

New Hampshire Department of Revenue Administration

Fiscal Note Quick Guide

25-0826.0

HB 596, *relative to reporting requirements for entities that collect meals and rooms taxes.*

Ways and Means

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.

This proposed legislation (Sections 1-3) would change how Meals and Rooms Tax (M&R) collection information is maintained and reported to DRA by tax filers so that the information includes the town or city in which the taxes are collected; would require DRA to make a determination of the amount of M&R revenue attributable to each municipality¹; and would amend RSA 21-J:14 to permit DRA to disclose such information so long as the amount to be disclosed is from a municipality with 10 or more operators.

Section 4 of this proposed legislation would allow DRA to adopt rules exempting mobile establishments from the requirements of Sections 1-3.

The proposed legislation would take effect July 1, 2026.

The M&R is a tax upon the patron of a hotel, restaurant, and/or motor vehicle rental establishment, which is collected and remitted to DRA by the operator. Under current law, an M&R “operator” is any person operating a hotel, charging for a taxable meal, or receiving gross rental receipts, whether as an owner or proprietor or lessee, or otherwise, including rental and room facilitators. Operators must be licensed and are required to file a monthly return and remit the tax collected to DRA. If operators utilize DRA’s online filing portal and timely file and remit, they are entitled to retain a three percent commission.

Currently, operators with multiple locations are generally required to obtain a license for each separate location. However, rental and room facilitators may obtain a single operator’s license covering all rental or room facilitator business. Additionally, operators with multiple locations may receive written permission from DRA to file on a consolidated basis, designating one license number to be the master license number for the group. Consolidated filers provide the address for each member of the consolidated group when requesting to file on a consolidated basis and keep records sufficient to show the activity of each individual licensee, but currently report their receipts and tax on a consolidated basis. DRA currently reports M&R revenue by county, based upon the address of the consolidated filer.

¹This is DRA’s interpretation of the language in Section 2, stating “The department shall make its determination of the total amount of meals and rooms tax revenue collected in a municipality.” However, what is contemplated by “shall make its determination” is not entirely clear, and it is possible that something else is intended, such as a report of some sort. If that is the case, DRA would appreciate clarifying language.

To implement the proposed legislation, DRA would be required to modify its rules, practices, procedures, and systems to require rental and room facilitators to obtain (or have their customers obtain) a license for each location and/or discontinue permitting consolidating filings.

Alternatively, the DRA could develop a new consolidated tax return form or schedule for these filers that requires reporting of the revenue attributed to each municipality in each month, as well as the number of operators in each municipality whose activity is being reported. DRA would additionally need to modify its system to appropriately capture and store the additional data in a way that could be queried and reported.

The proposed legislation does not directly impact the M&R rate or base and is generally revenue neutral.

However, the implementation represents substantial development work, including an update to the Revenue Information Management System (RIMS). The DRA would be able to absorb some associated costs in its operating budget but anticipates an increase of state expenditures of about \$50,000 to complete the system enhancements and forms updates for the additional reporting requirements.