SB 652-FN - AS INTRODUCED

2026 SESSION

26-3254
07/09

SENATE BILL ***652-FN***

AN ACT changing the maximum award of tax credits for overpayment of due taxes.

SPONSORS: Sen. Lang, Dist 2

COMMITTEE: Ways and Means

ANALYSIS

This bill changes the maximum award of tax credits for overpayment of due taxes.

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

26-3254
07/09

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty-Six

AN ACT changing the maximum award of tax credits for overpayment of due taxes.

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

1 Business Profits Tax; Payments Due With Returns and With Estimates. Amend RSA 77-A:7, I(b) to read as follows:

(b) If the return required by RSA 77-A:6, I shows an additional amount to be due, such additional amount is due and payable on the prescribed payment date. If such return shows an overpayment of the tax due, the commissioner shall refund or credit the overpayment to the taxpayer in accordance with RSA 21-J:28-a, except that:

(1) For taxable periods ending on or after December 31, 2022 a credit shall only be allowed in an amount up to 500 percent of the total tax liability for the taxable period and the remainder of the overpayment shall be refunded;

(2) For taxable periods ending on or after December 31, 2029 a credit shall only be allowed in an amount up to [~~250~~] ***450*** percent of the total tax liability for the taxable period and the remainder of the overpayment shall be refunded; [~~and~~]

(3) For taxable periods ending on or after December 31, 2031 a credit shall only be allowed in an amount up to [~~100~~] ***400*** percent of the total tax liability for the taxable period and the remainder of the overpayment shall be refunded***;***

(4) For taxable periods ending on or after December 31, 2033 a credit shall only be allowed in an amount up to 350 percent of the total tax liability for the taxable period and the remainder of the overpayment shall be refunded;

(5) For taxable periods ending on or after December 31, 2035 a credit shall only be allowed in an amount up to 300 percent of the total tax liability for the taxable period and the remainder of the overpayment shall be refunded;

(6) For taxable periods ending on or after December 31, 2037 a credit shall only be allowed in an amount up to 250 percent of the total tax liability for the taxable period and the remainder of the overpayment shall be refunded;

(7) For taxable periods ending on or after December 31, 2039 a credit shall only be allowed in an amount up to 200 percent of the total tax liability for the taxable period and the remainder of the overpayment shall be refunded; and

(8) For taxable periods ending on or after December 31, 2041 a credit shall only be allowed in an amount up to 150 percent of the total tax liability for the taxable period and the remainder of the overpayment shall be refunded.

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

LBA
26-3254
Revised 3/4/26

SB 652-FN- FISCAL NOTE
AS INTRODUCED

AN ACT changing the maximum award of tax credits for overpayment of due taxes.

FISCAL IMPACT:

Estimated State Impact				
	FY 2026	**FY 2027**	**FY 2028**	**FY 2029**
Revenue	$0	$0	$0	Indeterminable Increase
Revenue Fund(s)	General Fund and Education Trust Fund			
Expenditures*	$0	$0	$0	$0
Funding Source(s)	None			
Appropriations*	$0	$0	$0	$0
Funding Source(s)	None			

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

METHODOLOGY:

This bill amends the credit carryforward limits for the Business Profits Tax and Business Enterprise Tax. Currently the credit carry forward limit is 500% with further decreases scheduled to a 250% limit for taxable periods ending on or after December 31, 2029 and to a 100% limit for taxable periods ending on or after December 31, 2031. This bill will change the credit carryforward limits to be the following:

Taxable Period Ending	Credit Carryforward Limit
December 31, 2029	450%
December 31, 2031	400%
December 31, 2033	350%
December 31, 2035	300%
December 31, 2037	250%
December 31, 2039	200%
December 31, 2041	150%

The Department of Revenue Administration states that it is unable to predict the exact future impact of this change. Using Tax Year (TY) 2023 data, the Department is able to provide an estimated impact assuming that tax year liability will remain static and that taxpayer behavior will not change in response to the current or proposed law phase-ins. The Department notes this bill does not produce new revenue, it results in a decrease of refunds issued from the General Fund and Education Trust Fund therefore increasing the net revenue recognized for fiscal years 2030 through 2044 by an estimated $54.1 million.

The Department states the refund impact related to a given tax year are typically experienced over the following three fiscal years. On TY 2023 tax returns, at the 500% limit, to date 19,566 taxpayers have carried forward $482.5 million in overpayments in fiscal years 2024 through 2026. Had the stricter limits in current law been in place, 6,446 of these taxpayers would have had a portion of their overpayments refunded resulting in $129.2 million in additional refunds. Of this total:

- 41.3% of affected taxpayers had or will have a credit carryforward in excess of 250% of their TY 2023 tax liability, which equates to $30.6 million of additional refunds; and
- 100% of affected taxpayers had or will have a credit carryforward in excess of 100% of their TY 2023 tax liability, which equates to $98.6 million of additional refunds.

If this bill had been law, 4,285 of these taxpayers would have had their overpayments refunded resulting in $75.1 million in additional refunds. Of this total:

- 22.3% of affected taxpayers had or will have a credit carryforward in excess of 450% of their TY 2023 tax liability, which equates to $2.8 million of additional refunds;
- 25.6% of affected taxpayers had or will have a credit carryforward in excess of 400% of their TY 2023 tax liability, which equates to $3.6 million of additional refunds;
- 29.6% of affected taxpayers had or will have a credit carryforward in excess of 350% of their TY 2023 tax liability, which equates to $5.6 million of additional refunds;
- 34.7% of affected taxpayers had or will have a credit carryforward in excess of 300% of their TY 2023 tax liability, which equates to $8.3 million of additional refunds;
- 41.3% of affected taxpayers had or will have a credit carryforward in excess of 250% of their TY 2023 tax liability, which equates to $10.3 million of additional refunds;
- 50.7% of affected taxpayers had or will have a credit carryforward in excess of 200% of their TY 2023 tax liability, which equates to $14.6 million of additional refunds; and
- 66.5% of affected taxpayers had or will have a credit carryforward in excess of 150% of their TY 2023 tax liability, which equates to $29.8 million of additional refunds.

Using TY 2023 data for all years, the table below shows the fiscal impact that could be experienced under current and proposed law by fiscal year based on when returns were received for TY2023. The fiscal impact does not reflect the background rate of refunds—refunds for taxpayers who have credit carryforwards in excess of 500%, as current law, which has been in effect since tax year 2022, already requires any amounts above 500% to be fully refunded when the return is received.

Fiscal Year	Estimated Refunds Released By Fiscal Year Current Law	Estimated Refunds Released By Fiscal Year Proposed Law	Variance
2030	$(1,500,000)	$(100,000)	$1,400,000
2031	(23,900,000)	(2,200,000)	21,700,000
2032	(9,900,000)	(600,000)	9,300,000
2033	(77,200,000)	(2,800,000)	74,400,000
2034	(16,700,000)	(900,000)	15,800,000
2035	-	(4,400,000)	(4,400,000)
2036	-	(1,400,000)	(1,400,000)
2037	-	(6,500,000)	(6,500,000)
2038	-	(1,900,000)	(1,900,000)
2039	-	(8,100,000)	(8,100,000)
2040	-	(2,500,000)	(2,500,000)
2041	-	(11,500,000)	(11,500,000)
2042	-	(3,900,000)	(3,900,000)
2043	-	(23,300,000)	(23,300,000)
2044	-	(5,000,000)	(5,000,000)
Total	**$(129,200,000)**	**$(75,100,000)**	**$54,100,000**

It is not possible to anticipate how taxpayers may actually respond to the current and proposed future limitations. Taxpayers may use an available credit carryforward against future tax liabilities in the taxable period in which this proposed change would apply. Taxpayers could also reduce their future estimate and return payments in anticipation of having to reduce their outstanding credit carryforward. Finally, a taxpayer may also request a refund of the amounts overpaid in excess of the proposed limitations. Therefore, the Department is not able to reliably determine how the impact will spread across fiscal years.

AGENCIES CONTACTED:

Department of Revenue Administration