

HB 1480-FN - AS INTRODUCED

2026 SESSION

26-2842
04/09

HOUSE BILL ***1480-FN***

AN ACT raising the meals and rooms tax rate.

SPONSORS: Rep. Cahill, Rock. 10

COMMITTEE: Ways and Means

ANALYSIS

This bill increases the meals and rooms 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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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 raising the meals and rooms tax rate.

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

1 1 Imposition of Tax; Tax on Meals and Rooms. Amend RSA 78-A:6 to read as follows:

2 78-A:6 Imposition of Tax.

3 I. A tax of ~~[8.5]~~ **9** percent of the rent is imposed upon each occupancy.

4 II. A tax is imposed on taxable meals based upon the charge therefor as follows:

5 (a) Four cents for a charge between \$.36 and \$.37 inclusive;

6 (b) Five cents for a charge between \$.38 and \$.50 inclusive;

7 (c) Six cents for a charge between \$.51 and \$.62 inclusive;

8 (d) Seven cents for a charge between \$.63 and \$.75 inclusive;

9 (e) Eight cents for a charge between \$.76 and \$.87 inclusive;

10 (f) Nine cents for a charge between \$.88 and \$1.00 inclusive;

11 (g) ~~[Eight and a half]~~ **Nine** percent of the charge for taxable meals over \$1.00, provided

12 that fractions of cents shall be rounded up to the next whole cent.

13 II-a. A tax of ~~[8.5]~~ **9** percent is imposed upon the gross rental receipts of each rental.

14 III. The operator shall collect the taxes imposed by this section and shall pay them over to

15 the state as provided in this chapter.

16 2 Effective Date. This act shall take effect 60 days after its passage.

**HB 1480-FN- FISCAL NOTE
AS INTRODUCED**

AN ACT raising the meals and rooms tax rate.

FISCAL IMPACT:

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

*Expenditure = Cost of bill
bill

*Appropriation = Authorized funding to cover cost of bill

Estimated Political Subdivision Impact				
	FY 2026	FY 2027	FY 2028	FY 2029
County Revenue	\$0	\$0	\$0	\$0
County Expenditures	\$0	\$0	\$0	\$0
Local Revenue	\$0	\$0	Indeterminable Increase	Indeterminable Increase
Local Expenditures	\$0	\$0	\$0	\$0

METHODOLOGY:

This bill increase the Meals and Rooms (M&R) rate from 8.5% to 9.0%.

The Department states this bill will increase General Fund and Education Trust Fund revenue and increase local revenue from the increased distribution from the Meals and Rooms (M&R) Municipal Revenue Fund. The Department is not able to predict the exact fiscal impact of increasing the M&R rate to 9.0% as it cannot predict what the M&R revenues will be in future years. The Department is able to provide a static analysis of the potential impact using FY 2025 data and the following assumptions and methodology:

- The fiscal impact would begin October 2026 assuming the bill takes effect by September 1, 2026.

- M&R tax collected on a gross cash basis during FY 2025 was \$488,242,814. Operators retained commissions of \$12,866,460 (2.61% of the total collected based on data reported by Operators in FY 2025. The total tax collected by operators and remitted back to the State for FY 2025 was \$475,476,354 (\$488,242,814 gross M&R - \$12,866,460 commission retained).
- The FY 2025 M&R tax base was \$5,744,033,260 (\$488,242,814/ 8.5%).
- The FY 2025 M&R tax base is then multiplied by the new proposed 9.0% tax rate, yielding a new estimated amount of tax collected by operators. Using the same rate of commissions from FY 2025, the commission retained under the new rate is calculated and subtracted from the new liability amount.

The next two tables show the potential increase of M&R revenue and the split between the General Fund and Education Trust Fund. The potential increases are prior to any transfer to the M&R Municipal Revenue Fund. The third table depicts this impact.

M&R Tax - Static Analysis using FY 2025 Revenue				
Fiscal Year	M&R Revenue - Current Law	Estimated FY Revenue	Estimated Fiscal Impact Per Fiscal Year	Cumulative Fiscal Impact
2027	\$475,500,000	\$496,400,000	\$20,900,000	\$20,900,000
2028 and onwards	\$475,500,000	\$503,500,000	\$28,000,000	\$48,900,000

M&R Tax - Static Analysis using FY 2025 Revenue (Split between General Fund and Education Trust Fund)			
Fiscal Year	Estimated M&R Revenue Increase Total	Estimated General Fund Impact*	Estimated Fiscal Impact Per Fiscal Year
2027	\$20,900,000	\$20,400,000	\$500,000
2028 and Forward	\$28,000,000	\$27,400,000	\$600,000

***Note: General Fund amounts are prior to transfer to the Meals and Rooms Municipal Revenue Fund**

Impact of Meals and Rooms Municipal Revenue Fund Distribution

Municipalities receive 30% of the *prior* fiscal year's M&R tax revenue net of the Department's cost to administer the M&R tax and the motor vehicle rental tax portion of the M&R tax is deposited into the M&R Municipal Revenue Fund. Increasing the M&R tax rate from 8.5% to 9.0% would not result in any change to the distribution amount in the first fiscal year after the

change, as the transfer is based upon prior year revenue. In the second fiscal year, the impact of the rate increase would be seen in the M&R Municipal Revenue Fund transfer resulting in a decrease to the general fund compared to the prior year and an increase of the same amount to the M&R Municipal Revenue Fund.

FY 2027's calculation will be based on FY 2026 M&R tax revenue, which will not be affected by the proposed tax rate increase. For FY 2028 and beyond, the base M&R tax revenue that will be used to calculate the M&R Municipal Revenue Fund transfer will be based on the M&R tax revenue at the proposed rate of 9.0% (FY2028 has a 9-month impact). To estimate this impact, the Department used the results from the estimated FY 2027 revenue under the proposed rate of 9.0% for FYs 2028 and beyond, and the latest (FY 2025) calculated cost of administration of \$3.6 million as the deduction against each FY's base before applying the transfer rate of 30%.

The following chart provides the change to the transfer to the M&R Municipal Revenue Fund due to the proposed M&R rate increase to 9.0%.

M&R Distribution to the Meals and Rooms Municipal Revenue Fund- Static Analysis using FY2025 Data				
Fiscal Year	Transfer Under Current Law	Transfer Under Proposed Law	Estimated Fiscal Impact Per Year	Cumulative Fiscal Impact
2028	\$138,300,000	\$144,500,000	\$6,200,000	\$6,200,000
2029 and Beyond	\$138,300,000	\$146,600,000	\$8,300,000	\$14,500,000

These amounts will decrease the General Fund revenue estimates indicated in the first part of the analysis for fiscal years 2028 and beyond. In FY 2028, the general fund increase in M&R revenue will be \$19,100,000 (\$27,400,000-\$8,300,000) after accounting for the transfer to the M&R Municipal Revenue Fund.

The Department would need to update forms and electronic management systems as result of this bill. However, the Department anticipates it will be able to absorb any costs to make the necessary changes within its operating budget.

AGENCIES CONTACTED:

Department of Revenue Administration