

New Hampshire Department of Revenue Administration

Fiscal Note Quick Guide

15-0807

HB 673-FN-A, *establishing a sales and use tax*

House Ways and Means Committee

This bill implements a 2.25% Sales and Use Tax in New Hampshire, effective July 1, 2016. The Department of Revenue Administration is unable to determine the fiscal impact of this bill. The Department does not have the data necessary to provide a legitimate analysis of all of the taxable and non-taxable items in this bill. Similarly, the Department is unable to determine the value of all of the sales and use taxes forgone by exempting certain individuals from the tax.

There would be a substantial indeterminable additional cost for the Department to implement and administer this law for building expansion, computer system enhancements, and staffing increases. Moreover, with an effective date of July 1 2016, the Department does not have sufficient time to implement this new tax. The Department would need significantly more time in order to hire considerably more staff, acquire a larger building or additional space, create and implement administrative rules and tax forms and make enhancements to its computer system. As much electronic filing as possible would be done to facilitate processing and reduce storage costs.

The Department notes a mechanical defect in this bill wherein, New Hampshire residents would be subject to the Use Tax on any qualifying out-of-state purchase after July 1, 2016; however, businesses would not have to register until September 1, 2017 to start collecting and remitting the Sales Tax.

In addition, the Department notes the bill appears to classify taxpayers as opposed to classifying property received. Legal precedent indicates that a constitutional challenge could be made. “Distinctions in tax treatment must rest upon reasonable classifications of property, not upon classifications of taxpayers owning a common class of property.” Opinion of Justices, 132 N.H. 777 (1990) citing Opinion of Justices, 115 N.H. 306 (1975).