

New Hampshire Department of Revenue Administration

Fiscal Note Quick Guide

24-2867.0

SB 585, relative to a property lien resulting from unpaid meals and rooms taxes.

Ways and Means

Provides that, for purposes of a property tax lien filed against an operator for unpaid meals and rooms taxes, the operator of a limited liability company includes any person in a managerial capacity of the limited liability company.

The proposed legislation amends RSA 78-A:21 Taxes as Property Lien, which attaches a lien on all property and rights to property of an operator who neglects or refuses to pay the Meals and Rooms (M&R) tax upon demand by the DRA, by amending the definition of an operator of a limited liability company (LLC) by limiting it to only persons in a managerial capacity of the LLC. Under current law, an operator of an LLC includes members of the LLC as well as any other person in a managerial capacity of the LLC.

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 proposed legislation is effective January 1, 2025.

The DRA is unable to determine a fiscal impact for this proposed legislation because the DRA is unable to determine the outcome of property liens placed on M&R operators. This proposed legislation restricts the available persons to whom a lien may be attached. Although this proposed legislation does not affect the taxability of M&R activities, this restriction could potentially have a negative effect on the collectability of delinquent M&R taxes and ultimately decrease revenues.

Applicants for an M&R Tax Operator's License are currently required to identify the parties responsible for the operation of the business location. To validate the information submitted on the application, the DRA relies upon documents filed with the NH Secretary of State. However, members are not required to identify whether they are a managing or general member of an LLC when filing documents, such as the Certificate of Formation or Annual Report, to the NH Secretary of State. Therefore, the DRA may find it challenging to identify managing members or persons in a managerial capacity.