



Regional Coalition of LANL Communities

Background on Department of Energy National Laboratories GRT Impact on State & Local Governments

The State of New Mexico presently receives approximately \$160 million in Gross Receipts Tax annually from both the Los Alamos and Sandia National Laboratories*

Approximately \$76 million in Gross Receipts Tax is paid through the Los Alamos National Laboratory (LANL) contract and approximately the same amount paid through the Sandia National Laboratory contract, annually.

These tax revenues are essential to sustain the infrastructure and services needed to support Sandia, LANL and surrounding communities. New Mexico’s Sandia and Los Alamos National Laboratories are presently operated by for-profit LLC’s.

The Department of Energy’s (DOE) National Nuclear Security Agency (NNSA) has initiated the re-compete process on the LANL contract. **If a not-for-profit contractor is selected as the LANL prime contractor, the Legislative Finance Council estimates that the State will incur a loss of approximately \$25 million per year.** To preserve these critical tax revenues, the Regional Coalition of LANL Communities urges the elimination of the non-profit exemption that is currently available to any not-for-profit prime contractor of a DOE/NNSA Laboratory operating in the State of New Mexico. Elimination of this exemption will stabilize the much needed revenue stream generated by the two New Mexico National Laboratories.

- Only not-for-profits entities have publicly expressed interest in bidding on the LANL contract. For example, the University of California has signaled its interest in participating in the re-compete. The University of Texas systems has budgeted \$4.5M dollars to finance its efforts to become the successful bidder. Texas A&M also plans to bid.
- Although Sandia is presently operated by a for-profit LLC selected by the NNSA in 2016, credible not-for-profit entities submitted proposals to operate the Sandia during this recent re-compete. It is reasonable to expect that not-for-profit entities will continue to show interest in Sandia in future contract competitions.
- The 2018 Defense Authorization Act, as currently drafted, supports a study of a not-for-profit vs. a for-profit model for the DOE/NNSA national laboratories. Many view this as a step toward advancing the policy goal of establishing a not-for-profit Laboratory management model.
- DOE has a number of not-for-profit contractors operating its other National Laboratories. For example, Battelle Memorial Institute, through not-for-profits corporate structures, operates Brookhaven National Laboratory, Idaho National Laboratory, Pacific Northwest Laboratory, and Oakridge National Laboratory.

Gross receipts tax from Department of Energy (DOE) National Laboratories, Los Alamos National Laboratory and Sandia National Laboratory, significantly contribute to the State of NM and regional communities.

Los Alamos National Laboratory Gross Receipts Tax Paid

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
GRT	\$41,468,300	\$75,293,800	\$90,570,500	\$90,926,600	\$98,914,400	\$100,810,000	\$87,849,800	\$72,949,700	\$67,197,400	\$76,948,600

Sandia National Laboratory Gross Receipts Tax Paid*

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
GRT**	\$64,073,820	\$56,480,486	\$59,947,320	\$46,465,921	\$65,619,091	\$65,267,488	\$57,375,787	\$64,543,688	\$62,490,752	\$76,248,757

*Data compiled was self-reported by the National Nuclear Security Administration on 9/22/16 in response to a Legislative Finance Committee letter.

**In 2009 SNL’s tax liability reduced by a refund of \$8.8 million, which was received in April 2013. SNL has two pending refund claims/protests in the amount of \$16M for CY10 and CY11.