

Senate Ways and Means Committee

Sonja Caldwell 271-2117

SB 404-FN-A, phasing out the tax on interest and dividends.

Hearing Date: February 7, 2018

Members of the Committee Present: Senators Sanborn, Giuda, Daniels, D'Allesandro and Feltes

Members of the Committee Absent : None

Bill Analysis: This bill phases out the interest and dividends tax over a 5-year period and repeals the tax on January 1, 2024.

Sponsors:

Sen. Sanborn

Sen. Avard

Sen. French

Sen. Gannon

Sen. Giuda

Sen. Gray

Sen. Innis

Sen. Reagan

Who supports the bill: Greg Moore (AFP-NH), Sen. Avard, Sen. Giuda

Who opposes the bill: No one

Who is neutral on the bill: Carollynn Ward (NHDRA)

Summary of testimony presented:

Sen. Sanborn

- This bill phases out the interest and dividends tax.
- The legislature has made significant reductions in business taxes and it seems like these tax cuts solely benefit the business community.
- The vast majority of people who pay interest and dividends are of retirement age and possibly living on interest coming from their investments.
- This bill calls for a 20% reduction in the tax each year.
- Based on the \$63 million in net I & D revenue the state receives, this would amount to a \$13 million annual loss.
- He doesn't understand how DRA calculated the loss in revenue to be \$100 million from this bill.
- This supports the concept that NH is a low tax state and a state with no income tax.

Greg Moore – Americans for Prosperity

- Senior citizens who have second homes in Florida can claim residency in Florida by living

there for 6 months and one day in order to avoid paying the interest and dividends tax in NH.

Sen. Sanborn noted that the effective date in this bill was designed so that the impact wouldn't be felt until the next budget.

Carolynn Ward and Devin Rodrique - DRA

Sen. Giuda asked them to explain the fiscal note.

Ms. Ward said that Sen. Sanborn's point is well taken. They are directed to complete fiscal notes in a certain way and that is to compare certain future years to today. That resulted in the larger fiscal impact.

Sen. Sanborn asked if she meant they were compounding the potential cut and Ms. Ward said yes.

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Date Hearing Report completed: February 8, 2018