

SB 299-FN-A – AS INTRODUCED

2012 SESSION

12-2890

10/05

SENATE BILL **299-FN-A**

AN ACT relative to the exclusion of certain interest under the business enterprise tax.

SPONSORS: Sen. Barnes, Jr., Dist 17

COMMITTEE: Ways and Means

ANALYSIS

This bill excludes interest paid or accrued under a mortgage held by a nonprofit enterprise from the calculation of liability for the business enterprise tax.

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Explanation: Matter added to current law appears in **bold italics**.
 Matter removed from current law appears [~~in brackets and struck through~~].
 Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twelve

AN ACT relative to the exclusion of certain interest under the business enterprise tax.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 1 Business Enterprise Tax; Exclusion of Certain Interest. Amend RSA 77-E:1, XI to read as
2 follows:

3 XI. "Interest" means all amounts paid or accrued for the use or forbearance of money or
4 property, ***except that "interest" shall not include interest paid or accrued under a mortgage***
5 ***held by a nonprofit enterprise.*** The term "interest" shall not include amounts paid, credited or set
6 aside in connection with reserves by insurers to fulfill policy and contractual responsibilities to policy
7 holders or by voluntary employees' beneficiary associations qualified under section 501(c)(9) of the
8 United States Internal Revenue Code to fulfill obligations to members.

9 2 Effective Date. This act shall take effect July 1, 2012.

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SB 299-FN-A - FISCAL NOTE

AN ACT relative to the exclusion of certain interest under the business enterprise tax.

FISCAL IMPACT:

The Department of Revenue Administration states this bill may decrease state revenue by an indeterminable amount in FY 2013 and each year thereafter. There will be no fiscal impact on state, county, and local expenditures, or county and local revenue.

METHODOLOGY:

The Department of Revenue Administration states this excludes interest paid or accrued under a mortgage held by a nonprofit enterprise from the calculation of liability for the business enterprise tax (BET). For tax year 2009, of the 68,209 entities who filed BET returns, there were 207 nonprofit entities. Of those 207 returns, a total of \$19,636,745 was entered as taxable interest paid or accrued for BET purposes. At the BET tax rate of 0.75%, this would equate to \$147,276 of BET from interest. The Department cannot determine how much of this interest was paid or accrued on mortgages. The Department states the impact could go beyond the 207 filers if taxpayers restructure their businesses to tax advantage of the proposed exception. The exact fiscal impact cannot be determined at this time.