

## New Hampshire Department of Revenue Administration

### Fiscal Note Quick Guide

24-2023.0

**HB 1191**, *relative to the establishment of an exemption to the meals and rooms tax for participants in the restaurant voucher program.*

House Ways & Means

#### **Establishing an exemption to the meals and rooms tax for participants in the restaurant voucher program**

The proposed legislation exempts Meals and Room (“M&R”) tax on meals consumed at or provided by a restaurant, café, or other food service establishment that are redeemed through the bureau of elderly and adult services restaurant voucher program (“RVP”).

According to the NH Department of Health and Human Services (“HHS”), the RVP is a meal service option that allows a contracted agency to develop a system for issuing vouchers redeemable for meals at a restaurant, café, or other food service establishment (collectively known as “FSE”). A contracted nutrition agency may develop a system for issuing vouchers redeemable for meals at a FSE that offers onsite dining and/or “grab-n-go” meals. The RVP is operated under very specific requirements established through the Older Americans Act of 1965 (OAA).

The DRA assumes that this exemption applies only to the cost of the meals redeemed by the vouchers and that to the extent that the cost of the meals exceeds the voucher amount, that additional amount shall be subject to the M&R tax. The DRA further assumes that the meal operators are able to effectuate any bifurcation of their bills through their point-of-sale system.

Current M&R tax law treats certain meals as not taxable meals under RSA 78-A:6-c and includes an exception “in accordance with federal law, meals purchased with nutrition assistance benefits issued pursuant to a program that prohibits the assessment of a state tax...” The OAA does not appear to have an explicit prohibition for state taxation.

The proposed legislation exempting meals redeemed through the voucher program shall take effect July 1, 2024. For the purposes of this fiscal note worksheet, the DRA assumes that this proposed legislation is applicable to M&R activity starting on or after July 1, 2024.

The DRA would be responsible for updating all necessary tax return forms and electronic management systems related to this proposed legislation, which would not result in any additional administrative costs that could not be absorbed in the DRA operating budget.

The estimated fiscal impact of this proposed legislation is an indeterminable decrease to the General Fund starting FY 2025. The DRA is unable to estimate the dollar value of meals that would be provided through the RVP as we were unable to obtain data of the RVP that would assist in performing any form of meaningful estimated fiscal impact.

The proposed legislation states an effective date of July 1, 2024. M&R revenue is due by the 15<sup>th</sup> day of the month following the taxable period. The DRA recommends specifying an applicability date. A suggestion would be applicable to taxable periods beginning on or after July 1, 2024.