

New Hampshire Department of Revenue Administration

Fiscal Note Quick Guide

15-0392

SB 190-FN, *relative to payment of costs for career and technical education center programs and administration by the department of education, and establishing a tax credit against business profits taxes for donations to such centers*

Senate Education Committee

This bill would establish a tax credit against the Business Profits Tax (BPT) for donations to a regional vocational education center and possibly against the Business Enterprise Tax (BET). It appears that the 100% tax credit is to be used against the BPT, but in Section 10, Page 7, Line 7 of the bill, the BET is mentioned without a corresponding change to the BET statute, RSA 77-E.

This bill would take effect July 1, 2015 and apply only to those taxable periods beginning after June 30, 2015. Thus, the DRA assumes that the majority of New Hampshire taxpayers would not be eligible for credits under the program until FY17 as 91.5% of all Tax Year 2012 filers have a January 1 beginning date for their taxable period. That means in FY16, at least 63,904 of the 69,823 filers would not be eligible for the credit.

In Section 10, Page 7, Lines 8-11, state, “[t]he aggregate of tax credits issued by the department of education to all donors claiming the credit under this paragraph shall not exceed \$500,000 for any state fiscal year. Credits claimed which exceed the total allowed shall be granted in the taxpayer’s proportional share of the maximum aggregate credit amount.”

The DRA assumes that the full amount of credit available (\$500,000) would be utilized each fiscal year. Because the bill would limit the amount of credit to be issued by DOE each state fiscal year to \$500,000, the DRA estimate a \$500,000 reduction in revenue each fiscal year.

The bill does not create a credit issuance program administered by the Department of Revenue Administration (DRA). Rather, the Department of Education (DOE) would be responsible for administering this tax credit program. The DRA notes, however, that the bill does not provide a sufficient framework to create a donation program that could be administered by the DOE. There is no procedure to limit the credits to \$500,000 on a proportional basis.

Only a small part of this bill pertains to the DRA and that part could be administered by the DRA without any additional costs that we could not absorb for form creation and reprogramming the computer system to limit the credit to only 25% of the BPT liability before any credits are taken into account. There is no such mention of any limitation on the BET.