



State of New Hampshire

HOUSE OF REPRESENTATIVES

Republican Office

May 29, 2020

Speaker Stephen Shurtleff
New Hampshire House of Representatives
107 N. Main St. Room 311
Concord, NH 03301

Delivered via Email

Speaker Shurtleff,

New Hampshire businesses of all sizes are facing unprecedented losses as a result of the current public health crisis. We have the ability to ease the future burden on our state's job creators by addressing the business tax rate triggers in current law.

We, the undersigned members of the NH House, ask you, Mr. Speaker, to endorse and help expedite legislation that would freeze business tax rates by reforming the current law that would raise the Business Profits Tax and Business Enterprise Tax if revenue falls 6% or more below plan.

A copy of the proposed modifications is attached.

In 2015, many Democrats joined Republicans in supporting a state budget compromise that lowered business taxes for the first time in 20 years. This action helped sustain our economic growth, reduced the cost of doing business, made our state more competitive, and helped create an environment that produced historically low unemployment. In addition, despite speculation that the state's revenue would see a dropoff and create budget shortfalls, business tax revenues outperformed expectations, and contributed to a healthy surplus.

New Hampshire's economy is resilient, but if we don't take action now, the prospective tax increases will hamper our economic recovery next year, and will contribute to the long list of obstacles our small businesses will be navigating through at a very critical time.

According to reports from the Department of Revenue Administration, over 40,000 business entities in New Hampshire pay one or both of our state's business taxes.

Between 30,000 and 40,000 businesses pay the Business Enterprise Tax, which comes even if they are not profitable. If we do nothing, and the trigger is activated, the BET rate will rise by 12.5% on January 1. As a tax on businesses' payrolls, and if our goal is to get people back to work, it is critical that we alleviate this future burden.

Mr. Speaker, it's time to build a bipartisan coalition to support business tax reform for New Hampshire given the COVID-19 crisis. Our state's future economic success hangs in the balance. Modifying the prospective business tax increases is the right thing to do for our small business owners and their workers. Let's give them a fair shot, and not kick them while they are down. Please consider this sensible approach to bolster our economic recovery.

Thank you for your consideration of this important matter.

Signed,

Rep. Dick Hinch, House Republican Leader
Rep. Sherman Packard, Deputy House Republican Leader
Rep. Norm Major, Ways & Means Committee, Ranking Republican
Rep. Jason Osborne, House Republican Policy Leader
Rep. Kim Rice, House Republican Policy Leader
Rep. Al Baldasaro, House Republican Floor Leader
Rep. Jeanine Notter, Deputy House Republican Floor Leader
Rep. Steve Smith, Senior Republican Advisor
Rep. Pat Abrami, Ways & Means Committee Member
Rep. Alan Bershtein, Ways & Means Committee Member
Rep. Fred Doucette, Ways & Means Committee Member
Rep. Jess Edwards, Ways & Means Committee Member
Rep. Mary Griffin, Ways & Means Committee Member
Rep. Tim Lang, Ways & Means Committee Member
Rep. Jordan Ulery, Ways & Means Committee Member

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Rep. Joe Alexander
Rep. Jim Allard
Rep. Judy Aron
Rep. Arthur Barnes
Rep. Richard Barry
Rep. Harry Bean
Rep. Steve Beaudoin
Rep. Richard Beaudoin
Rep. Ralph Boehm
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Rep. Deb DeSimone
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Rep. Keith Erf
Rep. Jim Fedolfi
Rep. Dennis Fields
Rep. Jack Flanagan
Rep. Larry Gagne
Rep. Betty Gay
Rep. Ned Gordon
Rep. Linda Gould
Rep. John Graham
Rep. Dennis Green
Rep. Bob Greene
Rep. Michael Gunski
Rep. Joe Guthrie
Rep. Bob Harb
Rep. Mike Harrington
Rep. Peter Hayward
Rep. Erin Hennessey

Rep. Greg Hill
Rep. Deb Hobson
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Rep. Gary Hopper
Rep. Jim Horgan
Rep. Ray Howard
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Rep. Jason Janvrin
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Rep. Mac Kittredge
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Rep. Rick Ladd
Rep. Richard Lascelles
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Rep. Alicia Lekas
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Rep. Gates Lucas

(Continued next page)

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Rep. Michael Yakubovich

Proposed Modifications to RSA 77-A:2 and RSA 77-E:2

77-A:2 Imposition of Tax. –

- I. For all taxable periods ending on or after December 31, 2019, a tax is imposed at the rate of 7.7 percent upon the taxable business profits of every business organization.
- II. For all taxable periods ending on or after December 31, **2021 2023**, a tax is imposed at the rate of 7.9 percent upon the taxable business profits of every business organization.
- III. For all taxable periods ending on or after December 31, **2021 2023**, a tax is imposed at the rate of 7.5 percent upon the taxable business profits of every business organization.
- IV. Upon completion of the audited comprehensive annual report performed pursuant to RSA 21-I:8, II(a), the commissioner of the department of revenue administration shall report the total amount of combined unrestricted general and education trust fund revenue collected for the fiscal year ending June 30, **2020 2022**, as reported in the schedule of undesignated/unassigned fund balance for the general fund and education fund, to the secretary of state with copies to the governor, speaker of the house of representatives, the senate president, the fiscal committee of the general court, and the director of the office of legislative services. If the combined amount of general and education trust fund revenue collected, not including sums appropriated to the education trust fund in section 386 of this act, for the fiscal year ending June 30, **2020 2022** is 6 percent or more below the official revenue estimates for said fiscal year, the tax shall be imposed at the rate in paragraph II and the rate in paragraph III shall not take effect. If the combined amount of general and education trust fund revenue collected, not including sums appropriated to the education trust fund in section 386 of this act, for the fiscal year ending June 30, **2020 2022** is 6 percent or more above the official revenue estimates for said fiscal year, the tax shall be imposed at the rate in paragraph III and the rate in paragraph II shall not take effect. If the combined amount of general and education trust fund revenue collected, not including sums appropriated to the education trust fund in section 386 of this act, for the fiscal year ending June 30, **2020 2022** is not 6 percent or more below or above the

official revenue estimates for said fiscal year, the tax shall continue to be imposed at the rate in paragraph I, and the rates in paragraphs II and III shall not take effect.

77-E:2 Imposition of Tax. –

- I. For all taxable periods ending on or after December 31, 2019, a tax is imposed at the rate of 0.6 percent upon the taxable enterprise value tax base of every business enterprise.
- II. For all taxable periods ending on or after December 31, ~~2021~~ **2023**, a tax is imposed at the rate of 0.675 percent upon the taxable enterprise value tax base of every business enterprise.
- III. For all taxable periods ending on or after December 31, ~~2021~~ **2023**, a tax is imposed at the rate of 0.5 percent upon the taxable enterprise value tax base of every business enterprise.
- IV. Upon completion of the audited comprehensive annual report performed pursuant to RSA 21-I:8, II(a), the commissioner of the department of revenue administration shall report the total amount of combined unrestricted general and education trust fund revenue collected for the fiscal year ending June ~~2020~~ **2022**, as reported in the schedule of undesignated/unassigned fund balance for the general fund and education fund, to the secretary of state with copies to the governor, speaker of the house of representatives, the senate president, the fiscal committee of the general court, and the director of the office of legislative services. If the combined amount of general and education trust fund revenue collected, not including sums appropriated to the education trust fund in section 386 of this act, for the fiscal year ending June 30, ~~2020~~ **2022** is 6 percent or more below the official revenue estimates for said fiscal year, the tax shall be imposed at the rate in paragraph II and the rate in paragraph III shall not take effect. If the combined amount of general and education trust fund revenue collected, not including sums appropriated to the education trust fund in section 386 of this act, for the fiscal year ending June 30, ~~2020~~ **2022** is 6 percent or more above the official revenue estimates for said fiscal year, the tax shall be imposed at the rate in paragraph III and the rate in paragraph II shall not take effect. If the combined amount of general and education trust fund revenue collected, not including sums appropriated to the education trust fund in section 386 of this act, for the fiscal year ending June 30, ~~2020~~ **2022** is not 6 percent or more below or above the official revenue estimates for said fiscal year, the tax shall continue to be imposed at the rate in paragraph I, and the rates in paragraphs II and III shall not take effect.