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FISCAL IMPACT REPORT

SPONSOR: Rodella DATE TYPED: 01/30/01 HB 119
 SHORT TITLE: Clarify Call Center Taxation SB _____
 ANALYST: Eaton

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY01	FY02			
	See Narrative		Recurring	General Fund
	See Narrative		Recurring	Local Government

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

The use of a non-affiliated third-party call center in the state to provide services primarily to non-New Mexico customers does not confer nexus for gross receipts or compensating tax on the contracting company. Last year's bill correctly insulated in-coming and out-going sales and order desk operations from pass-through nexus, but failed to insulate tech help operations from nexus. This bill corrects that oversight.

This bill has an emergency clause and would be effective immediately on signing.

FISCAL IMPLICATIONS

In last year's bill review on this issue, the Department pointed out that, as drafted, the bill conferred nexus on contracting parties who used in-state third-party call centers to provide technical help to customers. Assuming the legislature would rectify this error before passing the bill, the Department published a revenue estimate that put a cost on the bill as corrected. Thus, the current year revenue estimate has already been adjusted for the minimal cost of this extension measure.

ADMINISTRATIVE IMPLICATIONS

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Minimal. However, one audit assessment has been made and will not be abated if and when this bill passes.

JBE/ar