

New Hampshire Department of Revenue Administration

Fiscal Note Quick Guide

19-0394

HB 482, *relative to the revenue stabilization reserve account.*

House Ways & Means

This proposed legislation utilizes the Revenue Stabilization Reserve (RSR) account to supplement the General and Education Trust fund if they fall below a specified amount. It also creates a contingency to increase the Business Profits Tax (BPT) and decrease the Business Enterprise Tax (BET) if revenues in the RSR account have a zero balance.

This proposed legislation amends RSA 9:13-e by adding a new provision to the RSR account. If by the end of the month of August, October, December, or May in any fiscal year, the total revenues deposited to the combined general fund and education trust fund during the prior 6 months fall below 95% of the official revenue plan for the fiscal year, the comptroller, the Department of Administrative Services, and the Legislative Budget Office will appear before the fiscal committee to determine how to correct the shortfall. The Fiscal Committee will determine if transfers, and the amount of the transfers, are needed from the RSR account to supplement the General and Education Trust Fund. If a transfer is needed, the transfer will occur monthly until such time that the RSR account is zero or the planned revenues and required expenditures have come into balance.

If the Fiscal Committee determines that the RSR account will have a zero balance in less than 6 months and there is no way to prevent it from falling to zero, the Fiscal Committee will certify to the commissioner of the Department of Revenue, the Secretary of State, and the Office of Legislative Services the amendments to the BPT and BET rates, to 8.5% and 0.50%, respectively. The contingent rate changes are applicable in the first quarterly payment due 90 days or more after such certification.

The contingency rate changes will take effect as provided by the contingency in this proposed legislation and the remainder of the act shall take effect July 1, 2019.

The fiscal impact of this proposed legislation is indeterminable. The Department has no way to determine if the contingency will occur. If the contingency does occur, the Department has no way of knowing which fiscal years would be impacted.

Lastly, in the proposed legislation, if the contingency occurs, the BPT rate will change to 8.5% and the BET rate will change to 0.50%, respectively, and be applicable in the first quarterly payment due 90 days or more after such certification. Because the rate change may occur in the middle of a taxpayer's tax year, the taxpayer may potentially be subject to different tax rates during the same tax year, each applicable to different activity. This may be a challenge for taxpayers to divide their activity between different rates, and would make it difficult for the Department's audit division to audit a tax year, with different tax rates.