

New Hampshire Department of Revenue Administration

Fiscal Note Quick Guide

18-2107

HB 1558-FN, *relative to the payment of the meals and rooms tax by individuals renting cars through an online service.*

House Ways & Means

The proposed legislation clarifies the application of the RSA 78-A Meals & Rooms (M&R) Tax to the rental of motor vehicles utilizing an “online enabled technology application service, website, or system...”

The Department of Revenue Administration (DRA) believes that the M&R Tax statute applies to all motor vehicle rentals, whether rented directly from the owner of the motor vehicle or through a third-party agent. However, to the extent the M&R Tax statute is being interpreted in such a way that operators are not collecting and remitting the M&R Tax when the motor vehicle rental is rented through a third party agent, such as an “online enabled technology application service, website, or system,” the proposed legislation will clarify the taxability of those transactions and result in an indeterminable increase in revenue. The DRA is unable to quantify the tax revenue attributable to the motor vehicle rentals addressed by the proposed legislation.

The DRA could administer the proposed legislation without any expense that could not be absorbed into its operating budget.

The proposed legislation is effective 60 days after passage. The DRA would recommend the addition of an applicability date to the proposed legislation that falls on the first day of the selected month. The M&R tax is collected and remitted on a monthly basis. An applicability date that falls on the first day of a new taxable period will ease of taxpayer compliance and DRA administration.