

SB 635-FN - AS INTRODUCED

2026 SESSION

26-2214

07/06

SENATE BILL **635-FN**

AN ACT establishing a health reimbursement arrangement tax credit program.

SPONSORS: Sen. Ricciardi, Dist 9; Sen. Avard, Dist 12; Sen. McGough, Dist 11; Sen. Watters, Dist 4; Sen. Abbas, Dist 22; Sen. Perkins Kwoka, Dist 21; Rep. Kuttab, Rock. 17; Rep. Mary Murphy, Hills. 27; Rep. Ohm, Hills. 10; Rep. Miles, Hills. 12; Rep. Labrie, Hills. 2

COMMITTEE: Ways and Means

ANALYSIS

This bill establishes a health reimbursement arrangement tax credit program.

Explanation: Matter added to current law appears in ***bold italics***.
Matter removed from current law appears ~~[in brackets and struckthrough.]~~
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

1 III. The credit under this section may not exceed \$20,000 per qualifying taxpayer in the first
2 year or \$10,000 per qualifying taxpayer in the second year.

3 77-H:3 Health Reimbursement Arrangement Tax Credit.

4 I. There shall be allowed a health reimbursement arrangement tax credit applied to an
5 eligible business as set forth in RSA 77-H:2 for qualified contributions made during the taxable year,
6 as follows:

7 (a) To receive the credit provided under this chapter, a qualified taxpayer must claim
8 the credit on the qualified taxpayer's state tax return or returns in the manner prescribed by the
9 department.

10 (b) The amount of tax credits granted under this chapter may not exceed \$10,000,000 in
11 any taxable year.

12 (c) The department shall record the time of filing of each return claiming a credit under
13 this chapter and approve the claims if they otherwise qualify for a tax credit under this chapter in
14 the chronological order in which the claims are filed in the state fiscal year.

15 (d) The department may not approve a claim for a tax credit after the date on which the
16 total credits approved under this section equals the maximum amount allowable in a particular state
17 fiscal year.

18 (e) The amount of the credit provided by this chapter that a qualified taxpayer uses
19 during a particular taxable year may not exceed the state tax liability of the qualified taxpayer.

20 (f) If the amount of a credit determined under this chapter for a particular qualified
21 taxpayer and a particular taxable year exceeds the qualified taxpayer's state tax liability for that
22 taxable year, then the qualified taxpayer may carry the excess over to the immediately succeeding
23 taxable years. The credit carryover may not be used for any taxable year that begins more than 3
24 years after the date on which the donation from which the credit results is made. The amount of the
25 credit carryover from a taxable year shall be reduced to the extent that the carryover is used by the
26 qualified taxpayer to obtain a credit under this chapter for any subsequent taxable year.

27 (g) A qualified taxpayer is not entitled to a carry back or refund of any unused credit.

28 II. The commissioner of the department of revenue administration shall propose rules,
29 pursuant to RSA 541-A, relative to implementing the administration of the health reimbursement
30 arrangement tax credit program established under this chapter.

31 3 New Paragraph; Taxation; Business Profits Tax; Health Reimbursement Arrangement Tax
32 Credit. Amend RSA 77-A:5 by inserting after paragraph XVII the following new paragraph:

33 XVII-a. There shall be allowed a health reimbursement arrangement tax credit, as
34 established in RSA 77-H, against taxes due under this chapter for any unused portion of credit that
35 has not been applied to the taxes due under RSA 77-E.

36 4 New Section; Taxation; Business Enterprise Tax; Health Reimbursement Arrangement Tax
37 Credit. Amend RSA 77-E by inserting after section 3-f the following new section:

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1 77-E:3-g Health Reimbursement Arrangement Tax Credit. The health reimbursement
2 arrangement tax credit established under RSA 77-H shall be allowed against taxes due under this
3 chapter.

4 5 Applicability. Sections 1 through 4 of this act shall apply to taxable periods ending on or
5 after December 31, 2027.

6 6 Effective Date. This act shall take effect July 1, 2026.

SB 635-FN- FISCAL NOTE
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AN ACT establishing a health reimbursement arrangement tax credit program.

FISCAL IMPACT: This bill does not provide funding.

Estimated State Impact				
	FY 2026	FY 2027	FY 2028	FY 2029
Revenue	\$0	\$0	Indeterminable Decrease	Indeterminable Decrease
<i>Revenue Fund(s)</i>	General Fund and Education Trust Fund			
Expenditures*	\$0	\$40,000	\$0	\$0
<i>Funding Source(s)</i>	General Fund			
Appropriations*	\$0	\$0	\$0	\$0
<i>Funding Source(s)</i>	None			

***Expenditure = Cost of bill**

***Appropriation = Authorized funding to cover cost of bill**

METHODOLOGY:

This bill establishes the Health Reimbursement Arrangement tax credit against the Business Enterprise Tax (BET) and the Business Profits Tax (BPT) for qualified taxpayers that adopted a health reimbursement arrangement, as described in Section 9831(d) of the Internal Revenue Code, in lieu of a traditional employer provided health insurance plan. A qualified taxpayer that has not provided employer health insurance coverage to employees within the last five years may claim a credit of up to \$400 in the first year per covered employee. This amount decreases to \$200 per covered employee in the second year. The total credits granted may not exceed \$10,000,000 in any taxable year. The credit is intended to be used first against the BET liability, then any unused credit may be claimed against the BPT. The credit is not cascading, meaning any credit used to reduce the BET liability would not count as a BET credit against the BPT liability. Any unused credits are eligible to be carried forward for 3 years following the year of the expenditures.

The Department of Revenue Administration states the bill would allow taxpayers to claim the credit on their return, with the Department tracking and monitoring the level of credits claimed and rejecting credits when the aggregate is reached. It should be noted the Department is not able to administer the credit in this fashion. For purposes of this fiscal note, the Department assumes the credit would have a separate but streamlined application and award process developed to apply the aggregate limit and effectuate the carry forward provisions. The

Department estimates it would need a general fund appropriation of \$40,000 to modify the Revenue Information Management System and forms to permit claiming of the credit and managing the credit and carry forwards.

The Department is not able to determine the magnitude of the fiscal impact due to the unpredictability of the credit being claimed and the associated business tax liability of the affected business. The Department states the maximum decrease in general fund and education trust fund revenue would be \$10 million each fiscal year. However, if the carryforward provision was utilized, credit could be less in the first year and higher in subsequent years.

AGENCIES CONTACTED:

Department of Revenue Administration