

January 25, 2021

To: Members of the New Hampshire House of Representatives
From: Americans for Tax Reform

Re: Reduce Business Taxes and Eliminate the I&D Tax

Dear Representative,

On behalf of Americans for Tax Reform (ATR) and our supporters across New Hampshire, **I thank you for your public service in these challenging times** and encourage you to use the 2021 legislative session to enact policies that would help households and employers recover from the pandemic-driven downturn. **Providing much-needed tax relief would be a great way to accomplish this goal, while also attracting new investment, jobs, and opportunities to the Granite State.**

Reduce the Business Profits Tax and the Business Enterprise Tax, Support House Bill 10

In 2015, the Republican-controlled General Court delivered legislation that provided much-needed tax relief to businesses and employees by reducing the Business Profits Tax and the Business Enterprise Tax. In 2017, they continued on this pro-growth path, scheduling additional reductions to the BPT and BET rates for 2019 and 2021.

But after winning control of the state House and Senate in November 2018, Democrats used their first budget to block the 2021 rate cuts from taking effect by making them contingent upon state revenues coming in above a certain threshold. Due to the pandemic, that trigger was not met, and now businesses across the state are being robbed of tax relief at a time when they need it most.

Lawmakers should use the 2021 legislative session to undo these Democrat tax hikes. Business taxes – which are paid by people – result in lower wages, fewer jobs, and higher prices for consumers. As such, reducing the BPT and the BET would be a huge win for all Granite Staters, as it would allow businesses to have more money to invest in jobs, wages, and other business operations, and may even result in lower costs for consumers.

Reduce the Meals and Rooms Tax

New Hampshire imposes a meals and rooms tax at a rate of 9% of the meal or room cost on all restaurants, hotels, and grocery stores that sell prepared food. This tax is particularly harmful to New Hampshire's tourism industry, which has been hit hard by the shutdowns to slow the spread of the virus.

Lawmakers should use the 2021 legislative session to reduce the meals and room tax. In addition to helping these struggling businesses, this tax relief would be a win for all Granite Staters, as it would reduce the overall cost of purchasing food at restaurants and staying overnight in hotels, cabins, and other lodging facilities.

Eliminate the Income Tax on Interest and Dividends, Support House Bill 568

New Hampshire is the only state that appears on the no income tax list with an asterisk by its name due its tax on interest and dividends income. As more and more people and jobs continue to move into no income tax states, more and more states are looking to phase out their income taxes. And, as more and more states are added to the no income tax list, the more the asterisk by New Hampshire will become a problem.

Adding insult to injury, the Interest & Dividends tax is a form of double taxation. The source of interest and dividends are corporate profits, which are already taxed at the entity level. When I&D taxes are

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imposed, that same business income is taxed again, at the personal level. This is a practice that economists and tax policy agree should not exist in an optimal tax climate.

Lawmakers should prioritize phasing out the I&D tax during the 2021 legislative session. In addition to removing unsound policy from New Hampshire's tax code, becoming a true no income tax state would ensure New Hampshire remains competitive over the long term, as more states eliminate their income taxes.

I thank you for your public service. ATR encourages you to provide much-needed tax relief to individual taxpayers, families, employees, and businesses across the Granite State during the 2021 legislative session.

Sincerely,

Grover Norquist
President
Americans for Tax Reform