

New Hampshire Department of Revenue Administration

Fiscal Note Quick Guide

15-0818

HB 571-FN-A, *relative to taxation of trusts under the interest and dividends tax*

House Way & Means Committee

This proposed bill seeks to make trusts, once again, subject to filing and paying the Interest and Dividends (I&D) Tax, effective July 1, 2015 and applicable to taxable periods ending on or after December 31, 2015.

The fiscal impact of reinstating trusts as taxable entities under the I&D Tax law cannot be determined by the Department of Revenue Administration as the Department does not have enough information on the returns filed by the trusts (not currently in the database). Therefore, the Department is unable to make a reliable estimate of the increase in revenue.

The Department's database does, however, have the total amount of tax paid by trusts in Tax Year 2012, the last year in which trusts were still required to file and pay the I&D Tax. For Tax Year 2012, trusts paid \$5,343,143 (rounded to \$5,340,000). The Department assumes that the State will regain at least this amount of tax revenue by having trusts subject to the I&D Tax. For purposes of this analysis, the \$5,340,000 received for Tax Year 2012 from trusts may be the possible new revenue in FY2016. If some trusts eventually file on extension, rather than in April, some of the \$5,340,000 may cross into FY2017.

It is possible that even more taxes will be paid by trusts, based upon New Hampshire resident beneficiaries, as trusts have been recently created in light of the various changes in New Hampshire laws regarding trusts.

This could be administered by the Department of Revenue Administration without any additional cost that could not be absorbed within our current budget.