

HB 255-FN - AS INTRODUCED

2025 SESSION

25-0518

07/05

HOUSE BILL ***255-FN***

AN ACT increasing the percentage of revenue deposited in the education trust fund from the business profits tax.

SPONSORS: Rep. Schamberg, Merr. 6

COMMITTEE: Ways and Means

ANALYSIS

This bill increases the percentage of revenue from the business profits tax certified for deposit in the education trust fund.

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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

AN ACT increasing the percentage of revenue deposited in the education trust fund from the business profits tax.

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

1 1 Business Profits Tax; Distribution of Funds; Change in Percentage of Revenue. Amend RSA
2 77-A:20-a, I to read as follows:

3 I. The commissioner shall determine [~~41~~] **59** percent of the revenue produced by the tax
4 imposed by RSA 77-A:2 for each fiscal year and shall certify such amounts to the state treasurer by
5 October 1 of that year for deposit in the education trust fund established by RSA 198:39.

6 2 Effective Date. This act shall take effect July 1, 2025.

**HB 255-FN- FISCAL NOTE
AS INTRODUCED**

AN ACT increasing the percentage of revenue deposited in the education trust fund from the business profits tax.

FISCAL IMPACT:

Estimated State Impact				
	FY 2025	FY 2026	FY 2027	FY 2028
Revenue	\$0	General Fund revenue will decrease and Education Trust Fund revenue will increase by an indeterminable amount; however total BPT revenue collected does not change		
<i>Revenue Fund(s)</i>				
Expenditures*	\$0	\$0	\$0	\$0
<i>Funding Source(s)</i>	None			
Appropriations*	\$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 increases the amount of Business Profits Tax (BPT) deposited into the Education Trust Fund from 41% to 59% of the revenue collected. It is not known how much BPT revenue will be collected each year to provide the fiscal impact of this bill. However, the Department of Revenue Administration is able to provide an estimate of the potential fiscal impact using the FY 2025 plan revenue of \$881.3 million. Using the FY 2025 plan revenue and increasing the amount deposited into the Education Trust Fund from 41% to 59% will increase Education Trust Fund Revenue by \$158.8 million and decrease General Fund Revenue by \$158.8 million. See table 1 below:

Table 1: Business Profits Tax General Fund and Education Trust Fund Splits

Tax	FY 2025 Plan All Funds	Current Law		Proposed Law		Variance	
		General Fund	Education Trust Fund	General Fund	Education Trust Fund	General Fund	Education Trust Fund
BPT	\$881.3	\$520.1	\$361.2	\$361.3	\$520.0	(\$158.8)	\$158.8

Split	59%	41%	41%	59%	
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It should be noted that the BPT having a different split between the General Fund and the Education Trust Fund from the Business Enterprise Tax (BET) may impact revenue reporting and result in incongruities between the reported fund splits in a given fiscal year and the actual splits being made at the time of the deposits. With the fund splits for both business taxes the same, reallocation between the two taxes does not require reallocation between the two funds. However, when the two taxes have different fund splits, a reallocation between taxes also requires a reallocation between funds. Adjustments are often made in a different fiscal year than the fiscal year that the revenue is received because most business taxpayers initially make quarterly estimated payments or payments on extension. In these cases, the Department has processes in place to split the revenue received between BPT and BET based on historical data. The final split between the two taxes is not known until the taxpayer files their return, which may be 9 to 18 months after receipt of the first estimate. Consequently, many reallocations occur in a different fiscal year than the fiscal year that the revenue is received. Because the BET ETF split will remain unchanged at 41% but the BPT ETF split will increase to 59%, any revenue initially overallocated to BPT prior to receipt of the return will appear as a reduction to ETF revenue in a future fiscal year.

The bill will not result in any additional administrative costs that cannot be absorbed by the Department.

AGENCIES CONTACTED:

Department of Revenue Administration