New Hampshire Department of Revenue Administration

Fiscal Note Quick Guide

24-2613.0

HB 1709, *establishing a tax on land used for carbon credits.*

House Resources, Recreation and Development

Establishing a tax on land used for carbon credits

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The proposed legislation establishes a yield tax of 10% that will be assessed by assessing officials of a city, town, or unincorporated place within 60 days of the receipt of an Intent to Generate form together with the greenhouse gas project plan or its equivalent that is required by the certifying authority. The form and accompanying documents are required to be submitted to the assessing officials of the municipality when land in such municipality is used for the generation of an emission reduction ton or equivalent carbon credit through improved forest management, afforestation, or reforestation.

Stated on Lines 7 through 9 of the proposed legislation, the proposed 10% yield tax shall be assessed yearly based on the "estimated stumpage above baseline at the end of the crediting period divided by 50 years or the length of the crediting period whichever is shorter." Lines 16 and 17 state that the "estimated stumpage value shall be based on the average stumpage value list published by the DRA." The assessing officials shall be responsible to calculate the assessment annually. Lines 13 through 15 state that all baseline scenarios that rely on comparable areas shall use comparable areas within 50 miles of project boundaries.

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Lines 5 through 7 of the proposed bill state that interest of 18% per year computed from the due date, as provided in the current RSA 79:4-a, shall be charged 30 days after the bills are mailed by the tax collector. The DRA assumes that any such interest shall be collected by the tax collector and deposited in the general fund of the town, similar to that as prescribed in the current RSA 79:4-a.

The DRA assumes that the collected proposed new yield tax shall be paid into the respective municipalities' treasury for the use of such municipalities, similar to that as provided in the current RSAs 79:13 and 79:14. The DRA suggests that additional language be added to provide guidance on the disposition of this new yield tax, similar to the current RSAs 79:13 and 79:14. The DRA also suggests that additional language be added to the current RSA 79:19 to clarify if the current certification requirement to the DRA of the normal yield taxes would also be applicable to the proposed new yield tax.

The proposed legislation shall be effective 60 days after its passage.

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

RSA 79:6 addresses the collection and lien process of the current normal yield tax. The DRA suggests additional legislative language be provided to clarify the applicability of the current collection provisions of RSA 79:6 to this proposed new yield tax.

The DRA suggests expanding the current rulemaking authority under RSA 79:30 to include the authority to develop rules relative to the form of an intent to generate and the information to be included, and the general administration of the new proposed yield tax.

The DRA suggests that legislative guidance be provided to define the term "baseline" and its determination, and the term "with-project stumpage" and its determination.

The DRA is unable to calculate a fiscal impact of the proposed legislation because the DRA is unable to predict the extent of operations that would generate emission reduction ton or equivalent carbon credit within the state. However, the DRA expects that local revenue of municipalities would have an indeterminable increase where the proposed new yield tax is collected. Considering the effective date of the proposed legislation, the DRA expects the earliest fiscal impact to be seen in FY 2025.

New Hampshire Department of Revenue Administration

Fiscal Note Quick Guide

24-2613.0

HB 1709, *establishing a tax on land used for carbon credits.*

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