

HB 588-FN-A-LOCAL - AS INTRODUCED

2015 SESSION

15-0782
09/01

HOUSE BILL ***588-FN-A-LOCAL***

AN ACT extending the Coos county job creation tax credit to Carroll county.

SPONSORS: Rep. F. McCarthy, Carr 2; Rep. Cordelli, Carr 4; Rep. Bucu, Carr 2;
Rep. S. Schmidt, Carr 6; Rep. Avellani, Carr 5; Rep. Crawford, Carr 4

COMMITTEE: Ways and Means

ANALYSIS

This bill extends the Coos county job creation tax credit to Carroll county.

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Fifteen

AN ACT extending the Coos county job creation tax credit to Carroll county.

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

1 1 Tax Expenditures Specified. Amend RSA 71-C:2 to read as follows:

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

8 2 Business Profits Tax; Credits. Amend RSA 77-A:5, XIV to read as follows:

9 XIV. The unused portion of any Coos county **and Carroll county** job creation tax credit
10 awarded by the commissioner under RSA 77-E:3-c shall be available to apply to the business profits
11 tax.

12 3 Business Enterprise Tax; Coos County and Carroll County Job Creation Tax Credit. Amend
13 the section heading of RSA 77-E:3-c to read as follows:

14 77-E:3-c Coos County **and Carroll County** Job Creation Tax Credit.

15 4 Business Enterprise Tax; Coos County and Carroll County Job Creation Tax Credit. Amend
16 RSA 77-E:3-c, IV to read as follows:

17 IV. For the purpose of the credit allowed under this section, the Coos county **and Carroll**
18 **county** job creation tax credit shall be considered taxes paid under RSA 77-E.

19 5 Chapter Heading; Coos County and Carroll County Job Creation Tax Credit. Amend the
20 chapter heading of RSA 162-Q to read as follows:

21 CHAPTER 162-Q

22 COOS COUNTY **AND CARROLL COUNTY** JOB CREATION TAX CREDIT

23 6 Coos County and Carroll County Job Creation Tax Credit; Definitions. Amend the
24 introductory paragraph of RSA 162-Q:1, I to read as follows:

25 I. In this chapter “qualified tax credit employee” means a new, full-time, year-round
26 employee hired in Coos county **and Carroll county** for work directly in one or more business
27 activities for which actual wages paid are equal to or greater than 150 percent of the current state
28 minimum wage. “Qualified tax credit employee” does not include an employee who is:

29 7 Coos County and Carroll County Job Creation Tax Credit; Reports. Amend RSA 162-Q:3, II to
30 read as follows:

31 II. The number and type of jobs created in Coos county **and Carroll county**.

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1 8 Effective Date. This act shall take effect July 1, 2015.

HB 588-FN-A-LOCAL - FISCAL NOTE

AN ACT extending the Coos county job creation tax credit to Carroll county.

FISCAL IMPACT:

The Department of Revenue Administration states this bill, **as introduced**, will decrease state revenue, and may increase state expenditures by an indeterminable amount in FY 2016 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 (DRA) states this bill would add all businesses hiring within Carroll County to the Coos County Job Creation Tax Credit (CCJCTC). This is a tax credit against the Business Enterprise Tax (BET) and has the “cascading effect” of reducing the Business Profits Tax (BPT) only for businesses hiring new employees within these two counties. For each “qualified tax credit employee” hired, the business shall be allowed a tax credit in the amount of either \$750 or \$1,000 depending upon the percentage the employee’s wage is greater than current state minimum wage. This bill does not provide a limit on the number of tax credits that can be issued. DRA cannot estimate the potential reduction of revenue because there is no limit on the number of tax credits that can be issued, and because the DRA cannot predict how many businesses hiring people within Carroll County would take advantage of this program.

This proposed tax credit would have a “cascading effect” in that the credit used to offset any BET liability would be considered taxes paid under RSA 77-E and, thus, the exact same credit would, in effect, be used to offset any BPT liability as well. If one \$1,000 credit was used against at least \$1,000 in BET and \$1,000 in BPT as well, the net effect would be the usage of \$2,000 in credit. As such, each proposed \$1,000 credit granted could cost the State of New Hampshire \$2,000 in business tax revenues. The Department states the CCJCTC has cost the state less than \$100,000 each fiscal year since implementation, however, there would be an indeterminable reduction of revenue due to expansion of this tax credit.

This law could be administered by the DRA without any additional cost. The administrative burden of approving and certifying all the applications for the credit would be the responsibility of the Department of Resources and Economic Development (DRED).

