

GREATER NASHUA CHAMBER OF COMMERCE

# THE CHAMBER

## THE "BOTTOM LINE" LEGISLATIVE REPORT

A Weekly Report From the Chamber on Issues Affecting You in the State Capital

April 28, 2006

Issue #15

### FLOOR FIGHT'S COMING

The House Ways & Means Committee Recommends Killing The R&D Tax Credit. SB 380 creates up to \$1,000,000 in annual tax credits against the BPT or BET for qualified manufacturing R&D expenditures. It allows a tax credit equal to 15 percent of qualified R&D expenditures as defined in the U.S. Internal Revenue code. The committee killed the bill because they believe, "(1) the business tax climate in New Hampshire is already among the best in the country, (2) New Hampshire's unemployment rate is below 3.6 percent and is among the lowest in the country, (3) the economic drivers behind the type of manufacturing jobs New Hampshire is losing are well beyond the remedies proposed by this bill and (4) while states have used R&D tax credits to draw a specific company, these tax credits have not been shown generally to create significantly more jobs or business activity in the states that have adopted them. The committee majority believes that New Hampshire tax policy should be forward-looking and focus on promoting innovation and not on competing for contract manufacturing jobs of commoditized products. To this end, the General Court in 2003 approved increasing the net operating loss carry forward from \$250,000 to \$1,000,000 and extending the carry forward period from five years to ten years. Rather than credits, this NOL provision better serves start-up research and development companies who typically do not earn a profit for several years." As you long-time Chamber members will recall, it was the Greater Nashua Chamber who was directly responsible for introducing the NOL expansion and getting it passed. Also, our delegation was a HUGE help. So glad to read current law makers think it was good policy.

The minority of the committee believes SB 380 is pro-economic development and job growth.

The Chamber, DRED, the BIA, and the High Tech Council have all supported SB 380. We'll see if the House is listening on this business issue.

## School Choice

SB 131, which creates a school choice program, was panned by the Department of Revenue Administration Commissioner as impossible to administer. He claimed the bill will cost the state more than the proposed \$1 million/biennium in business tax credits. Testimony also claimed that the bill continue the vouchers to the student annually until they graduate or each age 21.

The minority of the committee believes that since the House had already passed the policy of vouchers then it was not the prevue of the Ways & Means Committee to kill the policy of the bill. They would like to amend the bill to obligate the state to no financial support of vouchers but allow a vehicle for outside funding of school choice. With a 11-10 vote on the House Ways & Means Committee, and considering the issue, there will be major fireworks on this one.

## NO FIGHT

SB 397, which created a temporary energy tax credit against the business enterprise tax, was killed 19-0 by the House Ways & Means Committee. The credit of \$500 per business would have cost the state approximately \$18,000,000. With state revenues shrinking in all categories daily, there is no way this will pass.

SB 363, prohibits the Department of Revenue from collecting any communications services tax that is not permissible under federal law, specifically the internet. The bill also creates an on-going commission with the PUC, DRA, and the Governor's office to monitor the federal prohibitions of taxing the internet.

## THE WEEK AHEAD...

No public hearings are scheduled.

Please contact Teresa Rosenberger, Devine, Millimet - (603) 410-1705, or the Greater Nashua Chamber of Commerce - (603) 881-8333, if you have any questions.