

New Hampshire Department of Revenue Administration

Fiscal Note Quick Guide

15-0632

SB 201-FN-A, *increasing the annual limit on the new investment tax credit.*

Senate Ways & Means Committee

This bill proposes increasing the amount of contributions the Community Development Finance Authority (CDFA) may receive and that are eligible for a 75% tax credit against the business taxes. This bill would take effect July 1, 2015. More specifically, the bill proposes increasing the contribution level at the CDFFA from \$5,000,000 to \$8,000,000. 75% of the \$3,000,000 increase (\$2,250,000) would be eligible as a tax credit.

The CDFFA tax credit is considered taxes paid under the Business Enterprise Tax (BET) and, thus, the credit is a “cascading credit,” wherein the same dollars actually offset both the BET and then, if applicable, the Business Profits Tax (BPT). This treatment effectively doubles the potential negative impact the credit has upon business tax revenues. As such, the Department of Revenue Administration estimates the fiscal impact of this bill is to decrease future state revenues by \$2,250,000 and possibly \$4,500,000 if applied against BPT in each fiscal year starting with FY2016 and extending into the future.

This bill could be administered by the DRA without any additional cost.