

HB 254-FN-A - AS INTRODUCED

2019 SESSION

19-0335

10/05

HOUSE BILL

254-FN-A

AN ACT relative to the provision allowing operators to retain a portion of meals and rooms taxes collected and the appropriation of meals and rooms tax revenues to school building aid.

SPONSORS: Rep. Cahill, Rock. 17; Rep. DiSilvestro, Hills. 9; Rep. Spang, Straf. 6

COMMITTEE: Ways and Means

ANALYSIS

 This bill changes the amount which operators may retain from meals and rooms taxes collected. The bill continually appropriates certain meals and rooms tax revenues for school building aid grants.

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 Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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 Nineteen

AN ACT relative to the provision allowing operators to retain a portion of meals and rooms taxes collected and the appropriation of meals and rooms tax revenues to school building aid.

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

1 1 Meals and Rooms Tax; Allowance for Operators. Amend RSA 78-A:7, III to read as follows:

2 III. To compensate operators for keeping the prescribed records and the proper account and
3 remitting of taxes by them, operators are allowed to retain 3 percent ***not to exceed \$100 per***
4 ***month*** of the taxes due and to be remitted if the return and payment are timely received by the
5 department of revenue administration, as provided in RSA 78-A:8, III.

6 2 Meals and Rooms Tax; Disposition of Revenue. Amend the introductory paragraph of RSA
7 78-A:26, I to read as follows:

8 I. Beginning on July 1, [~~1995~~] **2019**, and for each fiscal year thereafter, the department
9 shall pay over all revenue, except revenues identified in [~~paragraph~~] **paragraphs III and IV** of
10 this section, collected under this chapter to the state treasurer. On or before September 15 of each
11 year, the department shall determine the cost of administration of this chapter for the fiscal year
12 ending on the preceding June 30, and it shall notify the state treasurer of these costs by a report
13 certified by them as to correctness. After deducting the cost of administration of the chapter from
14 the total income, the state treasurer shall distribute the net income as follows:

15 3 New Paragraph; Meals and Rooms Tax; Disposition of Revenue; School Building Aid Grants.
16 Amend RSA 78-A:26 by inserting after paragraph III the following new paragraph:

17 IV. Beginning on July 1, 2019, and for each fiscal year thereafter, the department shall pay
18 an amount equal to the difference between the total amount retained by operators under RSA 78-
19 A:7, III and the total amount which would be realized if operators retained 3 percent of taxes due
20 and to be remitted for deposit in the department of education school building aid fund established in
21 RSA 198:15-a, V, for the purpose of funding school building aid grants under RSA 198:15-a.

22 4 School Building Aid Fund Established. Amend RSA 198:15-a, IV to read as follows:

23 IV. Beginning July 1, 2013, and every fiscal year thereafter, school building aid grants for
24 construction or renovation projects approved by the department of education shall not exceed
25 \$50,000,000 per fiscal year less any debt service payments owed in the fiscal year, unless otherwise
26 provided by an act of the general court. School building aid grants shall be funded from
27 appropriations in the state operating budget ***and from the school building aid fund***
28 ***established in paragraph V***, and no state bonds shall be authorized or issued for the purpose of
29 funding such school building aid.

1 ***V. There is hereby established the school building aid fund to be used for the***
2 ***purpose of funding school building aid grants under paragraph IV. This fund shall***
3 ***consist of meals and rooms tax revenue paid pursuant to RSA 78-A:26, IV. This fund shall***
4 ***be nonlapsing and continually appropriated to the department of education.***

5 5 New Subparagraph; Special Fund. Amend RSA 6:12, I(b) by inserting after subparagraph
6 (343) the following new subparagraph:

7 (344) Meals and rooms tax revenues collected under RSA 78-A:26, IV, which shall
8 be deposited in the school building aid fund established under RSA 198:15-a, V.

9 6 Effective Date. This act shall take effect July 1, 2019.

HB 254-FN-A- FISCAL NOTE
AS INTRODUCED

AN ACT relative to the provision allowing operators to retain a portion of meals and rooms taxes collected and the appropriation of meals and rooms tax revenues to school building aid.

FISCAL IMPACT: ☒ **State** ☐ **County** ☒ **Local** ☐ **None**

STATE:	Estimated Increase / (Decrease)			
	FY 2020	FY 2021	FY 2022	FY 2023
Appropriation	\$0	\$0	\$0	\$0
Revenue	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase
Expenditures	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase
Funding Source:	<input checked="" type="checkbox"/> General Building Aid Fund <input type="checkbox"/> Education <input type="checkbox"/> Highway <input checked="" type="checkbox"/> Other - School			

LOCAL:

Revenue	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase
Expenditures	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase

METHODOLOGY:

This bill caps the three percent retained by Meals and Rooms operators to an amount not to exceed \$100 per month. The difference between the three percent of taxes collected and the cap of \$100 per month is then deposited into the school building aid fund, where the funds are nonlapsing and continually appropriated to the Department of Education for the purpose of this bill. The Department of Revenue Administration is unable to predict future meals and rooms tax activity. However, the Department is able to provide the impact this bill would have had on FY 2018 meals and rooms activity. In FY 2018, the difference between the 3 percent currently retained and the 3 percent retained with a cap of \$100 per month would have resulted in \$6.6 million (\$9.5 million retained under current law - \$2.9 million that would be retained under this bill) of restricted revenue being deposited into the school building aid fund.

The Department of Education, assuming the moratorium is not reinstated, estimates it will need two new positions to disburse the new money, including: 1) an architect to review plans and provide technical assistant; and 2) a business administrator to assist in calculating school building aid grant percentages, process school building aid applications, and ensure prompt and

accurate payments. Additionally, the business administrator would also track, monitor, and report on financial and legislative activity pertaining to school building aid. The positions would both be labor grade 27 and the estimated cost is as follows:

Estimated Cost of New Positions	FY 2020	FY 2021	FY 2022	FY 2023
Architect (Salary & Benefits)	\$86,000	\$90,000	\$94,000	\$99,000
Business Administrator (Salary & Benefits)	\$86,000	\$90,000	\$94,000	\$99,000
Total	\$172,000	\$180,000	\$188,000	\$198,000

The Department assumes local revenue and expenditures will increase by an indeterminable amount based on aid being disbursed from the fund for local school building projects.

AGENCIES CONTACTED:

Department of Revenue Administration and Department of Education