

SB 99-FN-LOCAL - AS INTRODUCED

2021 SESSION

21-0889

10/05

SENATE BILL

***99-FN-LOCAL***

AN ACT                   relative to the amount of meals and rooms tax revenue that is distributed to municipalities.

SPONSORS:            Sen. Ricciardi, Dist 9; Rep. Abrami, Rock. 19; Sen. Bradley, Dist 3; Sen. Carson, Dist 14; Sen. Hennessey, Dist 1; Sen. Avard, Dist 12; Sen. Gannon, Dist 23; Rep. Kelsey, Hills. 7

COMMITTEE:        Ways and Means

---

ANALYSIS

This bill removes the annual increase limit on the distribution of the meals and rooms tax revenues to municipalities so that 40 percent of net revenues is distributed annually.

-----

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                          Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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

AN ACT                      relative to the amount of meals and rooms tax revenue that is distributed to municipalities.

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

- 1            1 Repeal. RSA 78-A:26, II, relative to the limit on meals and rooms tax distribution of revenues,
- 2            is repealed.
- 3            2 Effective Date. This act shall take effect July 1, 2021.

**SB 99-FN-LOCAL- FISCAL NOTE**  
**AS INTRODUCED**

AN ACT relative to the amount of meals and rooms tax revenue that is distributed to municipalities.

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

STATE:	Estimated Increase / (Decrease)			
	FY 2021	FY 2022	FY 2023	FY 2024
<b>Appropriation</b>	\$0	\$0	\$0	\$0
<b>Revenue</b>	\$0	Indeterminable Decrease	Indeterminable Decrease	Indeterminable Decrease
<b>Expenditures</b>	\$0	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase
<b>Funding Source:</b>	<input checked="" type="checkbox"/> General <input type="checkbox"/> Education <input type="checkbox"/> Highway <input type="checkbox"/> Other			

**LOCAL:**

<b>Revenue</b>	\$0	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase
<b>Expenditures</b>	\$0	\$0	\$0	\$0

**METHODOLOGY:**

This bill would repeal RSA 78-A:26, II that places a limit on the year to year increase on the distribution of Meals and Rentals revenue back to municipalities, allowing for the full 40 percent of the net income as established in RSA 78-A:26,I(c) to be distributed back to municipalities.

The Treasury Department is responsible for distributing these funds back to municipalities. The Department's expenditures and local revenue will increase by an indeterminable amount as a result of this bill. Though the Department is not able to predict the exact fiscal impact of this bill, the Department is able to demonstrate the impact of this bill if it had been in effect for FY 2021 using the following assumptions:.

A.	Fiscal Year 2020 Meals & Rooms Tax Revenues (unaudited)	\$325,290,451
B.	(-) Cost of Meals & Rooms Administration	(\$2,595,532)
C.	(-) Funds intended for Education Trust Fund	(\$8,700,000)
D.	Fiscal Year 2020 Meals & Rooms Tax Revenues Net of Authorized Expenditures	\$313,994,919
E.	40% per RSA 78-A:26, I(c)	40%
F.	<b>Total Amount to Be Distributed</b>	<b>\$125,597,968</b>
G.	Total Amount Distributed in Fiscal Year 2021	\$68,805,057
H.	<b>Increase/(Decrease)</b>	<b>\$56,792,911</b>

The Department of Revenue Administration states increasing the Meals and Rooms distribution to municipalities will result in an indeterminable decrease in State General Fund revenue and an increase in local revenue.

It should be noted that since the FY 2010-2011 biennium, the Legislature has frozen the distribution formula contained in RSA 78-A:26 and directly appropriated the amount to be distributed back to the municipalities.

**AGENCIES CONTACTED:**

Department of Revenue Administration and Treasury Department