

SB 215-FN-A - AS INTRODUCED

2015 SESSION

15-0877  
10/09

SENATE BILL        **215-FN-A**

AN ACT            establishing an option to rebate the research and development tax credit against business profits taxes.

SPONSORS:        Sen. D'Allesandro, Dist 20; Sen. Bradley, Dist 3; Sen. Hosmer, Dist 7; Sen. Feltes, Dist 15; Sen. Watters, Dist 4; Rep. Butler, Carr 7

COMMITTEE:      Ways and Means

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ANALYSIS

This bill allows a taxpayer the option to receive a rebate of the research and development tax credit against business profits taxes. The rebate is 65 percent of the amount of the credit awarded.

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Explanation:      Matter added to current law appears in **bold italics**.  
                         Matter removed from current law appears [~~in brackets and struck through.~~]  
                         Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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                    establishing an option to rebate the research and development tax credit against business profits taxes.

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

1            1 Business Profits Tax; Credit; Research and Development; Rebate. Amend the introductory  
2 paragraph of RSA 77-A:5, XIII(a)(2) to read as follows:

3                    (2) Each credit shall be used to offset the taxpayer's tax liability within the  
4 subsequent 5 tax years, **or rebated as provided in subparagraph (d)**. The amount of the credit  
5 shall be the lesser of:

6            2 New Subparagraph; Research and Development Credit; Rebate. Amend RSA 77-A:5, XIII by  
7 inserting after subparagraph (c) the following new subparagraph:

8                    (d) A taxpayer may elect on the form provided by the department to not offset tax  
9 liability but instead receive a rebate equal to 65 percent of the final amount of the credit awarded by  
10 the commissioner. Any such discount in the credit shall not result in additional research and  
11 development credits under this paragraph for a fiscal year. Rebates shall be paid by the  
12 commissioner by December 31 of each year.

13            3 New Paragraph; Commissioner of Revenue Administration; Information. Amend RSA 21-J:3  
14 by inserting after paragraph XXX the following new paragraph:

15                    XXXI. Have the authority to share information and statistics on the utilization of the  
16 research and development tax credit and optional rebate under RSA 77-A:5, XIII.

17            4 Effective Date. This act shall take effect July 1, 2015 and shall apply to taxable periods  
18 ending after June 30, 2015.

LBAO  
15-0877  
01/26/15

**SB 215-FN-A - FISCAL NOTE**

AN ACT                    establishing an option to rebate the research and development tax credit against business profits taxes.

**FISCAL IMPACT:**

The Department of Revenue Administration states this bill, as introduced, would have an indeterminable impact on state general and education trust fund revenue in FY 2017 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 establish an option for taxpayers to elect to receive a rebate of the Research and Development tax credit instead of applying the credit as an offset of tax liability. Instead of utilizing the tax credit and pushing the reduction of revenues out into the near future, this bill requires the State to make an actual expenditure. The payment of rebates would incur an immediate expense but it would also serve to reduce future revenue losses, wherein the rebate is for 65% of the tax credit award. The amount of any such savings is indeterminable because no one knows how many taxpayers might participate in the rebate portion of the Research and Development Tax Credit Program. This bill would take effect on July 1, 2015 and apply to taxable periods ending after June 30, 2015. As a result, the taxpayers would apply for the credit or rebates from July 1, 2015 to June 30, 2016 and the credits would be awarded in August 2016 with the rebates paid by December 31, 2016. Thus, the first fiscal impact could be in FY 2017. This bill could be administered by the Department of Revenue Administration (DRA) without any additional cost provided an appropriation was made to pay for the rebates of any tax credits.