



NEW HAMPSHIRE'S BUSINESS ENTERPRISE TAX

PRESENTED BY PHIL SLETTEN, RESEARCH DIRECTOR

DC TAX REVISION COMMISSION

APRIL 3, 2024

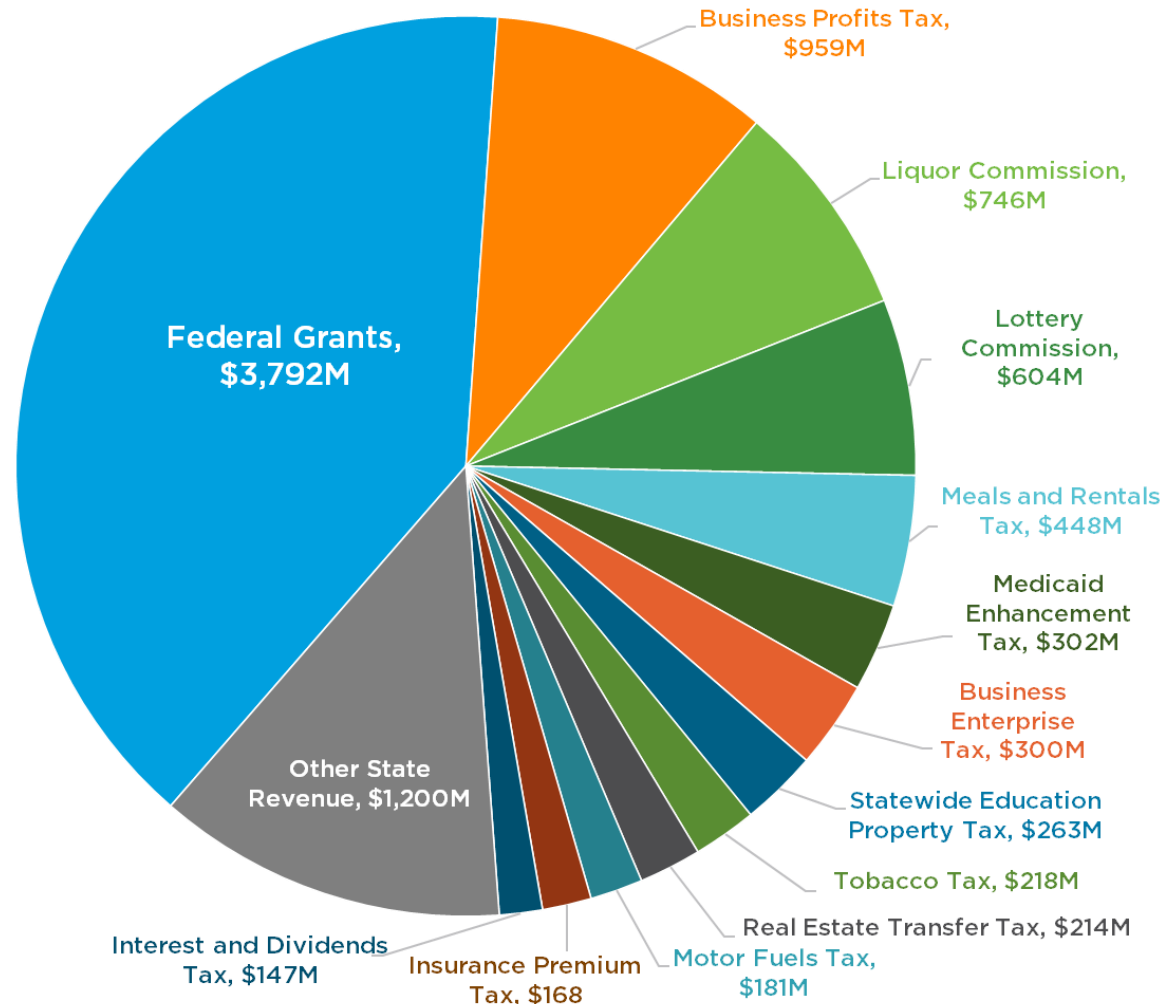
NEW HAMPSHIRE'S BUSINESS ENTERPRISE TAX (BET)

- Unique among state business taxes
- Designed to complement New Hampshire's corporate income tax, the Business Profits Tax (BPT), which has credit for BET
- Based on compensation and interest paid or accrued and dividends paid, taxable after certain adjustments and cross-border apportionment
- Compensation is largest part of the tax base, and includes “all wages, salaries, fees, bonuses, commissions, or other payments paid directly or accrued” with certain exemptions
- Typically correlates with wages paid by employers in state
- Filers with under \$281,000 in gross receipts or tax base are below the filing threshold for Tax Year 2024
- Broad tax base, likely about \$40.0 billion in Tax Year 2021

Sources: New Hampshire Fiscal Policy Institute, *Revenue in Review*, May 2017; New Hampshire Department of Revenue Administration; RSA 77-E

NEW HAMPSHIRE STATE REVENUES

STATE REVENUE SOURCES, GOVERNMENTAL AND ENTERPRISE FUNDS, STATE FISCAL YEAR 2023



Sources: New Hampshire Annual Comprehensive Financial Report, SFY 2023; NH Department of Revenue Administration, 2023 Annual Report; NH Department of Health and Human Services

LARGEST STATE TAX REVENUE SOURCES

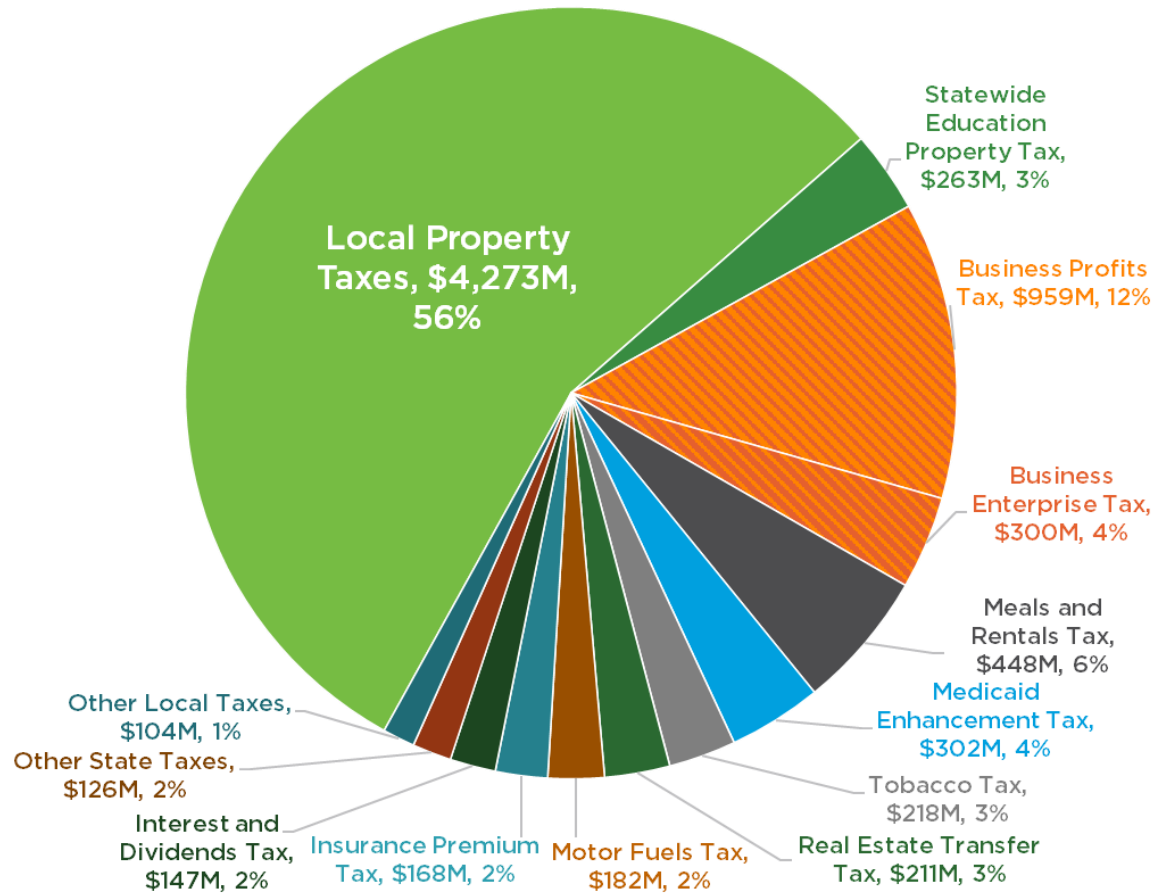
Amounts to All Funds (State Fiscal Year 2023)

1. Business Profits Tax - \$958.8 million (estimate)
2. Meals and Rentals Tax - \$448.5 million
3. Medicaid Enhancement Tax - \$301.9 million
4. Business Enterprise Tax - \$300.1 million (estimate)
5. Statewide Education Property Tax - \$263.1 million
6. Tobacco Tax - \$217.8 million
7. Real Estate Transfer Tax - \$213.6 million
8. Motor Fuels Tax - \$180.6 million
9. Insurance Premium Tax - \$168.3 million
10. Interest and Dividends Tax - \$147.3 million

Sources: New Hampshire Annual Comprehensive Financial Report for the Fiscal Year Ending June 30, 2023; New Hampshire Department of Revenue Administration; New Hampshire Treasury Department; New Hampshire Department of Health and Human Services.

NEW HAMPSHIRE STATE AND LOCAL TAXES

STATE AND LOCAL TAXES IN NEW HAMPSHIRE State Fiscal Year or Tax Year 2023

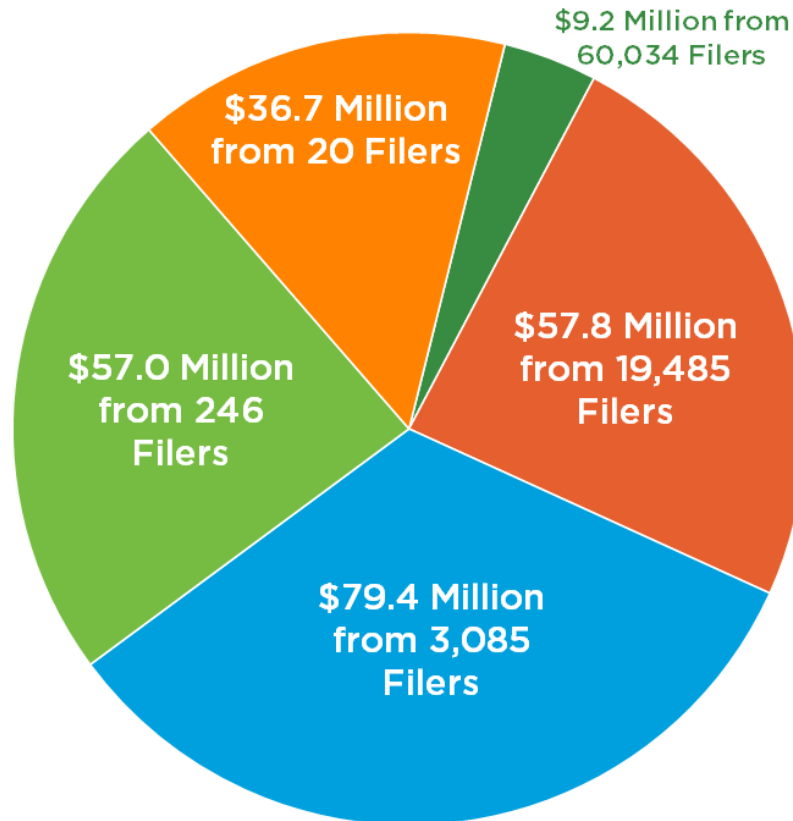


Sources: New Hampshire Annual Comprehensive Financial Report, State Fiscal Year 2023; New Hampshire Department of Revenue Administration, 2023 Annual Report and Completed Public Tax Rates 2023; U.S. Census Bureau, Survey of State and Local Government Finances, 2021; Joint Legislative Fiscal Committee, FIS 23-311

LARGER FILERS IMPORTANT TO BET REVENUES, BUT RELATIVELY BROAD BASE

NEW HAMPSHIRE BUSINESS ENTERPRISE TAX PAID AND NUMBER OF FILERS

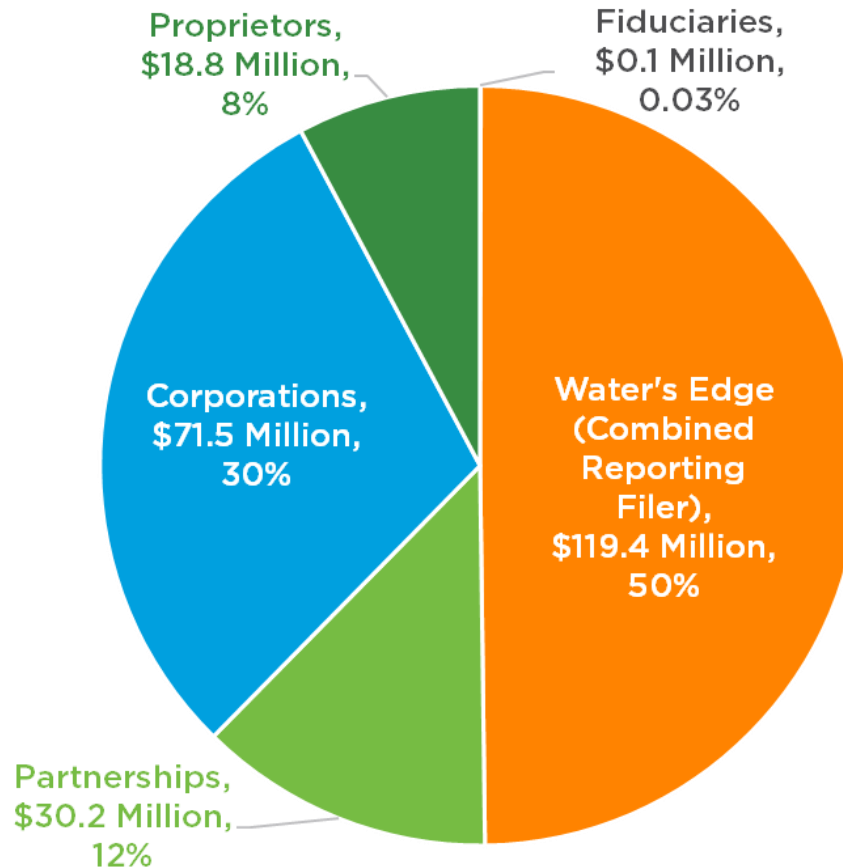
Tax Year 2021



COMPLEX, MULTI-COMPONENT FILERS PAID ABOUT HALF OF BET REVENUE COLLECTED

BUSINESS ENTERPRISE TAX FILERS BY TYPE AND TOTAL REVENUE COLLECTED

Tax Year 2021

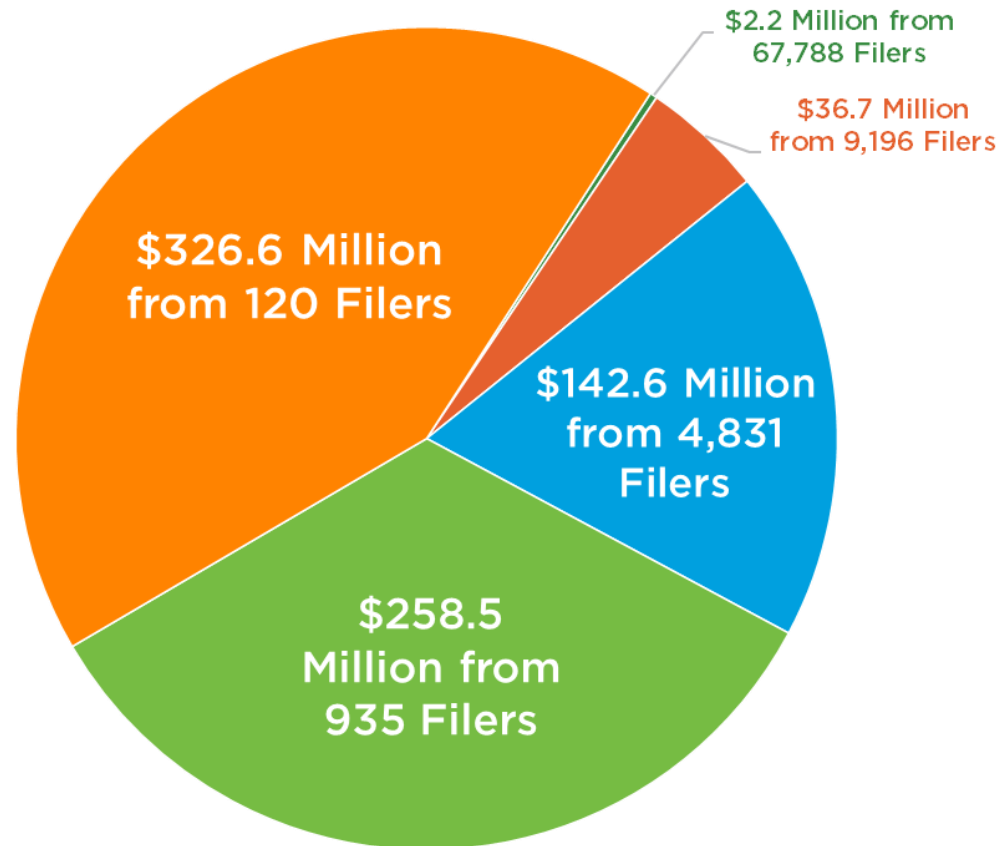


Source: New Hampshire Department of Revenue Administration, 2023 Annual Report

LARGE FILERS SUBSTANTIALLY MORE IMPORTANT TO THE BPT BASE THAN TO BET

NEW HAMPSHIRE BUSINESS PROFITS TAX PAID AND NUMBER OF FILERS

Tax Year 2021

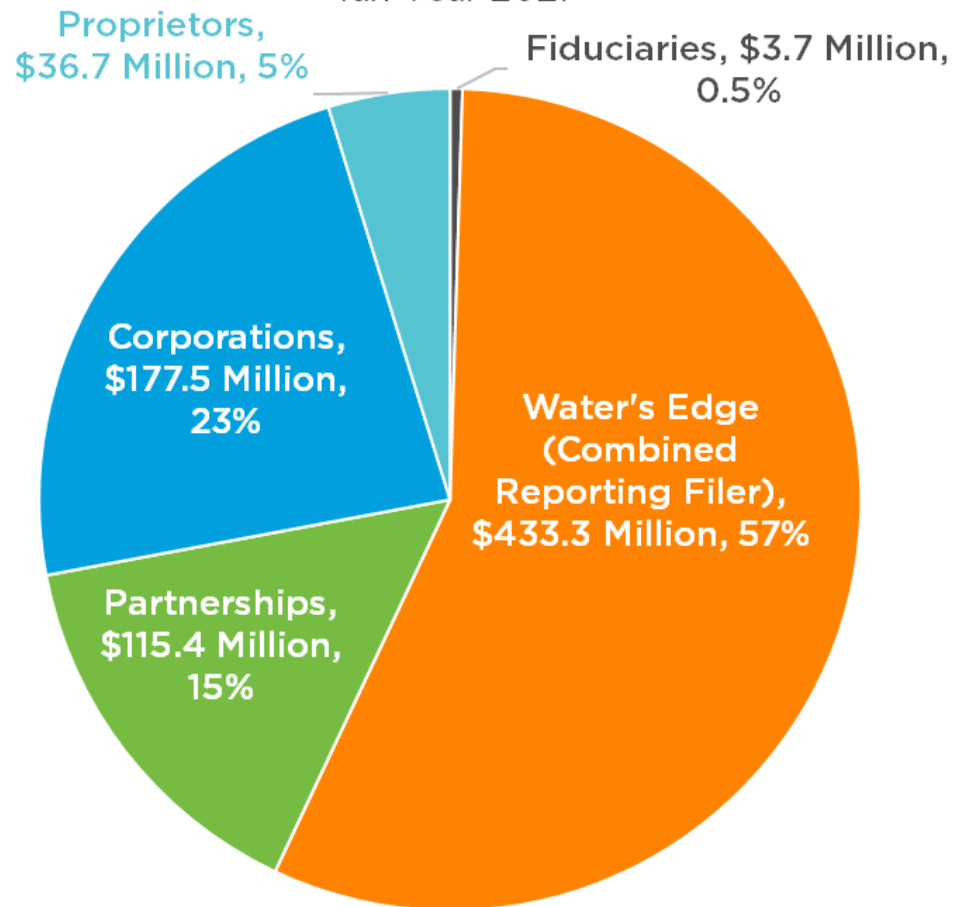


Source: New Hampshire Department of Revenue Administration,
2023 Annual Report

BPT REVENUES MORE RELIANT ON COMBINED REPORTING FILERS

BUSINESS PROFITS TAX FILERS BY LIABILITY

Tax Year 2021

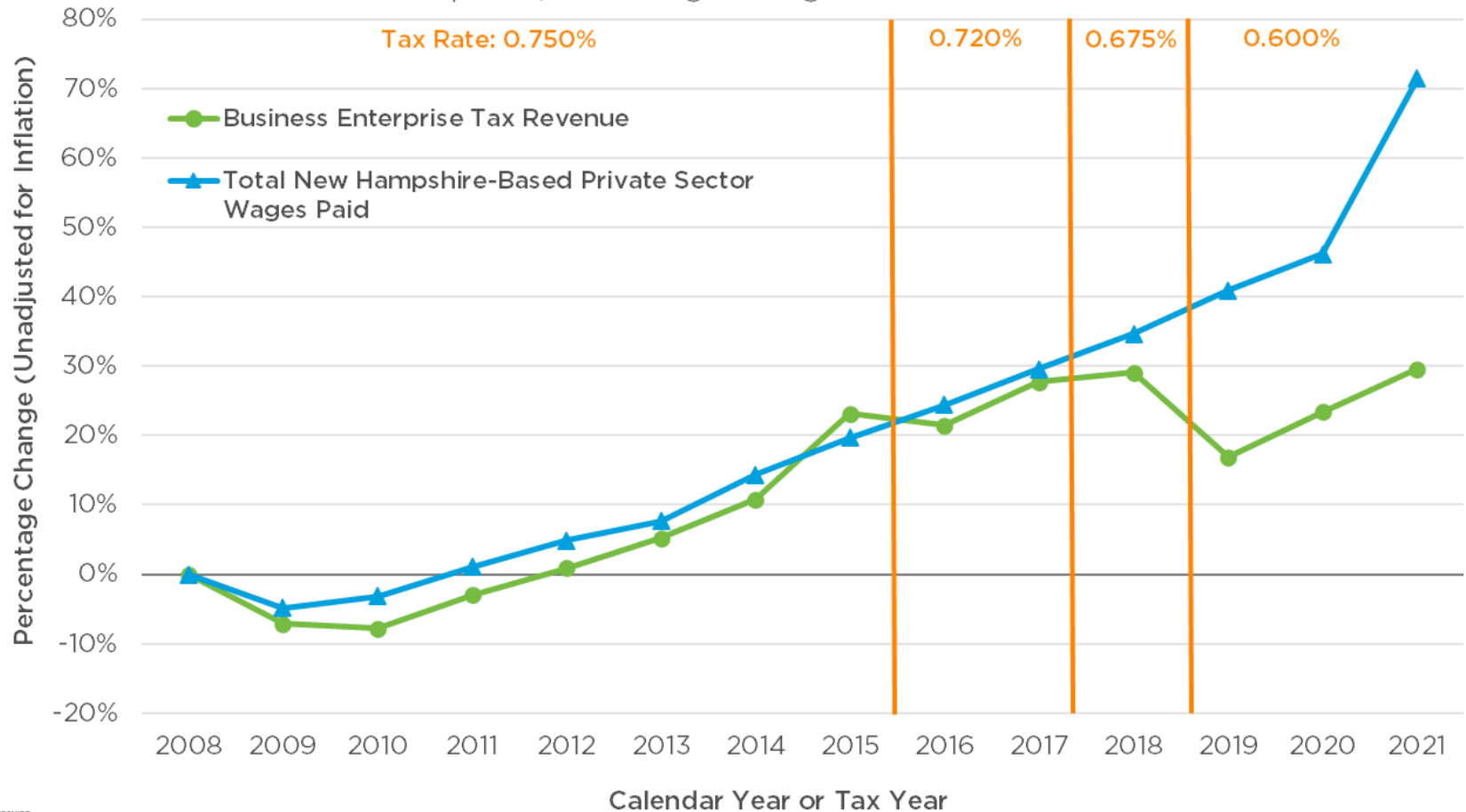


Source: New Hampshire Department of Revenue Administration, 2023 Annual Report

BET REVENUES CORRELATE WITH WAGES OUTSIDE RATE AND RAPID WAGE CHANGES

BUSINESS ENTERPRISE TAX REVENUES AND WAGES

New Hampshire, Percentage Changes Relative to 2008

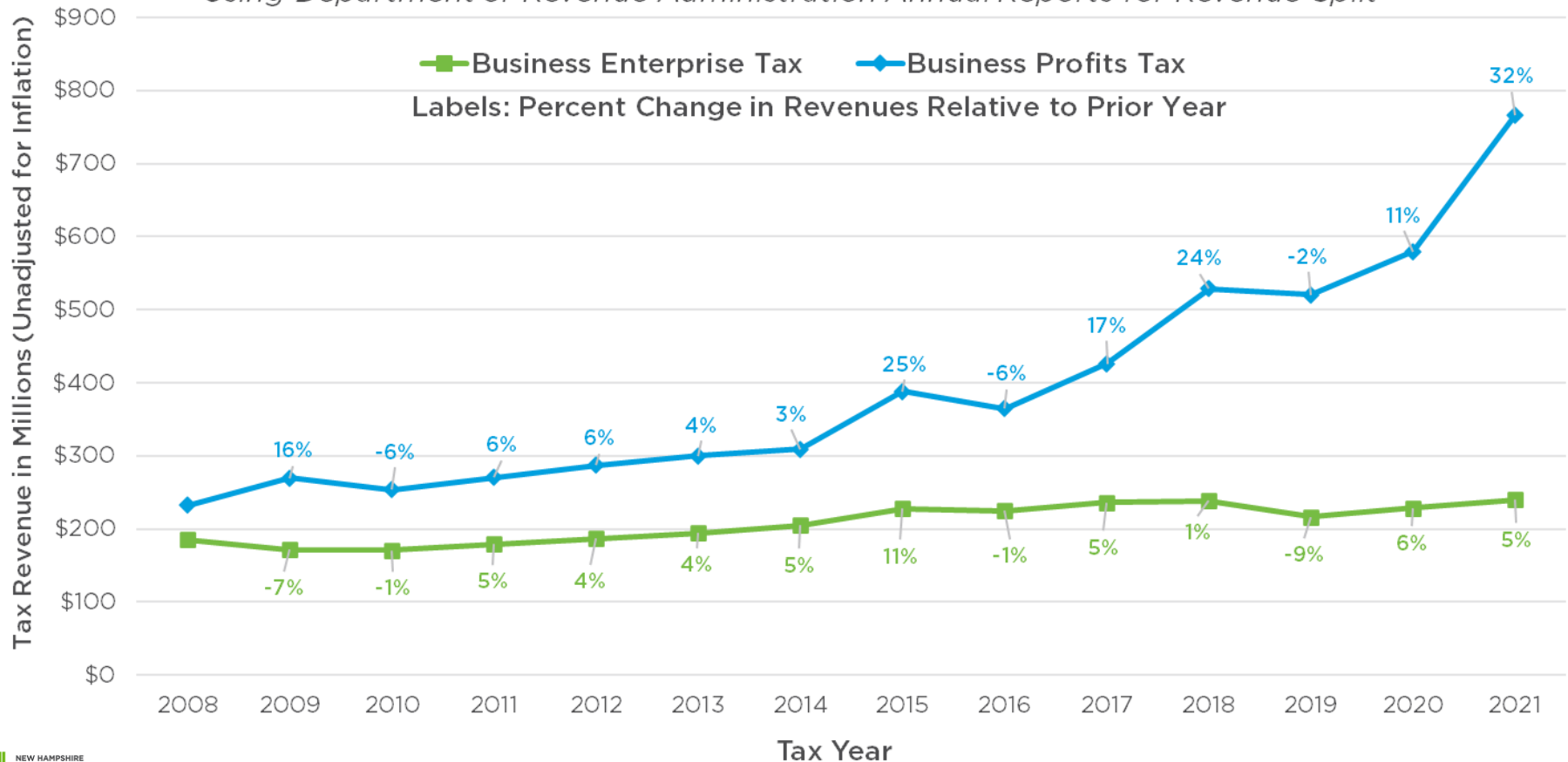


Source: New Hampshire Department of Revenue Administration, Annual Reports; New Hampshire Employment Security, Covered Employment and Wages; U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages

BET REVENUES LESS VOLATILE, AND HAVE GROWN LESS, THAN BPT REVENUES

BUSINESS PROFITS TAX AND BUSINESS ENTERPRISE TAX

Revenue by Tax Year, Percentage of Revenue Total from These Two Taxes, Using Department of Revenue Administration Annual Reports for Revenue Split



Source: New Hampshire Department of Revenue Administration, Annual Reports



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