SB 316-FN – AS INTRODUCED

2014 SESSION

14-2804
10/06

SENATE BILL ***316-FN***

AN ACT establishing a call center job creation tax credit against the business profits tax.

SPONSORS: Sen. Soucy, Dist 18; Sen. Lasky, Dist 13; Sen. Carson, Dist 14; Sen. Hosmer, Dist 7; Rep. R. Walsh, Hills 11

COMMITTEE: Ways and Means

ANALYSIS

This bill establishes a call center job creation tax credit against business profits taxes due by an employer who hires qualified call center employees as certified by the commissioner of the department of resources and economic development.

- -

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

SB 316-FN – AS INTRODUCED

2014 SESSION

14-2804
10/06

SENATE BILL ***316-FN***

AN ACT establishing a call center job creation tax credit against the business profits tax.

SPONSORS: Sen. Soucy, Dist 18; Sen. Lasky, Dist 13; Sen. Carson, Dist 14; Sen. Hosmer, Dist 7; Rep. R. Walsh, Hills 11

COMMITTEE: Ways and Means

ANALYSIS

This bill establishes a call center job creation tax credit against business profits taxes due by an employer who hires qualified call center employees as certified by the commissioner of the department of resources and economic development.

- -

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

14-2804
10/06

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Fourteen

AN ACT establishing a call center job creation tax credit against the business profits tax.

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

1 New Paragraph; Business Profits Tax; Call Center Job Creation Tax Credit. Amend RSA 77-A:5 by inserting after paragraph XV the following new paragraph:

XVI. The amount of the call center job creation tax credit as computed in RSA 162-R.

2 New Chapter; Call Center Job Creation Tax Credit. Amend RSA by inserting after chapter 162-Q the following new chapter:

CHAPTER 162-R

CALL CENTER JOB CREATION TAX CREDIT

162-R:1 Definitions. In this chapter:

I. "Call center" means a single location that utilizes telecommunication services in one or more of the following activities: customer services, soliciting sales, reactivating dormant accounts, conducting surveys or research, fund raising, collection of receivables, receiving reservations, receiving orders, or taking orders.

II. "Qualified tax credit employee" means a new, full-time, year-round employee hired to work directly in one or more call center business activities for which actual wages and benefits paid are equal to or greater than 200 percent of the current state or federal minimum wage, whichever is greater. For the purposes of calculating wages and benefits paid to the employee, the amount paid by the employer for pension contributions, medical and dental health care benefits, and employment bonuses for the employee shall be included. "Qualified tax credit employee" shall not include an employee who is:

(a) Shifted to a new position because of a merger, acquisition, or restructuring.

(b) Laid-off and rehired within 365 days to the same or similar position.

(c) Not on the employer's payroll for at least 30 days prior to the date on which the employer claims the credit for the first tax period.

162-R:2 Tax Credit.

I. There shall be a tax credit allowed against the business profits tax for each qualified tax credit employee, as certified by the commissioner of resources and economic development. The amount of the tax credit shall $2,500 for each qualified tax credit employee.

II. If the position held by a qualified tax credit employee ceases to exist at any time during the tax period, the employer may not claim the credit for the tax period in which the position ceased to exist.

III. The call center job creation tax credit allowed to an employer under this section shall not apply to any tax period ending prior to the effective date of this section, or to any tax period ending after December 31, 2019. No tax credit shall be allowed under this chapter for any tax period ending after December 31, 2023.

IV. The aggregate of tax credits issued by the commissioner to all taxpayers claiming the credit shall not exceed $2,000,000 for any fiscal year. Amounts carried forward shall not be counted against this limit in any year in which they are applied. In the case in which the aggregate credits requested during the calendar year exceed $2,000,000, each taxpayer shall receive a credit for the proportional share of the maximum aggregate credit amount. A determination on the final amount of the credit awarded by the commissioner to each taxpayer claiming the credit shall be made no later than September 30 of each year.

V. Unused portions of this credit shall be carried forward up to 5 years. Unused, carried forward credit under this section shall be applied before any other available carry-forward credit.

162-R:3 Approval and Certification. The commissioner of the department of resources and economic development, in consultation with the commissioner of the department of revenue administration, shall develop application forms with which taxpayers may apply for the call center job creation tax credit. The forms shall be submitted by taxpayers to the commissioner of the department of resources and economic development, and the commissioner shall approve or deny such application and certify to the commissioner of the department of revenue administration the total credit awarded to each business organization that hires qualified tax credit employees.

162-R:4 Reports. The commissioner of the department of resources and economic development shall file a report detailing the implementation of the tax credit program established in this chapter, the credits awarded, and the results achieved. This report shall be filed with the president of the senate, the speaker of the house of representatives, and the governor on or before July 31 of each year, beginning with July 31, 2015. The report shall include the following:

I. Methods and activities used to implement the tax credit program.

II. The number and type of jobs created.

III. The total amount of tax credits awarded.

IV. The economic impact to the local and state economy.

V. Other information as deemed relevant.

3 Effective Date. This act shall take effect July 1, 2014.

LBAO
14-2804
01/06/14

SB 316-FN - FISCAL NOTE

AN ACT establishing a call center job creation tax credit against the business profits tax.

FISCAL IMPACT:

The Department of Revenue Administration states this bill, **as introduced**, may decrease state general fund and education trust fund revenue by $2,000,000 in FY 2015, $4,000,000 in FY 2016, $6,000,000 in FY 2017, and $8,000,000 in FY 2018. The Department of Resources and Economic Development states this bill may increase state expenditures by $76,054 in FY 2015, $75,981 in FY 2016, $79,626 in FY 2017, and $83,396 in FY 2018. This bill will have no fiscal impact on county and local revenue and expenditures.

METHODOLOGY:

The Department of Revenue Administration (DRA) states this bill establishes a call center job creation tax credit to be used against the Business Profits Tax (BPT). The credit would be $2,500 per qualified employee as certified by the Department of Resources and Economic Development (DRED) and the aggregate of credits issues in a fiscal year is capped at $2,000,000. The applicants will receive their proportional share if their requests exceed the cap, with the final amount of each taxpayer's credit awarded by September 30 of each year. Any unused credits can be carried forward for 5 years, and shall be applied before any other carry forward credit. DRA states the credit is applicable for taxable periods ending on or after July 1, 2014 and on or before December 31, 2019. The tax credits are allowed to be used for tax periods ending on or before December 31, 2023. The aggregate of the credits issued in a fiscal year is capped at $2,000,000, so for the first year that the credit is available for use (FY 2015) the fiscal impact is a potential revenue loss up to $2,000,000. Since the credits can be carried forward for up to 5 years, the fiscal impact in the second year is the $2,000,000 issued in the first year plus up to $2,000,000 issued in the second year, for a total potential fiscal impact in FY 2016 of $4,000,000. DRA states the same logic applies to future years resulting in a potential revenue loss of $6,000,000 in FY 2017, and $8,000,000 in FY 2018. The exact fiscal impact is unknown at this time.

The Department of Resources and Economic Development (DRED) states they are unable to determine how many companies will apply for the call center job creation tax credit as a result of the proposed bill. Although this bill does not establish positions or contain an appropriation, DRED estimates it will require one additional full-time position to create the tax credit application, as well as receive, review, and certify credit applications and awards. DRED assumes the position will be filled at Labor Grade 23 (LG 23), and estimates the fiscal impact as follows –

	FY 2015	**FY 2016**	**FY 2017**	**FY 2018**
Salary	$43,129	$45,464	$47,503	$49,582
Benefits	$25,925	$27,517	$29,123	$30,814
Computer	$4,000	$0	$0	$0
Operating Expenses	$3,000	$3,000	$3,000	$3,000
Total Costs	**$76,054**	**$75,981**	**$79,626**	**$83,396**