Sen. Dietsch, Dist 9
Sen. Fuller Clark, Dist 21
Rep. Myler, Merr. 10
Rep. Schamberg, Merr. 4
May 16, 2019
2019-2031s
10/04

Amendment to HB 198-FN

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

AN ACT clarifying the prohibition against the use of mobile electronic devices while driving, and relative to establishing payroll deductions on wages in excess of the Social Security tax cap with revenues to be dedicated primarily for education purposes.

Amend the bill by replacing all after section 3 with the following:

4 Purpose and Justification.

I. The state of New Hampshire lacks adequate revenues to fund public K-12 schools, resulting in “adequacy funding” of only $3,636 per pupil, when the least any school district in the state spends averages over $12,000 per pupil.

II. Property taxpayers in towns with low assessed property values must pay as much as 3 times as those in towns with higher assessed values in order to pay the $363 million required for the statewide education tax, causing great financial hardship to those taxpayers.

III. Nearly every employee in New Hampshire pays a 6.2 percent payroll tax on 100 percent of their wages, but those earning more than the federal Social Security FICA cap ($132,900 in 2019) are excluded from paying that tax on earnings beyond said cap.

IV. The adoption of RSA 283-A by this act is designed to remedy the lack of adequate education funding and to reduce unfair taxation.

5 New Chapter; Deductions From Payroll on Wages Excluded From Social Security Tax. Amend RSA by inserting after chapter 283 the following new chapter:

CHAPTER 283-A

DEDUCTIONS FROM PAYROLL ON WAGES EXCLUDED FROM SOCIAL SECURITY TAX

283-A:1 Definitions

I. "Employer" and "employee" shall have the same meaning as those terms are defined in RSA 275:42.

II. "Social security tax wage base limit" means the maximum amount of wages subject to the old age, survivors, and disability insurance (OASDI) tax as announced by the Social Security Administration. The amount for 2019 is $132,900 and is subject to annual adjustment.

III. "Wages" means wages as defined in RSA 275:42, III.

283-A:2 Payroll Deductions Required.

I. There is hereby imposed a state payroll tax on wages which exceed the currently applicable federal social security tax wage base limit pursuant to the Federal Insurance Contributions Act (FICA)

II. Any employer required to deduct from an employee's wages federal social security taxes pursuant to the Federal Insurance Contributions Act (FICA) for an employee whose annual wages exceed the social security tax wage base limit, upon compliance with federal withholding and remission requirements for Social Security taxes, shall collect a state payroll tax by withholding the percentage required in paragraph III, and shall pay such sum on behalf of the employee to the state treasurer.

III. The state payroll tax deduction shall be 6.2 percent of the employee's wages paid in excess of the federal Social Security wage base limit. Such payroll tax shall be withheld from an employee's wages pursuant to RSA 275:48, I(a). All amounts withheld shall be remitted to the state treasurer to be distributed as provided in RSA 283-A:3.

283-A:3 Disposition of Revenues. The state treasurer shall distribute the amounts received under this chapter as follows:

I. The first $200,000,000 collected shall be credited to the education trust fund to offset the reduction in the amount of the state education tax under RSA 76:3.

II. Any remaining amounts collected shall be deposited to the general fund.

283-A:4 Enforcement; Rules. The commissioner of the department of labor shall enforce and administer the provisions of this chapter. The commissioner shall adopt rules under RSA 541-A as necessary for the administration and enforcement of the provisions of this chapter.

6 State Education Tax Warrant; Reduction. Amend RSA 76:3 to read as follows:

76:3 Education Tax. Beginning July 1, [~~2005~~] ***2020***, and every fiscal year thereafter, the commissioner of the department of revenue administration shall set the education tax rate at a level sufficient to generate revenue of [~~$363,000,000~~] ***$163,000,000*** when imposed on all persons and property taxable pursuant to RSA 76:8, except property subject to tax under RSA 82 and RSA 83-F. The education [~~property~~] tax rate shall be effective for the following fiscal year. The rate shall be set to the nearest 1/2 cent necessary to generate the revenue required in this section.

7 Education Trust Fund; Addition of Funds. Amend RSA 198:39, I(l) to read as follows:

(l) ***Funds collected and paid to the state treasurer pursuant to RSA 283-A:3, I.***

(m) Any other moneys appropriated from the general fund.

8 Effective Date.

I. Sections 5-7 of this act shall take effect January 1, 2021.

II. The remainder of this act shall take effect 60 days after its passage.

2019-2031s

AMENDED ANALYSIS

This bill clarifies the prohibition against using mobile electronic devices while driving and increases the penalties imposed for violations of such prohibition. The bill also establishes a requirement for payroll deductions on wages in excess of the Social Security wage base limit with revenues to be dedicated primarily for education purposes.