

New Hampshire Department of Revenue Administration

Fiscal Note Quick Guide

19-0625

SB 190, *relative to apportionment of sales under the business profits tax.*

Senate Ways & Means

Section 1 of the proposed legislation amends the Business Profits Tax (BPT), namely, RSA 77-A:3, I(c), to change the method for assigning service-based revenue and income from the use of intangibles to New Hampshire, from cost-of-performance to market-based sourcing. It takes effect January 1, 2022.

Section 2 of the proposed legislation reestablishes the commission to study the apportionment of gross business profits under the BPT. It takes effect upon passage. The commission shall report its findings and any recommendations on or before November 1, 2020.

The fiscal impact of the proposed legislation is indeterminable. The department has no data or records on file from which to determine the fiscal impact of shifting from the cost-of-performance method of apportionment to market-based sourcing.

Lastly, section 1 of the proposed legislation does not have an applicability date. The effective date of January 1, 2020 does not specify whether it applies to a particular tax year. The Department recommends adding an applicability date “for taxable periods ending on or after December 31, 2022,” to ensure that the shift in apportionment impacts all taxpayers beginning in tax year 2022.