

SB 201-FN-A - AS INTRODUCED

2015 SESSION

15-0632
10/09

SENATE BILL ***201-FN-A***

AN ACT increasing the annual limit on the new investment tax credit.

SPONSORS: Sen. Kelly, Dist 10; Sen. Feltes, Dist 15; Sen. Watters, Dist 4; Rep. Ames, Ches 9

COMMITTEE: Ways and Means

ANALYSIS

This bill increases the annual limit on the amount of new investment tax credit against business taxes for contributions to the community development finance authority.

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 Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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 increasing the annual limit on the new investment tax credit.

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

1 1 Community Development Finance Authority; New Investment Tax Credit; Annual Limit
2 Increased. Amend RSA 162-L:10, IV(b) to read as follows:

3 (b) Contributions received by the authority for which credit is to be taken shall not
4 exceed [~~\$5,000,000~~] **\$8,000,000** in any state fiscal year. Contributions received by the authority in
5 excess of [~~\$5,000,000~~] **\$8,000,000** in any state fiscal year shall not be eligible for credit in such fiscal
6 year but may be carried forward to the next succeeding fiscal year or years and shall be given
7 priority in determining the total contributions eligible for credit in such fiscal year.

8 2 Effective Date. This act shall take effect July 1, 2015.

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SB 201-FN-A - FISCAL NOTE

AN ACT increasing the annual limit on the new investment tax credit.

FISCAL IMPACT:

The Department of Revenue Administration states this bill, **as introduced**, may decrease state general and education trust fund revenue by \$4,500,000 in FY 2016 and each year thereafter. This bill will have no fiscal impact on state, county, and local expenditures, or county and local revenue.

METHODOLOGY:

The Department of Revenue Administration states this bill increases the amount of contributions which the Community Development Finance Authority (CDFA) may receive and which are eligible for a 75% tax credit against business taxes from \$5,000,000 to \$8,000,000. Seventy-five percent of the \$3,000,000 increase (\$2,250,000) would be eligible as a tax credit. The Department states the CDFFA tax credit is considered taxes paid under the Business Enterprise Tax (BET), and thus the credit is a “cascading credit” in which the same dollars actually offset both the BET and then, if applicable, the Business Profits Tax (BPT). This treatment can effectively double the negative impact the credit has upon business tax revenues. As a result, the Department states this bill would decrease future state revenues by \$2,250,000 and possibly \$4,500,000 beginning in FY 2016.