

HB 1597-FN - AS AMENDED BY THE SENATE

04/09/2026 1322s

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

---

AMENDED 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.

-----

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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]~~ **\$1,000,000, which shall increase by \$500,000 every 2 years on January 1 until it**  
8 **reaches \$2,500,000.**

9 2 Effective Date. This act shall take effect 60 days after its passage.

**HB 1597-FN- FISCAL NOTE**  
AS AMENDED BY THE SENATE (AMENDMENT #2026-1322s)

AN ACT relative to business profits tax expense deductions.

**FISCAL IMPACT:**

Estimated State Impact				
	FY 2026	FY 2027	FY 2028	FY 2029
<b>Revenue</b>	\$0	Indeterminable Decrease		
<i>Revenue Fund(s)</i>	General Fund and Education Trust Fund			
<b>Expenditures*</b>	\$0	\$0	\$0	\$0
<i>Funding Source(s)</i>	None			
<b>Appropriations*</b>	\$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 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 \$1,000,000 on January 1, 2027 and then increases by \$500,000 every 2 years on January 1 until it reaches \$2,500,000.

The Department of Revenue Administration does note the bill as drafted could be read to repeal the \$500,000 limit for property placed in service on or after January 1, 2018 and before January 1, 2027, although that is not the intent. The Department recommends amending the language to clarify the intent and provides the following suggestion:

" . . .except that for property placed in service on or after January 1, 2018, a business organization shall calculate expense deductions not to exceed \$500,000; for property placed in service on or after January 1, 2027, a business organization shall calculate expense deductions not to exceed \$1,000,000; for property placed in service on or after January 1, 2029, a business organization shall calculate expense deductions not to exceed \$1,500,000; for property placed in service on or after January 1, 2031, a business organization shall calculate expense deductions not to exceed \$2,000,000; and for property placed in service on or after January 1, 2033, a business organization shall calculate expense deductions not to exceed \$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. Based on the historical trends that fiscal year revenue consists of portions of three tax years (12% of the tax year two years prior, 69% of the prior tax year and 19% of the current tax year), the Department is able to provide the potential maximum impact as shown in the table below. Please note the “sawtooth effect” of the revenue in the table represents the timing of filings for calendar versus fiscal year filers as each of the four step increases takes effect.

<b>Business Profits Tax Tax Year 2023 Static Analysis</b>	
<b>Phase In §179 Expense Deduction Limit to \$2.5 Million</b>	
<b>Fiscal Year</b>	<b>Impact</b>
2027	\$1,900,000
2028	\$4,500,000
2029	\$3,000,000
2030	\$5,800,000
2031	\$3,600,000
2032	\$6,700,000
2033	\$4,000,000
2034	\$7,000,000
2035	\$1,200,000

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 fiscal impact provided in the table above 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