

HB 576-FN-A - AS INTRODUCED

2015 SESSION

15-0356  
09/10

HOUSE BILL            **576-FN-A**

AN ACT                repealing the provision allowing operators to retain 3 percent of meals and rooms taxes collected and continually appropriating 3 percent of meals and rooms tax revenues to school building aid.

SPONSORS:            Rep. Cahill, Rock 17; Rep. Bixby, Straf 17; Rep. Ratzki, Merr 1; Rep. Ley, Ches 9; Sen. Fuller Clark, Dist 21

COMMITTEE:          Ways and Means

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ANALYSIS

This bill repeals the provision allowing operators to retain 3 percent of meals and rooms taxes collected. The bill continually appropriates 3 percent of meals and rooms tax revenues to school building aid.

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                                Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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

AN ACT                    repealing the provision allowing operators to retain 3 percent of meals and rooms taxes collected and continually appropriating 3 percent 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; Deduction by Operators Removed. Amend RSA 78-A:8, II to read as  
2 follows:

3            II. The taxes collected by every operator shall be paid to the state on or before the fifteenth  
4 day of the calendar month following their collection. The operator may [~~deduct from the taxes~~  
5 ~~collected the compensation allowed by RSA 78 A:7, III, and~~] remit the [~~net~~] taxes by electronic funds  
6 transfer to the commissioner of revenue administration.

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

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

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

18            IV. Beginning on July 1, 2015, and for each fiscal year thereafter, the department shall pay  
19 over 3 percent of all revenue collected under this chapter, with the exception of revenues collected  
20 pursuant to RSA 78-A:6, II-a, to the state treasurer for deposit in the department of education school  
21 building aid fund established in RSA 198:15-a, V, for the purpose of funding school building aid  
22 grants under RSA 198:15-a.

23            4 School Building Aid Fund Established. Amend RSA 198:15-a, IV to read as follows:

24            IV. Beginning July 1, 2013, and every fiscal year thereafter, school building aid grants for  
25 construction or renovation projects approved by the department of education shall not exceed  
26 \$50,000,000 per fiscal year less any debt service payments owed in the fiscal year, unless otherwise  
27 provided by an act of the general court. School building aid grants shall be funded from  
28 appropriations in the state operating budget **and from the school building aid fund established**

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1 *in paragraph V*, and no state bonds shall be authorized or issued for the purpose of funding such  
2 school building aid.

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

7 5 New Subparagraph; Special Fund. Amend RSA 6:12, I(b) by inserting after subparagraph  
8 (326) the following new subparagraph:

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

11 6 Repeal. The following are repealed:

12 I. RSA 78-A:7, III, relative to the 3 percent allowance for operators under the meals and  
13 rooms tax.

14 II. RSA 78-A:8, V, relative to forfeiture of amounts retained.

15 7 Effective Date. This act shall take effect July 1, 2015.

LBAO  
15-0356  
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### HB 576-FN-A - FISCAL NOTE

AN ACT                    repealing the provision allowing operators to retain 3 percent of meals and rooms taxes collected and continually appropriating 3 percent of meals and rooms tax revenues to school building aid.

#### FISCAL IMPACT:

The Department of Revenue Administration states this bill, **as introduced**, will decrease state general and education trust fund revenue by \$804,409 in FY 2016, and by an indeterminable amount in FY 2017 and each year thereafter. There will be no fiscal impact on state, county, and local expenditures, or county and local revenue.

#### METHODOLOGY:

The Department of Revenue Administration (DRA) states this bill proposes to repeal the 3% commission allowed to Meals and Rooms (M&R) operators under RSA 78-A:7, III and continually appropriates 3% of the M&R tax revenues to School Building Aid (SBA). The Department states for FY 2014, the plan estimates M&R tax revenues of \$251,200,000 and for FY 2015, the plan estimates M&R tax revenues of \$265,200,000. This is a projected growth of 5.57%. The actual tax revenue for FY 2014, based upon cash basis reporting, was \$282,210,063 before \$7,697,197 was taken in commissions, and before \$14,000,559.79 was taken to pay for SBA Debt Service. M&R tax commissions taken in FY 2014 equaled 2.73% of the tax revenue. For purposes of estimating the fiscal impact of this bill, the FY 2014 tax revenue was grown by 5.57% to arrive at an estimated FY 2015 M&R tax revenue of \$297,929,164. The Department assumes that the commissions taken in FY 2014 (2.73%) will be the same as what will be taken in FY 2015, and estimate FY 2015 commissions at \$8,133,466. Although this change by itself would increase M&R tax revenue (by eliminating the 2.73% commission), the bill dedicates 3% of the M&R tax revenue to school building aid. Since the commissions equal 2.73%, but the bill dedicates 3% of the M&R tax to pay for additional school building aid, there will be a decrease in state general fund revenue. The revenue decrease will equal 0.27% (3.00% - 2.73%) of estimated M&R tax revenue or \$804,409 (0.27% X \$297,929,164) in FY 2016. Estimates have not been projected for any tax period beyond FY 2016 as the Department does not know how much growth to anticipate at this time. However, similar increases in tax revenues could be seen in subsequent fiscal years as well.