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**Senate Ways and Means Votes to Cut Business Taxes While State Struggles to Fund Critical Needs**

CONCORD, NH – The Senate Ways and Means Committee today approved two separate bills that together would reduce business tax revenue by tens of millions of dollars at a time when the state is struggling to fund public services vital to New Hampshire’s economic future.

SB 1, which would lower the business profits tax (BPT) rate, and SB 2, which would lower the business enterprise tax (BET) rate, together likely would reduce state revenue by nearly \$70 million on a biennial basis once fully phased in.

“The Committee’s action today shows where the Senate leadership’s true priorities lie,” said Jeff McLynch, executive director of the New Hampshire Fiscal Policy Institute. “Rather than wait until it has developed a budget that ensures New Hampshire can continue to invest in higher education and other services that foster growth, the Senate now seems poised to put costly and ineffective business tax breaks at the head of the line.”

The committee amended both bills to extend the period over which they will be implemented with both taking full effect in 2020.

“Making these tax cuts more gradual does not make them any more affordable over the long run,” said McLynch. “It simply puts off the day of reckoning without a plan for how future budgets will accommodate the loss in revenue.”

New Hampshire’s revenue system has yet to fully recover from the national recession of 2007 through 2009. At the close of FY 2014, General and Education Fund revenue amounted to \$2.17 billion. After adjusting for inflation, that sum is approximately 12 percent or roughly \$290 million less than what the state collected from the same sources in FY 2008. Between FY 2008 and FY 2014, the combination of the BPT and BET, after adjusting for inflation, has dropped almost 20 percent or just over \$136 million.

McLynch provided testimony outlining the shortcomings of proposed business tax cuts at the Senate Ways and Means Committee’s January 20 public hearing. The testimony is available [online](#).

The New Hampshire Fiscal Policy Institute is an independent, non-profit, non-partisan organization dedicated to exploring, developing, and promoting public policies that foster economic opportunity and prosperity for all New Hampshire residents, with an emphasis on low- and moderate-income families and individuals. Learn more at [www.nhfpi.org](http://www.nhfpi.org).