

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

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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- 2 is repealed.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
Appropriation	\$0	\$0	\$0	\$0
Revenue	\$0	Indeterminable Decrease	Indeterminable Decrease	Indeterminable Decrease
Expenditures	\$0	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase
Funding Source:	<input checked="" type="checkbox"/> General	<input type="checkbox"/> Education	<input type="checkbox"/> Highway	<input type="checkbox"/> Other

LOCAL:

Revenue	\$0	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase
Expenditures	\$0	Indeterminable	Indeterminable	Indeterminable

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 Department of Revenue Administration states this bill will decrease State General Fund revenue and increase local revenue by an indeterminable amount. The Department is not able to predict the potential decrease in future years but has provided the impact of this bill if it had been in effect for FY 2016 through FY 2020:

M&R Distribution Formula Estimates and Fiscal Impacts			
Fiscal Year	Actual Distribution per NH Treasury	Estimated Distribution based on proposed legislation and <i>without</i> Historical Legislative Override	Difference: Estimated Fiscal Impact Per Year <i>(Proposed Legislation Compared to Current Law)</i>
2016	\$63,805,057	\$124,317,086	(\$60,512,029)
2017	\$68,805,057	\$130,039,313	(\$61,234,256)
2018	\$68,805,057	\$136,598,094	(\$67,793,037)
2019	\$68,805,057	\$143,368,487	(\$74,563,430)

2020	\$68,805,057	\$129,077,968	(\$60,272,911)
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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.	(-) School Building Aid Debt Service	(\$11,490,451)
D.	Fiscal Year 2020 Meals & Rooms Tax Revenues Net of Authorized Expenditures	\$311,204,468
E.	40% per RSA 78-A:26, I(c)	40%
F.	Total Amount to Be Distributed	\$124,481,787
G.	Total Amount Distributed in Fiscal Year 2021	\$68,805,057
H.	Increase/(Decrease)	\$55,676,730

The impact on local expenditures is indeterminable.

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