

# Bill as Introduced

HB 154-FN-A - AS INTRODUCED

2011 SESSION

11-0162  
09/01

HOUSE BILL            ***154-FN-A***

AN ACT                increasing the threshold amounts for taxation under the business enterprise tax.

SPONSORS:            Rep. Sapareto, Rock 5; Rep. Weyler, Rock 8; Rep. Major, Rock 8; Rep. Bates, Rock 4;  
Rep. Fields, Belk 2; Sen. Bragdon, Dist 11; Sen. Barnes, Jr., Dist 17; Sen. Gallus,  
Dist 1

COMMITTEE:          Ways and Means

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ANALYSIS

This bill increases the threshold amounts for taxation under the business enterprise tax.

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

*In the Year of Our Lord Two Thousand Eleven*

AN ACT                    increasing the threshold amounts for taxation under the business enterprise tax.

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

1            1 Business Enterprise Tax; Returns. Amend RSA 77-E:5 to read as follows:

2            77-E:5 Returns.

3            I. Every business enterprise having gross business receipts in excess of [~~\$150,000~~] **\$200,000**  
4 as defined by RSA 77-E:1, X, during the taxable period or the enterprise value tax base of which is  
5 greater than [~~\$75,000~~] **\$100,000**, shall, on or before the fifteenth day of the third month in the case  
6 of enterprises required to file a United States corporation tax return, and the fifteenth day of the  
7 fourth month in the case of all other business enterprises, following expiration of its taxable period,  
8 make a return to the commissioner. All returns shall be signed by the business enterprise or by its  
9 authorized representative, subject to the pains and penalties of perjury and the penalties provided in  
10 RSA 21-J:39.

11            II. Every business enterprise shall in addition file a declaration of its estimated business  
12 enterprise tax for its subsequent taxable period; provided, however, if the estimated tax is less than  
13 [~~\$200~~] **\$260**, a declaration need not be filed; and provided further that a declaration shall be filed at  
14 the end of any quarter thereafter in which estimated tax exceeds [~~\$200~~] **\$260**. The declaration shall  
15 be filed when payments are due under RSA 77-E:6.

16            2 Effective Date. This act shall take effect July 1, 2011.

LBAO  
11-0162  
12/09/10

**HB 154-FN-A - FISCAL NOTE**

AN ACT increasing the threshold amounts for taxation under the business enterprise tax.

**FISCAL IMPACT:**

The Department of Revenue Administration states this bill would decrease state revenue by \$6,239,000 in FY 2012 and by an indeterminable amount in FY 2013 and each year thereafter. This bill will have no fiscal impact on county and local revenue or state, county and local expenditures.

**METHODOLOGY:**

The Department states this bill would increase the business enterprise tax (BET) filing threshold from \$150,000 to \$200,000 for gross business receipts and from \$75,000 to \$100,000 for business enterprise tax value base (BETVB). The Department estimated the FY 2012 fiscal impact of this bill using FY 2010 actual BET filing data. The Department states that there were 40,822 tax returns filed during FY 2010, of which 18,266 had a reported BETVB of less than \$100,000 and generated \$6,239,000 of BET that under this legislation, would no longer be subject to BET. The Department further states that this BET change will not have a corresponding impact on the BET credit used to offset business profits tax (BPT), because there is a large amount of BET credit carryover that would make up the difference. The fiscal impact is stated as indeterminable in FY 2013 and each year thereafter because the Department did not make a projection beyond FY 2012.

The Department states this bill could be administered without any additional cost. This bill would not impact state expenditures or county and local revenues or expenditures.

# Amendments

Rep. Sapareto, Rock. 5  
February 1, 2011  
2011-0153h  
09/01

Amendment to HB 154-FN-A

1 Amend the title of the bill by replacing it with the following:

2

3 AN ACT increasing a threshold amount for taxation under the business enterprise tax.

4

5 Amend RSA 77-E:5, I as inserted by section 1 of the bill by replacing it with the following:

6

7 I. Every business enterprise having gross business receipts in excess of [~~\$150,000~~] **\$200,000**  
8 as defined by RSA 77-E:1, X, during the taxable period or the enterprise value tax base of which is  
9 greater than \$75,000, shall, on or before the fifteenth day of the third month in the case of  
10 enterprises required to file a United States corporation tax return, and the fifteenth day of the fourth  
11 month in the case of all other business enterprises, following expiration of its taxable period, make a  
12 return to the commissioner. All returns shall be signed by the business enterprise or by its  
13 authorized representative, subject to the pains and penalties of perjury and the penalties provided in  
14 RSA 21-J:39.

**Amendment to HB 154-FN-A**  
**- Page 2 -**

2011-0153h

**AMENDED ANALYSIS**

This bill increases a threshold amount for taxation under the business enterprise tax.

# Speakers





# Hearing Minutes

HOUSE COMMITTEE ON WAYS AND MEANS

PUBLIC HEARING ON HB 154-FN-A

**BILL TITLE:** increasing the threshold amounts for taxation under the business enterprise tax.

**DATE:** February 1, 2011

**LOB ROOM:** 202      **Time Public Hearing Called to Order:** 1:00 PM

**Time Adjourned:** 1:30 PM

(please circle if present)

**Committee Members:** Reps. Stepanek, Major, Griffin, Hess, Sapareto, Ulery, Osgood, Ober, Abrami, Azarian, Daugherty, McDonnell, Murphy, Ohm, Sanborn, Shuler, Almy, Hamm, Butynski, Hatch and Cooney.

**Bill Sponsors:** Reps. Sapareto, Rock 5; Weyler, Rock 8; Major, Rock 8; Bates, Rock 4; Fields, Belk 2; Sens. Bragdon, Dist 11; Barnes, Jr., Dist 17; Gallus, Dist 1

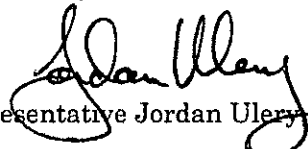
TESTIMONY

\* Use asterisk if written testimony and/or amendments are submitted.

**Representative Frank Sapareto, prime sponsor – supports.** He introduced the bill.

- Discussed the methodology of LBAO and DRA in creating an FN.
- Discussed potential revenue reduction or savings to the state with reduced audits.
- Discussed the cost per audit.
- Work session with DRA set for 2/8/11 at 11:15 inclusive.

Respectfully submitted,

  
Representative Jordan Ulery, Acting Clerk

HOUSE COMMITTEE ON WAYS AND MEANS

PUBLIC HEARING ON HB 154-FN-A

**BILL TITLE:** increasing the threshold amounts for taxation under the business enterprise tax.

**DATE:** 2/1/2011

**LOB ROOM:** 202      **Time Public Hearing Called to Order:** 1:00

**Time Adjourned:** 1:30

(please circle if present)

**Committee Members:** Reps. Stepanek, ~~Major, Griffin, Hees~~, Sapareto, Ulery, Osgood, ~~Ober~~, Abrami, Azarian, Daugherty, McDonnell, Murphy, Ohm, Sanborn, Shuler, Almy, Hamm, Butynski, Hatch and Cooney.

**Bill Sponsors:** Reps. Sapareto, Rock 5; Weyler, Rock 8; Major, Rock 8; Bates, Rock 4; Fields, Belk 2; Sens. Bragdon, Dist 11; Barnes, Jr., Dist 17; Gallus, Dist 1

TESTIMONY

\* Use asterisk if written testimony and/or amendments are submitted.

*introduced by Rep. Sapareto*

*Discussed the methodology of LBAO+DRA in creating FN.*

*Discussed potential revenue reduction or savings to state with reduced audits.*

*Discussed cost per audit*

*Work session w/ DRA set 2/8/11 10:00-11:15 including*

# Testimony

SmartZone Communications Center

sapareto@comcast.net

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RE: House Ways & Means Committee

From : Melinda Ellen Cyr <MCyr@rev.state.nh.us>

Tue Feb 8 2011 4:24:08 PM

Subject : RE: House Ways & Means Committee

To : Dorothy McDonnell <Dorothy.McDonnell@leg.state.nh.us>, Representative Stephen B. Stepanek <sbs2093@aol.com>, sapareto@comcast.net, Representative Norman L. Major <nlibem@comcast.net>

Cc : Michael Kane <Michael.Kane@leg.state.nh.us>, John C. Lighthall <jlighthall@rev.state.nh.us>, Kevin A. Clougherty <Kevin.Clougherty@rev.state.nh.us>, Lindsey M. Stepp <Lindsey.Stepp@rev.state.nh.us>, Margaret Fulton <MFulton@rev.state.nh.us>

Good afternoon Reps. Stepanek, Major and Sapareto:

Based upon your conversation at the House Ways & Means Committee hearing today, John Lighthall has revised his response to your question #2 from your email of February 1, 2010 (see original email of 2/1/11 and response email of 2/2/11 below).

Revised #2:

Question: What would the \$6.2 million fiscal note change to if the Business Enterprise Tax Value Base remained at \$75,000?

Answer: We do not know the gross receipts of any of the taxpayers as explained in #1 and #6. However the loss most assuredly would not be as much as \$6.2 million. Since the filing threshold for BET is an either or situation, the lower \$75k BETVB threshold may prevail. Raising the gross receipts to \$200k from \$150k should cause some taxpayers to not have to file and pay BET but we cannot determine the fiscal impact.

I hope this helps.

Mindy

From: John C. Lighthall
Sent: Wednesday, February 02, 2011 9:22 AM
To: Dorothy.McDonnell@leg.state.nh.us
Cc: Melinda Ellen Cyr
Subject: FW: House Ways & Means Committee

In response to Rep. Stepanek's requests, I am forwarding these answers. Please let us know if we may be of further assistance.

From: John C. Lighthall
Sent: Wednesday, February 02, 2011 8:12 AM
To: Melinda Ellen Cyr; Kevin A. Clougherty; Margaret Fulton; Lindsey M. Stepp
Subject: RE: House Ways & Means Committee

- 1. We do not know how many of the 40,822 had gross receipts in excess of \$200,000. The desired data is not keyed on NH returns and can come from many different lines off of federal forms, especially for proprietors. The 40,822 returns were filed during FY2010 so the tax years may be different and thus a comparison would involve several different federal tax information databases. No match up to federal data was performed as this would take numerous hours to add up the schedules and getting to federal partnership data that would match NH filers would be even more difficult.
2. There isn't any BPT credit amount to maintain at \$75,000.
3. No cost savings to Department, those taxpayers would all still have to file BPT and the BET form is simply another page they file.
4. NONE of these returns are filed electronically.
5. The \$6.2 million is the estimated maximum loss in revenue based upon 18,266 returns that had less than \$100,000.01 in Business Enterprise Tax Value Base. How many of those had \$200,000 in gross receipts so that they would still have to pay is not known.
6. We do not know how much BET is collected from taxpayers with gross receipts between \$150,000 and \$200,000 or any other gross receipts amounts.

6.2m Rev
40,822 Returns

18,266 Returns
less than 100k

1/2 of rev

times 1000

less than 1000

even less at 75k



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**From:** McDonnell, Dorothy [mailto:Dorothy.McDonnell@leg.state.nh.us]  
**Sent:** Tuesday, February 01, 2011 3:34 PM  
**To:** Melinda Ellen Cyr  
**Cc:** Stepanek, Stephen; Stepanek, Stephen  
**Subject:** House Ways & Means Committee

**Good afternoon Ms. Cyr:**

**I was asked by Chairman Stepanek to request your attendance at the House Ways and Means Executive Session, which will be held on Tuesday, February 8, 2011, at 11:15 a.m. to answer the following questions:**

**Regarding Methodology**

1. How many of 40,822 tax filers had gross receipts in excess of \$200,000 for \$6.23 million calculation?
2. What would the \$6.2 million fiscal note change to if the BPT credit was maintained at \$75,000?
3. What is the cost savings to the Department with a workload reduction of approximately 20,000 tax filers?
4. How many of these returns are filed electronically?
5. Does the \$6.2 million reflect all of the tax filers between \$150,000 and \$200,000 of gross receipts or does it include all 40,822 returns?
6. How much is collected in BET for \$150,000 - \$200,000?

If you have any questions, please contact Rep. Stepanek directly. Thank you.

*Dottie McDonnell*  
*House Secretarial Services*  
*Legislative Office Bldg., Room 405*  
*Phone: 271-8300 Fax: 271-6689*

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# Voting Sheets



HOUSE COMMITTEE ON WAYS AND MEANS

EXECUTIVE SESSION on HB 154-FN-A

**BILL TITLE:** increasing the threshold amounts for taxation under the business enterprise tax.

**DATE:** February 10, 2011

**LOB ROOM:** 202

**Amendments:**

Sponsor: Rep. Sapareto OLS Document #: 2011 0153h

Sponsor: Rep. OLS Document #:

Sponsor: Rep. OLS Document #:

**Motions:** OTP, OTP/A, ITL, Interim Study (Please circle one.) **AMENDMENT ONLY**

Moved by Rep. Sapareto

Seconded by Rep. Griffin

Vote: 20-0 (Please attach record of roll call vote.) **VOICE VOTE – MOTION ADOPTED**

**Motions:** OTP, OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep. Sapareto

Seconded by Rep. Griffin

Vote: 15-5 (Please attach record of roll call vote.)

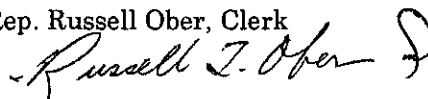
**CONSENT CALENDAR VOTE:**

(Vote to place on Consent Calendar must be unanimous.)

**Statement of Intent:** Refer to Committee Report

Respectfully submitted,

Rep. Russell Ober, Clerk



HOUSE COMMITTEE ON WAYS AND MEANS

EXECUTIVE SESSION on HB 154-FN-A

**BILL TITLE:** increasing the threshold amounts for taxation under the business enterprise tax.

**DATE:** 2/3/2011

**LOB ROOM:** 202

Amendments:

Sponsor: Rep. Sapareto

OLS Document #: 2011-0153h 20-0

Sponsor: Rep.

OLS Document #:

Sponsor: Rep.

OLS Document #:

Motions: OTP, OTP/A, ITL, Interim Study (Please circle one.)

②

Moved by Rep. Sapareto

Seconded by Rep. Griffin

Vote: 15-5 (Please attach record of roll call vote.)

Motions: OTP, OTP/A, ITL, Interim Study (Please circle one.)

①

Moved by Rep.

Seconded by Rep.

Vote: 20-0 (Please attach record of roll call vote.)

voice vote - motion ~~passed~~ <sup>Adopted</sup>

CONSENT CALENDAR VOTE: RC

(Vote to place on Consent Calendar must be unanimous.)

Statement of Intent: Refer to Committee Report

Respectfully submitted,

Rep. Russell Ober, Clerk



# Committee Report

**REGULAR CALENDAR**

**February 23, 2011**

**HOUSE OF REPRESENTATIVES**

**REPORT OF COMMITTEE**

**The Majority of the Committee on WAYS AND MEANS  
to which was referred HB154-FN-A,**

**AN ACT increasing the threshold amounts for taxation  
under the business enterprise tax. Having considered  
the same, report the same with the following  
amendment, and the recommendation that the bill  
OUGHT TO PASS WITH AMENDMENT.**

**Rep. Frank V Sapareto**

**FOR THE MAJORITY OF THE COMMITTEE**

**MAJORITY  
COMMITTEE REPORT**

Committee: **WAYS AND MEANS**  
Bill Number: **HB154-FN-A**  
Title: **increasing the threshold amounts for taxation  
under the business enterprise tax.**  
Date: **February 10, 2011**  
Consent Calendar: **NO**  
Recommendation: **OUGHT TO PASS WITH AMENDMENT**

**STATEMENT OF INTENT**

This bill is designed to be nearly revenue neutral. Under testimony last session, the DRA explained that nearly 20,000 returns were ruled under the Business Enterprise Tax with no taxes due. The committee feels that this is a waste of taxpayer time and money as well as the Department of Revenue Administration. By raising the filing threshold from \$150,000 to \$200,000 the largest bulk of those useless filings will be eliminated and the process streamlined. This change will increase the efficiency of the DRA.

Vote 15-5

Rep. Frank V Sapareto  
FOR THE MAJORITY

Original: House Clerk  
Cc: Committee Bill File

REGULAR CALENDAR

WAYS AND MEANS

**HB154-FN-A**, increasing the threshold amounts for taxation under the business enterprise tax.  
**OUGHT TO PASS WITH AMENDMENT.**

Rep. Frank V Sapareto for the **Majority** of WAYS AND MEANS. This bill is designed to be nearly revenue neutral. Under testimony last session, the DRA explained that nearly 20,000 returns were ruled under the Business Enterprise Tax with no taxes due. The committee feels that this is a waste of taxpayer time and money as well as the Department of Revenue Administration. By raising the filing threshold from \$150,000 to \$200,000 the largest bulk of those useless filings will be eliminated and the process streamlined. This change will increase the efficiency of the DRA. **Vote 15-5.**

Original: House Clerk  
Cc: Committee Bill File

This bill is designed to be nearly revenue neutral. Under testimony last session, the DRA explained that nearly 20,000 returns were ruled under the Business Enterprise Tax with no taxes due. The committee feels that this is a waste of taxpayer time and money as well as the Department of Revenue Administration. By raising the filing threshold from \$150,000 to \$200,000 the largest bulk of those useless filings will be eliminated and the process streamlined. This change will increase the efficiency of the DRA.



This bill is designed to be nearly revenue neutral. Under testimony last session, the DRA explained that nearly 20,000 returns were ruled under the Business Enterprise Tax with no taxes due. The committee feels that this is a waste of taxpayer time and money as well as the Department of Revenue Administration. By raising the filing threshold from \$150,000 to \$200,000 the largest bulk of those useless filings will be eliminated and the process streamlined. This change will increase the efficiency of the DRA.

COMMITTEE REPORT

COMMITTEE: Ways & Means

BILL NUMBER: NB 154-FN-A

TITLE: increasing the threshold amounts for taxation under the business enterprise tax.

DATE: 2/10/11 CONSENT CALENDAR: YES  NO

- OUGHT TO PASS
- OUGHT TO PASS W/ AMENDMENT
- INEXPEDIENT TO LEGISLATE
- INTERIM STUDY (Available only 2<sup>nd</sup> year of biennium)

Amendment No. \_\_\_\_\_

STATEMENT OF INTENT:

HB154 is designed to be <sup>nearly</sup> revenue neutral. Under testimony last session, the DRA explained that nearly 20,000 returns were filed under the Business Enterprise Tax with no taxes due. The Committee feels that this is a waste of taxpayers time and money as well as the Dept of Revenue Administration. By raising the Filing Threshold from \$50,000 to \$200,000 the largest bulk of those useless filings will be eliminated and the process streamlined. This change will increase the efficiency of the DRA.

COMMITTEE VOTE: 15-5

OKS B8

RESPECTFULLY SUBMITTED,

- Copy to Committee Bill File
- Use Another Report for Minority Report

Rep. [Signature]  
For the Committee

**REGULAR CALENDAR**

**February 23, 2011**

**HOUSE OF REPRESENTATIVES**

**REPORT OF COMMITTEE**

**The Minority of the Committee on WAYS AND MEANS  
to which was referred HB154-FN-A,**

**AN ACT increasing the threshold amounts for taxation  
under the business enterprise tax. Having considered  
the same, and being unable to agree with the Majority,  
report with the following Resolution: RESOLVED, That  
it is INEXPEDIENT TO LEGISLATE.**

**Rep. William A Hatch**

**FOR THE MINORITY OF THE COMMITTEE**

**MINORITY  
COMMITTEE REPORT**

Committee: **WAYS AND MEANS**  
Bill Number: **HB154-FN-A**  
Title: **increasing the threshold amounts for taxation  
under the business enterprise tax.**  
Date: **February 10, 2011**  
Consent Calendar: **NO**  
Recommendation: **INEXPEDIENT TO LEGISLATE**

**STATEMENT OF INTENT**

The purpose of this bill is to decrease the filing requirements for businesses and reduce the work load for the Department of Revenues. It would do so by increasing the minimums for the business profits tax required prior to filing to the Department of Revenue. The minimum gross receipts for a business would be increased to \$200,000 from \$150,000 and the minimum remittance amount would be increased to \$260.00 from \$200.00. It was reasoned by the majority there is little tax paid by businesses that are between \$150,000 and \$200,000 category but it is very costly and time consuming for them to produce the reports the decrease in revenue is justified. When the fact that information required is already prepared for a business to complete a federal return and is transferred to a single page form and considering the fiscal note showed the loss of revenue to be between \$1.6 million and \$6.2 million the minority reasoned the cost far outweighs any benefit.

Rep. William A Hatch  
FOR THE MINORITY

Original: House Clerk  
Cc: Committee Bill File

REGULAR CALENDAR

WAYS AND MEANS

**HB154-FN-A**, increasing the threshold amounts for taxation under the business enterprise tax.  
**INEXPEDIENT TO LEGISLATE.**

Rep. William A Hatch for the **Minority** of WAYS AND MEANS. The purpose of this bill is to decrease the filing requirements for businesses and reduce the work load for the Department of Revenues. It would do so by increasing the minimums for the business profits tax required prior to filing to the Department of Revenue. The minimum gross receipts for a business would be increased to \$200,000 from \$150,000 and the minimum remittance amount would be increased to \$260.00 from \$200.00. It was reasoned by the majority there is little tax paid by businesses that are between \$150,000 and \$200,000 category but it is very costly and time consuming for them to produce the reports the decrease in revenue is justified. When the fact that information required is already prepared for a business to complete a federal return and is transferred to a single page form and considering the fiscal note showed the loss of revenue to be between \$1.6 million and \$6.2 million the minority reasoned the cost far outweighs any benefit.

Original: House Clerk  
Cc: Committee Bill File

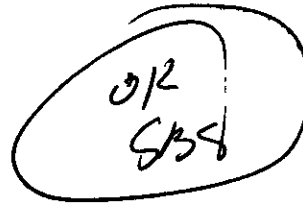
The purpose of this bill is to decrease the filing requirements for businesses and reduce the work load for the Department of Revenues. It would do so by increasing the minimums for the business profits tax required prior to filing to the Department of Revenue. The minimum gross receipts for a business would be increased to \$200,000 from \$150,000 and the minimum remittance amount would be increased to \$260.00 from \$200.00. It was reasoned by the majority there is little tax paid by businesses that are between \$150,000 and \$200,000 category but it is very costly and time consuming for them to produce the reports the decrease in revenue is justified. When the fact that information required is already prepared for a business to complete a federal return and is transferred to a single page form and considering the fiscal note showed the loss of revenue to be between \$1.6 million and \$6.2 million the minority reasoned the cost far outweighs any benefit.

OK  
SBS

The purpose of HB 154FNA is to decrease the filing requirements for businesses and reduce the work load for the Department of Revenue. It would do so by increasing the minimums for the business profits tax required prior to filing to the Department of Revenue. The minimum gross receipts for a business would be increased to \$200,000 from \$150,000 and the minimum remittance amount would be increased to \$260.00 from \$200.00. It was reasoned by the majority there is little tax paid by businesses that are between \$150,000 and \$200,000 category but it is very costly and time consuming for them to produce the reports the decrease in revenue is justified.

When the fact that information required is already prepared for a business to complete a federal return and is transferred to a single page form and considering the fiscal note showed the loss of revenue to be between 1.6 million and 6.2 million the minority reasoned the cost far outweighs any benefit.

Representative William A. Hatch, Ways and Means



OK  
SBS

MINORITY REPORT

COMMITTEE:

Ways and Means

BILL NUMBER:

154 FFA

TITLE:

Increasing a threshold amount  
for taxation under business profits tax

DATE:

CONSENT CALENDAR:

YES

NO

OUGHT TO PASS

OUGHT TO PASS W/ AMENDMENT

INEXPEDIENT TO LEGISLATE

INTERIM STUDY (Available only 2<sup>nd</sup> year of biennium)

Amendment No.  
\_\_\_\_\_

STATEMENT OF INTENT:

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\_\_\_\_\_

COMMITTEE VOTE:

15-5

• Copy to Committee Bill File

RESPECTFULLY SUBMITTED,

Rep.

William A. Helms

For the Minority