



# State of New Hampshire

GENERAL COURT

CONCORD

## MEMORANDUM

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**DATE:** October 29, 2015

**TO:** Honorable Margaret Wood Hassan, Governor  
Honorable Shawn Jasper, Speaker of the House  
Honorable Chuck W. Morse, President of the Senate  
Honorable Paul C. Smith, House Clerk  
Honorable Tammy L. Wright, Senate Clerk  
Michael York, State Librarian

**FROM:** Representative Norman Major, Chairman

**SUBJECT:** Report on RSA 71-C:3, Chapter 28, Laws of 2015, HB 1531

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Pursuant to RSA 71-C:3, Chapter 28, Laws of 2015, HB 1531, enclosed please find the Report of the Joint Committee on Tax Expenditure Review for 2015.

If you have any questions or comments regarding this report, please do not hesitate to contact me.

Enclosure

cc: Committee Members

# **Joint Committee on Tax Expenditure Review**

## **RSA 71-C:3, Chapter 28, Laws of 2014, HB 1531**

### **Report October 29, 2015**

#### **Membership**

**Representative Norman Major  
Representative Patricia Lovejoy  
Representative Patrick Abrami**

**Senator David Boutin  
Senator Donna Soucy**

#### **Committee Charge**

71-C:3 Joint Committee on Tax Expenditure Review.

I. A joint committee on tax expenditure review is hereby established to review all qualifying tax expenditures on a rotating basis every 5 years and recommend continuance, amendment, or repeal of relevant provisions. The joint committee shall be composed of 3 members of the house of representatives appointed by the speaker of the house of representatives and 2 members of the senate appointed by the senate president, provided that such appointments shall include the chair or vice-chair of the ways and means committee of the respective bodies. The first meeting shall be within 60 days after the effective date of this paragraph and called by the first-named house member.

II. The joint committee shall determine which credits, exemptions, and reduced rates meet the definition of a tax expenditure, recommend legislation to add any additional tax expenditures to RSA 71-C:2, establish a rotating schedule for review over 5-year periods, determine the goals of each tax expenditure, and establish general criteria for the future evaluation of each such tax expenditure.

III. The joint committee shall file an initial report containing its determinations on or before November 1, 2014 with the speaker of the house, the senate president, the governor, and the commissioner of revenue administration. Every November 1 thereafter, the joint committee shall file a report with recommendations for proposed legislation, including identification and a review plan for any tax expenditures that are subsequently enacted or amended. Reports required by this section shall be made available to the general public on the general court's website.

#### **Meeting Dates**

October 29, 2015

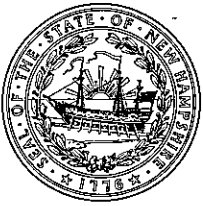
## **Findings & Recommendations**

The committee met once and members agreed to delay any action until next year. The timeline of actions agreed to by last year's committee members will be delayed by one year.

The committee makes no recommendations at this time.

Respectfully Submitted,

Representative Norman Major, Chair



# State of New Hampshire

GENERAL COURT

CONCORD

## MEMORANDUM

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**DATE:** October 31, 2014

**TO:** Honorable Margaret Wood Hassan, Governor  
Honorable Terie Norelli, Speaker of the House  
Honorable Chuck W. Morse, President of the Senate  
Commissioner John T. Beardmore, Department of Revenue  
Administration

**FROM:** Representative Susan Almy, Chairman

**SUBJECT:** Initial Report of the Joint Committee on Tax Expenditure Review  
RSA 71-C:3, HB 1531, Ch. 28:1, Laws of 2014

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Pursuant to RSA 71-C:3, please find the Initial Report of the Joint Committee on Tax Expenditure Review.

If you have any questions or comments regarding this report, please do not hesitate to contact me.

Enclosures

cc: Hon. Norman Major  
Hon Patricia Lovejoy  
Hon. Donna Soucy  
Hon. Karen O. Wadsworth, House Clerk  
Hon. Tammy L. Wright, Senate Clerk

**Initial Report of the Joint Committee on Tax Expenditure Review**  
**RSA 71-C:3, HB 1531, Ch. 28:1, Laws of 2014**

**November 1, 2014**

As required by HB 1531, The Joint Committee on Tax Expenditure Review is hereby submitting its initial report.

The committee has agreed to a plan to identify and review all qualifying tax expenditures. The plan is set forth as follows:

**2015**

- Review Coos County Job Creation Tax credit created under RSA 77-E:3-c
- Review Community Development Finance Authority Investment Tax Credit as computed in RSA 162-N:6
- Review all Business Profit Tax and Business Enterprise Tax exemptions to determine if they should be added to the list of tax expenditures specified in RSA 71-C:2, and schedule any such additions for future review.

**2016**

- Review Weighted Apportionment Factors under RSA 77-A:3,II(a)
- Review the Research and Development Tax Credit under RSA 77-A:5,XIII
- Review all exemptions related to the Dividends and Interest Tax, and the Communications Service Tax to determine if they should be added to the list of tax expenditures specified in RSA 71-C:2, and schedule any such additions for future review.

**2017**

- Review the Economic Revitalization Zone Tax Credit as computed in RSA 162-N:6
- Review the Education Tax Credit as computed in RSA 77-G:4
- Review all exemptions related to Rooms and Meals Tax, Real Estate Transfer Tax and all other tax exemptions to determine if they should be added to the list of tax expenditures specified in RSA 71-C:2, and schedule any such additions for future review.

Respectfully submitted,

Representative Susan Almy  
Representative Norman Major  
Representative Patricia Lovejoy  
Senator Donna Soucy

Attachment

A	B	C	D	E	H	
Statute	Tax	Cite	Credits/Exemptions/Exceptions/Deductions	Data Available?	Group	
1	RSA 77	Taxation of Incomes	RSA 77:4,I	Exception for interest from notes or bonds of this state and political subdivisions of the state	no	I&D
2			RSA 77:4,II and III	Exception for stock dividends paid in new stock of the company	no	I&D
3			RSA 77:4,IV	Exception for dividends declared to be a return of capital	no	I&D
4			RSA 77:4-b	Exception for interest and dividend income of employee benefit plans and tax deferred investments	no	I&D
5			RSA 77:4-c	Exemption for sale or exchange of transferable shares	no	I&D
6			RSA 77:4-d	Special rule for qualified investment companies, mutual funds and unit investment trusts	no	I&D
7			RSA 77:4-e	Exemption for interest and dividends from funds invested in college tuition savings plan	no	I&D
8			RSA 77:5,I	Exemption for income under \$2,400	no	I&D
9			RSA 77:5,II	Exemption for taxpayers 65 years or older	yes	I&D
10			RSA 77:5,III	Exception for blind taxpayers	yes	I&D
11			RSA 77:5,IV	Exemption for disabled taxpayers	yes	I&D
12			RSA 77:7	Distribution of capital exemption	no	I&D
13			RSA 77:8	Exemption for income used by any educational, religious, charitable or temperance organization	no	I&D
13a			RSA 77:10	Exemption for dividends distributed to trusts	yes	I&D
14			RSA 77:11	Income accumulated in an employee benefit plan	no	I&D
15	RSA 77-A	Business Profits Tax	RSA 77-A:3-a	Section 179 Expense Deduction	yes	BPT
16			RSA 77-A:4,I	Deduct interest and dividends subject to tax under RSA 77	yes	BPT
17			RSA 77-A:4,II	Deduct interest on direct US Obligations	yes	BPT
18			RSA 77-A:4,III	Deduct compensation for personal services	yes	BPT
19			RSA 77-A:4,IX	Deduct wage adjustment required by IRC §280C	yes	BPT
20			RSA 77-A:4,XI	Deduct foreign dividend gross up	yes	BPT
21			RSA 77-A:4,XII	Deduct research (&charitable?) contribution	yes	BPT
22			RSA 77-A:4,XIII	Deduct NH NOL Deduction	not all reported	BPT
23			RSA 77-A:4,XVI	Deduct assistance payments under 12 USC §1823	yes	BPT
24			RSA 77-A:5,III	Insurance Premium Tax credit	yes	BPT
25			RSA 77-A:5,X	BET credit	yes	
26			RSA 77-A:5,XI	CDFA credit	yes	
27			RSA 77-A:5,XII	ERZ credit	yes	
28			RSA 77-A:5,XIII	R&D credit	yes	
29			RSA 77-A:5,XIV	Coos County Job Creation Credit	yes	
30			RSA 77-A:1,I	Qualified Investment Company election exemption	no	BPT

added

A	B	C	D	E	H
Statute	Tax	Cite	Credits/Exemptions/Exceptions/Deductions	Data Available?	Group
31		RSA 77-A:6,I	Gross Business Income threshold	no	BPT
32		RSA 77-A:1,I	Tax exempt under IRC exemption	no	BPT
33	Business Enterprise Tax	RSA 77-E:1,III	501(c)(3) exemption	no	BET
34		RSA 77-E:1,V	IRC Section 3401(a)(1) members of the armed services wages exemption	no	BET-I
35		RSA 77-E:1,V	IRC Section 3401(a)(9) ministers wages exemption	no	BET-I
36		RSA 77-E:1,V	IRC Section 3401(a)(10) paper boys and girls under the age of 18 wages exemption	no	BET-I
37		RSA 77-E:1,V	IRC Section 3401(a)(13) volunteers of Peace Corps wages exemption	no	BET-I
38		RSA 77-E:1,V	IRC Section 3401(a)(14) group term life insurance on the life of an employee exemption	no	BET-I
39		RSA 77-E:1,V	IRC Section 3401(a)(15) moving expenses exemption	no	BET-I
40		RSA 77-E:1,V	IRC Section 3401(a)(16) non cash and cash tips under \$20 in a calendar month exemption	no	BET-I
41		RSA 77-E:1,V	IRC Section 3401(a)(18) education assistance exemption	no	BET-I
42		RSA 77-E:1,V	IRC Section 3401(a)(19) scholarships exemption	no	BET-I
43		RSA 77-E:1,V	IRC Section 3401(a)(20) medical reimbursements exemption	no	BET-I
44		RSA 77-E:1,V	Tips reported under IRC Section 6053(a) exemption	no	BET-I
45		RSA 77-E:1,VI(a)	Distributions to beneficiaries of trust qualified under IRC Section 401	no	BET
46		RSA 77-E:1,VI(b)	Payments of benefits to members or dependents from Voluntary Employee's Beneficiary Association qualified under IRC Section 501(c)(9)	no	BET
47		RSA 77-E:1,VI(c)	Distributions of money or property to participants from any trust fund as defined under IRC Section 584	no	BET
48		RSA 77-E:1,VI(d)	Policy holder dividends as defined under IRC Section 808, to the extent such dividends are not reduced pursuant to IRC Section 809	no	BET
49		RSA 77-E:1,VI(e)	Interest payments on deposits of depositors of a mutual bank or credit union	no	BET
50		RSA 77-E:1,VI(f)	Distributions to beneficiaries of a trust which is either subject to taxation under IRC Section 641 or Section 664	no	BET
51		RSA 77-E:1,III	Qualified Investment Company election exemption	no	BET
52		RSA 77-E:3,I	Deduction for compensation retained for use in business	no	BET
53		RSA 77-E:3,II and III	Deduction for dividends received from another member of the same affiliated group	no	BET
54		RSA 77-E:3-a	ERZ credit	yes	

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Statute	Tax	Cite	Credits/Exemptions/Exceptions/Deductions	Data Available?	Group
55		RSA 77-E:3-b	R&D credit	yes	
56		RSA 77-E:3-c	Coos County Job Creation Credit	yes	
57		RSA 77-E:5,1	Gross Business Receipts threshold	no	BET
58		RSA 77-E:5,1	Enterprise Value Tax Base threshold	no	BET
59		RSA 77-G	Education Tax Credit	yes	
60		RSA 78:1, XIV	Premium Cigar exemption	no	Misc
61		RSA 78:7-b	NH Veterans' Home exemption	no	Misc
62	RSA 78-A	Rooms	Hospital, sanitarium, convalescent home, nursing home or home for the aged exclusion from hotel definition	no	R&M
63		RSA 78-A:3, III(b)	Establishment operated by State (except DRED) or Federal Government exclusion from hotel definition	no	R&M
64		RSA 78-A:3, III(c)	Establishment owned by nonprofit operated exclusively for religious or charitable purposes exclusion from hotel definition	no	R&M
65		RSA 78-A:3, VI(b)(1)	Employee of hotel operator when occupancy is granted as pay for employment exemption from occupancy definition	no	R&M
66		RSA 78-A:3, VI(b)(1)	Seasonal camp for children under 18 exemption from occupancy definition	no	R&M
67		RSA 78-A:3, VI(b)(2)	Facility owned or leased by an organization operated for educational purposes and organization is 501(c)(3) exemption from occupancy definition	no	R&M
67a		RSA 78-A:3, VII	exempts those staying over Gnos	yes?	R&M
68		RSA 78-A:3, VIII(c)(1)	Student accommodations necessitated by attendance at a school exemption from rent definition	no	R&M
69		RSA 78-A:3, VIII(c)(2)	Accommodations necessitated by the partial or complete destruction of a person's permanent residence exemption from rent definition	no	R&M
70		RSA 78-A:3, XI(a)	Food or Beverage wholly packaged off the premises (except sandwiches, beverages in unsealed containers and catered meals) exemption from meal definition	no	R&M
71		RSA 78-A:3, XI(c)(1)	Meals served on premises of a nonprofit corporation operated exclusively for religious or charitable purposes exemption from meal definition	no	R&M
72		RSA 78-A:3, XI(c)(2)	Meals served by an 501(c)(3) organization operated for educational purposes exemption from meal definition	no	R&M
73		RSA 78-A:3, XI(c)(3)	Meals served on the premises of any institution of the state, political subdivision of the state or of the United States to inmates and employees exemption from the meal definition	no	R&M

added

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	Statute	Tax	Cite	Credits/Exemptions/Exceptions/Deductions	Data Available?	Group
74			RSA 78-A:3,X(c)(4)	Meals served on the premises of a hospital, sanitarium, convalescent home, nursing home, or home for the aged, except those served to the general public exemption from the meal definition	no	R&M
75			RSA 78-A:3,X(c)(5)	Meals furnished while transporting passengers for hire by train, bus or airplane exemption from the meal definition	no	R&M
76			RSA 78-A:3,X(c)(6)	Meals furnished by any person while operating a seasonal camp for children under the age of 18 exemption from the meal definition	no	R&M
77			RSA 78-A:3,X(c)(7)	Meals prepared and sold by nonprofit organizations other than educational institutions exemption from the meal definition	no	R&M
78			RSA 78-A:3,X(c)(8)	Meals furnished to any employee of an operator as pay for his employment exemption from the meal definition	no	R&M
79			RSA 78-A:3,X(c)(9)	Dispensing of a beverage by a single serving beverage machine not consumed in conjunction with a meal exemption from the meal definition	no	R&M
80			RSA 78-A:3,X(c)(10)	Meals purchased with food stamp coupons issued under the Food Stamp Act of 1977 exemption from the meal definition	no	R&M
81			RSA 78-A:3,XVI(a)	Separately stated charges for insurance exemption from the gross rental receipts definition	no	R&M-C
82			RSA 78-A:3,XVI(b)	Charges for damages to the motor vehicle occurring during the rental agreement period exemption from the gross rental receipts definition	no	R&M-C
83			RSA 78-A:3,XVII(c)	Separately stated charges for motor fuel sold by the owner of the motor vehicle exemption from the gross rental receipts definition	no	R&M-C
84			RSA 78-A:6-a,I	Advance deposits that are forfeited by a prospective occupant exception	no	R&M
85			RSA 78-A:6-a,II	Gratuity charges added to the charge for a taxable meal or taxable room exception	no	R&M
86			RSA 78-A:6-a,III	Gratuity charges arranged by a written contract between operators and motor coach service providers or other businesses making group purchases exception	no	R&M
87			RSA 78-A:6-a,IV	Gratuity charges included in package arrangements offered by hotels to purchasers or occupants exception	no	R&M
88			RSA 78-A:6-a,VI	Any auxiliary charges, not including gratuity charges, such as service charges, house charges, management fees or housekeeping charges exception	no	R&M

	A	B	C	D	E	H
	Statute	Tax	Cite	Credits/Exemptions/Exceptions/Deductions	Data Available?	Group
89			RSA 78-A:6-a,VII	Portion of a single aggregate charge allocated to items which are not customarily associated with the purchase of a taxable room or taxable meal exception	no	R&M
90			RSA 78-A:7,III	Operators are allowed to retain 3 percent of the taxes due and to be remitted if the return and payment are timely received by the DRA	yes	R&M
91			RSA 78-A:8-a,I	Application for exemption from payment based upon the definition of "rent"	no	R&M
92			RSA 78-A:8-a,II	Application for exemption from payment based upon the definition of "motor vehicle" for vehicles modified for passengers with physical disabilities	no	R&M
93	RSA 78-B	Tax on Transfer of Real Property	RSA 78-B:2,I	Exception for a transfer of title to the state, a state agency, a county, a city, a town, a school district, or a village district	no	RETT
94			RSA 78-B:2,II	Exception for the US or any agency or instrumentality thereof	no	RETT
95			RSA 78-B:2,III	Exception for a mortgage or other instrument given to secure payment of a debt or obligation	no	RETT
96			RSA 78-B:2,IV	Exception for a discharge of mortgage or other instrument solely to release security for a debt or obligation	no	RETT
97			RSA 78-B:2,V	Exception for a deed or other instrument which corrects a deed or other instrument previously given	no	RETT
98			RSA 78-B:2,VI	Exception for a deed given by a collector of taxes for property purchased at a tax sale	no	RETT
99			RSA 78-B:2,VII	Exception for a transfer of title from one organization exempt from federal tax under section 501 of the IRC to another organization which is also exempt from federal taxation under section 501 when both the transfer organization and transferee organization are created by the reorganization of a licensed, general or specialty hospital	no	RETT
100			RSA 78-B:2,IX	Exception for noncontractual transfers	no	RETT
101			RSA 78-B:2,X	Exception for transfer of cemetery plots	no	RETT
102			RSA 78-B:2,XI	Exception for transfers that occur by devise or by the laws regulating intestate success and descent or by the deal of any cotenant in real estate held by joint tenancy	no	RETT
103			RSA 78-B:2,XII	Exception to the beneficiary of a partnership interest where the partnership dissolves by operation of law due to the death of a partner	no	RETT
104			RSA 78-B:2,XIII	Exception for a transfer of title between spouses pursuant to a final decree of divorce or nullity	no	RETT

	A	B	C	D	E	H
	Statute	Tax	Cite	Credits/Exemptions/Exceptions/Deductions	Data Available?	Group
105			RSA 78-B:2,XV	Exception for an otherwise taxable transfer between a land trust, incorporated under RSA 292 and established to provide affordable housing to low-income people, and a housing cooperative, incorporated under RSA 301-A, if the transfer tax is paid by the trust on the initial purchase of the property	no	RETT
106			RSA 78-B:2,XV/III	Exception for a deed transferred in accordance with RSA 80:89, VI	no	RETT
107			RSA 78-B:4,V(a)	If manufactured housing constitutes a stock-in-trade of any dealer engaged in the business of selling manufactured housing and if such housing has not been previously occupied as a dwelling, the initial sale of such housing shall not constitute a taxable transfer	no	RETT
108	RSA 82-A	Communications Services Tax	RSA 82-A:2,III(a)	Value added service in which computer processing applications are used to act on the form, content, code and protocol of the information for purposes other than transmissions exemption from communications services definition	no	CST
109			RSA 82-A:2,III(b)	Purchases of communications services by a communication services provider for use as a component part of the service provide to the ultimate retail customer exemption from the communications services definition	no	CST
110			RSA 82-A:2,III(c)	One-way transmission of radio or television programming, by cable broadcast, satellite, microwave or similar facility, which is made available to any person able to receive such transmission exemption from the communications services definition	no	CST
111			RSA 82-A:2,III(d)	Internet access exemption from the communications services definition	no	CST
112			RSA 82-A:2,V(a)	Charges added to purchaser's bill because of a charge made pursuant to tax imposed by this chapter or the tax imposed by Section 4251 of IRC exemption from gross charge definition	no	CST
113			RSA 82-A:2,V(b)	Charges for a sent collect communication service received outside of the state exemption from gross charges definition	no	CST
114			RSA 82-A:2,V(c)	Charges for leased time on equipment or charges for the storage of data or information for subsequent retrieval or the processing of data or information intended to change its form or content exemption from gross charges definition	no	CST
115			RSA 82-A:2,V(d)	Charges for customer equipment wherein such charges are disaggregated and separately identified from other charges exemption from gross charges definition	no	CST

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Statute	Tax	Cite	Credits/Exemptions/Exceptions/Deductions	Data Available?	Group
116		RSA 82-A:2,V(e)	Charges for services which are not provided in connection with originating or receiving communications services and which are not necessary for or directly related to the provision of communications services exemption from gross charges definition	no	CST
117		RSA 82-A:2,V(f)	Charges for communication service and all services and equipment provided in connection therewith between a parent corporation and its wholly owned subsidiaries or between wholly owned subsidiaries exemption from gross charges definition	no	CST
118		RSA 82-A:2,V(h)	Bad debt exemption from gross charges definition	no	CST
119		RSA 82-A:3 and 82-A:4	Exemption for tax on services that may not be subject to tax by the state under the United States Constitution	no	CST
120	Electricity Consumption Tax	RSA 83-E:4,III	Consumers who are customers of any municipalized provider shall be exempt from taxation	no	Misc
121	Medicaid Enhancement Tax	RSA 84-A:1,III	Government facilities exemption from hospital definition	no	Misc
122		RSA 84-A:1,IV-a	Deduction for bad debts, charity care and payor discounts from net patient services revenue definition	yes	Misc
123	Nursing Facility Quality Assessment	RSA 84-C:1,IV	Deduction for bad debts, charity care and payor discounts from net patient services revenue definition	no	Misc
124		RSA 84-C:11,I(a)	Contingency for aggregate Medicaid reimbursements	no	Misc
125		RSA 84-C:11,I(b)	Contingency for federal approval withdrawal	no	Misc
126		RSA 84-C:11,I(c)	Contingency for collection of assessment is considered invalid	no	Misc
127		RSA 84-C:11,I(d)	Contingency for any proceeds from nursing facilities expended by the state for any purposes other than funding expenditures through the nursing facility trust fund	no	Misc
128	Insurance Department	RSA 400-A:32,V	Credit against BPT for unitary businesses	yes	Misc
129		RSA 400-A:34,I	Exemption for mutual insurance companies that operate on an assessment plan and total receipts from policy holders is less than \$10,000 per year	no	Misc
130		RSA 400-A:34-a	BET credit, unitary businesses	no	Misc