

**New Hampshire Department of Revenue Administration
109 Pleasant Street, Concord, NH 03301**

**TECHNICAL INFORMATION RELEASE
TIR 2017-004 Date August 11, 2017**

A Technical Information Release is designed to provide immediate information regarding tax laws administered by the Department or the policy positions of the Department as a service to taxpayers and practitioners. A Technical Information Release represents the position of the Department on the limited issues discussed herein based on current law and Department interpretation. For the current status of any tax law, practitioners and taxpayers should consult the source documents (i.e., Revised Statutes Annotated, Rules, Case Law, Session Laws, etc.). Questions should be directed to Taxpayer Services at (603) 230-5920.

New Hampshire 2017 Legislative Session in Review

The purpose of this Technical Information Release (TIR) is to provide taxpayers and tax practitioners with a convenient reference guide of relevant statutory changes made during the 2017 Legislative Session by the New Hampshire General Court impacting various taxes administered by the New Hampshire Department of Revenue Administration (DRA). This TIR is for informational purposes only and is intended to provide a summary or synopsis of enacted legislation. It is not intended to be relied upon as a full and complete text or as a substitute for the actual state law. Please refer to the applicable statute and rules to determine how this information applies to specific persons or situations.

BUSINESS TAX

Senate Bill 16 (Chapter 106, Laws of 2017) amends RSA 77-A to reauthorize the Commission to study apportionment of gross business profits under the Business Profits Tax (BPT).

Effective: June 8, 2017
Amends: RSA 77-A

Senate Bill 78 (Chapter 254, Laws of 2017) amends RSA 77-A:11 to provide that all BPT audit records shall be confidential and not disclosed unless required by law and providing for the automatic sealing of any judicial proceeding pertaining to the BPT.

Effective: September 16, 2017
Amends: RSA 77-A:11

Senate Bill 225 (Chapter 257, Sections 49-50, Laws of 2017) amends RSA 77-A:1, I, the definition of “business organization” under the BPT and RSA 77-E:1, III, the definition of “business enterprise” under the Business Enterprise Tax (BET), to provide for the taxation of a new entity type, the foundation, created pursuant to RSA 564-E.

Effective: October 1, 2017
Amends: RSA 77-A:1, I; RSA 77-E:1, III

House Bill 386 (Chapter 63, Laws of 2017) amends RSA 77-G, the Education Tax Credit (ETC) to allow scholarships to be used by eligible students to pay for the cost of college courses, tutoring, or distance education programs. Extends the due date of the ETC application from June 15th to November 15th. Extends the due date to make a donation under the ETC program from not later than July 15th to not later than December 15th.

Effective: August 1, 2017

Amends: RSA 77-G

House Bill 517 (Chapter 156, Sections 213-218 and 229, Laws of 2017) reduces the rate of the RSA 77-A BPT and the RSA 77-E BET. For taxable periods ending on or after December 31, 2019 the BPT rate is reduced to 7.7% and the BET rate is reduced to .6%. For taxable periods ending on or after December 31, 2021 the BPT rate is reduced to 7.5% and the BET rate is reduced to .5%.

Amends RSA 77-A:3-a to provide that a taxpayer may calculate expense deductions pursuant to Internal Revenue Code (IRC) § 179 not to exceed \$500,000 for property placed in service on or after January 1, 2018.

Amends RSA 77-A:1, XX to conform the BPT to the IRC of 1986 in effect on December 31, 2016 for taxable periods beginning on or after January 1, 2018, subject to the adjustments required pursuant to RSA 77-A:3-b.

Effective: Sections 213 and 214 effective July 1, 2019 and applicable to taxable periods ending on or after December 31, 2019; Sections 215 and 216 effective July 1, 2021 and applicable to taxable periods ending on or after December 31, 2021; Section 218 effective January 1, 2018 and applicable to property placed in service on or after January 1, 2018; Section 229 effective June 28, 2017 and applicable to taxable periods beginning on or after January 1, 2018

Amends: RSA 77-A; RSA 77-E

MEALS AND ROOMS TAX

House Bill 654 (Chapter 249, Sections 1-5, Laws of 2017) establishes a Committee to study the regulation and taxation of vacation and short-term rentals.

Effective: July 18, 2017

Amends: N/A

INTEREST AND DIVIDENDS TAX

Senate Bill 225 (Chapter 257, Section 48, Laws of 2017) amends RSA 77:10 to provide for the taxation of a new entity type, the foundation, created pursuant to RSA 564-E. Foundations shall be taxed under the RSA 77 Interest and Dividends Tax in the same manner as trusts.

Effective: October 1, 2017

Amends: RSA 77:10

MUNICIPAL AND PROPERTY

Senate Bill 80 (Chapter 109, Section 1, Laws of 2017) amends RSA 72:28-b, II to allow a town or city adopting the all veterans' tax credit against property taxes to phase in the amount of the tax credit over three years.

Effective: June 8, 2017

Amends: RSA 72:28-b, II

Senate Bill 185 (Chapter 203, Laws of 2017) amends RSA 79-E to allow a municipality to adopt a program for granting municipal property tax relief for improvements made to increase storm surge, sea-level rise, and extreme precipitation resilience in Coastal Resilience Incentive Zones, under the Community Revitalization Tax Relief Incentive Program.

Effective: September 03, 2017

Amends: RSA 79-E

House Bill 89 (Chapter 95, Laws of 2017) amends RSA 31:95-h, I(c) to expand the public safety services for which a town may establish a revolving fund to include any public safety purpose deemed appropriate by the municipality.

Effective: August 7, 2017

Amends: RSA 31:95-h, I(c)

House Bill 167 (Chapter 97, Laws of 2017) amends RSA 28:3-a to provide the county convention with the authority to require an audit of county accounts.

Effective: August 7, 2017

Amends: RSA 28:3-a

House Bill 172 (Chapter 30, Laws of 2017) amends RSA 29 to allow for issuance of tax anticipation notes by the county treasurer upon order of the commissioners with approval of the county convention. Tax anticipation notes may be issued for an aggregate principal amount not to exceed 80% of the total appropriations approved by the county convention for the preceding financial year and must be payable not later than the final day of the applicable budget year.

Effective: July 8, 2017

Amends: RSA 29

House Bill 251 (Chapter 127, Laws of 2017) amends RSA 35 to clarify that appropriations or transfers to capitals reserve funds shall be made by special warrant article. Amends RSA 32 to clarify that appropriations to capital reserve funds are non-lapsing and non-transferrable.

Effective: August 15, 2017

Amends: RSA 35; RSA 32

House Bill 316 (Chapter 179, Laws of 2017) establishes a local option commercial and industrial construction exemption from municipal property taxation. A municipality adopting the property tax exemption for commercial and industrial construction may exempt increases in value in an amount up to 50% of the increase for a period of up to 10 years.

Effective: August 28, 2017

Amends: RSA 72

House Bill 323 (Chapter 132, Laws of 2017) amends RSA 21-J:14-b, I(c), a reference to the Uniform Standards of Professional Appraisal Practice (USPAP) which currently limits the applicability of USPAP to “Standard 6” to instead reference USPAP in its entirety.

Effective: August 15, 2017

Amends: RSA 21-J:14-b, I(c)

House Bill 329 (Chapter 20, Section 6, Laws of 2017) provides for municipal ratification of meetings and elections scheduled to occur March 14, 2017 that were postponed due to inclement weather.

Effective: April 21, 2017

Amends: N/A

House Bill 568 (Chapter 168, Laws of 2017) amends RSA 72:23, I(b) to clarify that all leases of real or personal property owned by the state, or a county, city, town, school district, or village district, shall provide for the payment of the property tax by the lessee and that failure to include a provision requiring the payment of the property tax in the lease does not affect the occupant’s obligation to pay property taxes for the leased property. Amends RSA 72:23, I(b) to allow for land leased exclusively for agriculture to be exempted from the requirement that the lessee pay the property tax for leased property.

Effective: June 28, 2017

Amends: RSA 72:23, I(b)

MISCELLANEOUS

House Bill 104 (Chapter 54, Laws of 2017) repeals RSA 77-B, the Commuters Income Tax. The U.S. Supreme Court held that the Commuters Income Tax was unconstitutional in 1975. See Austin v. New Hampshire, 420 U.S. 656 (1975).

Effective: August 1, 2017

Repeals: RSA 77-B

House Bill 215 (Chapter 235, Laws of 2017) establishes a Commission to study the legalization, regulation, and taxation of marijuana. The Commissioner of the DRA is a member of the Commission.

Effective: July 18, 2017

Amends: RSA 318-B

House Bill 517 (Chapter 156, Sections 224-227, Laws of 2017) repeals RSA 83-E, the Electricity Consumption Tax.

Effective: January 1, 2019

Repeals: RSA 83-E

ADMINISTRATIVE

Senate Bill 130 (Chapter 150, Section 1, Laws of 2017) establishes the salary grade of the Tax Policy Analyst pursuant to RSA 21-J:6-d.

Effective: August 15, 2017

Amends: RSA 94:1-a, I(b)

House Bill 25 (Chapter 228, Laws of 2017) makes a capital appropriation of \$30,160,000 to the DRA to purchase and implement a Revenue Information Management System (RIMS).

Effective: July 1, 2017

Amends: N/A

House Bill 517 (Chapter 156, Sections 113-116, Laws of 2017) amends RSA 21-J to create the Division of Taxpayer Services within the DRA while at the same time eliminated the Document Processing Division and the Central Tax Services Unit, thereby consolidating all DRA areas responsible for routine taxpayer interaction within a single Division.

Effective: July 1, 2017

Amends: RSA 21-J

Individuals who need auxiliary aids for effective communication in programs and services of the Department of Revenue Administration are invited to make their needs and preferences known to the N.H. Department of Revenue Administration, 109 Pleasant Street, Concord, NH 03301 or by contacting them at (603) 230-5000.