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FISCAL IMPACT REPORT

ORIGINAL DATE 02/04/13

SPONSOR Trujillo/Cisneros LAST UPDATED _____ HB 30

SHORT TITLE Regional Transit Gross Receipts Distribution SB _____

ANALYST van Moorsel

REVENUE (dollars in thousands)

| Estimated Revenue | | | | | Recurring or Nonrecurring | Fund Affected |
|-------------------|--------------|--------------|--------------|--------------|------------------------------|-------------------------------------|
| FY13 | FY14 | FY15 | FY16 | FY17 | | |
| | (\$28,500.0) | (\$29,000.0) | (\$29,500.0) | (\$30,000.0) | Recurring | County Distribution – GRT |
| | \$28,500.0 | \$29,000.0 | \$29,500.0 | \$30,000.0 | Recurring | Regional Transit Districts - GRT |

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department (TRD)
Economic Development Department (EDD)

SUMMARY

Synopsis of Bill

House Bill 30 amends Section Tax Administration Act to require that the Taxation and Revenue Department (TRD) distribute the county regional transit gross receipts tax (GRT) to the regional transit district for which the county regional transit GRT is imposed, less an administrative fee and less any disbursements for tax credits, refunds, and the payment of interest applicable to the tax.

Current law provides that this tax revenue be transferred to the county for which the TRD is collecting a local option GRT imposed by that county.

The effective date of this bill is July 1, 2013, and the provisions are applicable to receipts from the county regional transit gross receipts tax collected from sales occurring on or after that date.

FISCAL IMPLICATIONS

The TRD based its estimates the revenue impact of House Bill 30 on monthly county regional transit gross receipts tax distributions since June 2009, using historical growth rates to forecast the out years.

SIGNIFICANT ISSUES

The bill provides that the county local option regional transit district gross receipts taxes be distributed directly to the County Regional Transportation Districts instead of to the counties. The TRD notes there are currently seven counties that have enacted the local option regional transit district GRT.

TECHNICAL ISSUES

The TRD reports it is upgrading its data systems relating to GenTax, requiring that the systems be “locked-down” to any modification until July 1, 2013. The department adds its IT resources are fully engaged with contractors during this period to test and validate the systems’ upgrades, and pursuant to contractual agreements and best-practice standards may not undertake systems changes until system upgrade verifications are completed. Therefore, the TRD’s IT personnel would be unavailable to begin to develop systems modifications until after July 1st, and the department estimates that no systems changes can be implemented until October 1, 2013 to allow adequate time for development, testing and verification of any new system requirements.

As a result, the TRD cautions it will not be able to implement the GenTax modifications necessary to implement this distribution change until after the effective date of the legislation.

Does the bill meet the Legislative Finance Committee tax policy principles?

1. **Adequacy:** Revenue should be adequate to fund needed government services.
2. **Efficiency:** Tax base should be as broad as possible and avoid excess reliance on one tax.
3. **Equity:** Different taxpayers should be treated fairly.
4. **Simplicity:** Collection should be simple and easily understood.
5. **Accountability:** Preferences should be easy to monitor and evaluate

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