

# New Hampshire Department of Revenue Administration

## Fiscal Note Quick Guide

18-2919

**SB 564-FN-A**, *relative to a business tax exemption and a workforce development program for regenerative manufacturing businesses.*

House Ways & Means

SB 564 establishes a Business Profits Tax (BPT) and Business Enterprise Tax (BET) exemption for certain Qualified Regenerative Manufacturing Company(s) (QRMC) in NH.

The QRMC exemption is for 100% of the tax liability that would be owed by the QRMC. Business organizations shall file an election with the DRA to be a QRMC with respect to any taxable period at any time on or before the fifteenth day of the third month following the end of such taxable period. Such an election shall be effective for the taxable period of the QRMC for which it is made and shall expire for taxable periods beginning after December 31, 2027. No subsequent election may be made after that expiration of an election, with respect to either the business organization or the active regenerative manufacturing business conducted by such business organization or any successor business organization.

Under the proposed legislation, every business organization electing treatment as a QRMC shall file a report with the Department of Revenue Administration (DRA) for each taxable period containing the following: (a) the names, addresses, and federal taxpayer identification numbers of the holders of any equity interests in such QRMC; (b) the name, address, and federal taxpayer identification number of the manager of such QRMC; and (c) the amount of the income received and expenses incurred by the QRMC for the tax period. Alternatively, the QRMC can elect to file a copy of its federal income tax return, as filed with the IRS. Any QRMC which fails to timely file the report as required by this section shall pay a penalty equal to \$100 for each day such report is not filed, unless an extension has been granted by the Commissioner. In no event shall the monetary fine exceed \$5,000.

Under the proposed legislation, the Advanced Regenerative Manufacturing Institute, Inc., a NH non-profit formed to advance the regenerative manufacturing industry and as of the effective date is operated out of Manchester, NH, is deemed a “qualified regenerative manufacturing company” as that term is defined in RSA 77-A:1, XXX.

The proposed bill also establishes a Regenerative Manufacturing Workforce Development Program and accompanying State Regenerative Manufacturing Workforce Development Fund to be administered by the Business Finance Authority (BFA), which will offer certain student loan repayment and forgiveness programs to individuals working in the field of advanced regenerative manufacturing. The Department has not analyzed the fiscal impact of this portion of the proposed legislation as it is entirely administered by the (BFA).

The DRA is unable to determine the fiscal impact of this proposed tax exemption program. The Department has no definitive method to determine how many new taxpayers will result from this proposed legislation going forward or the future amount of BPT or BET exempted under this proposed legislation. The DRA is also unable to predict the future value of any penalties assessed under this proposed legislation.

The proposed legislation could be administered by the DRA without any additional costs that could not be absorbed in our operating budget. The DRA has not analyzed the potential cost to the BFA to administer the proposed Regenerative Manufacturing Workforce Development Program.