

SENATE FINANCE COMMITTEE - 2017 BUDGET RECAP SHEET

Tuesday PM May 23, 2017

	Contact	SOF	FY 2018	FY 2019	Total
Surplus Schedule	LBA				
HB 144 AMENDMENTS					
DHHS - Revised Provider Rates Footnote	Sen. Giuda	N/A	\$0	\$0	\$0
Fish & Game OHRV Education Footnote	Sen. Daniels				
Dept. of Information Technology - Corrections Electronic Health Record System	Sen. Reagan	G	\$360,000	\$360,000	\$720,000
HB 517 AMENDMENTS					
DHHS - Reproductive Health Facilities; Funding Restriction (Amendment 1986s)	Sen. Bradley	N/A	\$0	\$0	\$0
Revenue Administration - Tax Imposed on Tobacco Other Than Cigarettes (Amendment 1993s)	Sen. Giuda	N/A	\$0	\$0	\$0
Transportation - Highway; Definition (Amendment 1989s)	Sen. Giuda	N/A	\$0	\$0	\$0
Transportation - Project; Definition (Amendment 1971s)	Sen. Giuda	N/A	\$0	\$0	\$0
Transportation - Division of Motor Vehicles; Milford Substation (Amendment 1979s)	Sen. Daniels	C o C (HWY)	\$150,000	\$0	\$150,000
Revenue Administration - Business Taxes (Amendment 1778s)	Sen. Morse	N/A	\$0	\$0	\$0
Revenue Administration - Business Profits Tax; Expense Deduction (Amendment 1995s)	Sen. Morse	N/A	\$0	\$0	\$0
DHHS - Funding of Sununu Youth Services Center. (Amendment 1994s) Adds language concerning existing contracts.	Sen. Feltes.	N/A	\$0	\$0	\$0
DHHS- Delete the section suspending Home Health Service Rate Setting (Amendment 1987s)	Sen. Feltes.	N/A	\$0	\$0	\$0
DHHS - Congregate Housing Program - Fund in HB144 (Amendment 1738s)	Sen. D'Allesandro	G	\$750,000	\$750,000	\$1,500,000

Sen. Giuda

Revise footnote on accounting unit 05-95-9500-5000, class 101:

The amounts specified above shall be used exclusively for the purpose of increasing rates paid to direct service providers *and wages for early intervention services*.

Senator Daniels

May 23, 2017

Action: Delete HB 144 Footnote

Department: Fish and Game Department

Accounting Unit: 03-75-75-752520-1183 (OHRV Education – Training – Enforcement)

Delete the following budget footnote from classes 018 (overtime) and 030 (equipment):

"Funds shall only be expended for direct OHRV purposes. If the overtime charged or equipment purchased is for multiple purposes, the Fish and Game Department shall only charge the portion directly related to OHRV to this accounting unit. The Fish and Game Department shall report all overtime (with related benefits) and equipment class line expenditures, with a breakdown of cost allocation, semi-annually to the Fiscal Committee of the General Court."

LBA						
05/23/17						
HB 144 Amendment						
Sen Reagan						
Department:	Department of Information Technology					
Accounting Unit:	01-03-03-0300-7646					
Description:	Adds class 38 Technology Software funds to the Department of Information Technology budget to pay for the Electronic Health Record System for the Department of Corrections.					
	FY 2018			FY 2019		
Expenditure Class	HB 144-1344s (HB 1 Intro)	Change	Revised Budget	HB 144-1344s (HB 1 Intro)	Change	Revised Budget
038 TECHNOLOGY-SOFTWARE	601,404	360,000	961,404	422,355	360,000	782,355
			-			-
TOTAL	601,404	360,000	961,404	422,355	360,000	782,355
Source of Funds						
GENERAL FUND	-	360,000	360,000	-	360,000	360,000
			-			
TOTAL	-	360,000	360,000	-	360,000	360,000
Explanation: The Electronic Health Record System was not funded in the Governor's budget. This action adds funds directly to the DOIT budget to pay for the system with no transfer from DOC.						

Sen. Bradley, Dist 3
May 23, 2017
2017-1986s
06/01

Draft Amendment to HB 517

1 Amend the bill by inserting the following section:

2

3 1 Reproductive Health Care Facilities; Funding Restriction. No state funds awarded by the
4 department of health and human services to a reproductive health care facility, as defined in RSA
5 132:37, I, shall be used to provide abortion services. This section shall not apply to funding
6 available from the state pursuant to Title XIX of the Social Security Act to the minimum extent
7 necessary to comply with federal conditions for the state's participation in the Medicaid program.

Draft Amendment to HB 517

1 1 New Paragraphs; Tobacco Tax; Definitions. Amend RSA 78:1 by inserting after paragraph
2 XXIV the following new paragraphs:

3 XXV. "Smokeless tobacco" means moist snuff and chewing tobacco.

4 XXVI. "Moist snuff" means any finely cut, ground, or powdered tobacco that is not intended
5 to be smoked, but shall not include any finely cut, ground, or powdered tobacco that is intended to
6 be placed in the nasal cavity.

7 XXVII. "Chewing tobacco" means any leaf tobacco that is not intended to be smoked.

8 XXVIII. "Loose tobacco" means any tobacco product that is not a cigarette, cigar, premium
9 cigar, or smokeless tobacco.

10 2 Tax Imposed on Tobacco Products Other Than Cigarettes. Amend RSA 78:7-c to read as
11 follows:

12 78:7-c Tax Imposed on Tobacco Products Other Than Cigarettes. A tax upon the retail
13 consumer is hereby imposed on tobacco products other than cigarettes at a rate of 65.03 percent of
14 the wholesale sales price, *except that moist snuff shall be taxed at a rate of \$1.55 per ounce.*

15 The tax under this section may be rounded to the nearest cent if the commissioner determines that
16 the amount of tax would not thereby be made materially disproportionate. No such tax is imposed
17 on any transactions, the taxation of which by this state is prohibited by the Constitution of the
18 United States. No such tax shall be imposed on premium cigars.

19 3 Effective Date. This act shall take effect upon its passage.

Draft Amendment to HB 517

1 Amend the bill by replacing section 122 with the following:

2

3 122 Highways; Definition. Amend RSA 229:1 to read as follows:

4 229:1 Highways Defined. Highways are only such as are laid out in the mode prescribed
5 therefor by statute, or roads which have been constructed for *or are currently used for motor*
6 *vehicle, bicycle, or pedestrian* public travel over land which has been conveyed to a city or town
7 or to the state by deed of a fee or easement interest, or roads which have been dedicated to the
8 public use and accepted by the city or town in which such roads are located, or roads which have
9 been used as such for public travel, other than travel to and from a toll bridge or ferry, for 20 years
10 prior to January 1, 1968, and shall include the bridges thereon. *Highway does not include any*
11 *bridge, trail, or path intended for use by off highway recreational vehicles, as defined in*
12 *RSA 215-A:1, or snowmobiles, as defined in RSA 215-C:1.*

Draft Amendment to HB 517

1 Amend the bill by replacing section 118 with the following:

2

3 118 Transportation; Definitions. Amend RSA 228:1, VII to read as follows:

4 VII. "Project" means any construction, reconstruction, alteration, or maintenance of any
5 highway, bridge, *building, plant, fixture, facility* or other item directly related to transportation.
6 The term shall not include construction, reconstruction, alteration, or maintenance of buildings,
7 plants, fixtures, or facilities formerly administered through the department of transportation,
8 division of public works, or matters managed by the department of administrative services, division
9 of public works design and construction.

Draft Amendment to HB 517

1 1 Division of Motor Vehicle; Milford Substation.

2 I. To ensure minimal disruption of existing services, the commissioner of safety is
3 authorized to obtain a suitable temporary location to serve as the Milford division of motor vehicles
4 substation until a permanent location is constructed and fully operational.

5 II. The sum of \$150,000 is hereby appropriated to the department of safety, division of
6 motor vehicles, for biennium ending June 30, 2019, for the purposes of paragraph I of this section.
7 This appropriation shall be treated as costs associated with the collection and administration of
8 highway funds under RSA 9:9-a.

Draft Amendment to HB 517
- Page 2 -

2017-1979s

AMENDED ANALYSIS

1. Authorizes a temporary Milford substation for the division of motor vehicles.

Draft Amendment to HB 517

1 Amend the bill by inserting the following new sections:

2

3 1 Business Profits Tax; Imposition of Tax; 2019. RSA 77-A:2 is repealed and reenacted to read
4 as follows:

5 77-A:2 Imposition of Tax. A tax is imposed at the rate of 7.7 percent upon the taxable business
6 profits of every business organization.

7 2 Business Enterprise Tax; Imposition of Tax; 2019. RSA 77-E:2 is repealed and reenacted to
8 read as follows:

9 77-E:2 Imposition of Tax. A tax is imposed at the rate of .60 percent upon the taxable
10 enterprise value tax base of every business enterprise.

11 3 Business Profits Tax; Imposition of Tax; 2021. Amend RSA 77-A:2 to read as follows:

12 77-A:2 Imposition of Tax. A tax is imposed at the rate of [~~7.7~~] 7.5 percent upon the taxable
13 business profits of every business organization.

14 4 Business Enterprise Tax; Imposition of Tax; 2021. Amend RSA 77-E:2 to read as follows:

15 77-E:2 Imposition of Tax. A tax is imposed at the rate of [~~.60~~] .50 percent upon the taxable
16 enterprise value tax base of every business enterprise.

17 5 Applicability.

18 I. Sections 1 and 2 of this act shall apply to taxable periods ending on or after December 31,
19 2019.

20 II. Sections 3 and 4 of this act shall apply to taxable periods ending on or after December
21 31, 2021.

22 6 Effective Date.

23 I. Sections 1 and 2 of this act shall take effect July 1, 2019.

24 II. Sections 3 and 4 of this act shall take effect July 1, 2021.

25 III. The remainder of this act shall take effect upon its passage.

Draft Amendment to HB 517

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2017-1778s

AMENDED ANALYSIS

1. Reduces the rates of the business profits tax and the business enterprise tax in 2019 and in 2021.

Fiscal Impact of Rate Reductions by Fiscal Year

Fiscal Year	New Revenue	Assumed Revenue	Difference
FY16	\$641,000,000	\$641,000,000	\$0
FY17	\$641,000,000	\$641,000,000	\$0
FY18	\$631,820,011	\$631,820,011	\$0
FY19	\$599,892,153	\$610,901,677	-\$11,009,524
FY20	\$574,804,878	\$610,901,677	-\$36,096,799
FY21	\$561,078,948	\$610,901,677	-\$49,822,729
FY22	\$529,801,829	\$610,901,677	-\$81,099,848

Sen. Morse, Dist 22
May 23, 2017
2017-1995s
05/04

Draft Amendment to HB 517

1 1 Business Profits Tax; Expense Deduction; Amount. Amend RSA 77-A:3-a to read as follows:
2 77-A:3-a Expense Deductions. In determining gross business profits before net operating loss
3 and special deductions, a business organization shall calculate expense deductions as permitted
4 under Section 179 of the Internal Revenue Code as provided in RSA 77-A:1, XX, except that for
5 property placed in service on or after [~~January 1, 2017~~] **January 1, 2018**, a business organization
6 shall calculate expense deductions not to exceed [~~\$100,000~~] **\$500,000**.

Draft Amendment to HB 517

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2017-1995s

AMENDED ANALYSIS

1. Increases the amount of the expense deduction under the business profits tax.

**SB 77-FN-A- FISCAL NOTE
AS INTRODUCED**

AN ACT relative to expense deductions under the business profits tax.

FISCAL IMPACT: State County Local None

STATE:	Estimated Increase / (Decrease)			
	FY 2018	FY 2019	FY 2020	FY 2021
Appropriation	\$0	\$0	\$0	\$0
Revenue	Indeterminable Decrease	Indeterminable Decrease	Indeterminable Decrease	Indeterminable Decrease
Expenditures	\$0	\$0	\$0	\$0
Funding Source:	<input checked="" type="checkbox"/> General	<input checked="" type="checkbox"/> Education	<input type="checkbox"/> Highway	<input type="checkbox"/> Other

METHODOLOGY:

This bill removes the New Hampshire limitation of \$100,000 for the Internal Revenue Code Section 179 deduction. The removal of this limitation will allow taxpayers to use the current Internal Revenue Code Section 179 deduction of \$500,000. The Department is not able to determine the potential future loss of revenue resulting from removing the \$100,000 deduction limit and allowing taxpayers to use the current Internal Revenue Code Section 179 deduction of \$500,000. However the Department is able to show the potential decrease in revenue by removing the \$100,000 Section 179 deduction limit for Tax Year 2014 if this bill had been effect. The amount of each taxpayer's federal IRC section 179 deduction was multiplied by the taxpayer's apportionment percentage and then multiplied by the tax year 2017 tax rate of 8.2% to calculate a maximum decrease in state general fund and education trust fund revenue of approximately \$9.7 million. The impact provided for Tax Year 2014 does not consider the offset of deductions or credits taken by taxpayers. Additionally, any portion of the taxpayer's federal IRC section 179 deduction that is disallowed on the New Hampshire return may be deducted as regular depreciation over several years under the relevant IRC depreciation provision. The Department has no way to isolate the depreciated amount over the years compared to the initial add back of the IRC section 179 expense. The Department indicates that in theory the IRC section 179 expense add back is a timing issue because any deduction disallowed by New Hampshire in the year of acquisition would be deducted as depreciation in later years. However, because businesses move, go out of business, or their New Hampshire apportionment changes, it cannot be stated with any certainty that New Hampshire's treatment of the IRC section 179 deduction is simply a timing issue. The Department indicates the changes in this bill will have an indeterminable fiscal impact on state revenue as it cannot predict which federal tax

Sen. Feltes, Dist 15
May 23, 2017
2017-1994s
04/03

Draft Amendment to HB 517

1 1 Funding for Operational Costs of the Alcohol and Drug Abuse Treatment Facility at the
2 Sununu Youth Services Center. For the biennium ending June 30, 2019, funds determined by the
3 commissioner of the department of health and human services to be necessary for the operational
4 costs of the alcohol and drug abuse treatment facility at the Sununu youth services center may be
5 funded from the amounts appropriated to account 05-95-92-920510-3382, governor commission
6 funds, provided that the governor's commission contracts as of May 23, 2016 shall not be affected.
7 Transfers from account 05-95-92-920510-3382 deemed by the commissioner of the department of
8 health and human services to be necessary for this purpose shall not require prior approval of the
9 fiscal committee of the general court.

Sen. Feltes, Dist 15
May 23, 2017
2017-1987s
01/03

Draft Amendment to HB 517

- 1 Delete section 76.

Draft Amendment to HB 517
- Page 2 -

2017-1987s

AMENDED ANALYSIS

Delete 23:

Suspends the home health rate setting rule for the biennium ending June 30, 2019.