

SB 2-FN-A - AS AMENDED BY THE SENATE

03/05/2015 0493s

2015 SESSION

15-0868
09/10

SENATE BILL **2-FN-A**

AN ACT reducing the rate of the business enterprise tax.

SPONSORS: Sen. Sanborn, Dist 9; Sen. Daniels, Dist 11; Sen. Bradley, Dist 3; Sen. Birdsell,
Dist 19

COMMITTEE: Ways and Means

ANALYSIS

This bill reduces the rate of the business enterprise tax over a 3-year period.

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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

AN ACT reducing the rate of the business enterprise tax.

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

- 1 1 Business Enterprise Tax; Imposition of Tax; 2015. Amend RSA 77-E:2 to read as follows:
2 77-E:2 Imposition of Tax. A tax is imposed at the rate of [~~3/4 of one~~] **.725** percent upon the
3 taxable enterprise value tax base of every business enterprise.
- 4 2 Business Enterprise Tax; Imposition of Tax; 2017. Amend RSA 77-E:2 to read as follows:
5 77-E:2 Imposition of Tax. A tax is imposed at the rate of [~~.725~~] **.7** percent upon the taxable
6 enterprise value tax base of every business enterprise.
- 7 3 Business Enterprise Tax; Imposition of Tax; 2019. Amend RSA 77-E:2 to read as follows:
8 77-E:2 Imposition of Tax. A tax is imposed at the rate of [~~.7~~] **.675** percent upon the taxable
9 enterprise value tax base of every business enterprise.
- 10 4 Applicability.
- 11 I. Section 1 of this act shall apply to taxable periods ending on or after December 31, 2015.
12 II. Section 2 of this act shall apply to taxable periods ending on or after December 31, 2017.
13 III. Section 3 of this act shall apply to taxable periods ending on or after December 31, 2019.
14 5 Effective Date. This act shall take effect July 1, 2015.

SB 2-FN-A FISCAL NOTE

AN ACT reducing the rate of the business enterprise tax.

FISCAL IMPACT:

The Department of Revenue Administration states this bill, **as amended by the Senate (Amendment #2015-0493s)**, will reduce state general and education trust fund revenue by \$7,590,000 in FY 2016 and FY 2017, and by \$15,180,000 in FY 2018 and FY 2019. 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 bill reduces the Business Enterprise Tax (BET) rate from the current rate of 0.75% to 0.725% effective July 1, 2015 and applicable to tax periods ending on or after December 31, 2015; from 0.725% to 0.7% effective July 1, 2015 and applicable to tax periods ending on or after December 31, 2017; and from 0.7% to 0.675% effective July 1, 2015 and applicable to tax periods ending on or after December 31, 2019. The Department states the estimated BET revenue for FY 2015 is \$227,700,000. Divided by the current BET rate of 0.75%, DRA estimates the taxable base at \$30,360,000,000. Applying the taxable base to the proposed BET rate of 0.725% would result in total revenue of approximately \$220,110,000, a reduction of \$7,590,000 in FY 2016 and FY 2017. Applying the taxable base to the proposed BET rate of 0.7% would result in total revenue of approximately \$212,520,000, a reduction of \$15,180,000 in FY 2018 and FY 2019. Applying the taxable base to the proposed BET rate of 0.675% would result in total revenue of approximately \$204,930,000, a reduction of \$22,770,000 in FY 2020 and each year thereafter. The Department states if the BET rate is decreases, there will be less BET credit available as an offset against the Business Profits Tax, however, this impact is estimated to be minor.