HB 155-FN - AS INTRODUCED

2025 SESSION

25-0504
07/05

HOUSE BILL ***155-FN***

AN ACT reducing the rate of the business enterprise tax.

SPONSORS: Rep. Sweeney, Rock. 25; Rep. Alexander Jr., Hills. 29; Rep. Berry, Hills. 44; Rep. Osborne, Rock. 2

COMMITTEE: Ways and Means

ANALYSIS

This bill reduces the rate of the business enterprise tax for tax years ending on or after December 31, 2026.

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

25-0504
07/05

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty Five

AN ACT reducing the rate of the business enterprise tax.

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

1 New Paragraph; Business Enterprise Tax; Rate Reduced. Amend RSA 77-E:2 by inserting after paragraph II the following new paragraph:

III. For all taxable periods ending on or after December 31, 2026, a tax is imposed at the rate of 0.50 percent upon the taxable enterprise value tax base of every business enterprise.

2 Effective Date. This act shall take effect July 1, 2025.

LBA
25-0504
12/11/24

HB 155-FN- FISCAL NOTE
AS INTRODUCED

AN ACT reducing the rate of the business enterprise tax.

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

Estimated State Impact				
	FY 2025	**FY 2026**	**FY 2027**	**FY 2028**
Revenue	$0	Indeterminable Decrease	Indeterminable Decrease	Indeterminable Decrease
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 reduces the Business Enterprise Tax (BET) rate from 0.55% to 0.50% for taxable periods ending on or after December 31, 2026. The Department of Revenue Administration states the fiscal impact is indeterminable as the Department is not able to predict future BET tax revenue. Based on the following assumptions/information, the Department is able to estimate a possible fiscal impact:

- reducing the BET rate will also reduce the BET credit available to offset the Business Profits Tax (BPT), increasing BPT revenue. However, the BPT increase will be less than the BET decrease as not all taxpayers have a BPT liability to be offset by the BET credit and not all taxpayer's BET liability exceeds the BPT credit. In those situations the BET loss in revenue is not offset by an increased BPT liability.
- the starting point for calculating the fiscal impact on FY 2026 thru FY 2028 revenues is the Tax Year 2022 BET tax base of $42,000,000,000.
- based on a tax year revenue analysis of prior fiscal years, it was determined fiscal year tax revenue is comprised of 12 percent from the tax year 2 years ago, 69 percent is from the tax year 1 year ago and 19 percent from the current tax year (See table 1 below)

The first table below provides the tax rates and splits. The second table provides an estimated impact the rate changes will have on revenue.

Table 1. Proposed Legislation Rates and Splits

Fiscal Year	Tax Year	% Applicable to Tax Year	BET Rates
Fiscal Year 2026	Tax Year 2024	12%	0.55%
	Tax Year 2025	69%	0.55%
	Tax Year 2026	19%	0.50%
Fiscal Year 2027	Tax Year 2025	12%	0.55%
	Tax Year 2026	69%	0.50%
	Tax Year 2027	19%	0.50%
Fiscal Year 2028 and forward	Tax Year 2026	12%	0.50%
	Tax Year 2027	69%	0.50%
	Tax Year 2028	19%	0.50%

Table 2. BET Rate Change Fiscal Impact - Static Analysis

Fiscal Year	TY 2022 Revenues with Current Law	Estimated Revenues with Proposed Legislation	Estimated Fiscal Impact Per Year (Proposed Legislation Compared to Current Law)	Cumulative Fiscal Impact (Proposed Legislation Compared to Current Law)
2025	$244,600,000	$244,600,000	$0	$0
2026	$244,600,000	$240,300,000	($4,300,000)	($4,300,000)
2027	$244,600,000	$224,900,000	($19,700,000)	($24,000,000)
2028	$244,600,000	$222,300,000	($22,300,000)	($46,300,000)

The fiscal impact of the proposed rate reduction as depicted in the above table may be overstated or understated for future years depending on whether actual revenue is more or less than the TY 2022 revenue.

The Department would need to update all necessary tax return forms and electronic management systems to reflect the change in the BET rate; however, it is not anticipated this will result in any additional administrative costs that could not be absorbed in the Department's operating budget.

AGENCIES CONTACTED:

Department of Revenue Administration