

SB 74-FN - AS AMENDED BY THE HOUSE

03/09/2017 0572s

1Jun2017... 1808h

2017 SESSION

17-0141

09/01

SENATE BILL **74-FN**

AN ACT relative to economic revitalization zone tax credits.

SPONSORS: Sen. Bradley, Dist 3; Sen. Innis, Dist 24; Sen. French, Dist 7; Sen. D'Allesandro, Dist 20; Rep. Major, Rock. 14; Rep. Abrami, Rock. 19; Rep. Lovejoy, Rock. 36

COMMITTEE: Ways and Means

AMENDED ANALYSIS

This bill requires a taxpayer applying for economic revitalization zone tax credits to provide written certification to the commissioner of resources and economic development that it has expanded the commercial or industrial base in a designated economic revitalization zone and created new jobs in the state. This bill requires the commissioner of resources and economic development to certify each application for an economic revitalization zone tax credit. This bill also increases the limit on total economic revitalization tax zone credits which may be issued by the commissioner of resources and economic development.

This bill is a request of the department of resources and economic development.

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

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STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Seventeen

AN ACT relative to economic revitalization zone tax credits.

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

- 1 1 Eligibility Requirements for Business Tax Credits. Amend RSA 162-N:3 to read as follows:
- 2 162-N:3 Eligibility Requirements for Business Tax Credits. No economic revitalization zone tax
- 3 credits shall be allowed to any taxpayer unless the ~~[taxpayer's project receives]~~ **taxpayer provides**
- 4 written certification in accordance with RSA 162-N:4, I ~~[from]~~ **to** the commissioner of resources and
- 5 economic development that it ~~[will expand]~~ **has expanded** the commercial or industrial base in a
- 6 designated economic revitalization zone and ~~[will create]~~ **created** new jobs in the state
- 7 2 Economic Revitalization Zone Tax Credit Letter of Certification. Amend RSA 162-N:4 to read
- 8 as follows:
- 9 162-N:4 Economic Revitalization Zone Tax Credit ~~[Agreement]~~ **Letter of Certification**.
- 10 I. The commissioner of resources and economic development shall ~~[enter into a written]~~
- 11 **certify each application for an** economic revitalization zone tax credit ~~[agreement]~~ with each
- 12 taxpayer~~[- such agreement to be certified by the commissioner of resources and economic~~
- 13 ~~development under this section]~~.
- 14 II. The ~~[agreement]~~ **commissioner** shall ~~[contain]~~ **issue a letter of certification**
- 15 **containing** such provisions as the commissioner of resources and economic development
- 16 determines to be in the public interest, which shall include, but not be limited to:
- 17 (a) Quality and quantity of full-time jobs to be created.
- 18 (b) Duration of the taxpayer's commitments with respect to the economic revitalization
- 19 zone.
- 20 (c) The amount of the taxpayer's investment in the project.
- 21 (d) A precise definition of the location of the facility eligible for the credit.
- 22 (e) The maximum amount of the economic revitalization zone tax credit that will be
- 23 allowed to the business under this ~~[agreement]~~ **certification** for jobs created and for construction
- 24 or reconstruction expenses.
- 25 ~~[H.]~~ **III.** The ~~[agreement]~~ **letter of certification** shall contain a determination of the final
- 26 amount of the credit awarded and shall be provided to the commissioner of revenue administration
- 27 and the taxpayer claiming the credit no later than March 10 of each year.
- 28 3 Limit on Total Economic Revitalization Zone Credits. Amend RSA 162-N:5 to read as follows:
- 29 162-N:5 Limit on Total Economic Revitalization Zone Credits. The aggregate of tax credits
- 30 issued by the commissioner of resources and economic development to all taxpayers claiming the

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1 credit shall not exceed [~~\$825,000~~] ***\$1,500,000*** for any calendar year, except that any amount of the
2 credit less than [~~\$825,000~~] ***\$1,500,000*** that is not claimed in the calendar year may be issued in the
3 next calendar year and in following years. Amounts carried forward pursuant to RSA 162-N:7 shall
4 not be counted against this limit in any year in which they are applied. Notwithstanding RSA 162-
5 N:6, the maximum credit which may be utilized by a taxpayer in any calendar year shall not exceed
6 [~~\$40,000~~] ***\$50,000***. In the case in which the aggregate credits requested during the calendar year
7 exceed the amount available, each taxpayer shall receive a credit for the proportional share of the
8 maximum aggregate credit amount.

9 4 Effective Date. This act shall take effect July 1, 2017.

SB 74-FN- FISCAL NOTE
AS AMENDED BY THE HOUSE (AMENDMENT #2017-1808h)

AN ACT relative to economic revitalization zone tax credits.

FISCAL IMPACT: ☒ State ☐ County ☐ Local ☐ None

STATE:	Estimated Increase / (Decrease)			
	FY 2018	FY 2019	FY 2020	FY 2021
Appropriation	\$0	\$0	\$0	\$0
Revenue	Indeterminable Decrease	Indeterminable Decrease	Indeterminable Decrease	Indeterminable Decrease
Expenditures	\$0	\$0	\$0	\$0
Funding Source:	<input checked="" type="checkbox"/> General	<input checked="" type="checkbox"/> Education	<input type="checkbox"/> Highway	<input type="checkbox"/> Other

METHODOLOGY:

This bill makes changes that impact the process by which the commissioner of the Department of Resources and Economic Development (DRED) processes requests for economic revitalization zone tax credits. The bill also increases the aggregate total limit of the credit that can be issued by the DRED commissioner from \$825,000 to \$1,500,000 per calendar year with the maximum tax credit utilized per taxpayer being increased from \$40,000 to \$50,000 per calendar year. The economic revitalization zone tax credit is a "cascading" tax credit that may be used to reduce a business enterprise tax liability and as considered "taxes paid" under RSA 77-E, may then be used to reduce the business profits tax liability.

The Department of Revenue Administration states it is unable to estimate the revenue loss because there is no definitive method to determine how many taxpayers will request or utilize the credit. Additionally, even though the aggregate amount of the credit issued in any given year is capped at \$1,500,000, the ability to carry forward unissued tax credits to future years could increase the fiscal impact of this bill in later years. Taxpayers are able to carry forward unused tax credits for five subsequent taxable periods. The Department states the revenue impact of the credit as an offset to a tax liability on the business profits tax, business enterprise tax, or both in FY 2014 was \$360,000, in FY 2015 was \$806,000 and in FY 2016 was \$901,000. DRED indicated the requests for tax year 2015 exceeded \$1.4 million. DRED also states if requests exceed the yearly credit allotment, each applicant receives a pro-rated share of the credit allotment.

AGENCIES CONTACTED:

Department of Revenue Administration and Department of Resources and Economic
Development