

SB 121-FN-LOCAL – AS INTRODUCED

2013 SESSION

13-0393

09/10

SENATE BILL ***121-FN-LOCAL***

AN ACT relative to the distribution formula for meals and rooms tax revenue.

SPONSORS: Sen. Stiles, Dist 24; Sen. Bradley, Dist 3; Sen. Woodburn, Dist 1; Sen. Carson, Dist 14; Sen. Reagan, Dist 17; Sen. Fuller Clark, Dist 21; Rep. Khan, Rock 20; Rep. Shaw, Hills 16; Rep. F. Rice, Rock 21; Rep. Umberger, Carr 2; Rep. Wazlaw, Rock 29

COMMITTEE: Ways and Means

ANALYSIS

This bill changes the distribution formula for meals and rooms tax revenue distributed to towns, cities, and unorganized places.

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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

AN ACT relative to the distribution formula for meals and rooms tax revenue.

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

1 1 Disposition of Revenues. Amend RSA 78-A:26, I(b) to read as follows:

2 (b) Forty percent to the unincorporated towns, unorganized places, towns, and cities **to**
3 **be distributed as follows:**

4 (1) **Forty four percent of the total amount to be distributed to each town,**
5 **place, or city based upon the revenue collected under this chapter to be determined by**
6 **multiplying the amount to be distributed by a fraction, the numerator of which shall be the**
7 **amount of revenue collected by the unincorporated town, unorganized place, town, or city**
8 **and the denominator of which shall be the total amount to be distributed.**

9 (2) **Fifty six percent of the total** [The] amount to be distributed to each [~~such~~]
10 town, place, or city **based upon population which** shall be determined by multiplying the amount
11 to be distributed by a fraction, the numerator of which shall be the population of the unincorporated
12 town, unorganized place, town or city and the denominator of which shall be the population of the
13 state. The population figures shall be based on the latest resident population figures furnished by
14 the office of energy and planning.

15 2 Effective Date. This act shall take effect July 1, 2013.

SB 121-FN-LOCAL - FISCAL NOTE

AN ACT relative to the distribution formula for meals and rooms tax revenue.

FISCAL IMPACT:

The New Hampshire Municipal Association, Treasury Department, and Department of Revenue Administration state this bill, **as introduced**, will have an indeterminable impact on local revenue in FY 2014 and each year thereafter. There is no fiscal impact on state, county, and local expenditures, or state and county revenue.

METHODOLOGY:

The New Hampshire Municipal Association states this bill proposes to change the formula for distribution of the Meals and Rooms tax revenue to municipalities. Under current law the Treasury Department distributed \$58,805,057 in Meals and Rooms tax revenue to municipalities in FY 2012 based on the municipality's proportion of total state population. Assuming the distribution amount remains the same, this bill would require 44% (\$25,874,225) of the \$58,805,057 to be allocated based on the municipality's proportion of Meals and Rooms tax revenue and the remaining 56% (\$32,930,832) would continue to be apportioned based on population. Although this will change the amount of revenue each municipality will receive, it will not change the aggregate amount of money distributed to municipalities. Therefore, there is no net fiscal impact.

The Treasury Department states the proposed bill does not change the total amount of revenue distributed to the municipalities in the aggregate, but simply changes the allocation to each individual municipality. As a result there is no net impact at the state or county levels (or at the local level, in the aggregate), although there would be an impact at the individual municipality level that cannot be quantified by the Treasury Department.

The Department of Revenue Administration (DRA) states there would be no aggregate state fiscal impact on revenues or expenditures but revenue to individual municipalities would increase or decrease. However, the DRA asserts it is unable to disclose those amounts due to confidentiality restrictions imposed by RSA 21-J:14.