

Bill as  
Introduced

HB 598 - AS INTRODUCED

2013 SESSION

13-0615

09/05

HOUSE BILL        **598**

AN ACT            relative to the reasonable compensation deduction under the business profits tax.

SPONSORS:        Rep. Hess, Merr 24

COMMITTEE:       Ways and Means

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ANALYSIS

This bill increases the amount of the record-keeping safe harbor deduction under the business profits tax, which may be taken in lieu of a deduction for substantiated value of compensation.

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                      Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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

AN ACT relative to the reasonable compensation deduction under the business profits tax.

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

1       1 Business Profits Tax; Reasonable Compensation; Record-Keeping Safe Harbor Deduction.

2 Amend RSA 77-A:4, III(c) to read as follows:

3               (c) In lieu of substantiating the value of the personal services of proprietors, partners, or  
4 members, a business organization or group of related business organizations may elect, as a record-  
5 keeping safe harbor, to deduct up to [~~\$50,000~~] **\$75,000** as total compensation for the tax year;

6       2 Effective Date. This act shall take effect July 1, 2013.

# Speakers



# Hearing Minutes

HOUSE COMMITTEE ON WAYS AND MEANS

PUBLIC HEARING ON HB 598

**BILL TITLE:** relative to the reasonable compensation deduction under the business profits tax.

**DATE:** February 19, 2012

**LOB ROOM:** Rm. 202      **Time Public Hearing Called to Order:** 1:22 PM

**Time Adjourned:** 1:28 PM

(please circle if present)

**Committee Members:** Reps. Almy, Lovejoy, Cooney, Davis, Butynski, J. Kelley, Shattuck, Young, Ames, Karrick, Schamberg, Major, R. Ober, Ulery, Sanborn, Hess, Abram, Griffin, Azarian and Sapareto.

**Bill Sponsors:** Rep. Hess, Merr 24

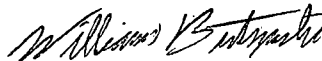
TESTIMONY

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

**Rep. David Hess, Prime Sponsor** – Supports the bill ... increases recordkeeping threshold from \$50,000 to \$75,000 ... median household income in NH is about \$63,000 and entrepreneurs would make more than that amount if successful ... is revenue neutral under current law.

**John Lighthall, DRA** – Governor may ask for comparison of changes made last year and not sure what cost would be if that happened, but can look at that since Committee Chair desires it.

Respectfully submitted,



Rep. William Butynski, Clerk

HOUSE COMMITTEE ON WAYS AND MEANS

PUBLIC HEARING ON HB 598

BILL TITLE: relative to the reasonable compensation deduction under the business profits tax.

DATE: 2/19/13

LOB ROOM: Rm. 202 Time Public Hearing Called to Order: 1:22PM

Time Adjourned: 1:28PM

(please circle if present)

Committee Members: Reps. Almy, Lovejoy, Cooney, Davis, Butynski, J. Kelley, Shattuck, Young, Ames, Karrick, Schamberg, Major, R. Ober, Ulery, Sanborn, Hess, Abram, Griffin, Azarian and Sapareto.

Bill Sponsors: Rep. Hess, Merr 24

TESTIMONY

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

Rep. D. Hess, Prime Sponsor - Support this bill <sup>to increase personal keeping</sup> thresholds from \$50,000 to \$75,000 in medium household income <sup>to NHT is</sup> about \$63,000 and entrepreneurs would make more than that amount if successful in revenue neutral under current law.

John Lighthall, D.R.H. - <sup>may</sup> ~~concern~~ <sup>be</sup> ~~rule~~ <sup>for suspension of changes</sup> made last year and not sure <sup>if</sup> what cost would be if that happened but can look at that since Committee Chair desires it.

Respectfully submitted,

Rep. William Butynski, Clerk



# Sub-Committee Actions

HOUSE COMMITTEE ON WAYS AND MEANS  
SUBCOMMITTEE WORK SESSION ON HB 598

**BILL TITLE:** relative to the reasonable compensation deduction under the business profits tax.

**DATE:** February 28, 2013

**Subcommittee Members:** Reps. Lovejoy, Butynski, Davis, Abrami, Hess, Young

**Comments and Recommendations:**

**Amendments:**

Sponsor: Rep.

OLS Document #:

Sponsor: Rep.

OLS Document #:

Sponsor: Rep.

OLS Document #:

**Motions:**  Recommended or Not Recommended for Future Legislation (Please circle one.)

Moved by Rep. Abrami

OTP

Seconded by Rep. Hess

Vote: 5-1

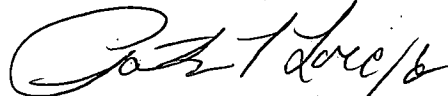
**Motions:** Recommended or Not Recommended for Future Legislation (Please circle one.)

Moved by Rep.

Seconded by Rep.

Vote:

Respectfully submitted,



Rep. Patricia Lovejoy  
Subcommittee Chairman

HOUSE COMMITTEE ON WAYS AND MEANS  
SUBCOMMITTEE WORK SESSION ON HB 598

**BILL TITLE:** relative to the reasonable compensation deduction under the business profits tax.

**DATE:** 2-28-13

**Subcommittee Members:** Reps. Lovejoy, Butynski, Davis, Abrami, Hess, Young

**Comments and Recommendations:**

**Amendments:**

Sponsor: Rep.

OLS Document #:

Sponsor: Rep.

OLS Document #:

Sponsor: Rep.

OLS Document #:

**Motions:**  Recommended or  Not Recommended for Future Legislation (Please circle one.)

Moved by Rep. Abrami

OTP

Seconded by Rep. Hess

Vote: 5-1

**Motions:** Recommended or Not Recommended for Future Legislation (Please circle one.)

Moved by Rep.

Seconded by Rep.

Vote:

Respectfully submitted,

Rep. *Pat Yabrejs*  
Subcommittee Chairman/Clerk

# Voting Sheets

HOUSE COMMITTEE ON WAYS AND MEANS

EXECUTIVE SESSION on HB 598

**BILL TITLE:** relative to the reasonable compensation deduction under the business profits tax.

**DATE:** March 5, 2013

**LOB ROOM:** Room 202, LOB

**Amendments:**

Sponsor: Rep.

OLS Document #:

Sponsor: Rep.

OLS Document #:

Sponsor: Rep.

OLS Document #:

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

Moved by Rep. Lovejoy

Seconded by Rep. Sapareto

Vote: 18-0 (Please attach record of roll call vote.)

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

Moved by Rep.

Seconded by Rep.

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

**CONSENT CALENDAR VOTE: 18-0**

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

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

Respectfully submitted,



Rep. William Butynski, Clerk

HOUSE COMMITTEE ON WAYS AND MEANS

EXECUTIVE SESSION on HB 598

BILL TITLE: relative to the reasonable compensation deduction under the business profits tax.

DATE: 3-5-13

LOB ROOM: Room 202, LOB

Amendments:

Sponsor: Rep. OLS Document #:  
Sponsor: Rep. OLS Document #:  
Sponsor: Rep. OLS Document #:

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

Moved by Rep. *Lovejoy*  
Seconded by Rep. *Sapich*  
Vote: *18 to 0* (Please attach record of roll call vote.)

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

Moved by Rep.  
Seconded by Rep.  
Vote: (Please attach record of roll call vote.)

CONSENT CALENDAR VOTE: {Type VOTE}

*CONSENT OK*

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

Statement of Intent: Refer to Committee Report

Respectfully submitted,  
Rep. William Butynski, Clerk



STATE OF NEW HAMPSHIRE  
OFFICE OF THE HOUSE CLERK

1/10/2013 11:00:11 AM  
Roll Call Committee Registers  
Report

2013 SESSION

WAYS AND MEANS

Bill #: HB 598

Title: relative to the reasonable compensation deduction under the business profit tax.

PH Date: 2/19/13

Exec Session Date: 3/5/13

Motion: OTP by Hon. [unclear] & Sapareto

Amendment #: \_\_\_\_\_

MEMBER

YEAS

NAYS

Almy, Susan W, Chairman	✓	
Lovejoy, Patricia T, V Chairman	✓	
Butynski, William, Clerk	✓	
Davis, Frank W	✓	
Shattuck, Gilman C	✓	
Kelley, John D	✓	
Cooney, Mary R	✓	
Ames, Richard	✓	
Karrick, David B	✓	
Schamberg, Thomas C	✓	
Young, Harry L	✓	
Major, Norman L,	✓	
Griffin, Mary E	✓	
Hess, David W	✓	
Sapareto, Frank V	✓	
Ulery, Jordan G <i>Absent</i>		
Ober, Russell T, <i>Absent</i>		
Abrami, Patrick F	✓	
Azarian, Gary S	✓	
Sanborn, Laurie J	✓	
<b>TOTAL VOTE:</b>	<u>18</u>	<u>0</u>

# Committee Report



**CONSENT CALENDAR**

**March 6, 2013**

**HOUSE OF REPRESENTATIVES**

**REPORT OF COMMITTEE**

**The Committee on WAYS AND MEANS to which was referred HB598,**

**AN ACT relative to the reasonable compensation deduction under the business profits tax. Having considered the same, report the same with the recommendation that the bill OUGHT TO PASS.**

**Rep. Patricia T Lovejoy**

**FOR THE COMMITTEE**

## COMMITTEE REPORT

Committee:	WAYS AND MEANS
Bill Number:	HB598
Title:	relative to the reasonable compensation deduction under the business profits tax.
Date:	March 6, 2013
Consent Calendar:	YES
Recommendation:	OUGHT TO PASS

### STATEMENT OF INTENT

This bill raises the safe-harbor recordkeeping threshold for reasonable compensation from \$50,000 to \$75,000. The department of revenue administration anticipates little to no revenue impact of this change. This bill helps small businesses by reducing compliance requirements.

Vote 18-0.

Rep. Patricia T Lovejoy  
FOR THE COMMITTEE

Original: House Clerk  
Cc: Committee Bill File

## CONSENT CALENDAR

### WAYS AND MEANS

**HB598**, relative to the reasonable compensation deduction under the business profits tax. **OUGHT TO PASS.**

Rep. Patricia T Lovejoy for WAYS AND MEANS. This bill raises the safe-harbor recordkeeping threshold for reasonable compensation from \$50,000 to \$75,000. The department of revenue administration anticipates little to no revenue impact of this change. This bill helps small businesses by reducing compliance requirements. **Vote 18-0.**

COMMITTEE REPORT

COMMITTEE: Ways & Means

BILL NUMBER: 598

TITLE: Relative to the reasonable compensation deduction under the business profits tax

DATE: 3/5/13 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:

This bill raises the safe-harbor <sup>record keeping</sup> threshold for reasonable compensation from \$50,000 to \$75,000. The Department of Revenue Administration ~~has~~ anticipates <sup>little to no</sup> revenue impact ~~of~~ of this change. This bill helps small businesses by reducing compliance requirements.

COMMITTEE VOTE: 18-0

RESPECTFULLY SUBMITTED,

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

Rep. Pat Lovejoy  
 For the Committee  
 Lovejoy SWA

MAJORITY REPORT

HB 598

18-0 CON OTP

This bill raises the safe-harbor recordkeeping threshold for reasonable compensation from \$50,000 to \$75,000. The department of revenue administration anticipates little to no revenue impact of this change. This bill helps small businesses by reducing compliance requirements.

Respectfully submitted,

Rep. Patricia T. Lovejoy

