

NOTE: As provided in LFC policy, this report is intended for use by the standing finance committees of the legislature. The Legislative Finance Committee does not assume responsibility for the accuracy of the information in this report when used in any other situation.

Only the most recent FIR version, excluding attachments, is available on the Intranet. Previously issued FIRs and attachments may be obtained from the LFC office in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR: Luna DATE TYPED: 03/04/01 HB 504
 SHORT TITLE: Additional Deductions from Gasoline Tax SB _____
 ANALYST: Williams

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY01	FY02			
	\$ (3,232.3)	\$ (3,526.1)	Recurring	State Road Fund
	\$ (276.5)	\$ (301.7)	Recurring	Counties & Municipalities (10.38%)
	\$ (153.5)	\$ (167.4)	Recurring	County Gov't. Road Funds
	\$ (153.5)	\$ (167.4)	Recurring	Municipality Road Funds
	\$ (38.4)	\$ (41.9)	Recurring	Municipal Arterial Program
	\$ (6.9)	\$ (7.6)	Recurring	State Aviation Fund
	\$ (3.5)	\$ (3.8)	Recurring	Motorboat Fuel Fund
	\$ (150.0)	\$ (163.7)	Recurring	Local Gov'ts. Road Fund

(Parenthesis () Indicate Revenue Decreases)

Duplicates/Conflicts with/Companion to/Relates to HB 210, HB 341, HB 367, HB 448, HB 479, HB 497, HB 504, HB 568, HB 616, HB 651, HB 807, HB 904, SB 118, SB 207, SB 407, SB 559, SB 808

SOURCES OF INFORMATION

LFC Files
 Taxation and Revenue Department (TRD)
 State Highway and Transportation Department (SHTD)

No Response

Environment Department

SUMMARY

Synopsis of Bill

The bill authorizes the following to be deducted when calculating gasoline and special fuels tax due:

- volumes lost or destroyed by fire, lightning, flood, tornado, windstorm, explosion or other casualty
- taxpayer was not paid and the account is claimed as a bad debt deduction for federal income tax purposes
- 2 percent of the total number of gallons received during the tax period

The two 1 percent gallon deductions are intended to: 1) reimburse the taxpayer for administrative costs of complying with the tax law, and 2) cover shrinkage, evaporation, spillage and handling losses. The bill carries an emergency clause.

FISCAL IMPLICATIONS

Revenue losses are shown in the table above. Roughly 10 percent of special fuels collected through methods other than the special fuels suppliers tax would be unaffected by this bill.

There is no fiscal impact attributable to the petroleum products loading (PPL) fee, because the new gasoline tax deduction is compiled as a new section, and the PPL on special fuels is addressed in the Petroleum Products Loading Fee Act.

ADMINISTRATIVE IMPLICATIONS

TRD notes a significant adverse administrative impact in the short-run.

TECHNICAL ISSUES

A claim for refund or credit for tax paid on fuel “destroyed by fire, accident or acts of God” is authorized for gasoline in 7-3-11 NMSA 1978 and for special fuel in 7-16A-13 NMSA 1978. Existing law focuses on suppliers, bulk storage users or dealers; this bill includes retailers.

OTHER SUBSTANTIVE ISSUES

SHTD indicates it objects to the bill.

Both SHTD and TRD notes a one percent shrinkage, evaporation, spillage and handling losses should be considered a major environmental violation. Further, most racks have temperature-adjusted meters.

In New Mexico, only cigarette distributors are allowed a discount on cigarette tax stamps to address the costs of reporting and remitting taxes.

AW/ar