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FISCAL IMPACT REPORT

SPONSOR: HTRC DATE TYPED: 03/16/01 HB 224 et al/HTRCS
 SHORT TITLE: Use of County Correctional Gross Receipts Tax SB _____
 ANALYST: Eaton

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY01	FY02			
	Positive	Positive	Recurring	Local Govt.

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files
 Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

This HTRC substitute bill creates new material to the Municipal Local Option Gross Receipts Taxes Act and County Local Option Gross Receipts Taxes Act to provide new local option taxes that may be imposed subject to voter approval and then by approval of the majority of the members of a municipal and/or county governing body.

The municipalities and counties may dedicate the revenue stream only for design, construction, improvement, acquiring (furnishing), of public facilities, water and wastewater systems, streets, rights of way, firefighting equipment, public parks and the like. The revenue stream may also be used to make bond payments pursuant to Chapter 3, Article 31 NMSA 1978 (local government gross receipts tax revenue bonds) for infrastructure purposes.

Municipalities

Prior to July 1, 2005, the majority of the members of the governing body of municipalities may impose an excise tax rate in 1/16 increments not to exceed 1/4 percent of gross receipts. Eligible municipalities are those that have imposed all of the increments of the municipal gross receipts tax (pursuant to Section 7-19D-9 NMSA 1978) and all increments of the municipal infrastructure gross receipts tax (pursuant to Section 7-19-D-11 NMSA 1978) and has not imposed after January 2001 an increment of the supplemental municipal gross receipts tax pursuant to the Supplemental Municipal Gross Receipts Tax Act.

Counties

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Prior to July 1, 2005, the majority of the members of the governing body of counties may impose an excise tax rate in 1/16 increments not to exceed 1/4 percent of gross receipts. Eligible counties are those that have imposed all increments of the county gross receipts tax (pursuant to Section 7-20E-9 NMSA 1978) and all increments of the county infrastructure gross receipts tax (pursuant to Section 7-20E-19 NMSA 1978).

If the election of the local option taxes fail, another election to reconsider may be held no sooner than one year after the failed election.

FISCAL IMPLICATIONS

This bill would have a positive impact on local revenues if the voters of the municipality and/or county elect to impose such a tax.

ADMINISTRATIVE IMPLICATIONS

Minimal.

OTHER SUBSTANTIVE ISSUES

The increase in local option taxes may reduce the state's ability to increase the gross receipts tax at the state level for state purposes.

JBE/ar