

HB 1090-FN - AS INTRODUCED

2026 SESSION

26-2527
07/05

HOUSE BILL ***1090-FN***

AN ACT subjecting certain motor vehicles to meals and rooms taxes.

SPONSORS: Rep. Spahr, Graf. 12

COMMITTEE: Ways and Means

ANALYSIS

This bill subjects certain water vehicles to meals and rooms taxes and creates a flat gross rental receipt tax rate.

Explanation: Matter added to current law appears in ***bold italics***.
Matter removed from current law appears ~~[in brackets and struckthrough.]~~
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty-Six

AN ACT subjecting certain motor vehicles to meals and rooms taxes.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 1 New Subparagraphs; Taxation; Tax On Meals and Rooms; Definitions. Amend RSA 78-A:3, VI
2 by inserting after subparagraph (d) the following new subparagraph:

3 (e) Separately stated charges for highway tolls electronically billed to the owner of the
4 motor vehicle.

5 2 Taxation; Tax On Meals and Rooms; Definitions. Amend RSA 78-A:3, IX to read as follows:

6 IX. "Motor vehicle" means a self-propelled vehicle designed to transport persons or property
7 on a public highway *or waterway* that is required by law to be registered for operation on public
8 highways *or waterways*.

9 3 Taxation; Tax on Meals and Rooms; Imposition of Tax. RSA 78-A:6, II-III is repealed and
10 reenacted to read as follows:

11 II. A tax of 8.5 percent is imposed for taxable meals, provided that cents or fractions of cents
12 shall be rounded up to the next whole nickel.

13 III. A tax of 8.5 percent is imposed upon the gross rental receipts of each rental or motor
14 vehicle rental.

15 IV. The operator shall collect the taxes imposed by this section and shall pay them over to
16 the state as provided in this chapter.

17 4 Taxation; Tax on Meals and Rooms; Disposition of Revenue. Amend RSA 78-A:26, II to read
18 as follows:

19 II. Beginning on July 1, [~~1999~~] **2026**, and for each fiscal year thereafter, the department
20 shall pay over all revenue collected pursuant to RSA 78-A:6, [~~II-a~~] **III** to the state treasurer for
21 deposit in the education trust fund established by RSA 198:39.

22 5 Effective Date. This act shall take effect April 1, 2027.

**HB 1090-FN- FISCAL NOTE
AS INTRODUCED**

AN ACT subjecting certain motor vehicles to meals and rooms taxes.

FISCAL IMPACT:

Estimated State Impact				
	FY 2026	FY 2027	FY 2028	FY 2029
Revenue	\$0	\$0	Indeterminable Increase	Indeterminable Increase
<i>Revenue Fund(s)</i>	General Fund and Education Trust Fund			
Expenditures*	\$0	\$0	\$0	\$0
<i>Funding Source(s)</i>	None			
Appropriations*	\$0	\$0	\$0	\$0
<i>Funding Source(s)</i>	None			

***Expenditure = Cost of bill**

***Appropriation = Authorized funding to cover cost of bill**

METHODOLOGY:

This bill expands and makes minor changes to the administration of the Meals and Rooms tax (M&R), including exempting from the definition of "gross rental receipts" electronically billed highway tolls if the charge is stated separately; amending RSA 78-A:3, IX to expand the definition of "motor vehicle" to include registration-required vehicles designed to transport persons or property on public waterways as well as on public highways (i.e. motorboats); eliminates the current schedule for taxable meals under \$1.00 in price, making all taxable meals taxed at the 8.5% rate; and further modifies the current rounding up or down to the next whole cent to become rounding up to the next whole nickel for taxable meals.

For the toll charge change, the Department of Revenue Administration does not have sufficient data to estimate the fiscal impact. The Department believes that operators may already be excluding passed-through pay-by-plate highway toll charges from their reported gross rental receipts but should be including their add-on charges with respect to those tolls as well as charges for company-owned toll devices that are added to a rental at a flat daily price or other similar charges. This is consistent with the tax treatment of motor fuel charges, although the Department's rules are silent with respect to toll charges. The Department would interpret the proposed legislation as clarifying and would expand its current rules according to the foregoing interpretation.

The application of the M&R tax to motorboat rentals will increase Education Trust Fund revenue by an indeterminable amount. The Department does not have data to provide the exact impact of this change. Using national data that boat rentals are a \$5.3 billion industry and assuming the NH share based on population would be \$2.2 million in rentals, the estimated increase in revenue would be \$189,000 per year.

The Department states eliminating the current rounding schedule, will require operators to collect tax on every transaction no matter how small and could be required to collect tax of a nickel on a penny transaction. The rounding changes will also impact operators' practices and may require modifications to their point of service (POS) systems in order to remain compliant. The Department states the bill does not modify rounding for occupancies or gross rental receipts which may pose difficulties particularly for operators of hotels that collect M&R for both occupancies and taxable meals.

The Department states General Fund and Education Trust Fund revenue will increase by an indeterminable, but not material, amount by changing the rounding on taxable meals to the next whole nickel. The Department estimates a M&R revenue increase of approximately \$24,000 per year based on the following: 75% of all taxable meal sales and over half of all M&R collected is attributable to restaurants and there are 3,406 total businesses with 250 transactions per day. The Department did not locate similar transaction data for other types of operators but does not believe that non-restaurant meals operators or occupancies and gross rental receipts operators, if included, would provide a revenue impact much different than the impact provided for restaurants above.

The Department notes the bill amends RSA 78-A:26, II to a beginning date of July 1, 2026; however, the effective date of the proposed legislation is currently stated to be April 1, 2027. This retroactive change in the distribution of M&R revenue could be interpreted to require the Department to recalculate nine months' worth of distribution of motor vehicle tax revenue to the education trust fund, which DRA believes is not intended. The Department suggests the effective date and the date of the distribution change be changed to the same date, and suggests July 1, 2027 for both, in order to allow DRA time to develop forms and rules and publicize the changes in law made by the proposed legislation, as well as to provide operators and their vendors time to adjust their systems and practices, prior to implementation.

The Department would need to update forms and information systems to implement this bill. The Department does not anticipate this bill will result in any additional administrative costs that could not be absorbed within the Department's operating budget, assuming an effective date of July 1, 2027.

AGENCIES CONTACTED:

Department of Revenue Administration