

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

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.

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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

Committee Minutes

AMENDED
SENATE CALENDAR NOTICE
WAYS AND MEANS

Printed: 03/28/2013 at 12:31 pm

Senator Bob Odell Chairman
Senator Lou D'Allesandro V Chairman
Senator Andrew Hosmer
Senator Chuck Morse
Senator Jim Rausch

For Use by Senate Clerk's Office ONLY	
<input type="checkbox"/>	Bill Status
<input type="checkbox"/>	Docket
<input type="checkbox"/>	Calendar
Proof: <input type="checkbox"/>	Calendar <input type="checkbox"/>
	Bill Status

Date: March 28, 2013

HEARINGS

Tuesday

4/2/2013

WAYS AND MEANS

SH 103

9:15 AM

(Name of Committee)

(Place)

(Time)

EXECUTIVE SESSION MAY FOLLOW

Comments: **Please note new hearing times. Each bill has been moved back by 15 minutes**

9:15 AM	HB488-FN	changing the definition of "cigarette" under the tobacco tax to match the definition of "cigarette" under the Master Settlement Agreement.
9:30 AM	HB581-FN-L	relative to recovering moneys from a neighboring state for mitigation of flooding.
9:45 AM	HB598	relative to the reasonable compensation deduction under the business profits tax.
10:00 AM	HB676-FN-A-L	(New Title) extending the Coos county job creation tax credit.

Sponsors:

HB488-FN

Rep. Susan Almy

HB581-FN-L

Rep. Mario Rätzki

Rep. David Karrick

Rep. Scott Burns

HB598

Rep. David Hess

HB676-FN-A-L

Rep. William Butynski

Sen. Molly Kelly

Rep. Catherine Mulholland

Rep. Lorrie Carey

Sen. Sylvia Larsen

Rep. Ian Raymond

Rep. Harold Reilly

Sen. Andrew Hosmer

Rep. John Mann

Rep. Norman Major

Rep. Robert Theberge

Sen. Bob Odell

Sonja Caldwell 271-2117

Sen. Bob Odell

Chairman

Ways and Means Committee

Sonja Caldwell, Legislative Aide

HB598 - relative to the reasonable compensation deduction under the business profits tax.

Hearing date: April 2, 2013

Members present: Sen. Odell, Sen. D'Allesandro, Sen. Morse, Sen. Rausch, Sen. Hosmer

Members absent:

Sponsor(s): Rep. Hess, Merr 24

What the bill does: 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.

Who supports the bill: Rep. Almy, Dave Juvet (BIA),

Who opposes the bill: No one

Taking no position: Mindy Cyr and John Lighthall (DRA)

Summary of testimony received:

Rep Almy

- Had major disputes when we originally set the safe harbor at \$50,000 instead of \$75,000.
- DRA has changed how it tracks audits. They now say this wont cost them anything.
- This bill is worth passing because it costs too much to go after people at the \$75,000 level and it gives extra assurance that we're not auditing small businesses.
- DRA has a computerized system that tracks what auditors are doing at every step and reminds them of best practices of the IRS.
- It's not a best practice to spend a lot of auditor time on a \$50,000 or \$75,000 exemption.

Mindy Cyr and John Lighthall (DRA)

- No position on the bill.
- Can't speak to why there is no fiscal note on the bill. They did do a fiscal note worksheet for LBA and indicated they didn't think there would be much of an impact.
- Auditing process has changed - more standardized.

Speakers

SENATE WAYS & MEANS COMMITTEE

Date 4/2/11

Time 9:45 a.m.

Public Hearing on

HB598

(relative to the reasonable compensation deduction under the business profits tax.)

Please check box(es) that apply.

SPEAKING FAVOR OPPOSED

NAME (Please print)

REPRESENTING

<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Rep. Susan Amy	HW&M speak if needed
-------------------------------------	-------------------------------------	-------------------------------------	--------------------------	----------------	----------------------

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Dave Juret	BIA
-------------------------------------	--------------------------	-------------------------------------	--------------------------	------------	-----

<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Mindy Cyn, John Lighthall DRA	
-------------------------------------	-------------------------------------	--------------------------	--------------------------	-------------------------------	--

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		

Voting Sheets

Senate Ways & Means Committee

EXECUTIVE SESSION

Bill # HB598

Hearing date: 4-2-13
 Executive session date: 4-2
 Motion of: OTP

Room: State House - Room 100

VOTE: 5-0

Made by Odell
Senator: D'Allesandro
 Morse
 Rausch
 Hosmer

Seconded Odell
by Senator: D'Allesandro
 Morse
 Rausch
 Hosmer

<u>Committee Member</u>	<u>Present</u>	<u>YES</u>	<u>NO</u>	<u>Reported out by</u>
Senator Odell	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Senator D'Allesandro	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Senator Morse	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Senator Rausch	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Senator Hosmer	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Hosmer

*Amendments: _____

NOTES: _____

Committee Report

STATE OF NEW HAMPSHIRE
SENATE
REPORT OF THE COMMITTEE

Date: April 2, 2013

THE COMMITTEE ON Ways and Means

to which was referred House Bill 598

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

Having considered the same, the committee recommends that the Bill:

OUGHT TO PASS

BY A VOTE OF: 5-0

Senator Andrew J. Hosmer
For the Committee

Sonja Caldwell 271-2117

New Hampshire General Court - Bill Status System

Docket of HB598

Docket Abbreviations

Bill Title: relative to the reasonable compensation deduction under the business profits tax.*Official Docket of HB598:*

Date	Body	Description
1/3/2013	H	Introduced 1/3/2013 and Referred to Ways and Means; HJ 12 , PG.202
2/6/2013	H	Public Hearing: 2/19/2013 1:00 PM LOB 202
2/20/2013	H	Subcommittee Work Session: 2/28/2013 1:00 PM LOB 303
2/21/2013	H	==RESCHEDULED== Work Session: 2/28/2013 1:00 PM LOB 301
2/27/2013	H	Subcommittee Work Session: 3/5/2013 10:00 AM LOB 202
2/27/2013	H	Executive Session: 3/5/2013 2:00 PM LOB 202
2/27/2013	H	Continued Executive Session: 3/7/2013 10:00 AM LOB 202
3/6/2013	H	Committee Report: Ought to Pass for Mar 13 (Vote 18-0; CC); HC 22 , PG.513
3/13/2013	H	Ought to Pass: MA VV; HJ 26 , PG.771
3/14/2013	S	Introduced and Referred to Ways & Means
3/28/2013	S	Hearing: 4/2/13, Room 103, SH, 9:45 a.m.; SC14
4/8/2013	S	Committee Report: Ought to Pass, 4/18/13; SC16
4/18/2013	S	Ought to Pass: RC 24Y-0N MA; OT3rdg;
4/18/2013	S	Enrolled
4/24/2013	H	Enrolled; HJ38 , PG.1257
6/13/2013	H	Signed by Governor 06/06/2013; Effective 07/01/2013; Chapter 0071

NH House

NH Senate

Other Referrals

COMMITTEE REPORT FILE INVENTORY

HB598 ORIGINAL REFERRAL _____ RE-REFERRAL

1. THIS INVENTORY IS TO BE SIGNED AND DATED BY THE COMMITTEE AIDE AND PLACED INSIDE THE FOLDER AS THE FIRST ITEM IN THE COMMITTEE FILE.
2. PLACE ALL DOCUMENTS IN THE FOLDER FOLLOWING THE INVENTORY IN THE ORDER LISTED.
3. THE DOCUMENTS WHICH HAVE AN "X" BESIDE THEM ARE CONFIRMED AS BEING IN THE FOLDER.
4. THE COMPLETED FILE IS THEN DELIVERED TO THE CALENDAR CLERK.

DOCKET (Submit only the latest docket found in Bill Status)

COMMITTEE REPORT

CALENDAR NOTICE

HEARING REPORT

HANDOUTS FROM THE PUBLIC HEARING

PREPARED TESTIMONY AND OTHER SUBMISSIONS

SIGN-UP SHEET(S)

ALL AMENDMENTS (passed or not) CONSIDERED BY COMMITTEE:

____ - AMENDMENT # ____ ____ - AMENDMENT # ____
____ - AMENDMENT # ____ ____ - AMENDMENT # ____

ALL AVAILABLE VERSIONS OF THE BILL:

AS INTRODUCED ____ AS AMENDED BY THE HOUSE
____ FINAL VERSION ____ AS AMENDED BY THE SENATE

OTHER (Anything else deemed important but not listed above, such as amended fiscal notes): _____

DATE DELIVERED TO SENATE CLERK 7-2-13

SLC

BY COMMITTEE AIDE