

## New Hampshire Department of Revenue Administration

### Fiscal Note Quick Guide

24-3066.1

**SB 466**, *relative to establishing 2 noise barrier programs and the noise barrier construction fund and makes appropriation to the fund.*

Senate Transportation

#### **Establishing 2 noise barrier programs and the noise barrier construction fund, and makes appropriation to the fund**

This proposed legislation establishes two noise barrier programs, enacts the Noise Barrier Construction Fund, and makes appropriation to the Fund. The scope of this fiscal note worksheet is limited to the funding of the newly proposed state matching grant program in the Noise Barrier Construction Fund as it relates to the distribution of the Meals and Rooms (M&R) Tax.

The proposed new RSA 228:15-b, II (lines 25 through 27 of page 1 of the proposed legislation) states that the “program established under RSA 228-15-a” shall be funded using the M&R tax revenue from the Welcome and Information Centers on I-93 in Hooksett.

The proposed new RSA 228:15-b, II (lines 27 and 28 of page 1 of the proposed legislation) states that above identified M&R revenue was to be deposited monthly to the Fund to fund the 70% state matching grant under “RSA 228:15-b”. The DRA believes that the reference to RSA 228:15-b should be RSA 228:15-a, I(b).

Section 2 (line 1 of page 2) of the proposed legislation refers to “RSA 228:115-b” as the statute establishing the Noise Barrier Construction Fund. The appropriate reference should be “RSA 228:15-b”.

Section 3 of the proposed legislation states that the identified M&R tax revenue to be deposited into the proposed Noise Barrier Construction Fund shall be a dedicated fund. Under current legislation, M&R tax revenue is directed to various funds under RSA 78-A:26. The DRA assumes that the identified M&R tax revenue under this proposed legislation would reduce the M&R tax revenue used to calculate the transfers to the Municipal Revenue Fund (MRF) as well.

Under current law, the disposition of M&R tax revenue is determined under RSA 78-A:26. The current disposition requires a portion of the M&R tax revenue to be deposited into the MRF before any remainder to be deposited into the GF. Should the intent of this proposed legislation be to reduce the M&R tax revenue used to calculate the transfer to the MRF by the deposits to be made into the newly proposed Noise Barrier Construction Fund, the DRA suggests that RSA 78-A:26 be amended accordingly. The DRA also suggests that RSA 78-A:26 be amended to direct the M&R tax revenue from the Welcome and Information Centers on I-93 in Hooksett to be deposited into the Noise Barrier Construction Fund, before the remainder of the M&R revenue be deposited into the GF.

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

The DRA does not expect that this proposed legislation would have a fiscal impact on overall M&R tax revenue because the proposed legislation does not affect the taxability of M&R activities.

For the purposes of estimating a fiscal impact, the DRA is unable to provide the amount of M&R Tax revenue generated by the operators at the Welcome and Information Centers on I-93 in Hooksett because the number of operators is insufficient to disclose any information according to RSA 21-J:14. The journal entries that the DRA would make in NH First for the M&R tax revenue from the Welcome and Information Centers on I-93 in Hooksett to be deposited into the Noise Barrier Construction Fund may result in an impermissible disclosure.

This proposed legislation would reduce the amount of M&R revenue to be deposited into the General Fund (GF) by the amount that would be deposited into the newly established Noise Barrier Construction Fund from certain identified M&R tax revenue sources.

The reduction to the deposit into the GF and the deposit of the same reduction amount into the Noise Barrier Construction Fund would occur in August 2024 (FY2025) and onwards.

The DRA estimates that this proposed legislation would result in an interminable decrease to the transfers to the MRF, based on the assumptions made above, for distribution to unincorporated towns, unorganized places, towns, and cities for the following fiscal year (FY2026) and onwards.

Currently, M&R operators who file two or more M&R tax returns each month for a single legal entity may be permitted to file one consolidated M&R tax return. DRA would not be able to identify the M&R tax revenue from a particular location when a consolidated return is submitted for multiple locations.

The proposed legislation does not address the potential for amended M&R tax returns resulting in refunds or M&R tax payments that are subsequently rejected for insufficient funds. If an M&R operator files an amended M&R tax return that results in a refund, the language of the proposed legislation does not address if the Noise Barrier Construction Fund would have the requisite monies to issue the refund. Conversely, if an M&R operator makes the monthly M&R tax payment to the DRA, which is then deposited into the Noise Barrier Construction Fund, the proposed legislation does not address how the Noise Barrier Construction Fund or the DRA will administer the non-payment and tax notice process should that M&R tax payment subsequently be rejected for insufficient funds.

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.