

HB 1597-FN - AS INTRODUCED

2026 SESSION

26-3177
04/09

HOUSE BILL ***1597-FN***

AN ACT relative to business profits tax expense deductions.

SPONSORS: Rep. Janigian, Rock. 25; Rep. Ohm, Hills. 10; Rep. Ulery, Hills. 13; Rep. Bryer, Rock. 1; Sen. Abbas, Dist 22; Sen. Gray, Dist 6

COMMITTEE: Ways and Means

ANALYSIS

This bill increases the expense deduction cap to \$2,500,000 for property placed in service on or after January 1, 2027, aligning with federal standards.

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 Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty-Six

AN ACT relative to business profits tax expense deductions.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 1 Expense Deductions; Cap Increase. Amend RSA 77-A:3-a to read as follows:

2 77-A:3-a Expense Deductions.

3 In determining gross business profits before net operating loss and special deductions, a business
4 organization shall calculate expense deductions as permitted under Section 179 of the Internal
5 Revenue Code as provided in RSA 77-A:1, XX, except that for property placed in service on or after
6 January 1, [2018] **2027**, a business organization shall calculate expense deductions not to exceed
7 [~~\$500,000~~] **\$2,500,000**.

8 2 Effective Date. This act shall take effect 60 days after its passage.

**HB 1597-FN- FISCAL NOTE
AS INTRODUCED**

AN ACT relative to business profits tax expense deductions.

FISCAL IMPACT:

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

***Expenditure = Cost of bill**

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

METHODOLOGY:

This bill increases the expense deduction permitted under Section 179 of the Internal Revenue Code as provided in the Business Profits Tax statute (RSA 77-A:1, XX) from \$500,000 to \$2,500,000.

The Department of Revenue Administration states this bill will decrease General Fund and Education Trust Fund revenue by an indeterminable amount starting in FY 2027. The Department is able to provide an estimated fiscal impact using Tax Year 2023 data, the latest full year of data available as it currently captures the amount of IRC §179 expense in excess of the currently allowed \$500,000 as an add back to the calculation of the taxable business profits. The Department calculated the tax impact of the additional \$2,000,000 increase in the deduction limit. The excess identified was then multiplied by the taxpayer's original apportionment percentage and the tax rate of 7.5%, resulting in a maximum fiscal impact of \$8,300,000.

However, the assets disallowed as a §179 expense on the NH return will be allowed a regular depreciation claim. Therefore, the line item for taxpayers to claim the allowed regular depreciation includes a depreciation claim for other assets as well and may also include a depreciation claim that year for any expenses disallowed from prior taxable periods. The \$8.3m represents the fiscal impact of increasing the allowable IRC Section 179 deduction in isolation

without taking into consideration the offset of deductions or credits taken by taxpayers in the year analyzed, including what may be deducted as regular depreciation over several years.

In theory, the fiscal impact of this proposed legislation is likely a timing issue because it enables the acceleration of the depreciation claim of qualifying assets as opposed to depreciating the asset over a longer period of time. The Department is unable to isolate the depreciation amount over the years compared to the immediate deduction under IRC §179. However, since the Department is unable to predict future activities of business organizations, it cannot say for certain that the fiscal impact is simply a timing issue.

The Department will not incur any additional administrative costs that it cannot absorb within its budget from this bill.

AGENCIES CONTACTED:

Department of Revenue Administration