Senate Ways and Means Committee

Sonja Caldwell 271-2117

HB 1597-FN, relative to business profits tax expense deductions.

Hearing Date: April 1, 2026

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

Members of the Committee Absent : None

Bill Analysis: This bill increases the expense deduction cap to $1,000,000, and every 2 years thereafter by $500,000 until it reaches $2,500,000, for property placed in service on or after January 1, 2027.

Sponsors:

Rep. Janigian	Rep. Ohm	Rep. Ulery
Rep. Bryer	Sen. Abbas	Sen. Gray

Who supports the bill: Rep. John Janigian, Greg Moore (AFP-NH), John Reynolds (NFIB NH), Peggy Gilmour (Nashua Chamber), Cory Stone, Sen. Gray, Curtis Howland, Pamela Harders

Who opposes the bill: Patricia Anastasia

Who is neutral on the bill: Jennifer Ramsey (DRA)

Summary of testimony presented:

Rep. John Janigian

- Rep. Janigian explained that this bill increases the section 179 IRC deduction for business equipment purchases.
- The federal code lets you take up to a $2.5 million deduction for a qualifying equipment purchase in the first year.
- In NH, that limit is $500,000 and you have to depreciate the rest of it over a time period.
- Over time, this bill causes no change in how much business tax revenue comes into the State of NH.
- This bill will encourage more investment by businesses operating in NH by giving them up to a $2.5 million credit in the first year on equipment purchased.

Sen. Lang said this bill would result in someone being able to take an immediate credit of up to $2.5 million off their business profits tax liability. He asked what the deduction with depreciation would look like going forward, and what the deprecation schedule would look like.

Rep. Janigian said he thought the rest of it would have to be depreciated but he was not sure.

Sen. Rosenwald said the fiscal note indicates a fiscal impact, based on 2023 data, of over eight million dollars. She asked for his thoughts on that, given uncertain revenues and an uncertain economy.

Rep. Janigian suggested one thing that could be done is change the effective date. It is currently sixty days after passage. He suggested that it should be pushed to 2027 to allow more time to see what is happening with the economy and revenues. He added that the theme of all this is to encourage more growth and thus collect more business tax revenue, however he shares her concern.

Sen. Rosenwald asked if he would consider some contingency revenue trigger language whereby if revenue came in a certain percentage above plan, then this bill would go into effect, in addition to pushing out the effective date.

Rep. Janigian stated that if this bill didn’t pass, that same eight million dollars in credits is taken, it is just drawn out over time. He said her question was good, however he was unsure how a trigger would work. His preference would be to just set a date in the next budget cycle.

Greg Moore – Americans for Prosperity

- He supports the bill because of the benefit to small businesses, the benefit to state competitiveness, and the long-term benefit to budget writing committees.
- The time value of money is important for small businesses. Giving them the tools to make those decisions as quickly as possible is a value.
- Competitiveness is important. 33 states have conformity to federal tax law. We are in competition with them for employers.
- He isn’t concerned about an employer choosing another state over NH because of this particular policy because there is really no net impact; it’s more of a timing issue.
- He would be more concerned with a business deciding to make a capital investment in another state that allows them to take this deduction immediately.
- Passing this would remove the cyclicality of long-term planning. Often times, businesses will make capital investments when the economy is good, and they likely will not make capital investments when the economy is bad. Letting them write off the expense immediately means the state gets it off the books in good times and the business won’t be able to stretch it out and take the credit in bad times.

- Allowing more harmony with the federal IRC makes doing taxes easier for businesses.
- He added that the recently passed federal legislation included an inflation index so if we pass this bill, we will already be behind the federal limit.

John Reynolds – NFIB

- The NFIB represents 1,700 small businesses across the state.
- There is no better tool for spurring small business investment than the 179 deduction. Studies have found that the section 179 immediate expensing substantially boosts capital investments, increases employment, and raises wages by increasing demand for labor.
- He gave an example of a business who services large electric motors that was able to buy new equipment and because that business could immediately expense that investment, it allowed them to pay for training for their employees to be able to operate that equipment.
- This will boost business tax revenue.
- He addressed Sen. Lang's earlier question about depreciation saying that amounts that exceed the immediate deduction limit can be depreciated in future years according to the schedule.

Jennifer Ramsey – DRA Tax Policy Counsel

Sen. Lang gave an example of a $5 million investment made and asked how it would play out under current law.

Ms. Ramsey said the play between the section 179 deduction and regular depreciation is that typically a capital asset is depreciated over the useful life of the asset. The 179 deduction allows for acceleration of that depreciation into the year that the investment is made. Any amount that isn't taken in the first year of investment would then be taken over the useful life of the asset. It moves from regular depreciation on a tax return to section 179 depreciation on a tax return.

Sen. Rosenwald asked if the committee would also need to change the date on line 6 of the bill if it changes the effective date.

Ms. Ramsey said that the date on line 6 would be the appropriate date to change. The effective date can stay as it is.

Sen. Lang asked if changing the deduction amount to a lesser amount and then increasing it by $500,000 every biennium would smooth out the impact on the Department and on revenues.

Ms. Ramsey said it would slow down the acceleration. If the acceleration of the depreciation were to jump from our current state law of $500,000 to $2.5 million you might see a substantial decrease in BPT revenue in the next few years. It could be as much as $8.3 million. She said they know it will be less than that because some of what is not taken up front will be moved to the depreciation line. If the committee were to stagger in the increases, it would spread out the change in the effect on BPT revenue.

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