AN ACT relative to exemptions for the tax on interest and dividends.


COMMITTEE: Ways and Means

ANALYSIS

This bill increases the amount of additional exemptions against the tax on interest and dividends for the blind, disabled, and persons over 65.

Explanation: Matter added to current law appears in bold italics.
Matter removed from current law appears [in brackets and struckthrough.]
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.
AN ACT relative to exemptions for the tax on interest and dividends.

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

1 Tax on Interest and Dividends; Additional Exemptions Increased. Amend RSA 77:5, II-IV to read as follows:

   II. An additional $2,400 if either or both taxpayers are 65 years of age or older on the last day of the tax year.
   III. An additional $2,400 if either or both taxpayers are blind.
   IV. An additional $2,400 if either or both taxpayers are disabled, unable to work, and have not yet reached their sixty-fifth birthday.

2 Application. Section 1 of this act shall apply to tax years ending on and after December 31, 2019.

3 Effective Date. This act shall take effect July 1, 2019.
AN ACT relative to exemptions for the tax on interest and dividends.

FISCAL IMPACT: [X] State  [ ] County  [ ] Local  [ ] None

<table>
<thead>
<tr>
<th>STATE:</th>
<th>Estimated Increase / (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY 2020</td>
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<tr>
<td>Appropriation</td>
<td>$0</td>
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<tr>
<td>Revenue</td>
<td></td>
</tr>
<tr>
<td>Potential Decrease of $2,100,000</td>
<td>Indeterminable Decrease</td>
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<tr>
<td>Expenditures</td>
<td>$0</td>
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<tr>
<td>Funding Source:</td>
<td>[X] General</td>
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</tbody>
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METHODOLOGY:

This bill increases the Interest and Dividends Tax exemptions for taxpayers who are 65 years of age or older, blind, or disabled from $1,200 to $2,400. Using tax year 2017, the Department is able to estimate the fiscal impact of this bill. In tax year 2017 the Interest and Dividends Tax liability was $99,425,884. The Department adjusted any exemptions claimed by taxpayers from $1,200 to $2,400. Using the increased exemptions, the new tax year 2017 Interest and Dividends Tax liability would have been $97,333,518, a decrease of $2,092,366 in General Fund revenue. This analysis does not consider possible changes to the number of taxpayers or the amount of interest and dividends income in FY 2020 through FY 2023, therefore the impact on revenue could be higher or lower than the impact using the tax year 2017 Interest and Dividends Tax liability. Additionally, there are taxpayers who have overpaid their Interest and Dividends Tax liability that carry the overpayment as a credit rather than request a refund. If the tax liability is removed, taxpayers may request their credit be refunded which would add to any General Fund revenue decrease.

AGENCIES CONTACTED:

Department of Revenue Administration