

LEGISLATIVE COMMITTEE MINUTES

HB576

Bill as Introduced

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

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.

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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

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 retailed.

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

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.

Amendments



Amendment to HB 576-FN-A

1 Amend the title of the bill by replacing it with the following:

2
3 AN ACT relative to the provision allowing operators to retain a portion of meals and rooms
4 taxes collected and the appropriation of meals and rooms tax revenues to school
5 building aid.
6

7 Amend the bill by replacing all after the enacting clause with the following:

8
9 1 Meals and Rooms Tax; Allowance for Operators. Amend RSA 78-A:7, III to read as follows:

10 III. To compensate operators for keeping the prescribed records and the proper account and
11 remitting of taxes by them, operators are allowed to retain 3 percent *up to a maximum of \$100 per*
12 *month* of the taxes due and to be remitted if the return and payment are timely received by the
13 department of revenue administration, as provided in RSA 78-A:8, III.

14 2 Meals and Rooms Tax; Disposition of Revenue. Amend the introductory paragraph of RSA 78-
15 A:26, I to read as follows:

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

23 3 New Paragraph; Meals and Rooms Tax; Disposition of Revenue; School Building Aid Grants.
24 Amend RSA 78-A:26 by inserting after paragraph III the following new paragraph:

25 IV. Beginning on July 1, 2015, and for each fiscal year thereafter, the department shall pay
26 an amount equal to the difference between the total amount retained by operators under RSA 78-
27 A:7, III and the total amount which would be realized if operators retained 3 percent of taxes due
28 and to be remitted to the state treasurer for deposit in the department of education school building
29 aid fund established in RSA 198:15-a, V, for the purpose of funding school building aid grants under
30 RSA 198:15-a.

31 4 School Building Aid Fund Established. Amend RSA 198:15-a, IV to read as follows:

32 IV. Beginning July 1, 2013, and every fiscal year thereafter, school building aid grants for
33 construction or renovation projects approved by the department of education shall not exceed



1 \$50,000,000 per fiscal year less any debt service payments owed in the fiscal year, unless otherwise
2 provided by an act of the general court. School building aid grants shall be funded from
3 appropriations in the state operating budget *and from the school building aid fund established*
4 *in paragraph V*, and no state bonds shall be authorized or issued for the purpose of funding such
5 school building aid.

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

10 5 New Subparagraph; Special Fund. Amend RSA 6:12, I(b) by inserting after subparagraph
11 (326) the following new subparagraph:

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

14 6 Effective Date. This act shall take effect July 1, 2015.



2015-0137h

AMENDED 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.

Speakers

Hearing Minutes

HOUSE COMMITTEE ON WAYS AND MEANS

PUBLIC HEARING ON HB 576-FN-A

BILL TITLE: 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.

DATE: February 6, 2015

LOB ROOM: 202 **Time Public Hearing Called to Order:** 9:30 a.m.

Time Adjourned: 10:10 a.m.

(please circle if present)

Committee Members: Reps. Major, Abrami, Griffin, Hess, Ulery, Azarian, Nigrello, McClarren, Ohm, Manning, Gallagher, Lachance, Leeman, Almy, Shattuck, Cooney, Lovejoy, Ames, Karrick, Henle and Southworth

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

TESTIMONY

* Use asterisk if written testimony and/or amendments are submitted.

Rep. Michael Cahill – Presented Amendment 2015-0137h to Chair – Supports.

Mike McDonough, NHLRA – Opposes.

Mindy Cyr and John Lighthall, DRA – handouts – 3% put in as incentive/monthly tax - some electronic. Compliance issue if no incentive. Still have some compliance issue. Collectors also pay credit card fees on their collections. Three percent only paid if filed electronically. If filed on paper – no; telefile – yes.

Respectfully submitted,

Rep. Gary Azarian, Clerk



HOUSE COMMITTEE ON WAYS AND MEANS

PUBLIC HEARING ON HB 576-FN-A

BILL TITLE: 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.

DATE: 2/6/15

LOB ROOM: 202 **Time Public Hearing Called to Order:** 9:30

Time Adjourned: 10:10

(please circle if present)

Committee Members: Reps. Major, Abrami, Griffin, Hess, Illery, Azarian, Oligrelle, McClarren, Ohm, Manning, Gallagher, Lachance, Leeman, Almy, Shattuck, Cooney, Dovejoy, Ames, Karrick, Henle and Southworth

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

TESTIMONY

* Use asterisk if written testimony and/or amendments are submitted.

Rep. Cahill : Presented Amendment to Chair

2015-0137h

2-6-15

Ways + Means

Public Hearing

call to order: 9:30

HB: 576

mike Cahill: Prim Spin

mike McDonough: NHLRA

ORA: Mindy Cyr

John Lighthall

McDonough - would not cover expense
copy of data coming.

Mindy Cyr - handouts

John Lighthall

3% put as incentive / monthly tax
some electronic

compliance issue if no incentive
still have some compliance issue
collectors also pay creditcard fees on
their collections

3% only paid if file electronically
if file on paper - no
telefile yes

Testimony

rup

The case for capping M&R tax commissions

FY 14	M&R Returns	M&R Tax	Commission	Commission w/cap	Savings Available for SBA
No cap	75,340	\$282,210,063	\$7,697,197		0
No Commission	75,340	\$282,210,063	0		\$7,697,197
\$250 cap	7,648 > cap	\$282,210,063	\$5,188,434	\$1,912,000	\$3,276,434
\$100 cap	17,063 > cap	\$282,210,063	\$6,699,434	\$1,706,300	\$4,993,134

The Department of Revenue Administration has projected growth of 5.57% for Meals & Rooms in 2015. This has been and will continue to be a reliable source of revenue for budgeting purposes.

HB 576 does not create a new tax nor raise an existing one.

We have fire and life safety issues in our schools that are not resolved in part, because doing so costs the district a prized spot on our DOE priority list. Long delayed projects cannot wait fifteen to twenty years for state aid to resume. Paying off "the tail" alone leaves communities with no resources beyond their property taxes. Those who are forced to build during the moratorium are out of luck. We shrug our shoulders and say there's no money.

This new revenue will provide funds our school districts need to begin to address their aging, inadequate facilities. Good schools are an important consideration for the young families we are hoping to keep in our state. The hospitality industry counts many New Hampshire residents as regular customers. They pay the 9% tax and think it all goes to the general good. I ask that you support HB 576 and make good on our commitment to our constituents and their children.

PLEASE COMPLETE ALL SHADED AREAS IN THE WORKSHEET. IF YOU HAVE ANY QUESTIONS, PLEASE REFER TO THE LBAO GUIDELINES FOR FISCAL NOTE WORKSHEETS OR CONTACT OUR OFFICE (271-3161).

Agency Name:	Department of Revenue Administration
LSR #:	15-0356.1
Bill #:	[Bill #]
Amendment #(s):	[Amendment #(s)]

Date of LBAO Request	1/07/2015
Date Due to LBAO	1/21/2015
Date Sent to LBAO	01/09/2015
Corrected Worksheet?	[No]

A. Fiscal Impact Summary

- Specify the total impact on revenues and expenditures for each level of government.
- Only the *incremental change* from the current law or budget should be included.
- If there is no fiscal impact, enter a zero (“\$0”). If the fiscal impact cannot be estimated, enter “Indeterminable” and indicate if the impact may increase or decrease revenues or expenditures.
- The amounts in the table below should correspond with the calculations in Section C of this worksheet.
- Decreases should be presented within parenthesis.

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
State Revenues	NA	(\$804,409)	Not Estimated	Not Estimated	Not Estimated
State Expenditures	NA	\$	\$	\$	\$

County Revenues	NA	\$	\$	\$	\$
County Expenditures	NA	\$	\$	\$	\$

Local Revenues	NA	\$	\$	\$	\$
Local Expenditures	NA	\$	\$	\$	\$

B. Assumptions

- Clearly explain your understanding of the proposed legislation, how it would be implemented or impact current operations, **the source of funds impacted**, and any other important cost-related assumptions.
- Assumptions should be clear and not chosen to influence one’s opinion of the proposed legislation.
- Assumptions used should relate directly to your agency’s estimate of the fiscal impact on the revenues, expenditures, or fiscal liability of the state, or a city, town or county.

1. This bill proposes to repeal the 3% commission allowed to Meals and Rooms operators under RSA 78-A:7, III and continually appropriates 3% of the M&R Tax revenues to School Building Aid (SBA).

2. For FY 14, the Plan estimates M&R Tax revenues of \$251,200,000 and for FY 15, the Plan estimates M&R Tax revenues of \$265,200,000. This is a projected growth of 5.57%.
3. The actual tax revenue for FY 14, 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 equal 2.73% of the tax revenue.
4. For purposes of estimating the fiscal impact of this bill, the FY 14 tax revenue (\$282,210,063) was grown by 5.57% to arrive at a possible FY 15 tax revenue of \$297,929,164.
5. It is assumed that the commissions taken in FY 14 will be the same as what will be taken in FY 15. FY 14 commissions equaled 2.73% of the tax revenue and applying that same percentage to the possible tax revenue for FY 15 would yield commissions that would be taken in the amount of \$8,133,466.
6. It is assumed for the fiscal analysis of this proposed bill that FY 15 assumptions and circumstances will be the same in FY 16 as they were in FY 15. Thus, the amount of commissions taken in FY 15 will equal the tax revenue savings in FY 16 should this bill become law.
7. It is assumed that all M&R operators will continue to report all of their taxable meals and rooms revenues and that they will not under-report to make up for their loss of the commissions.
8. The amount of M&R Tax revenue that will be gained by repealing the 3% commission will not equal the 3% distribution to pay for additional SBA. There will be a decrease in the General Fund to cover the difference.

C. Calculations and Methodology

- Using the assumptions provided in Section B, calculate the estimated fiscal impact of the proposed legislation.
- Calculations should be detailed with the methodology clearly stated.
- If calculating position costs please use and attach the appropriate position cost calculator worksheet found [here \(link\)](#).
- If the fiscal impact is zero (\$0) or indeterminable, please explain why.
- The calculations should agree with summary table in Section A.

FY 14 Plan \$251,200,000

FY 15 Plan \$265,200,000 (difference is \$14,000,000, which is a growth of 5.57%)

FY 14 Tax revenue was \$282,210,063

FY 15 Possible tax revenue, \$297,929,164, (FY 14 tax revenue grown by 5.57%)

FY 14 Commissions taken equal \$7,697,197 or 2.73% of the tax revenue

FY 15 Possible commissions to be taken, \$8,133,466, (FY 15 possible tax revenue multiplied by 2.73%)

IF the commissions that might be taken in FY 15 approximate those that might no longer be allowed in FY 16, then one could expect an increase in M&R revenue by approximately \$8,133,466. However, this amended version of the bill would then have 3% distributed by Treasury to the Department of Education

to pay for additional SBA. 3% of \$297,929,164 would be \$8,937,875. Thus, the State would gain \$8,133,466 in M&R Tax revenue, but would then spend \$8,937,875 more on reducing SBA, creating a **reduction in General Fund revenues of \$804,409.**

Estimates have not been projected for any tax period beyond FY 16 as the Department of Revenue Administration 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.

D. Technical or Mechanical Defects

- Identify any conflicts between this bill and current law, either state or federal, and identify possible technical errors. This information is provided to the Office of Legislative Services where it is evaluated and may be discussed with the bill's sponsor.
- If no technical or mechanical defects are identified, please state "None Identified" below.
- Do not comment on the merits of the legislation.

SBA payments are already addressed in RSA 78-A:26, I (a) and now in proposed new paragraph, IV. In FY14, SBA payments from the M&R tax revenues equaled \$14,000,559.79.

On Lines 19 and 20 of the bill, the phrase "with the exception of revenues collected pursuant to RSA 78-A:6, II-a" should be removed as this aspect of the distribution plan is already covered in sections I and III of RSA 78-A:26.

E. Fiscal Note Worksheet Contact Information

Prepared by: John C. Lighthall

Title: Statistical Analyst

Approved by: John Beardmore

Title: Commissioner

Phone Number: 603-230-5006

E-Mail Address: John.Lighthall@DRA.NH.GOV

HB 576

TITLE V TAXATION

CHAPTER 78-A TAX ON MEALS AND ROOMS

Section 78-A:7

78-A:7 Collection of Tax. –

I. (a) The operator shall either state the amount of the tax to each occupant, purchaser of a meal, or renter, or state that the tax is included in the price of the occupancy, meal, or gross rental receipts received. If the amount of the gratuity is not separately stated, the purchaser's or occupant's contract or receipt shall include the following language:

"The 9 percent tax on-meals and rooms is included for the costs of meals and lodging only."

(b) The operator shall demand and collect the tax from the occupant, purchaser, or renter. The occupant, purchaser, or renter shall pay the tax to the operator. If the tax is included in the price of the meal, occupancy, or gross rental receipts received, upon request the operator shall state to the purchaser, occupant, or renter the amount of the tax.

II. Each operator shall keep books and records in a form acceptable to the department showing the amount of all taxes collected. The operator shall pay the taxes over to the state as provided in this section. If the department believes that special action is necessary because payment of taxes collected may be in jeopardy, it may direct an operator to keep all taxes collected separate from any other funds. The department may require that the taxes be periodically deposited in a bank designated by the department, in an account in the name of the department. The department may withdraw these tax collections from the bank account and apply them to the payment of the taxes due from the operator. When an operator commingles tax money with money belonging to him, the claim of the state for the tax is traceable, is enforceable against all other claims and takes precedence over all other claims against the commingled funds. No taxes collected by an operator under this chapter may be sent outside the state without the written consent of the department.

III. To compensate operators for keeping the prescribed records and the proper account and remitting of taxes by them, operators are allowed to retain 3 percent of the taxes due and to be remitted if the return and payment are timely received by the department of revenue administration, as provided in RSA 78-A:8, III.

IV. In lieu of keeping detailed records of taxes collected, and in lieu of payment of the taxes collected under this chapter, an operator may, in writing, elect to compute the amount of taxes due at 9 percent of the total taxable rent, charge for meals, or gross rental receipts received by it, or both, exclusive of the taxes collected on such rents, charges, and gross rental receipts. If this election is made, the operator may not change the method of computing taxes without the written consent of the department. Any balance of the tax remaining in possession of the operator may be retained by it.

Repeated { **Source.** 1967, 213:1. 1969, 287:15. 1973, 544:9. 1975, 439:25, 34, XIV. 1977, 330:2. 1981, 568:23. 1982, 42:93. 1983, 469:64. 1987, 189:2. 1999, 17:28, 29. 2003, 249:2, eff. July 1, 2003. 2012, 73:4, 5, eff. May 23, 2012.

H.B. 576

TITLE V TAXATION

CHAPTER 78-A TAX ON MEALS AND ROOMS

Section 78-A:8

78-A:8 Returns and Payment. –

I. Every operator shall, on or before the fifteenth day of the calendar month following the collection of taxes imposed by this chapter, file a return reporting the results of the preceding month to the commissioner of revenue administration. This return shall be filed even though no tax may be due. Returns may be filed by mail or through electronic data submission. If such operator has been granted permission to make other than monthly filings, as provided in RSA 78-A:9, II(b), the operator shall make a return in accordance with the return schedule permitted by the department of revenue administration, even though no tax may be due. The commissioner shall adopt rules, pursuant to RSA 541-A, relative to the form of such return and the data which it shall contain. All electronically filed returns shall contain an electronic authorization by the operator or an authorized representative subject to the pains and penalties of perjury. The commissioner shall adopt rules, under RSA 541-A, relative to the method of electronic authorization.

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

III. Notwithstanding the provisions of any other law, returns and remittances due under this chapter shall be considered timely only if received by the department of revenue administration on or before the fifteenth day of the calendar month in which they were due. If this due date falls on a Saturday, Sunday, or legal holiday, then the returns and remittances due under this chapter shall be filed no later than the next business day.

IV. An operator shall receive notification of a successful filing and a confirmation number which shall serve as proof of filing.

V. Any operator that does not choose to file electronically shall forfeit any amounts retained pursuant to RSA 78-A:7, III to the department to offset the costs of manual paper filing. The forfeiture shall be waived for any business with under \$25,000 in meals and rooms taxable revenue in the prior calendar year.

Repeated { Source. 1967, 213:1; 409:5. 1973, 544:9. 1983, 469:65. 1985, 370:1. 1987, 160:1; 189:3. 1997, 132:2. 1998, 383:2, 3, eff. Aug. 25, 1998.

Mr. Cavanaugh
Member of Committee

HB 576

Rooms and Meals Commission

- Appears that the 3% commission is payment for collection, administration and payment of the rooms and meals tax.
- This tax is intended to be a tax on our customers not operators.
- The commission to collect this tax has been in place since the 60's to offset the expense of collecting and remitting rooms and meals.
- As you know this commission can only be taken if tax is remitted by the 15th so it gives incentive to merchants to remit on a timely basis.
- Our operation alone collects over \$750,000 a year in rooms and meals
- The credit card sales for our operation is 82% for 2014...this is a drastic change from the 80's when we took over for our folks...when the lions share of customers paid by cash.
- This obviously comes with a cost to operators.
- The average % credit card cost for our operation is 2.01%
- Monthly we spend hours administratively preparing spreadsheets and compiling the necessary information to submit the tax to our accountant and the state....our highest paid employees.
- The average credit card cost per month is \$15,125...9% of this is \$1361.
- The average 3% commission is \$1984 leaving us with virtually no "commission" each month to bear the responsibility of collecting and remitting these taxes. This becomes yet another expense to do business in NH. → NOT A SUBSIDY
- As one of the highest meals taxes in the nation this tax is obviously unpopular with our industry as it is bc our guests look at the total of their check and rarely notice the high tax...the result is a customer finishing their experience with us feeling that they paid a premium.
- The total commission taken by merchants to date is \$7.6 million...this would essentially be a tax on the hospitality industry as we would be responsible for the costs associated with the collection and remittance of these taxes.

Cont

ANN 3% 24,000 DVA US
007 1200

Voting Sheets

HOUSE COMMITTEE ON WAYS AND MEANS

EXECUTIVE SESSION on HB 576-FN-A

BILL TITLE: 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.

DATE: February 10, 2015

LOB ROOM: 202

Amendments:

Sponsor: Rep.	OLS Document #:
Sponsor: Rep.	OLS Document #:
Sponsor: Rep.	OLS Document #:

Motions: OTP, OTP/A, ITL, Retained (Please circle one.)

Moved by Rep. Abrami

Seconded by Rep. Almy

Vote: 19-1 (Please attach record of roll call vote.)

Motions: OTP, OTP/A, ITL, Retained (Please circle one.)

Moved by Rep.

Seconded by Rep.

Vote: (Please attach record of roll call vote.)


CONSENT CALENDAR VOTE: YES

(Vote to place on Consent Calendar must be unanimous.)

Statement of Intent: Refer to Committee Report

Respectfully submitted,

Rep. Gary Azarian, Clerk



HOUSE COMMITTEE ON WAYS AND MEANS

EXECUTIVE SESSION on HB 576-FN-A

BILL TITLE: 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.

DATE: 2-10-15

LOB ROOM: 202

Amendments:

Sponsor: Rep.

OLS Document #:

Sponsor: Rep.

OLS Document #:

Sponsor: Rep.

OLS Document #:

Motions: OTP, OTP/A, ITL Retained (Please circle one.)

Moved by Rep. Abrami

Seconded by Rep. Almy

Vote: (Please attach record of roll call vote.) 19-1

Motions: OTP, OTP/A, ITL, Retained (Please circle one.)

Moved by Rep.

Seconded by Rep.

Vote: (Please attach record of roll call vote.)

CONSENT CALENDAR VOTE: yes

(Vote to place on Consent Calendar must be unanimous.)

Statement of Intent: Refer to Committee Report

Respectfully submitted,

Rep. Gary Azarian, Clerk





STATE OF NEW HAMPSHIRE
OFFICE OF THE HOUSE CLERK

1/8/2015 1:46:46 PM
Roll Call Committee Registers
Report

2015 SESSION

WAYS AND MEANS

Bill #: 576 Title: _____

PH Date: 2 1 10 15 Exec Session Date: 2 1 10 15

Motion: F+L Amendment #: _____

MEMBER	YEAS	NAYS
Major, Norman L., Chairman	✓	
Abrami, Patrick F., V Chairman	✓	
Griffin, Mary E. <i>stray LT</i>	✓	
Hess, David W. <i>Wess.</i>	✓	
Ulery, Jordan G.	✓	
Azarian, Gary S., Clerk	✓	
Nigrello, Robert L.	✓	
McClarren, Donald B	✓	
Ohm, William H.	✓	
Manning, John J.	-	
Gallagher, Brian S.	✓	
Lachance, Joseph R.	✓	
Leeman, Don E.	✓	
Almy, Susan W.	✓	
Shattuck, Gilman C.		✓
Cooney, Mary R.	✓	
Lovejoy, Patricia T.	✓	
Ames, Richard	✓	
Karrick, David B.	✓	
Henle, Paul J	✓	
Southworth, Thomas L.	✓	
TOTAL VOTE:		

Committee Report

CONSENT CALENDAR

February 12, 2015

HOUSE OF REPRESENTATIVES

REPORT OF COMMITTEE

The Committee on WAYS AND MEANS to which was referred HB576-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. Having considered the same, report the same with the following

Resolution: RESOLVED, That it is INEXPEDIENT TO LEGISLATE.

Rep. Patrick F. Abrami

FOR THE COMMITTEE

COMMITTEE REPORT

Committee:	WAYS AND MEANS
Bill Number:	HB576-FN-A
Title:	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.
Date:	February 12, 2015
Consent Calendar:	YES
Recommendation:	INEXPEDIENT TO LEGISLATE

STATEMENT OF INTENT

The intent of this bill is to repeal this provision in state statute that allows business operation to retain 3 percent of the meals and room tax which is compensation for acting as agent of the state to collect this tax. This 3 percent would be redirected to a school building aid fund established by this bill. A bipartisan majority of the committee felt that the 3 percent compensation to the business operations is a fair amount for their effort, to collect and remit this tax in a timely fashion. It was also noted by the committee that many business operators also pay credit card fees of 3 percent of more.

Vote 19-1.

Rep. Patrick F. Abrami
FOR THE COMMITTEE

Original: House Clerk
Cc: Committee Bill File

CONSENT CALENDAR

WAYS AND MEANS

HB576-FN-A, 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. **INEXPEDIENT TO LEGISLATE.**

Rep. Patrick F. Abrami for **WAYS AND MEANS**. The intent of this bill is to repeal this provision in state statute that allows business operation to retain 3 percent of the meals and room tax which is compensation for acting as agent of the state to collect this tax. This 3 percent would be redirected to a school building aid fund established by this bill. A bipartisan majority of the committee felt that the 3 percent compensation to the business operations is a fair amount for their effort, to collect and remit this tax in a timely fashion. It was also noted by the committee that many business operators also pay credit card fees of 3 percent or more. **Vote 19-1.**

HB 576-FN-A 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.

ITL
CONSENT CALENDAR
19-1

The intent of this bill is to repeal this provision in state statute that allows business operation to retain 3 percent of the meals and room tax which is compensation for acting as agent of the state to collect this tax. This 3 percent would be redirected to a school building aid fund established by this bill. A bipartisan majority of the committee felt that the 3 percent compensation to the business operations is a fair amount for their effort, to collect and remit this tax in a timely fashion. It was also noted by the committee that ~~this~~ *MANY* business ~~operation~~ *operators* also pay credit card fees of 3 percent of more.

Rep. Patrick Abrami, for the Committee
Ways & Means



COMMITTEE REPORT

COMMITTEE: Ways & Means Committee

BILL NUMBER: HB 576-FN-A

TITLE: Repealing the provision allowing operators to retain 3 percent of meals and room taxes collected and continually appropriating 3 percent of meals and room tax revenue to

DATE: 2/10/11 CONSENT CALENDAR: YES NO

shall building and.

- OUGHT TO PASS
- OUGHT TO PASS W/ AMENDMENT
- INEXPEDIENT TO LEGISLATE
- INTERIM STUDY (Available only 2nd year of biennium)

Amendment No. _____

Rep. Patrick Abenari for Ways and Means

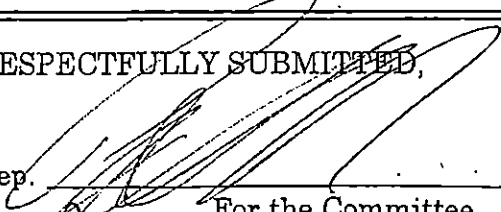
STATEMENT OF INTENT:

The intent of this bill is to repeal the provision in state statute that allows business operators to retain 3 percent of the meals and room tax which is compensation for acting as agents of the state to collect this tax. This 3 percent would be redirected to a school building and fund established by this bill. A bipartisan majority of the committee felt that the 3 percent compensation to the business operators is fair amount for their efforts to collect and remit this tax in a timely fashion. It was also noted by the committee that the business operators also pay credit card fees of 3 percent or more.

COMMITTEE VOTE: 19-1

RESPECTFULLY SUBMITTED,

- Copy to Committee Bill File
- Use Another Report for Minority Report

Rep. 
 For the Committee
 Patrick Abenari

Karwocki, Karen

From: Karwocki, Karen

Sent: Thursday, February 12, 2015 3:17 PM

To: LeVinus, Nancy

Subject: change in status

HB 576-FN-A & HB 623-FN originally placed on the **consent** calendar will be placed in the **regular** calendar per house clerk and approval of the Chair.

Thank you.

Other Referrals

New Hampshire Department of Revenue Administration

Fiscal Note Quick Guide

15-0356.1

HB 576-FN-A, *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.*

House Ways & Means Committee

This bill repeals 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 of Revenue Administration estimates the State would gain \$8,133,466 in M&R Tax revenue, but would then spend \$8,937,875 more on reducing SBA, creating a reduction in General Fund revenues of \$804,409 in FY 2016. The Department's estimate was based upon the following analysis:

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 equaled 2.73% of the tax revenue.

For purposes of estimating the fiscal impact of this bill, the FY 2014 tax revenue (\$282,210,063) was grown by 5.57% to arrive at a possible FY 2015 tax revenue of \$297,929,164.

The Department of Revenue Administration assumed that the commissions taken in FY 2014 will be the same as what will be taken in FY 2015. FY 2014 commissions equaled 2.73% of the tax revenue and applying that same percentage to the possible tax revenue for FY 2015 would yield commissions that would be taken in the amount of \$8,133,466.

The Department assumed for the fiscal analysis of this bill that FY 2015 assumptions and circumstances will be the same in FY 2016 as they were in FY 2015. Thus, the amount of commissions taken in FY 2015 will equal the tax revenue savings in FY 2016 should this bill become law.

The Department further assumed that all M&R operators will continue to report all of their taxable meals and rooms revenues and that they will not under-report to make up for their loss of the commissions.

The amount of M&R Tax revenue that will be gained by repealing the 3% commission will not equal the 3% distribution to pay for additional SBA. There will be a decrease in the General Fund to cover the difference.

FY 2014 Plan \$251,200,000
FY 2015 Plan \$265,200,000 (difference is \$14,000,000, which is a growth of 5.57%)

FY 2014 Tax revenue was \$282,210,063
FY 2015 Possible tax revenue, \$297,929,164. (FY 2014 tax revenue grown by 5.57%)

FY 2014 Commissions taken equal \$7,697,197 or 2.73% of the tax revenue
FY 2015 Possible commissions to be taken, \$8,133,466, (FY 2015 possible tax revenue multiplied by 2.73%)

IF the commissions that might be taken in FY 2015 approximate those that might no longer be allowed in FY 2016, then one could expect an increase in M&R revenue by approximately \$8,133,466. However, this bill would then have 3% distributed by Treasury to the Department of Education to pay for additional SBA. 3% of \$297,929,164 would be \$8,937,875. Thus, the State would gain \$8,133,466 in M&R Tax revenue, but would then spend \$8,937,875 more on reducing SBA, creating a reduction in General Fund revenues of \$804,409.

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.

The Department notes that SBA payments are already addressed in RSA 78-A:26, I (a) and now in proposed new paragraph IV. In FY2014, SBA payments from the M&R tax revenues equaled \$14,000,559.79. On Lines 19 and 20 of the bill, the phrase "...with the exception of revenues collected pursuant to RSA 78-A:6, II-a..." should be removed as this aspect of the distribution plan is already covered in sections I and III of RSA 78-A:26.