

SB 3-FN - AS INTRODUCED

2021 SESSION

21-1081

10/05

SENATE BILL        **3-FN**

AN ACT            clarifying the tax treatment of federal Paycheck Protection Program loans.

SPONSORS:        Sen. Bradley, Dist 3

COMMITTEE:      Ways and Means

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ANALYSIS

This bill excludes under the business profits tax the business income of a taxpayer received by reason of forgiveness of indebtedness issued or created under the federal Paycheck Protection Program (PPP).

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Explanation:      Matter added to current law appears in ***bold italics***.  
                         Matter removed from current law appears ~~[in brackets and struckthrough.]~~  
                         Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

*In the Year of Our Lord Two Thousand Twenty One*

AN ACT                   clarifying the tax treatment of federal Paycheck Protection Program loans.

*Be it Enacted by the Senate and House of Representatives in General Court convened:*

1           1 New Section; Business Profits Tax; Clarification of PPP Loans. Amend RSA 77-A by inserting  
2 after section 3-b the following new section:

3           77-A:3-c Clarification of Tax Treatment of Paycheck Protection Program (PPP) Loans. In  
4 determining gross business profits for any period, before net operating loss and special deductions,  
5 notwithstanding any other provision of law, a business organization shall apply the provisions of the  
6 United States Internal Revenue Code consistent with the following adjustments:

7           I. No amount shall be included in the gross business income of the eligible recipient by  
8 reason of forgiveness of indebtedness issued or created under the federal Paycheck Protection  
9 Program (PPP) which was first established under the federal Coronavirus Aid, Relief, and Economic  
10 Security Act (P.L. 116-136, enacted March 3, 2020) or issued or created under the federal PPP  
11 Second Draw Loan Program established under the federal Consolidated Appropriations Act, 2021  
12 (P.L. 116-260, enacted December 27, 2020).

13           II. No deduction shall be denied, no tax attribute shall be reduced, and no basis increase  
14 shall be denied, by reason of the exclusion from gross business income provided by paragraph I.

15           III. This section shall apply to taxable years ending after March 3, 2020, corresponding with  
16 the date of the enactment of the federal Coronavirus Aid, Relief, and Economic Security Act.

17           2 Effective Date. This act shall take effect upon its passage.

LBA  
21-1081  
2/2/21

**SB 3-FN- FISCAL NOTE  
AS INTRODUCED**

AN ACT                   clarifying the tax treatment of federal Paycheck Protection Program loans.

**FISCAL IMPACT:**

Due to time constraints, the Office of Legislative Budget Assistant is unable to provide a fiscal note for this bill, as introduced, at this time. When completed, the fiscal note will be forwarded to the Senate Clerk's Office.

**AGENCIES CONTACTED:**

Department of Revenue Administration