## CHAPTER 28 HB 1531 – FINAL VERSION

26Mar2014... 0731h

### 2014 SESSION

14-2460 10/05

HOUSE BILL 1531

AN ACT relative to establishing a joint committee on tax expenditure review and requiring

tax expenditure and potential liability reports by the department of revenue

administration.

SPONSORS: Rep. Almy, Graf 13; Rep. Wallner, Merr 10; Rep. Major, Rock 14

COMMITTEE: Ways and Means

### AMENDED ANALYSIS

This bill establishes a joint committee on tax expenditure review to review all qualifying tax expenditures on a rotating basis and recommend continuance, amendment, or repeal of relevant provisions. The bill also requires an annual tax expenditure and potential liability report by the department of revenue administration.

Explanation: Matter added to current law appears in **bold italics**.

Matter removed from current law appears [in brackets and struckthrough.]

Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

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### STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Fourteen

AN ACT

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relative to establishing a joint committee on tax expenditure review and requiring tax expenditure and potential liability reports by the department of revenue administration.

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

1 28:1 New Chapter; Tax Expenditure and Potential Liability Reports; Joint Committee 2 Established. Amend RSA by inserting after chapter 71-B the following new chapter:

CHAPTER 71-C

### TAX EXPENDITURE AND POTENTIAL LIABILITY REPORTS

71-C:1 Definition. In this chapter, "tax expenditure" means a credit or exemption that is intended by the legislature to allow individuals or businesses to reduce the amount owed for state taxes in return for a change in behavior. A tax expenditure does not include a credit or exemption meant only to avoid double taxation of the same income or assets within the same taxing jurisdiction. A tax rate reduced for the express purpose of achieving a change in behavior may also be identified by the committee in RSA 71-C:3 as a tax expenditure for the purpose of regular review.

71-C:2 Tax Expenditures Specified. Tax expenditures include, but may not be limited to, the community development finance authority investment tax credit as computed in RSA 162-L:10; the economic revitalization zone tax credit as computed in RSA 162-N:6; the research and development tax credit under RSA 77-A:5, XIII; the Coos county job creation tax credit under RSA 77-E:3-c; the education tax credit as computed in RSA 77-G:4; and the weighted apportionment factors under RSA 77-A:3, II(a).

71-C:3 Joint Committee on Tax Expenditure Review.

I. A joint committee on tax expenditure review is hereby established to review all qualifying tax expenditures on a rotating basis every 5 years and recommend continuance, amendment, or repeal of relevant provisions. The joint committee shall be composed of 3 members of the house of representatives appointed by the speaker of the house of representatives and 2 members of the senate appointed by the senate president, provided that such appointments shall include the chair or vice-chair of the ways and means committee of the respective bodies. The first meeting shall be within 60 days after the effective date of this paragraph and called by the first-named house member.

II. The joint committee shall determine which credits, exemptions, and reduced rates meet the definition of a tax expenditure, recommend legislation to add any additional tax expenditures to RSA 71-C:2, establish a rotating schedule for review over 5-year periods, determine the goals of each

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- 1 tax expenditure, and establish general criteria for the future evaluation of each such tax 2 expenditure.
- III. The joint committee shall file an initial report containing its determinations on or before

  November 1, 2014 with the speaker of the house, the senate president, the governor, and the
  commissioner of revenue administration. Every November 1 thereafter, the joint committee shall
  file a report with recommendations for proposed legislation, including identification and a review
  plan for any tax expenditures that are subsequently enacted or amended. Reports required by this
  section shall be made available to the general public on the general court's website.
- 9 71-C:4 Tax Expenditure and Potential Liability Report.
  - I. On or before December 15 of every fiscal year the commissioner of the department of revenue administration shall certify in a report to the general court and the governor an analysis of each of the past fiscal year's tax expenditures as identified in RSA 71-C:2, and other credits allowed under RSA 77, RSA 77-A, RSA 77-E, RSA 77-G, RSA 78, RSA 78-A, 78-B, RSA 82-A, RSA 83-E, RSA 84-A, RSA 84-C, and RSA 400-A.
  - II. The report shall be divided into the following parts:
- 16 (a) Tax expenditures as determined by the joint committee on tax expenditure review under RSA 71-C:3:
  - (b) Potential liabilities against the state's revenues, specifically:
- 19 (1) Other credits allowed under RSA 77, RSA 77-A, RSA 77-E, RSA 77-G, RSA 78, RSA 78-A, RSA 78-B, RSA 82-A, RSA 83-E, RSA 84-A, RSA 84-C, and RSA 400-A against the business profits tax imposed by RSA 77-A; and
  - (2) Credit carryovers from overpaid taxes.
  - III. The report shall include the total dollar amount allowed under each credit or factor during the previous fiscal year, the number of receiving entities, and the amount of the credit still available at the beginning of the current fiscal year. In the event that data is not available to calculate the remaining credit, the report shall provide an estimate and the method used to reach it.
- IV. The report shall be made available to the general public on the department of revenue administration's website.
- 29 28:2 Repeal. RSA 77-A:5-a, relative to the tax expenditure report, is repealed.
- 30 28:3 Effective Date. This act shall take effect upon its passage.
- 31 Approved: May 23, 2014

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32 Effective Date: May 23, 2014