

SB 636-FN - AS INTRODUCED

2026 SESSION

26-2262

07/06

SENATE BILL        **636-FN**

AN ACT            establishing tax credits for qualifying small businesses against documented tariff-related costs.

SPONSORS:        Sen. Fenton, Dist 10; Sen. Rosenwald, Dist 13; Sen. Perkins Kwoka, Dist 21; Sen. Long, Dist 20; Sen. Watters, Dist 4; Sen. Prentiss, Dist 5; Sen. Altschiller, Dist 24; Rep. Burroughs, Carr. 2

COMMITTEE:      Ways and Means

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ANALYSIS

This bill establishes tax credits for qualifying small businesses against documented tariff-related costs.

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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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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                    establishing tax credits for qualifying small businesses against documented tariff-related costs.

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

- 1            1 Short Title. This act may be known and cited as "The Save Small Businesses Act."  
2            2 New Section; Tariff Relief Business Tax Credit. Amend RSA 77-A by inserting after section 5-  
3 c the following new section:  
4            77-A:5-d Tariff Relief Business Tax Credit.  
5            I. As used in this section:  
6                (a) "Department" means the department of revenue administration.  
7                (b) "Small business" means:  
8                    (1) A manufacturing business with fewer than 50 employees in this state; or  
9                    (2) A non-manufacturing business with average annual gross receipts not exceeding  
10 \$500,000.  
11                (c) "Tariff-related costs" means increased costs of goods, inputs, or supplies directly  
12 attributable to federal tariffs imposed under the Harmonized Tariff Schedule of the United States,  
13 as evidenced by invoices, tariff classification codes, or supplier certifications acceptable to the  
14 department of revenue administration.  
15            II.(a) A qualifying small business shall be allowed a non-refundable credit against the tax  
16 due under this chapter equal to 25 percent of documented tariff-related costs incurred during the  
17 taxable year.  
18                (b) The credit shall not exceed \$7,500 per business organization in any taxable year.  
19                (c) The total amount of credits approved under this section shall not exceed \$8,000,000  
20 in any state fiscal year. Credits shall be approved by the department in the order in which fully  
21 complete applications are received. If approved claims exceed the cap, the department shall prorate  
22 credits among approved applicants.  
23            III. Businesses seeking the credit shall submit an application with supporting  
24 documentation no later than March 31 following the close of the taxable year in which the tariff-  
25 related costs were incurred.  
26            IV. Any unused portion of an approved credit may be carried forward for up to 3 consecutive  
27 taxable years, but shall remain subject to the original annual cap.  
28            V. Credits shall be applied first against business profits tax liability under RSA 77-A and, to  
29 the extent unused, against business enterprise tax liability under RSA 77-E. Credits shall not be  
30 refundable under this section.

1 VI. The department may audit any claimed credit and shall have authority to recapture  
2 credits improperly claimed or supported by insufficient documentation.

3 VII. The commissioner, pursuant to RSA 541-A, shall adopt rules relative to:

- 4 (a) Acceptable forms of proof for tariff-related costs;
- 5 (b) Application procedures and timing;
- 6 (c) Allocation of credits under the statewide cap; and
- 7 (d) Recapture procedures.

8 VIII. The commissioner shall submit an annual report to the house ways and means  
9 committee and senate ways and means committee detailing the number of credits claimed, the  
10 average credit amount, industries impacted, and total fiscal cost.

11 3 New Section; Tariff Relief Enterprise Tax Credit. Amend RSA 77-E by inserting after section  
12 14 the following new section:

13 77-E:15 Tariff Relief Enterprise Tax Credit.

14 I. As used in this section:

- 15 (a) "Department" means the department of revenue administration.
- 16 (b) "Small business" means:
  - 17 (1) A manufacturing business with fewer than 50 employees in this state; or
  - 18 (2) A non-manufacturing business with average annual gross receipts not exceeding  
19 \$500,000.

20 (c) "Tariff-related costs" means increased costs of goods, inputs, or supplies directly  
21 attributable to federal tariffs imposed under the Harmonized Tariff Schedule of the United States,  
22 as evidenced by invoices, tariff classification codes, or supplier certifications acceptable to the  
23 department of revenue administration.

24 II.(a) A qualifying small business shall be allowed a non-refundable credit against the tax  
25 due under this chapter equal to 25 percent of documented tariff-related costs incurred during the  
26 taxable year.

27 (b) The credit shall not exceed \$7,500 per business organization in any taxable year.

28 (c) The total amount of credits approved under this section shall not exceed \$8,000,000  
29 in any state fiscal year. Credits shall be approved by the department in the order in which fully  
30 complete applications are received. If approved claims exceed the cap, the department shall prorate  
31 credits among approved applicants.

32 III. Businesses seeking the credit shall submit an application with supporting  
33 documentation no later than March 31 following the close of the taxable year in which the tariff-  
34 related costs were incurred.

35 IV. Any unused portion of an approved credit may be carried forward for up to 3 consecutive  
36 taxable years, but shall remain subject to the original annual cap.

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1           V. Credits shall be applied first against business enterprise tax liability under RSA 77-E  
2 and, to the extent unused, against business profits tax liability under RSA 77-A. Credits shall not be  
3 refundable under this section.

4           VI. The department may audit any claimed credit and shall have authority to recapture  
5 credits improperly claimed or supported by insufficient documentation.

6           VII. The commissioner, pursuant to RSA 541-A, shall adopt rules relative to:

- 7                   (a) Acceptable forms of proof for tariff-related costs;  
8                   (b) Application procedures and timing;  
9                   (c) Allocation of credits under the statewide cap; and  
10                  (d) Recapture procedures.

11          VIII. The commissioner shall submit an annual report to the house ways and means  
12 committee and senate ways and means committee detailing the number of credits claimed, the  
13 average credit amount, industries impacted, and total fiscal cost.

14          4 Applicability. This act shall apply to tax periods beginning on or after January 1, 2027.

15          5 Repeals. The following are repealed:

- 16                  I. RSA 77-A:5-d, relative to the tariff relief business tax credit.  
17                  II. RSA 77-E:15, relative to the tariff relief enterprise tax credit.

18          6 Effective Date.

- 19                  I. Section 5 of this act shall take effect June 30, 2032.  
20                  II. The remainder of this act shall take effect July 1, 2026.

**SB 636-FN- FISCAL NOTE**  
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AN ACT establishing tax credits for qualifying small businesses against documented tariff-related costs.

**FISCAL IMPACT:**

<b>Estimated State Impact</b>				
	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>	<b>FY 2029</b>
<b>Revenue</b>	\$0	\$0	Indeterminable Decrease	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 establishes the Tariff Relief Enterprise tax credit applicable to the Business Enterprise Tax (BET) and the Business Profits Tax (BPT) for small businesses, defined as a manufacturing business with fewer than 50 employees in the State or a non-manufacturing business with average annual gross receipts not exceeding \$500,000. The tax credit would be equal to 25% of documented tariff-related costs incurred in a taxable year, not to exceed \$7,500 per business organization. Any unused credit may be carried forward for up to three (3) consecutive taxable years.

The Department of Revenue Administration states further clarification is needed in order to administer the bill, as follows:

- the definition of "small business" is not limited to businesses domiciled or having their principal place of business in NH (the Department assumes this is the intent, however if not, the language of the bill would need to be amended to reflect the intent).
- for administration of this bill, it would be helpful to include a definition of "manufacturing business".
- the term "business organization", though defined in the BPT statute (RSA 77-A:1, I), is not defined within the BET statute. The bill should clarify if the intent is to have the BPT definition apply to the BET.

- the BET statute (RSA 77-E:1, III) defines "business enterprise" and indicates no combined reporting is permitted with respect to "business enterprises". The bill should clarify how the \$7,500 limitations is intended to apply to combined reporters under the BPT.
- the bill as drafted would allow for the proposed credit to be claimed to both the BET and BPT simultaneously. If the intent is not to have the credit claimed simultaneously, language should be added to the bill that the credit be applied to one tax then any unused credit should be applied to the second tax.
- the credit, as drafted, is not cascading meaning that if the credit is first used towards BET, the credit would reduce the BET credit available for application to the BPT. If the intent is to not reduce the BET credit against the BPT, language should be added to the BET portion of the bill clarifying that the credit applied to the BET is still considered taxes paid under RSA 77-E.

The Department states this bill will decrease General Fund and Education Trust Fund revenue by an indeterminable amount in FY 2028 and each year thereafter. The Department is not able to determine the magnitude of the decrease due to the unpredictability of the imposition of federal tariffs, their related costs, and the associated business tax liability of the impacted businesses.

The Department states it is able to absorb the costs to implement this bill in its operating budget.

**AGENCIES CONTACTED:**

Department of Revenue Administration