fiscal year cannot be calculated.

**Estimated impact of R&D credit award increase from \$7,000,000 to \$10,000,000**

<b>Applications Accepted</b>	<b>Date Awarded</b>	<b>Fiscal Year</b>	<b>Current Law R&amp;D Award</b>	<b>Proposed Law R&amp;D Award</b>	<b>Credit Award Change</b>	<b>Accumulated Impact</b>
7/1/2024-6/30/2025	9/30/2025	FY2026	(\$7,000,000)	(\$7,000,000)	-	-
7/1/2025-6/30/2026	9/30/2026	FY2027	(\$7,000,000)	(\$10,000,000)	(\$3,000,000)	(\$3,000,000)
7/1/2026-6/30/2027	9/30/2027	FY2028	(\$7,000,000)	(\$10,000,000)	(\$3,000,000)	(\$6,000,000)
7/1/2027-6/30/2028	9/30/2028	FY2029	(\$7,000,000)	(\$10,000,000)	(\$3,000,000)	(\$9,000,000)