

# New Hampshire Department of Revenue Administration

## Fiscal Note Quick Guide

16-2034

**HB 1192-FN**, *repealing the education tax credit.*

House Way & Means Committee

This bill would repeal the RSA 77-G Education Tax Credit program thereby eliminating the tax credit allowed against the Business Profits Tax pursuant to RSA 77-A:5, XV and the Business Enterprise Tax pursuant to RSA 77-E:3-d.

The Education Tax Credit can only be used to offset a tax liability in the tax year in which the donation was made. Thus, tax credits issued in 2013 and 2014 have been utilized to the extent that they could be used to offset taxes, unless the return of a credit recipient is amended. The tax credits available for 2013 and 2014 combined was \$167,315.

The current 2015 program year is closed for donations and tax credits based upon those donations have been awarded. Based on the total donations being report, the total of the tax credits that may be awarded in program year 2015 is \$184,619.24. The donors' tax year 2015 returns reflecting the tax credits awarded may be filed in FY 2016 or FY 2017 depending upon each taxpayer's taxable period. Thus, the immediate fiscal impact of this bill depends upon whether the outstanding tax credits may be used to offset tax liabilities in the 2015 tax year or whether passage of the legislation will immediately eliminate a taxpayer's ability to use a credit for a donation already made. As worded, this bill would take effect upon its passage and thus would result in some donors being unable to use anticipated tax credits for donations made during the 2015 program year, depending upon the taxpayer's tax year.

In FY 2017 and beyond, the maximum savings that the repeal would create would be the statute's maximum allowed credits of \$5,100,000. If the \$184,619.24 is awarded for tax year 2015, when combined with the \$167,315 previously issued in the first two years, an average of \$117,311 would have been issued each year. Based on historical data, the increase in general fund and education trust fund revenue resulting from repeal of the Education Tax Credit Program would be under \$200,000 each fiscal year.