

Senate Ways and Means Committee

Sonja Caldwell 271-2117

SB 182, relative to meals and rooms tax annual revenue reporting by the department of revenue administration.

Hearing Date: February 1, 2017

Members of the Committee Present: Senators Sanborn, Daniels and D'Allesandro

Members of the Committee Absent : Senators Giuda and Feltes

Bill Analysis: This bill requires the department of revenue administration to collect and report to cities and towns the amount of meals and room tax revenues collected in the city or town.

Sponsors:

Sen. Kahn
Rep. Weber

Sen. Woodburn
Rep. W. Pearson

Sen. Soucy

Who supports the bill: Sen. Soucy, Sen. Woodburn, Sen. Kahn

Who opposes the bill: No one

Who is neutral on the bill: Melissa Rollins (DRA)

Summary of testimony presented:

Sen. Sanborn stated that he owns a hospitality business and is declaring a conflict of interest and still intends to participate.

Sen. Kahn – the bill allows for the reporting of meals and rooms tax revenue at a town level. This present lack of reporting came to his attention during his time as a member of the Keene city council. They were looking for economic indicators. They could look at revenue from the realty tax and derive certain helpful information but they could not do the same with the rooms and meals tax. He made clear that there is no intent within the wording of this bill to suggest how to redistribute revenues. Its intent is to provide an economic indicator to towns about business activity. The hope is that over a 12 month period, you might be able to see data that shows if people aren't spending as much, or that you're not attracting as many people to town. If there is an economic downturn, this is an important indicator that would give towns that data.

He presented an amendment to address some issues that the Dept. of Revenue raised. Relative to section 4, the Commissioner said it would take more time than 60 days to get this bill ready to be enacted. A second concern is that out of the 234 communities within New Hampshire, some are small and have very few payers of meals and rooms tax so by reporting it by town, it could be disclosing sales of a particular entity. Therefore, the amendment says that any town which has

less than 7 entities paying room and meals tax would have its data aggregated at the county level. Another concern is that there could be a single payer with multiple entities across the state; those entities will have to do their best to estimate revenue by location. While that may sound onerous, he believes they know how much their sales volume is by site. He is not intending this bill to be a lead up to redistribution; he has no intent to bring that forward. He wants to arm municipalities with economic indicating tools.

Sen. Sanborn noted that communities are only getting roughly 20% of the full distribution amount because the legislature has suspended a portion of it. He asked if we should amend the bill to restore the full amount of distribution of meals and rooms tax revenue back to communities.

Sen. Kahn said that this bill doesn't have a fiscal note and doesn't need one at this time. It's strictly about reporting. The amendment Sen. Sanborn is seeking would throw a fiscal note on this and suggested perhaps it should just be done in a separate financial bill.

Sen. Sanborn stated he thinks this bill should have a fiscal note as it is.

Sen. Daniels asked if this bill creates some additional work on the part of cities and towns to prepare data to send to the state.

Sen. Kahn said no.

Melissa Rollins (DRA) – there is a bill in the house, HB534, which is the exact same bill as this, and they did put a fiscal note on it. This bill has the Dept. collect information from the taxpayer to further report on municipalities. Operators would have to keep books to show which municipality the tax was collected for. One issue this raises is confidentiality. It amends RSA21-J to disclose the information. Another issue is the 60 days. DRA has to help educate tax payers on this and they need more time, as this is a big undertaking, especially for consolidated taxpayers. Catering is an example of how this bill could prove to be problematic; a catering business would have to break down each catering sale, and which town it was in. This highlights an example of the attention required by the bill, and how it would have an indeterminable cost to the department in excess of \$10,000. The Dept. would have to make a lot of changes in order to implement the bill. One other issue is that they are supposed to report the data to municipalities, and there is no time frame established for doing that.

Sen. D'Allesandro raised a number of concerns and questions about this potentially creating a war in terms of revealing information about which entity paid what. He thinks it could reveal too much information and allow competitors to identify each other's business. He also asked how this would affect the \$1.2 million that's taken out for building aid.

Ms. Rollins said with regard to the school building debt aid, they would just take the calculation before they send it anywhere.

She said confidentiality is a concern of the Dept. If you have a town that has a big restaurant and a couple small entities, you may be able to figure out someone's sales.

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Date Hearing Report completed: February 2, 2017