

New Hampshire Department of Revenue Administration

Fiscal Note Quick Guide

17-0575

HB 534-FN, *relative to reporting of meals and rooms tax revenue by the department of revenue administration.*

House Ways & Means

This proposed bill requires the Department of Revenue Administration (Department) to collect information about the revenue collected from the RSA 78-A Meals and Rooms (M&R) Tax in each municipality and to annually report that information to each municipality where revenues were collected.

This proposed bill also amends RSA 21-J:14, the Department's confidentiality provision, to provide that the total revenue collected from the M&R Tax in each municipality shall be publicly available.

Operators would be required to keep books and records sufficient to show the municipality where M&R Tax revenue was collected and report the M&R Tax collected by municipality.

This bill would take effect 60 days after passage.

The DRA believes that the forms creation, rules drafting and vendor cost to update the e-file and telefile systems to accommodate M&R Tax reporting based on the municipality where revenue is collected to be indeterminable, but in excess of \$10,000.

RSA 21-J:14 requires the Department to keep taxpayer information confidential. Current Department policy does not allow for the disclosure of taxpayer information in the aggregate of fewer than 10 taxpayers on a sub-state level. The Department's policy follows the Internal Revenue Service's policy on disclosure of taxpayer information. By mandating that tax information be disclosed for all municipalities, there would be disclosure of tax revenues from fewer than 10 taxpayers in some municipalities. A voluntary compliance tax system relies on the confidentiality of taxpayer records and the Department is concerned that the proposed legislation could have a negative impact on taxpayer confidence and compliance.

The proposed bill does not establish a date for M&R Tax data to be made available to municipalities. The legislation should specify that the DRA report the data to municipalities on a fiscal year, calendar year, or some other basis.

The Department could not comply with the proposed bill within 60 days after passage. The Department would have to draft new rules, create new forms and have a vendor update its e-file and telefile systems for M&R operators to be able to report the required revenue sources to the Department.