Senate Ways and Means Committee

Sonja Caldwell 271-2117

HB 155-FN, reducing the rate of the business enterprise tax.

Hearing Date: February 4, 2026

Members of the Committee Present: Senators Lang, Murphy, Sullivan, Rosenwald and Fenton

Members of the Committee Absent : None

Bill Analysis: This bill reduces the rate of the business enterprise tax for tax years ending on or after December 31, 2027.

Sponsors:
Rep. Sweeney Rep. Alexander Jr. Rep. Berry
Rep. Osborne

Who supports the bill: 6 individuals signed in support

**Full sign in sheets available upon request*

Who opposes the bill: 768 individuals signed in opposition

**Full sign in sheets available upon request*

Who is neutral on the bill: 1 individual was neutral

Summary of testimony presented:
Rep. Joe Sweeney

- This bill proposes a reduction in the Business Enterprise Tax (BET) from the current rate of .55 to .50.
- He said that NH has seen great success reducing business taxes over the last 10 years. Since 2015, NH has consistently found ways to lower the tax burden on employers. He said that NH has seen the benefits of that every day.
- In his district of Salem, they have been frequently recruiting businesses from other states because of NH's tax climate.
- He described the bill as a great way to get tax relief to small businesses in NH. He said this is a good way to keep the economy growing and protect the NH advantage.

Sen. Fenton asked if he had a goal or outcome in mind with regard to this reduction such as a certain number of new businesses coming to the state.

Rep. Sweeney responded that he cannot guess how many businesses would come to NH because of this, but he believes that every time NH cuts taxes it generates positive headlines that entice businesses to come here. He said this bill will provide relief to existing small businesses that they can pass on to customers and employees. He described that as the short-term goal of the bill and said the long-term goal is recruiting new businesses to come to NH.

Sen. Fenton said there is no mechanism in this bill to track whether NH gets those businesses and asked how he could justify a tax break without knowing if NH is getting those new businesses.

Rep. Sweeney said we hear it from the businesses when they move here. They see NH lowering tax burdens and regulatory hurdles.

Sen. Fenton asked if there is an offramp if this does not generate revenue or attract new businesses.

Rep. Sweeney said nothing would bind a future legislature from reevaluating this.

Sen. Rosenwald said according to the most recent DRA data, most firms would save $336 a year under this proposal. She asked how that would encourage any real significant hiring or investment decisions

Rep. Sweeney explained that the BET is a tax on payroll and any reduction we make just makes it easier to hire people and easier for employers to reward employees.

Sen. Rosenwald explained that because a business can generally take the BET as credit against its BPT liability, there is not significantly more profit for the employers because they are getting less BET credited against their BPT. She asked how that really generates more money for them to spend on their employees.

Rep. Sweeney said every business above a certain threshold is required to file and pay BET regardless of whether they had profits. There are some entities that pay BET but don't have any BPT obligation to take the credit against. This would be a benefit for them.

Sen. Sullivan asked if he agreed that this will be alluring to MA businesses seeking to leave that state due to regulations and high business taxes.

Rep. Sweeney agreed and added that NH is in competition with New England, but also with southern states and whatever we can do to provide another reason for businesses to move to NH we should.

Sen. Rosenwald noted that the legislature withdrew $67 million from the rainy-day fund in June, which was 23% of the fund balance. She asked him why this is the right time to further reduce state revenue.

Rep. Sweeney noted that this bill would not take effect until Dec. 31, 2027. The tax cut would take effect January 1, 2028, which would be the next state budget. He said NH

is seeing signs of future economic growth. By time this goes into effect, he believes NH will be in a better position.

Sen. Rosenwald said what seems like positive direction on business taxes in the last two months is due to the tax amnesty program. This is one-time tax revenue that won't benefit NH next year.

Rep. Sweeney said the tax amnesty program is definitely fueling the revenue we are seeing now but there are underlying economic signs that point to future surpluses.

Sen. Fenton stated that this bill has a huge fiscal impact on state revenue and asked how the committee can justify this revenue loss without a credible forecast.

Rep. Sweeney said businesses are moving to NH from MA and cited two examples from his district.

Sen. Fenton clarified that Rep. Sweeney said businesses are already moving here but he wants to reduce the BET again.

Rep. Sweeney confirmed and explained that businesses are moving here because NH has cut business taxes and to attract additional businesses, we should reduce the taxes further.

Sen. Lang reiterated that the fiscal impact of the bill is $26 million, however, he said that only focuses on the BET. Because the BET is a deduction off the BPT, he asked if it was true that NH would see an uptick in BPT because businesses will not be able to use that $26 million against the BPT.

Rep. Sweeney agreed with that.

Sen. Lang said the average reduction number that businesses would see from this is driven down by businesses that pay the lowest amount of BET.

Rep. Sweeney agreed with that.

Sen. Lang clarified that businesses are moving to NH in Rep. Sweeney's opinion because they see a trend of what is happening in NH.

Rep. Sweeney agreed with that.

Sen. Lang said that during the forecasting process for the current budget cycle, the committee anticipated that the first 5 months would feature low revenues. He asked if Rep. Sweeney agreed that, excluding the amnesty program in December, we saw business taxes above plan for the first time in one year, which was on the trend line of what they expected, and the fiscal outlook is looking up.

Rep. Sweeney agreed with that.

Scott Shepard

- Mr. Shepard stated that he has conducted fiscal stress tests on NH's budget using the state's official revenue forecast that apply historically grounded

recession scenarios. A stress test asks "what happens if the economy turns and revenues fall and Medicaid rises."

- NH hasn't experienced a traditional multiyear downturn in some time.
- Budgets are built around best outcomes; however, fiscal planning should account for bad years as well.
- In his modeling, a recession widens manageable budget gaps by hundreds of millions of dollars.
- The reserve levels implied by the stress test, roughly 10-15% of annual revenue, are consistent with mainstream risk management.
- He made the model inputs, outputs, and assumptions publicly available so anyone can go in and run the test.
- This analysis matters because we are already drawing on the rainy day fund during periods of relative economic strength.
- Reserves are the state's primary shock absorber in periods of downturn and using them now while reducing revenue increases financial risk.
- He clarified that he is not opposed to HB155 on principle, explaining that in a strong economy its revenue impacts appear manageable.
- He suggested some safeguards for the committee to consider. The first suggestion was to consider doing an official stress test to model recession scenarios. The second was to establish explicit reserve targets before permanent tax cuts take effect. Absent those safeguards, reducing this revenue source exposes the state to unnecessary financial risk.

Sen. Rosenwald stated that we have a statutory ceiling on the rainy day fund, which we've never hit. She asked if that is where he would suggest that the state goes first before considering reducing these taxes further.

Mr. Shephard said his view is that it is the rainy day fund that caused a lot of the problems we see in our state today. Going into the great recession, he said we were at 3-4% whereas the minimum floor is generally considered 10%. In a risky state like NH that is very dependent upon business taxes, we should be at 12-15%. If we had adequate reserves back during the recession, he said we wouldn't have seen the amount of downshifting we had onto property taxes. He said it would be useful to take those lessons and apply them today, so we don't get into trouble when a recession comes, which they do, about once every decade.

Sen. Lang reiterated that Mr. Shepard doesn't oppose the bill on principle but rather on the fiscal aspects. He asked if Mr. Shepard would support it if there was a financial trigger based on revenue.

Mr. Shepard agreed that would make it better; however, he suggests a target for the rainy day fund and once we hit that target then consider it. If we had a floor, then NH could do more tax cuts once the rainy day fund got to that size. That would be pro-growth but also protects the state in downturns.

Viola Katusiime – Grantie State Organizing Project.

- They are opposed to the bill because NH is in a housing shortage across the state.
- She noted that recently lawmakers have been trying to claw back funds for the Housing Champions program, which has been very successful in helping communities, and the reason given was because of a projected shortage of revenues.
- She said it should be a red flag that the state is cutting from programs that are doing so much good because it doesn't have enough revenue, but the legislature is proposing legislation that will further reduce revenue by $26 million in 2027.
- She also pointed out that the Housing Trust Fund didn't see any increases in the last budget and it is a proven tool to help communities increase housing stock.

Greg Moore – Americans for Prosperity

- They support the bill.
- The BET disproportionately impacts small businesses. Small businesses pay the BET and often not the BPT.
- Providing this tax relief to small businesses will help offset other costs they are seeing right now, such as higher utility bills and upward pressure on wages.
- He said he used to do PR work in Massachusetts for tech startups and was once pitching a client who was relocating from NH to MA because of taxes. He thought that seemed odd and that is when he learned about the impact of the BET. Tech startups are companies that lose a lot of cash and aren't particularly profitable, but in a state like NH, they pay BET. In MA, it is actually a tax break for that type of business. From a competitive standpoint, he said there is a use case where you can see businesses being incentivized to move out of the state as a result of the BET.
- He explained that now is the time to lower the BET in order to address the cost-of-living increases businesses are facing but secondarily because a lot of our neighbors are raising taxes and regulatory burdens. Now is the time to send a message that NH is going in a different direction. Energy costs in neighboring states are significant.

Sen. Rosenwald said that no one is proposing raising business taxes and asked whether that sends the same message.

Mr. Moore said there are several bills in the House that do propose that. He said he understands her perspective, but he thinks NH should draw a clear contrast showing not just that we aren't doing the bad things but are going in a different, positive direction.

Sen. Rosenwald said we've seen data from the Dept. of Employment Security about what attracts people to NH and it's not actually the taxes, but rather it is the quality of life and asked if he disagreed.

Mr. Moore said what attracts businesses and individuals are often two different things. He does not disagree and said he moved to NH for both reasons. What is attracting businesses is providing that incentive for them to come here. We should send a further positive message that NH is the right place to relocate in the Northeast.

Sen. Fenton said he runs a small business and is not asking for these tax cuts. He said the NH Fiscal Policy Institute (FPI) did independent research on how this would benefit small businesses and their average savings with this proposed tax cut would be $336. He does not see that creating significant investments or job growth and asked Mr. Moore to explain how he thinks $400 in tax savings for a small business is going to make businesses come to NH and save small businesses.

Mr. Moore said this is a case where he thinks average and median could be very different. He said a small business could be a landlord renting out their investment property and that could trigger needing to file and pay BET. If you look at the totality, a significant number of businesses are sole proprietorships. He said it would probably make sense to raise the BET filing threshold because for the $50 they might be paying in BET, they are probably paying a compliance cost of several hundred dollars. He thought it would make sense to look at businesses with 20-30 employees as they are probably paying significantly more than $336. In 2015 before the state began reducing business taxes, the Tax Foundation had NH ranked 48th. Since then, his organization has been working to find someone who could do a study because there is data that shows that since the time NH started providing tax relief to now, it is outperforming our regional pier states economically. He acknowledged that correlation doesn't equal causation. He said he can't find an economist to do this study due to various complicating factors such as the decoupling of state tax policy with federal tax policy. He suggested the FPI study was a flat, static study that doesn't account for dynamism within the economy. Static studies have limitations.

Sen. Fenton said other states are seeing corporate revenue increases and job growth without cutting taxes. He asked why NH has to cut taxes to attract these businesses.

Mr. Moore said the distinction between a lot of those states is not just tax policy. Some of those nearby states have advantages that NH does not have. NH doesn't have a robust research university with the capability of a state like Massachusetts. Each state has their thing they are known for. In NH, the thing we can claim as our advantage is our tax structure. Growing that advantage and expanding it is our differentiating value proposition.

Sen. Sullivan asked if he agreed that NH is at a disadvantage when it comes to our energy costs here so cutting business taxes would help to balance that.

Mr. Moore agreed that our energy costs are not an advantage. He said Sig Sauer chose to build its ammunition plant in Arkansas over NH citing our high energy costs. We do have high labor and energy costs. To the extent we can take steps to reduce the impact of that we should do so.

Sen. Lang asked if Mr. Moore would be surprised to learn that in 2017 the rate was .75. The legislature has since lowered it to .55 and business revenues have continued to climb every year.

Mr. Moore said that did not surprise him.

Sen. Lang said the current tax rate is $55 on $100,000 of salary and this bill takes that from $55 per $100,000 to $50 per $100,000. He asked if that was an accurate summation in practical terms.

Mr. Moore said yes.

Bridget Murphy

- Ms. Murphy said she was an early childhood educator, a nanny, and a mom who was deeply concerned about the state of the world.
- She said the top issue for NH residents, regardless of party, is the skyrocketing cost of housing, property taxes and record high rent payments. This is what people are worried about right now.
- Between the cost of housing, childcare and healthcare, NH residents are drowning.
- Even with some of the highest property taxes in the nation, NH still can't adequately fund our public schools.
- Young families are leaving NH because it is so unaffordable.
- The savings from this bill are hardly enough to hire new employees or increase benefits for employees.
- Giant corporations, like McDonalds, Walmart and Home Depot, will benefit from this. The businesses paying the most in state level corporate taxes are large, multistate and multinational entities and are less likely to invest the revenue from a tax reduction in the state that enacted it. This will not trickle down to average NH citizens.
- Both business taxes have been lowered significantly since 2015. The BPT was 8.5% and the BET was .75% in 2015. In the last decade they have been lowered by 11.8% and 26.7%. In NH we rely on these taxes for 31% of our total tax revenue, more than any other state in the country. The second-place state is NJ at 14%.
- We are crippling ourselves and putting communities at a further disadvantage. If we're going to continue to be a state that prides itself on not having a sales or income tax, we must acknowledge that the funds for our public services have to come from somewhere.
- When the state continues to give corporate tax cuts and values them over constituents, it is NH residents who suffer and end up footing the bill and going without.

- NH residents wind up paying more in property taxes to bridge the gap of this deficit.
- The fiscal note indicates this bill will cost taxpayers $40 million. Back in 2023, when reporting on BET cuts, NHFPI found the impact on funding for essential services was immense. Their revenue loss estimate found that the state could have collected between $496 million and $729 million since 2015.
- When we cut taxes for these groups it hurts public schools, veterans, and mental health services and does not stimulate our economy.

Mackenzie Nicholson – Mom's Rising

- The costs for everything are going up from property taxes to childcare. From 2022-2024 the average annual cost of childcare for an infant and a toddler was $30,000. Parents are leaving the workforce because they cannot find or afford care.
- During 2024, an average of 17,000 Granite Staters reported being out of the labor force each month because they were caring for children. When parents can't access that care, it impacts the economy and employers.
- This bill cuts taxes for the ultra-wealthy and corporations. According to analysis from the NHFPI, this bill will reduce state revenue by $26 million per year, while providing savings that are too small for businesses to actually feel. Half of businesses would see no benefit at all.
- Roads and bridges still need maintenance, our schools still need to run, and healthcare services don't stop costing money.
- When state revenue drops, communities get squeezed, and the costs shift onto families and property taxpayers. In NH, property taxes already carry an outsized share of the burden.
- This $26 million could be used to lower the cost of childcare and keep parents in the workforce.
- Coalition partners have estimated that $26 million could add about 2,000 slots per year to our child scholarship program, allowing more families to access affordable childcare.
- This bill is a corporate tax giveaway that shifts costs onto towns and families. The legislature cannot continue to pass tax cuts and then say there's no money left to fund programs and services that keep our communities functioning.
- Granite Staters are looking to lawmakers to put families first. She said families need real investments in childcare, housing, and healthcare, not another corporate tax giveaway.

Sen. Lang asked if her statistic regarding the number of parents who reported being out of work included those who may have chosen to stay home.

Ms. Nicholson said the statistic was parents who are not in the workforce and it included both people who chose that and those who did not have a choice.

Sen. Fenton stated that his wife was in the childcare workforce and her full-time wage was less than the cost of childcare.

Marissa Emanuele

- Ms. Emanuele said she was a self-employed marketing consultant and social media content creator. In the past year, she has used social media to cover what is happening here in NH and help normal residents get engaged.
- She works for herself, which gives her the economic flexibility to drive to Concord to testify. So many people can't do that. She said she was speaking on behalf of those who cannot be here today such as parents who can't access childcare and families who are being priced out of the state.
- Through her social media work she has heard from Granite Staters who wonder why it is so difficult for working families to survive in NH, why they cannot afford a home, and why the burden of financing our state is placed on the working class.
- HB155 will not benefit local shops or family business. Most of the revenue comes from massive multi-state and multi-national corporations, many of which aren't even based here.
- HB155 does not help people who live in NH.
- Since 2015, business taxes have been repeatedly cut, and NH has lost between $795 million and just over $1 billion in revenue. Researchers have found no evidence that these cuts have led to job growth in our state. Instead, we had a $150 million budget hole.
- We are underfunding our public schools and dead last in higher education funding in the country. Life has become untenable for people living in NH because of the decisions of the legislature to prioritize the endless greed of multi-national corporations over working families.
- All of the challenges families face are made worse by this tax cut.

Phyllis Mackey

- Ms. Mackey said she was a retired marriage and family therapist who once had a small private practice with some colleagues and they qualified as a small business. She said the BET was never an onerous thing for her. The lack of support in NH for mental health was onerous.
- She said it was interesting that the hearing on this bill was occurring as towns are holding deliberative sessions. She attended her town's deliberative session and the concerns of everyone were property taxes. Lowering the BET will cause property taxes to go up again.

- This cut is not going to make that big a difference for small businesses. It will make a big difference in state revenues and in what will happen to property taxes.

Sen. Lang said sometimes when dealing with very small businesses, the regulatory obligation is more expensive than the tax owed. He asked if a change that raised the filing threshold would be a benefit to them.

Ms. Mackey said no. She filed the BET by herself. It wasn't a burden in any way.

Russ Greene

- Mr. Greene said this bill is a form of corporate welfare that will leave a $26 million hole in NH's revenue. The shortfall will shift costs to Granite Staters in the form of property taxes, and further cuts to education and social welfare programs.
- We are very reliant on BET in NH. What ails us in NH ails the rest of the country. We are legislating for the billionaire class and corporations and not working people.
- He thinks the idea of the Granite State Advantage is a farce. Our neighbors have not lowered their BET and have huge economic growth.
- He said we must think about who this is benefiting. The savings for small businesses are nominal. The majority of the benefits go to large corporations like Walmart, who barely pay a livable wage.
- This is giving tax breaks to big corporations that will create a drain on our social welfare systems.
- He has worked as a bartender, a stone mason, and is now a tech worker. The money he makes now is the most he has ever made; however, it is not enough to survive, and it is not enough to buy a house. He has incredible student loans. He said there are things the legislature could be doing to help the people of NH. This bill does not. He noted that the legislature is supposed to be a representative body and said there will always be more workers than large employers.

Sen. Lang asked if it would surprise him to know that in spite of declining enrollment, the state has been spending more money on education than ever before.

Mr. Greene said that's not his understanding. There are cuts to higher education.

Sen. Lang clarified that NH is down to under 150,000 students and still spent more at the state level than ever before.

Mr. Greene said that does surprise him as he is hearing something different.

Sen. Fenton asked if it would surprise him that costs are rising for everything from groceries to childcare.

Mr. Greene said not at all.

Bruce Berk

- Mr. Berk said he attended the budget hearings last spring and heard about programs on the chopping block because the state didn't have the revenue. He asked if the legislature could leave more revenue for quality of life.
- He read a quote from the NHFPI regarding the BET and BPT rate reductions. They found no evidence that the cuts spurred enough economic growth to offset the foregone revenue. He cited statistics previously provided regarding the amount of money the state has forgone as a result of previous rate reductions. NH has seen no appreciable business advantage vis a vis surrounding states. If that is true, he said the state should be funding as much as it can to support families in NH.

Erik Swenson

- Mr. Swenson said he was a professor of medicine at Dartmouth and was opposed to the bill.
- The benefits that might accrue from any business movement into state are going to be offset to a greater degree by the reduction in the state's ability to support services for people at a lower socioeconomic scale.
- If we are not spending money and forgoing possible income, as this bill would do, there will be people who will die. On a figurative level, there will be a dying with young people and people who cannot afford to live in this state for the lack of support.
- If we give a benefit to these companies, that money has to be found elsewhere or services will be reduced. If services are reduced, that passes the burden down to communities that are already struggling.
- He said if he were to write this bill, he would give the reduction to the lower end of the scale and not to big corporations. That would have a fairer impact on the state and its citizens.

Sen. Rosenwald said the state recently cut contracts for mental health services and asked him if he thought that would increase the severity of mental illness and people getting care in more restrictive, expensive settings.

Mr. Swenson said that would be an impact and added that not getting mental healthcare has an impact on physical conditions.