

RELEASE: DEMOCRATS SUPPORT LEGISLATION PROVIDING TAX FORGIVENESS TO SMALL BUSINESSES

House Democratic Office <HouseDemOffice@leg.state.nh.us>

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New Hampshire House of Representatives Concord, New Hampshire House Democratic Office

PRESS RELEASE

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Contact: Rep. Dick Ames

Phone: 603-271-2136

DEMOCRATS SUPPORT LEGISLATION PROVIDING TAX FORGIVENESS TO SMALL BUSINESSES

CONCORD, NEW HAMPSHIRE – On a voice vote today, the New Hampshire House voted to pass [SB 3](#), which excludes income created by forgiveness of Paycheck Protection Program (PPP) loans from calculation of Business Profits Tax (BPT) liability. The bill now goes to the governor’s desk for signature. In lieu of speaking on the bill, **Rep. Dick Ames (D-Jaffrey), Deputy Ranking Democrat on the Ways and Means committee**, released the following statement:

“SB 3, which passed unanimously out of the Ways and Means committee, is critical to supporting businesses still laboring to recover from the COVID recession. Because current law requires it, many have had to pay Business Profits Tax on forgiven PPP loans from the federal Paycheck Protection Program. Forty other states have followed the federal lead already and forgiven taxation of these PPP loans.

The PPP loans have been at the heart of the extraordinarily successful federal economic stimulus effort that has brought our New Hampshire economy roaring back from the depressive effects of COVID-19. Billions of federal dollars have poured into the New Hampshire economy, including stimulus checks to families and individuals, enhanced unemployment compensation checks, childcare tax credits, and billions to state and local government programs. Over \$3.5 billion dollars in forgivable PPP loans went to NH for-profits and non-profits, keeping them alive and keeping their employees at work.

This federal intervention, coupled with vaccination, propelled our return to a low unemployment rate; our red-hot real estate market; the burgeoning comeback of our restaurants and hotels; and our surging state revenues. PPP and the other federal spending programs have provided real economic stimulus, making a remarkable contrast with the feeble and unprovable trickle-down claims that too often accompany poorly targeted and mostly regressive efforts to cut taxes.

With SB 3, DRA estimates that we will lose about 99 million dollars of tax revenue, partly in refunds to be paid in future years. Right now, NH can afford that. The loss will be covered by the federal stimulus.

But as we go forward, we must understand that much of this is temporary. Federal government spending has kept us afloat and is enabling economic expansion. But it will go away. And the surge in

our revenue will mostly go away too. It will then become apparent that all the permanent tax cuts in the pending budget bills, that will eventually add to about \$165 million pre-inflation dollars per year, if enacted, will have left us with insufficient revenue to meet our constitutionally-based governmental responsibilities.

Today's vote for SB 3 is immensely important to New Hampshire small businesses."

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Zack Sheehan
House of Representatives
House Democratic Office
603-271-2136
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