SB 637-FN - AS INTRODUCED

2026 SESSION

26-2269
08/07

SENATE BILL ***637-FN***

AN ACT relative to certain tax credits for purchase from New Hampshire farms.

SPONSORS: Sen. Perkins Kwoka, Dist 21; Sen. Rosenwald, Dist 13; Sen. Pearl, Dist 17; Sen. Watters, Dist 4; Sen. Innis, Dist 7; Sen. Long, Dist 20; Sen. Prentiss, Dist 5; Sen. Altschiller, Dist 24; Sen. Fenton, Dist 10; Rep. Haskins, Rock. 11; Rep. N. Germana, Ches. 15; Rep. Bixby, Straf. 13

COMMITTEE: Ways and Means

ANALYSIS

This bill establishes a credit against the business profits tax for grocery stores that purchase 10 percent of their products from registered farms.

- -

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

26-2269
08/07

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty-Six

AN ACT relative to certain tax credits for purchase from New Hampshire farms.

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

1 Short Title. This subdivision shall be known as the "Eat Local Act."

2 New Subdivision; Local Farm Registry. Amend RSA 12-O by inserting after section 76 the following new subdivision:

Local Farm Registry

12-O:77 Definitions. In this subdivision:

I. "Department" means the department of business and economic affairs.

II. "Registered farm" means a farm located in New Hampshire that has voluntarily enrolled in the registry established under this subdivision.

III. "Grocery store" means any establishment or section of an establishment where food and food products are offered to the consumer and intended for off-premise consumption. The term includes delicatessens that offer prepared food in bulk quantities only. The term does not include establishments which handle only prepackaged, non-potentially hazardous foods; roadside markets that offer only fresh fruits and fresh vegetables for sale; food service establishments; or food beverage vending machines.

IV. "Eligible purchase" means a transaction in which a grocery store purchases agricultural products directly from a registered farm.

12-O:78 Voluntary Farm Registry. The department shall create and maintain a publicly accessible, voluntary self-registry of New Hampshire farms. The registry shall include, at minimum, the name, location, contact information, and types of agricultural products offered by each participating farm. Farms may enroll in the registry by submitting an application to the department, which shall be made available online.

12-O:79 Rulemaking. The department of business and economic affairs shall make rules under RSA 541-A relative to the creation and maintenance of the voluntary farm registry.

3 New Section; Registered Farm Product Credit. Amend RSA 77-A by inserting after section 5-c the following new section:

77-A:5-d Registered Farm Product Tax Credit.

I. A business organization subject to taxation under this chapter that operates a grocery store within the state may claim a credit against the tax due under RSA 77-A for each taxable period in which the business organization:

(a) Purchases at least 10 percent of its total annual product inventory, by cost, from registered farms; and

(b) Reduces the sale price of such items by 10 percent.

II. For purposes of this section:

(a) "Grocery store" means any establishment or section of an establishment where food and food products are offered to the consumer and intended for off-premise consumption. The term includes delicatessens that offer prepared food in bulk quantities only. The term does not include establishments which handle only prepackaged, non-potentially hazardous foods; roadside markets that offer only fresh fruits and fresh vegetables for sale; food service establishments; or food beverage vending machines.

(b) "Registered farm" means a farm located within the state of New Hampshire that is registered with the department of business and economic affairs under RSA 12-O:78.

III. The amount of the credit shall be equal to 10 percent of the total amount paid by the grocery store to local farms for qualifying products during the taxable period.

IV. The credit allowed under this section shall not exceed the business organization's tax liability under this chapter for the taxable period. Any unused portion of the credit may be carried forward for up to 5 consecutive taxable periods.

V. A business organization claiming the credit shall submit, with its return under RSA 77-A:6, documentation as prescribed by the commissioner, including but not limited to:

(a) A list of registered farms from which produce was purchased;

(b) The total amount of qualifying purchases;

(c) Certification from each farm that it meets the definition of "registered farm" under this section; and

(d) Evidence that the products were sold at a 10 percent discount.

VI. The commissioner shall adopt rules, pursuant to RSA 541-A, relative to the administration of this section, including procedures for claiming the credit and verifying eligibility.

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

LBA
26-2269
Revised 12/12/25

SB 637-FN- FISCAL NOTE
AS INTRODUCED

AN ACT relative to certain tax credits for purchase from New Hampshire farms.

FISCAL IMPACT: This bill does not provide funding, nor does it authorize new positions.

Estimated State Impact				
	FY 2026	**FY 2027**	**FY 2028**	**FY 2029**
Revenue	$0	Indeterminable Decrease	Indeterminable Decrease	Indeterminable Decrease
Revenue Fund(s)	General Fund and Education Trust Fund			
Expenditures*	$0	$174,000+ up to $500,000	$182,000+ up to $500,000	$190,000+ up to $500,000
Funding Source(s)	General Fund			
Appropriations*	$0	$0	$0	$0
Funding Source(s)	None			

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

METHODOLOGY:

This bill establishes the Eat Local Act that requires the Department of Business and Economic Affairs to create and maintain a publicly accessible, voluntary self-registry of NH farms. The bill also creates the Registered Farm Product tax credit against the Business Profits Tax (BPT). Specifically, the Registered Farm Product tax credit allows business organizations subject to BPT that operate a grocery store within the state to claim a credit equal to 10 percent of the total amount paid by the grocery store to purchase products from local farms during a taxable period as long as all criteria to be eligible for the credit are met. The credit cannot exceed a taxpayers BPT liability in the taxable period earned and any unused portion of the credit may be carried forward for up to 5 consecutive taxable periods. The credit does not have any other cap. The bill does not specify the first taxable period to which the credit is applicable. It is assumed, with an effective date of July 1, 2026, the first tax year impacted would be tax year 2027, which begins on or after January 1, 2027 and is the first tax year beginning after the effective date.

The taxpayer earning the credit must submit documentation to the Department of Revenue Administration with its return including but not limited to: (a) a list of registered farms from which produce was purchased; (b) the total amount of qualifying purchases; (c) certification from each farm that it meets the definition of "registered farm" under proposed RSA 77-A:5-c, and (d) evidence that the products were sold at a 10 percent discount. The Department would be need to update its BPT return documents and electronic management system as well as develop a certification form for use by farms and a form for use by taxpayers claiming the credit. The Department does not anticipate any additional costs that could not be absorbed within its budget.

The Department states this bill will result in an indeterminable decrease in General Fund and Education Trust Fund revenue beginning in FY 2027. The Department is not able to quantify this decrease as it does not know what amounts might be paid by grocery stores to local farms for qualifying products or whether credits earned might expire due to the taxpayer not having enough business tax liability to cover awarded credit before the carry forward period ends.

For informational purposes only, the Department did identify 87 businesses using the NAICS (North American Industry Classification System) Code for Supermarkets and Other Grocery (except convenience) Stores for tax year 2023. Of these identified, only 27 had a BPT liability totaling approximately $23.9 million. Since the credit cannot exceed the BPT liability, the $23.9 million may approximate the annual maximum decrease to General Fund and Education Trust Fund revenue. The Department notes it does not audit for or assume complete accuracy with respect to taxpayers' usage of the NAICS Code.

The Department of Business and Economic Affairs states it is not able to predict how many entities would take advantage of the credit or the administrative needs to create and maintain this program. The Department does anticipate the need for two management analysts positions (SOC 13-05) to develop and administer this program; create administrative rules, respective forms, and eligibility requirements; create and maintain a voluntary farm registry, and both verify and enforce eligibility to the program. The positions are estimated to cost $174,000 in FY 2027, $182,000 in FY 2028 and $190,000 in FY 2029. The Department also anticipates it will have increased costs related to additional office space rent and equipment. The Department anticipates the total new expenditure would be $500,000 or less when including costs for positions and other costs.

AGENCIES CONTACTED:

Department of Revenue Administration and Department of Business and Economic Affairs