

Amendment to SB 635-FN

1 Amend the title of the bill by replacing it with the following:

2

3 AN ACT establishing a health reimbursement arrangement tax credit program and making
4 an appropriation for improvements in the department of revenue administration's
5 information management system.

6

7 Amend the bill by replacing all after section 1 with the following:

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9 2 New Chapter; Health Reimbursement Arrangement Tax Credit. Amend RSA by inserting
10 after chapter 77-G the following new chapter:

11

CHAPTER 77-H

12

HEALTH REIMBURSEMENT ARRANGEMENT TAX CREDIT

13

77-H:1 Definitions. As used in this chapter:

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I. "Covered employee" means an employee for whom a qualified taxpayer makes a qualified
15 contribution.

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II. "Department" means the department of revenue of administration.

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III. "Qualified account" means an individual coverage health reimbursement arrangement
18 established pursuant to 45 C.F.R. 146.123 or a qualified small employer health reimbursement
19 arrangement described in Section 9831(d) of the Internal Revenue Code.

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IV. "Qualified contribution" means a reimbursement by a qualified taxpayer to a qualified
21 account for use in accordance with applicable federal laws and regulations.

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V. "Qualified taxpayer" means an employer with fewer than 50 employees that is a
23 corporation, a limited liability company, a partnership, or another entity that has any state tax
24 liability under RSA 77-A or RSA 77-E.

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77-H:2 Eligibility Criteria.

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A qualified taxpayer may claim a credit against their tax due under RSA 77-A and RSA 77-E, in
27 the manner described in RSA 77-H:3, for qualified contributions of \$300 per covered employee per
28 year for no more than 2 years, which shall be consecutive, if:

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(a) The qualified taxpayer did not contribute to an employer sponsored group health
30 insurance plan for the covered employee in any of the previous 3 years; and

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(b) The contribution to a qualified account in the benefit year for which the credit is
32 claimed is not less than \$300 more than the amount provided in the last benefit year of an employer

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1 sponsored group health insurance program or qualified account for the covered employee prior to the
2 first year in which the credit was claimed.

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

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

7 (a) To receive the credit provided under this chapter, a qualified taxpayer shall submit
8 an application on a form to be prescribed by the commissioner and shall be accompanied by
9 information or records required by the commissioner.

10 (b) Applications shall be processed on a first come, first served basis, up to the aggregate
11 tax credit amount allowed under this section. If multiple applications are received on the same day,
12 they shall be processed at random.

13 (c) Once awarded, the credit may be claimed by the qualified taxpayer against tax due
14 under RSA 77-E at any time in the manner prescribed by the department. Any unused credit may
15 be applied against RSA 77-A. For the purposes of the credit allowed under 77-A:5, X, the credit
16 under this section shall be considered taxes paid.

17 (d) The aggregate amount of tax credits awarded under this chapter may not exceed
18 \$2,500,000 in any state fiscal year.

19 (e) The department may not award a tax credit after the total credits awarded under
20 this section equals the maximum amount allowable in a particular state fiscal year.

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

23 (g) Any unused credit awarded under this chapter may be carried forward for not more
24 than 3 succeeding taxable periods.

25 (h) A qualified taxpayer shall not be entitled to a carry-back or refund of any unused
26 credit.

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

30 3 New Paragraph; Taxation; Business Profits Tax; Health Reimbursement Arrangement Tax
31 Credit. Amend RSA 77-A:5 by inserting after paragraph XVII the following new paragraph:

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

35 4 New Section; Taxation; Business Enterprise Tax; Health Reimbursement Arrangement Tax
36 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 Appropriation; Department of Revenue Administration. There is hereby appropriated to the
5 department of revenue administration the sum of \$40,000 for the fiscal year ending June 30, 2028,
6 for the purpose of making internal improvements and system upgrades to the department's revenue
7 information management system. The governor is authorized to draw a warrant for said sums out of
8 any money in the treasury not otherwise appropriated.

9 6 Applicability. Sections 1 through 4 of this act shall apply to taxable periods ending on or
10 after December 31, 2027.

11 7 Effective Date. This act shall take effect July 1, 2026.

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2026-0832s

AMENDED ANALYSIS

This bill establishes a health reimbursement arrangement tax credit program and makes an appropriation for improvements in the department of revenue administration's information management system.