

**New Hampshire Department of Revenue Administration
109 Pleasant Street, Concord, NH 03301**

**TECHNICAL INFORMATION RELEASE
TIR 2018-002 Date: September 13, 2018**

A Technical Information Release is designed to provide immediate information regarding tax laws administered by the Department or the policy positions of the Department as a service to taxpayers and practitioners. A Technical Information Release represents the position of the Department on the limited issues discussed herein based on current law and Department interpretation. For the current status of any tax law, practitioners and taxpayers should consult the source documents (i.e., Revised Statutes Annotated, Rules, Case Law, Session Laws, etc.). Questions should be directed to Taxpayer Services at (603) 230-5920.

New Hampshire 2018 Legislative Session in Review

The purpose of this Technical Information Release (TIR) is to provide taxpayers and tax practitioners with a convenient reference guide of relevant statutory changes made during the 2018 Legislative Session by the New Hampshire General Court impacting various taxes administered by the New Hampshire Department of Revenue Administration (DRA). This TIR is for informational purposes only and is intended to provide a summary or synopsis of enacted legislation. It is not intended to be relied upon as a full and complete text or as a substitute for the actual state law. Please refer to the applicable statute and rules to determine how this information applies to specific persons or situations.

BUSINESS TAX

HB 1292 (Chapter 11) makes only a technical change to the effective dates of Laws of 2017, chapter 156, sections 213 to 216, which reduced the rates of the Business Profits Tax and the Business Enterprise Tax for tax years 2019 and 2021, from July 1 to January 1 of the respective calendar years. It does not substantively change the rate reductions which continue to apply to taxable periods ending on or after December 31, 2019, and December 31, 2021.

*Statutes Amended: RSA 77-A:2 and RSA 77-E:2.
Effective Date: June 19, 2018.*

HB 1819 (Chapter 357) makes various changes to the administration of the education tax credit program, including the definition of “program year” from a calendar year to one beginning July 1 and ending June 30, and its application procedures. It also allows a business organization or business enterprise to carry forward any unused portion of the education tax credit amount granted by the DRA for 5 succeeding years, but not more than \$1,000,000 in any given tax year.

*Statute Amended: RSA 77-G.
Effective Date: July 1, 2018.*

SB 564 (Chapter 157) establishes exemptions for a qualified regenerative manufacturing company from the Business Profits Tax and the Business Enterprise Tax. It requires a business organization or business enterprise which otherwise meets the requirements to be a qualified

regenerative manufacturing company to also file an election with the DRA, which expires for taxable periods beginning after December 31, 2027. It also provides for a regenerative manufacturing workforce development program administered by the business finance authority.

Statute Added: RSA 77-A:5-c.

Statutes Amended: RSA 77-A:1 and RSA 77-E:1.

Effective Date: July 29, 2018.

INTEREST AND DIVIDENDS TAX

HB 1686 (Chapter 341) allows individuals (including “any entity having taxable interest and dividend income as described in RSA 77:3”) to apply for and, if granted by the DRA, use an education tax credit against the Interest and Dividends Tax.

Statutes Amended: RSA 77-G and RSA 77:18.

Effective Date: July 1, 2018.

REAL ESTATE TRANSFER TAX

HB 1251 (Chapter 171) removes the references to stamps as being required to indicate payment of the Real Estate Transfer Tax (RETT) and the land and community heritage investment program (L-CHIP) recording surcharge, in RSA 78-B and RSA 478:17-g, II(d). It modernizes the statutes to reflect the fact that the registry of deeds no longer affixes physical stamps to the deed, assignment, or other instrument to evidence payment of the RETT and the L-CHIP surcharge, but rather electronically prints the amount paid.

Statutes Amended: RSA 78-B and RSA 478:17-g, II(d).

Effective Date: July 1, 2018.

MUNICIPAL AND PROPERTY

HB 324 (Chapter 238) establishes a commission to study utility property valuation and recommend legislation to reform the current system of taxing utility property in New Hampshire. The commission is composed of 11 members, including one representative from the DRA.

Statute Added: RSA 72:12-e.

Effective Date: June 12, 2018.

HB 1303 (Chapter 30) authorizes a town to establish a revolving fund for the purpose of providing fire services, or both ambulance and fire services.

Statute Amended: RSA 31:95-h, I(b).

Effective Date: July 14, 2018.

HB 1304 (Chapter 61) authorizes a county convention to appropriate a contingency fund for the purpose of a forensic audit of county financial matters.

Statute Amended: RSA 24:13.

Effective Date: July 24, 2018.

HB 1356 (Chapter 296, Section 3) clarifies that notwithstanding RSA 75:3, a campground owner is not responsible for payment of any property taxes imposed on a recreational vehicle located at the campground unless the campground owner is the owner of the recreational vehicle.

Statute Amended: RSA 72:7-d, I(c).

Effective Date: June 25, 2018.

HB 1392 (Chapter 246) authorizes a budget committee established under RSA 32:14 (in addition to the governing body) to require that the tallies of its votes relative to budget items or any warrant articles be printed next to the affected warrant article if the town or school district has not voted to require the same.

Statute Amended: RSA 32:5, V-a.

Effective Date: August 11, 2018.

HB 1473 (Chapter 182) authorizes a municipality to waive the yield tax on timber harvested from land owned by, and located in, the municipality; eliminates the requirement of filing a supplemental notice when the total volume of the cut exceeds the total volume reported in the intent to cut by less than 25 percent, except where a bond is required by RSA 79:3-a or RSA 79:10-a, II; reduces the time for assessing officials to sign an intent to cut from 30 days to 15 days if all conditions for approval have been met, but allows them to sign it outside a public meeting; and requires a municipality to provide public notice of an intent to cut before it is signed by assessing officials.

Statute Added: RSA 79:3-b.

Statute Amended: RSA 79:10, I(a) and (b).

Effective Date: September 1, 2018.

HB 1673 (Chapter 282) lowers the interest rate charged on delinquent property taxes from 12 to 8 percent per annum, and on payments in redemption of real estate sold at tax sale or subject to a tax lien from 18 to 14 percent per annum. The lower interest rates apply to taxes assessed on or after April 1, 2019. It also changes the application deadline for a prorated assessment on a building damaged due to unintended fire or natural disaster from within 60 days of the event to within 60 days or by March 1, whichever is later.

Statutes Amended: RSA 76 and RSA 80.

Effective Dates: April 1, 2019 for interest rates and January 1, 2019 for prorated assessments.

SB 340 (Chapter 50) requires the DRA's assessment report to separately categorize compliance with findings that test current assessing practices since the year of the prior assessment report, examine permanent records, and summarize compliance in a single conclusion statement.

Statute Amended: RSA 21-J:11-a.

Effective Date: July 14, 2018.

SB 341 (Chapter 105) increases the maximum amount of the optional veterans' tax credit for service-connected total disability from \$2,000 to \$4,000.

Statute Amended: RSA 72:35, I-a.

Effective Date: January 1, 2019.

SB 342 (Chapter 313) changes the calculation of the default budget amount by requiring the governing body to also reduce the previous year's operating budget by the salaries and benefits for any positions that have been eliminated in the proposed budget. It also requires that the default budget be presented for questions and discussion at the first budget hearing, and that the line item details for changes to the previous year's operating budget be available for inspection by voters.

Statute Amended: RSA 40:13.

Effective Date: August 24, 2018.

SB 503 (Chapter 148) increases the maximum amount of the optional veterans' tax credit from \$500 to \$750.

Statute Amended: RSA 72:28, II.

Effective Date: April 1, 2018.

SB 510 (Chapter 232) requires the State or a county, city, town, school district, or village district which owns real or personal property used or occupied by others to annually provide written notice and a copy of the lease or other agreement to the assessing officials of the municipality in which the property is located.

Statute Amended: RSA 72:23, I(b)(1).

Effective Date: January 1, 2019.

SB 511 (Chapter 151) establishes an optional tax credit for members of the New Hampshire National Guard or reserve components of the United States armed forces engaged at any point during the tax year in combat service. The optional tax credit for combat service is an amount from \$50 to \$500.

Statute Added: RSA 72:28-c.

Statute Amended: RSA 72.

Effective Date: January 1, 2019.

ADMINISTRATIVE

HB 1104 (Chapter 279, Sections 6, 9 and 15) reduces the time limits for agency action on applications, petitions, and requests under the Administrative Procedure Act, and provides that if an agency fails to act on an application, petition, or request within the prescribed time limits, it will be deemed approved. It also establishes time limits specific to action by the DRA on appeals for redetermination or reconsideration, namely, 60 days to examine the appeal and request any additional information, and 120 days to approve or deny the appeal or commence an adjudicative proceeding.

Statute Added: RSA 541-A:29-a.

Statutes Amended: RSA 21-J:28-b and RSA 541-A:29.

Effective Date: January 1, 2019.

SB 406 (Chapter 52) authorizes the Commissioner of the DRA to require a federal criminal history records check on any employee or candidate for employment for the purpose of determining the person's suitability to access federal tax information, as required by Internal Revenue Code section 6103(p)(4). It also authorizes the Commissioner to require only a state records check or both a federal and state records check for the purpose of determining the person's suitability to access state tax information.

Statutes Amended: RSA 21-G:9 and RSA 21-J:3-a.

Effective Date: January 1, 2019.

MISCELLANEOUS

HB 1817 (Chapter 162, Section 34) removes the possibility of a future reduction in the rate of the Medicaid Enhancement Tax to the extent the total aggregate uncompensated care for hospitals with both a critical and a noncritical access hospital designation falls below \$375 million for the taxable period. The tax rate is currently set to remain at 5.4 percent.

Statute Amended: RSA 84-A:2, V.

Effective Date: June 6, 2018.

Individuals who need auxiliary aids for effective communication in programs and services of the Department of Revenue Administration are invited to make their needs and preferences known to the N.H. Department of Revenue Administration, 109 Pleasant Street, Concord, NH 03301 or by contacting them at (603) 230-5000.