

LEGISLATIVE COMMITTEE MINUTES

HB622

Bill as
Introduced

HB 622-FN-A - AS INTRODUCED

2015 SESSION

15-0315
10/01

HOUSE BILL **622-FN-A**

AN ACT relative to taxation of the taxable estates of decedents.

SPONSORS: Rep. Cloutier, Sull 10

COMMITTEE: Ways and Means

ANALYSIS

This bill establishes a rate of the New Hampshire estate tax of 8 percent of the gross value of the portion of the decedent's taxable estate that exceeds \$2,000,000.

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 Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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

AN ACT relative to taxation of the taxable estates of decedents.

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

1 1 Taxation of Transfers of Certain Estates. RSA 87:1 is repealed and reenacted to read as
2 follows:

3 87:1 Tax Imposed; Exemption.

4 I. An estate tax is hereby imposed upon the transfer of the estate of every decedent leaving a
5 taxable estate for which the gross value after allowable deductions, as defined by the Internal
6 Revenue Code of 1986, is greater than \$2,000,000, and who has property within this state.

7 II. The first \$2,000,000 of the gross value of the decedent's estate shall be exempt from the
8 estate tax.

9 III. The amount of the New Hampshire estate tax shall be equal to 8 percent of the gross
10 value of the portion of the decedent's taxable estate that exceeds the exemption in paragraph II.

11 IV. If only a portion of the decedent's estate is located in this state, the tax shall be
12 determined as follows:

13 (a) For a decedent who, at the time of death, was a resident of this state, the
14 New Hampshire estate tax shall be reduced by an amount determined by multiplying the entire
15 amount of the tax by the percentage which the gross value of the real and tangible property portion
16 of the decedent's estate located outside of this state bears to the gross value of the entire estate.

17 (b) For a decedent who, at the time of death, was not a resident of this state, the
18 New Hampshire estate tax shall be determined by multiplying the entire amount of the tax by the
19 percentage which the gross value of the real and tangible property portion of the decedent's estate
20 located in this state bears to the gross value of the entire estate.

21 2 When Payable. Amend RSA 87:2 to read as follows:

22 87:2 When Payable. The New Hampshire estate tax shall be payable to the department of
23 revenue administration [~~at the same time or times at which the United States estate tax is payable~~]
24 **9 months after the date of death of the decedent** and shall bear interest as prescribed in RSA 21-
25 J:28.

26 3 Estates Affected. Amend RSA 87:11 to read as follows:

27 87:11 Estates Affected. The provisions [hereof] **of this chapter** shall apply to the estates of all
28 decedents dying after [~~April 28, 1931~~] **January 1, 2016** and shall also apply to the estate of any
29 decedent with respect to which the United States estate tax had not been paid on [~~April 28, 1931~~]
30 **January 1, 2016**.

31 4 Penalty. Amend RSA 87:19 to read as follows:

1 87:19 Penalty. If an executor, administrator, trustee, fiduciary, or custodian neglects or refuses
2 to comply with any of the requirements of RSA 87:17 or RSA 87:18, such person shall be liable to a
3 penalty of not more than \$1,000, to be recovered by the department of revenue administration for the
4 use of the state, and, upon petition by the department, notice and hearing, the probate court may
5 remove such person, and appoint another person administrator with the will annexed, or
6 administrator, as the case may be. *Such administrator shall also be responsible for any other*
7 *penalties and interest applicable under RSA 21-J.*

8 5 Repeal. The following are repealed:

9 II. RSA 87:5, relative to lien of tax.

10 II. RSA 87:7, relative to intent of chapter.

11 III. RSA 87:9, relative to chapter void, when.

12 6 Effective Date. This act shall take effect January 1, 2016.

HB 622-FN-A FISCAL NOTE

AN ACT relative to taxation of the taxable estates of decedents.

FISCAL IMPACT:

The Department of Revenue Administration states this bill, **as introduced**, will increase state general fund revenue by \$11,830,155 in FY 2017, and by \$23,660,310 in FY 2018 and each year thereafter. There will be no fiscal impact on state, county, and local expenditures, or county and local revenue.

METHODOLOGY:

The Department of Revenue Administration (DRA) states this bill reenacts RSA 87:1 imposing an estate tax on the transfer of the estate of every decedent leaving a taxable estate with a gross value after deduction greater than \$2,000,000 (as defined by Internal Revenue Code of 1986) and has property in the State. The amount of the New Hampshire estate tax shall be equal to 8% of the gross value of the portion of the decedent's taxable estate that exceeds \$2,000,000 gross value. The tax will be apportioned by the amount of gross value of real and tangible property located outside of NH for residents of NH, and property located inside NH for non-residents of NH, to the gross value of the entire estate. The estate tax shall be payable to DRA nine months after the date of death of the decedent. This bill shall apply to estates of all decedents dying after January 1, 2016 and to any estate that has not paid the United States Estate Tax on January 1, 2016. A penalty of not more than \$1,000 will be recovered by the DRA and used to appoint another administrator if an executor, administrator, trustee, fiduciary, or custodian, does not comply with any of the requirements of RSA 87:17 or RSA 87:18. The newly appointed administrator shall be responsible for any other penalties and interest applicable under RSA 21-J. This bill also repeals RSA 87:5, 87:7 and 87:9, and is effective January 1, 2016.

The Department researched federal tax data from Form 706, United States Estate Tax Return for Tax Year 2007. Only Line 5 data was available and this line is the sum of the gross taxable estate less allowable deductions. The Department created a range of possible values due to decedent's state code (DSC). The lower range includes only those whose DSC was NH and the uppermost was all taxpayers in the database. The uppermost may apportion some of their estate out of state. Based on this research, DRA estimates this bill will increase state general fund revenue by \$11,830,155 in FY 2017 and \$23,660,310 in FY 2018 and each year thereafter.

Speakers

Hearing Minutes

HOUSE COMMITTEE ON WAYS AND MEANS

PUBLIC HEARING ON HB 622-FN-A

BILL TITLE: relative to taxation of the taxable estates of decedents.

DATE: 2/19/15

LOB ROOM: 202 **Time Public Hearing Called to Order:** 2:50 PM

Time Adjourned: 3:18 PM

(please circle if present)

Committee Members: Reps. Major, Abrami, Griffin, Hess, Ulery, Azarian, Nigrello, McClarren, Ohm, Manning, Gallagher, Lachance, Leeman, Almy, Shattuck, Cooney, Lovejoy, Ames, Karrick, Henle and Southworth.

Bill Sponsors: Rep. Cloutier, Sull 10

TESTIMONY

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

Rep. Cloutier – Sponsor

Rep. Flanagan – Oppose

*Chip Martin, NH Trust Council – Oppose

*Todd Mayo, NH Trust Council – Oppose

Respectfully submitted,

Rep. Gary Azarian, Clerk



HOUSE COMMITTEE ON WAYS AND MEANS

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TESTIMONY

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Rep. Cloutier: Sponsor

Rep Flanagan

oppose

~~Chip Martin~~

~~Todd Mayo~~

NH Trust Council

NH Trust Council

Concord Trust Company

Perspatz a Trust

oppose

Testimony

TITLE V TAXATION

CHAPTER 87 TAXATION OF TRANSFERS OF CERTAIN ESTATES

Section 87:1

Repeal + Reenact

87:1 Tax Imposed. –

- I. An estate tax is hereby imposed upon the transfer of the estate of every decedent leaving an estate which is subject to an estate tax under the provisions of the United States Internal Revenue Code of 1986, as amended, and who has property within this state.
- II. The amount of the New Hampshire estate tax shall be equal to the maximum federal estate tax credit allowable for state death taxes with respect to property subject to this state's jurisdiction to impose a tax.
- III. If only a portion of a decedent's estate is located in this state, such maximum tax credit shall be determined by multiplying the entire amount of the credit allowable by the percentage which the gross value of the portion of the decedent's estate located in this state bears to the gross value of the entire estate.
- IV. This tax shall be imposed in every case in which the credit for state death taxes paid is available as a credit on the decedent's federal estate tax return.

Source. 1931, 125:1. RL 88:1. RSA 87:1. 1955, 72:1. 1967, 110:1. 1995, 246:1. 2002, 232:3, eff. Jan. 1, 2003.

Repealed

87:5 Lien of Tax. – Said taxes and interest shall be and remain a lien on the property subject to the taxes until the same are paid.

Source. 1931, 125:1. RL 88:4.

87:7 Intent of Chapter. – It is hereby declared to be the intent and purpose of this chapter to obtain for this state the benefit of the credit allowed under the provisions of said United States revenue act, to the extent that this state may be entitled by the provisions of said act, by imposing additional taxes and the same shall be liberally construed to effect this purpose.

Source. 1931, 125:1. RL 88:7.

87:9 Chapter Void, When. – This chapter shall become void and of no effect in respect to the estates of persons who die subsequent to the effective date of the repeal of the federal estate tax provisions within the United States Internal Revenue Code of 1986, as amended, or that portion of such provisions that allow a credit for state death taxes against the decedent's federal estate tax.

Source. 1931, 125:1. RL 88:9. RSA 87:9. 1995, 246:3, eff. Aug. 18, 1995.

TESTIMONY OF TODD D. MAYO
BEFORE THE
HOUSE WAYS AND MEANS COMMITTEE
ON HB 622
FEBRUARY 19, 2015

Good afternoon, Mr. Chairman and members of the committee.

My name is Todd Mayo. I am a principal and general counsel of Perspecta Trust. Perspecta Trust is a trust company based in Hampton, and we provide trust, investment, and wealth planning services. I also am president of the New Hampshire Trust Council, a coalition of trust companies, law firms, and others involved in this state's trust services sector. The Trust Council's members include Beacon Trust Company, Charter Trust Company, Cleveland, Waters and Bass, Concord Trust Company, Fiduciary Trust Company of New England, Hemenway & Barnes, Holland & Knight, Mulhern & Scott, Perspecta Trust, and Rath, Young and Pignatelli.

I oppose this bill, because the reinstatement of the state's estate tax would hurt our state's growing trust services sector and the high-quality jobs that come with it.

The trust services sector is a growing part of the state's economy. Both directly and through related fields, the trust services sector provides high-quality, well-paying jobs. A key indicator of that growth is the number of trust companies chartered in this state. According to the New Hampshire Banking Department, since 2003, the number of trust companies has increased from 14 to 29, and the assets administered by those trust companies have grown from \$79 billion to \$418 billion. In addition, three more trust companies are in the process of forming. Based on anecdotal evidence, New Hampshire's trust services sector today directly employs an estimated 300 to 400 individuals. In addition, the trust services sector indirectly employs individuals in legal, accounting, investment, and other businesses.

This bill would reinstate New Hampshire's estate tax. Before 2005, New Hampshire collected an estate tax. Beginning in 2005, due to a change in the federal estate tax laws, New Hampshire stopped collecting the tax. While some states reinstated their estate taxes following the change in federal tax law, most have not.

Today, there are 31 states that do not impose an estate or inheritance tax. States seem to be moving away from the estate tax. Since 2010, Hawaii and Illinois have reinstated their states' estate tax. Meanwhile, Indiana, Iowa, Kansas, North Carolina, Ohio, and Oklahoma have repealed their states' estate tax, and Tennessee has enacted legislation phasing out its inheritance tax. Some other states – notably including New York – have been loosening their states' estate tax.

The reinstatement of the estate tax would send a negative message to families considering creating New Hampshire trusts or migrating trusts to New Hampshire. It would create doubts about this state's commitment to fostering the growth of its trust and financial services sector. Regardless of whether the estate tax initially would be levied only on New Hampshire residents and persons owning real estate or tangible personal property in the state, many families and their advisors would avoid using New Hampshire businesses for trust services. They would be concerned that the reinstatement of the estate tax would be a prelude to tax and trust laws that would directly and adversely affect them. They can easily avoid that risk by going to a trust-friendly state – like South Dakota – that does not impose an estate tax.

Consider Delaware's experience. Delaware has a robust, well-established trust and financial services sector. In 2009, Delaware reinstated its estate tax. The reaction outside of Delaware was swift and negative. Some advisors warned clients against using Delaware banks and trust companies. I recall attending a meeting of the American Bar Association's trust law section at which an attorney from a well-known Delaware trust company stood up and spoke in an effort to defend his state's commitment to its trust and financial services sector. The efforts to defend Delaware spilled onto the pages of at least one professional publication. In an article in a leading estate planning journal, two authorities on Delaware trusts acknowledged the problem, writing "Critics have suggested that reinstatement of the Delaware estate tax represents a significant diminution of Delaware's attractiveness as a trust jurisdiction." Their purpose in writing the article was to provide the "whole truth" about Delaware's estate tax. Nonetheless, the damage was done, and Delaware's reputation and attractiveness were tarnished.

This year, a bill has been introduced in Delaware to repeal the its estate tax. When Delaware reinstated its estate tax, it apparently expected to collect about \$25 million per year. Last year, Delaware only collected about \$1.3 million of estate taxes, apparently because people have been moving out of state to avoid the tax. The bill's proponent has stated that the state also is losing income tax revenues.

Those results are not surprising. Domicile planning has become more important in recent years as people seek to avoid state estate taxes. For example, last year, a trust attorney whose firm has clients in New York and New Jersey – two states that impose an estate tax – told the *New York Times* that "We have a lot of people moving out of these jurisdictions to avoid the state estate tax entirely. ... I have people all over Florida. We even wrote a book on how to establish a residency in Florida."

The reinstatement of the estate tax would send a negative message about this state's commitment to the trust and financial services sector. Unlike Delaware, our trust services sector is not as well established. The harmful effects of reinstating the estate tax thus would likely be more pronounced. By their nature, trust and tax lawyers tend to be cautious, and, if they have doubts about our state's commitment to trusts and trust companies, they are likely to steer their clients to states that they perceive to pose less risk.

In light of all of that, I urge this committee to vote against this bill.

Thank you, and I welcome any questions that you may have.



CONCORD TRUST
C O M P A N Y

February 19, 2015

RE: Testimony against HB 622

To whom it may concern,

For reasons of tax policy and maintaining the relative attractiveness of NH as a favorable state for wealthy families to live or locate trusts, I oppose the New Hampshire estate tax proposed in Senate.

New Hampshire has worked hard in recent years to make this state a desirable place to remain after retirement and to attract other retirees. For example, we have done away with the rule against perpetuities (allowing trusts to last indefinitely, if you choose); revised our trust laws to make them the most modern and flexible in the nation; and liberalized the probate process. An estate tax will undermine those efforts and send the unwanted message that New Hampshire is not fully committed to being the premiere destination in the country for trust and other wealth-related businesses.

The proposed tax will affect only the very wealthy who live here or who have property here. Like Trusts which may be moved to more favorable trust and tax law jurisdictions, these individuals usually can choose where they live, and they can decide whether they want to maintain expensive properties in New Hampshire.

Many of the affluent NH based clients we serve have homes in Florida or other warm-weather states (including California, Arizona and South Carolina) that have no estate tax. They often ask whether they should be New Hampshire residents or Florida residents. When the estate tax is a neutral issue (meaning neither state has such a tax), New Hampshire and Florida are more or less equal. Not surprisingly, our clients with New Hampshire connections tend to remain New Hampshire residents or to retain residential property here because they are not concerned that it will be exposed to taxation when they die.

There are currently only 19 states in the country that have estate taxes.¹ Within the past four years, five states have eliminated their estate taxes. Why? The National Bureau of Economic Research has conducted studies on how changes in state tax policy affect the residences of wealthy elderly people. The study concluded that high state inheritance and estate taxes have statistically significant negative impacts on the number of federal estate tax returns filed in a state. This is consistent with the notion that elderly people change their state of residence to avoid high state taxes. The results suggest that migration of wealthy individuals in response to a state estate or inheritance tax would cause revenue losses in the state. In NH's case, this would include the loss of the interest and dividends tax, decreased property taxes from depressed property values and the overall hit to the state's economy as wealthy families move away.

Regards,


Chip Martin
President

¹. "Where Not to Die in 2015" by Ashlea Ebeling, Forbes.com, 9/11/24.

Voting Sheets

HOUSE COMMITTEE ON WAYS AND MEANS

EXECUTIVE SESSION on HB 622-FN-A

BILL TITLE: relative to taxation of the taxable estates of decedents.

DATE: 3/3/15

LOB ROOM: 202

Amendments:

Sponsor: Rep.

OLS Document #:

Sponsor: Rep.

OLS Document #:

Sponsor: Rep.

OLS Document #:

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

Moved by Rep. Gallagher

Seconded by Rep. Leeman

Vote: 21-0 (Please attach record of roll call vote.)

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

Moved by Rep.

Seconded by Rep.

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

CONSENT CALENDAR VOTE: YES

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

Statement of Intent: Refer to Committee Report

Respectfully submitted,

Rep. Gary Azarian, Clerk



HOUSE COMMITTEE ON WAYS AND MEANS

EXECUTIVE SESSION on HB 622-FN-A

BILL TITLE: relative to taxation of the taxable estates of decedents.

DATE: ~~3-2-15~~ 3-3-15

LOB ROOM: 202

Amendments:

Sponsor: Rep.

OLS Document #:

Sponsor: Rep.

OLS Document #:

Sponsor: Rep.

OLS Document #:

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

Moved by Rep. Gallagher

Seconded by Rep. Leeman

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

15-0
21-0

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

Moved by Rep.

Seconded by Rep.

Vote: (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. Gary Azarian, Clerk





STATE OF NEW HAMPSHIRE
OFFICE OF THE HOUSE CLERK

1/8/2015 1:46:46 PM
Roll Call Committee Registers
Report

2015 SESSION

WAYS AND MEANS

Bill #: HB 622 Title: _____

PH Date: 3/2/15 Exec Session Date: 3/2/15

Motion: ITL Amendment #: _____

MEMBER	YEAS	NAYS
Major, Norman L., Chairman	✓	
Abrami, Patrick F., V Chairman	✓	
Griffin, Mary E.	-	
Hess, David W.	✓	
Ulery, Jordan G.	-	
Azarian, Gary S., Clerk	✓	
Nigrello, Robert L.	✓	
McClarren, Donald B	-	
Ohm, William H.	✓	
Manning, John J.	-	
Gallagher, Brian S.	✓	
Lachance, Joseph R.	✓	
Leeman, Don E.	✓	
Almy, Susan W.	✓	
Shattuck, Gilman C.	✓	
Cooney, Mary R.	✓	
Lovejoy, Patricia T.	✓	
Ames, Richard	✓	
Karrick, David B.	-	
Henle, Paul J	✓	
Southworth, Thomas L.	-	
TOTAL VOTE:		

15-0



2015 SESSION

WAYS AND MEANS

Bill #: 622-FN-A Title: _____
PH Date: 31 315 Exec Session Date: 31 315
Motion: ITL Amendment #: _____

MEMBER	YEAS	NAYS
Major, Norman L., Chairman	✓	
Abrami, Patrick F., V Chairman	✓	
Griffin, Mary E.	✓	
Hess, David W.	✓	
Ulery, Jordan G.	✓	
Azarian, Gary S., Clerk	✓	
Nigrello, Robert L.	✓	
McClarren, Donald B	✓	
Ohm, William H.	✓	
Manning, John J. <i>Helzel</i>	✓	
Gallagher, Brian S.	✓	
Lachance, Joseph R.	✓	
Leeman, Don E.	✓	
Almy, Susan W.	✓	
Shattuck, Gilman C.	✓	
Cooney, Mary R.	✓	
Lovejoy, Patricia T.	✓	
Ames, Richard	✓	
Karrick, David B.	✓	
Henle, Paul J	✓	
Southworth, Thomas L.	✓	
TOTAL VOTE:		

21-0

Committee Report

CONSENT CALENDAR

March 4, 2015

HOUSE OF REPRESENTATIVES

REPORT OF COMMITTEE

The Committee on WAYS AND MEANS to which was referred HB622-FN-A,

AN ACT relative to taxation of the taxable estates of decedents. Having considered the same, report the same with the following Resolution: **RESOLVED**, That it is **INEXPEDIENT TO LEGISLATE**.

Rep. Brian S. Gallagher

FOR THE COMMITTEE

COMMITTEE REPORT

Committee:	WAYS AND MEANS
Bill Number:	HB622-FN-A
Title:	relative to taxation of the taxable estates of decedents.
Date:	March 4, 2015
Consent Calendar:	YES
Recommendation:	INEXPEDIENT TO LEGISLATE

STATEMENT OF INTENT

This proposal establishes a rate of the New Hampshire estate tax of eight (8) percent upon the gross value of the additional portion of a decedent's taxable estate which would exceed \$2,000,000. Testimony emphasized that enactment of this bill would create doubt and send a negative message to individual and business trust and financial services. Moving forward with this type of legislation would create an environment more difficult to attract new business into New Hampshire.

Vote 21-0.

Rep. Brian S. Gallagher
FOR THE COMMITTEE

Original: House Clerk
Cc: Committee Bill File

CONSENT CALENDAR

WAYS AND MEANS

HB622-FN-A, relative to taxation of the taxable estates of decedents. **INEXPEDIENT TO LEGISLATE.**

Rep. Brian S. Gallagher for **WAYS AND MEANS**. This proposal establishes a rate of the New Hampshire estate tax of eight (8) percent upon the gross value of the additional portion of a decedent's taxable estate which would exceed \$2,000,000. Testimony emphasized that enactment of this bill would create doubt and send a negative message to individual and business trust and financial services. Moving forward with this type of legislation would create an environment more difficult to attract new business into New Hampshire. **Vote 21-0.**

WAYS & MEANS

HB 622-FN-A - relative to taxation of the taxable estates of decedents.

ITL

CC 15-0 21-0

This proposal establishes a rate of the New Hampshire estate tax of eight (8) percent upon the gross value of the additional portion of a decedent's taxable estate which would exceed \$2,000,000. Testimony emphasized that enactment of this bill would create doubt and send a negative message to individual and business trust and financial services. Moving forward with this type of legislation would create an environment more difficult to attract new business into New Hampshire.

Rep. Brian Gallagher for the Committee

ML Meyer

COMMITTEE REPORT

COMMITTEE: WAYS AND MEANS COMMITTEE

BILL NUMBER: HB 622 FW-A

TITLE: AN ACT RELATIVE TO TAXATION OF THE TAXABLE ESTATES OF DECEDENTS

DATE: 3-2-2015 CONSENT CALENDAR: • YES NO

OUGHT TO PASS

OUGHT TO PASS W/ AMENDMENT

INEXPEDIENT TO LEGISLATE

INTERIM STUDY (Available only 2nd year of biennium)

Amendment No.

STATEMENT OF INTENT:

REP. BRIAN S GALLAGHER

THIS PROPOSAL ESTABLISHES A RATE OF THE NEW HAMPSHIRE ESTATE TAX OF EIGHT (8) PERCENT UPON THE GROSS VALUE OF THE ADDITIONAL PORTION OF A DECEDENT'S TAXABLE ESTATE WHICH WOULD EXCEED \$2,000,000. TESTIMONY EMPHASIZED THAT ENACTMENT OF THIS BILL WOULD CREATE DOUBT AND SEND A NEGATIVE MESSAGE TO INDIVIDUALS & BUSINESS, TRUST AND FINANCIAL SERVICES MOVING FORWARD WITH THIS TYPE OF LEGISLATION WOULD CREATE AN ENVIRONMENT MORE DIFFICULT TO ATTRACT NEW BUSINESS INTO NEW HAMPSHIRE.

COMMITTEE VOTE: • 15-0

RESPECTFULLY SUBMITTED,

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

Rep. Brian Gallagher
For the Committee

Other Referrals

New Hampshire Department of Revenue Administration

Fiscal Note Quick Guide

15-0315

HB 622-FN-A, relative to taxation of the taxable estates of decedents

House Ways and Means Committee

This bill reenacts RSA 87:1, imposing an Estate Tax on the transfer of the estate of every decedent leaving a taxable estate with a gross value after deduction greater than \$2,000,000 (as defined by Internal Revenue Code of 1986) and has property in the State of New Hampshire (NH). The amount of the NH Estate Tax shall be equal to 8% of the gross value of the portion of the decedent's taxable estate that exceeds \$2,000,000 gross value. The tax will be apportioned by the amount of gross value of real and tangible property located outside of NH for residents of NH, and property located inside NH for non-residents of NH, to the gross value of the entire estate. The tax shall be payable to the Department of Revenue Administration nine months after the date of death of the decedent.

This bill would take effect January 1, 2016 and apply to estates of all decedents dying after January 1, 2016 and to any estate that has not paid the United States Estate Tax on January 1, 2016. A penalty of not more than \$1,000 will be recovered by the Department and used to appoint another administrator if an executor, administrator, trustee, fiduciary, or custodian does not comply with any of the requirements of RSA 87:17 or RSA 87:18. The newly appointed administrator shall be responsible for any other penalties and interest applicable under RSA 21-J.

Utilizing federal data from Tax Year 2007, which is the most recently complete data available, the DRA estimates this bill will increase State General Fund revenue by \$11,830,155 in FY2017 and \$23,660,310 in FY2018 and each year thereafter. The Department researched federal tax data from Form 706, United States Estate Tax Return for Tax Year 2007. Only Line 5 data was available and this Line is the sum of the gross taxable estate less allowable deductions. The Department created a range of possible values due to decedent's state code (DSC). The lower range includes only those whose DSC was NH and the uppermost was all taxpayers in the database. The uppermost may apportion some of their estate out of state.

Based upon their net taxable estate from Line 5, minus the \$2,000,000 exclusion, multiplied by the 8% rate, the lower estimated revenue projection would be \$23,660,310 and the upper range would be \$38,279,128.

This bill could be administered by the Department with some additional, yet undetermined, increase in the Department's expenditures for the cost of personnel to administer the tax.