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FISCAL IMPACT REPORT



SPONSOR: Taylor, TC DATE TYPED: 2/06/02 HB 240

SHORT TITLE: Compensating Tax to Municipalities SB _____

ANALYST: Smith

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY02	FY03			
	(11,866.0)		Recurring	General Fund
	11,866.0		Recurring	Municipalities

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

The bill proposes a new distribution to municipalities funded by compensating tax collections. The amount of new funding for the cities is \$1,500 per month (\$18,000 per year) or a share, based on the municipality's ratio of taxable gross receipts to total municipal taxable gross receipts, of a pool equal to 24.5% of net compensating tax collections, whichever is larger.

FISCAL IMPLICATIONS

Since this is new distribution, compensating tax collections for July, attributed to June economic activity will be distributed in mid-August. Per accounting rules, this will be booked as a general fund loss, and a municipal revenue gain for July. Thus no proration is required for fiscal year 2002.

Because of the \$1,500 floor amount, this distribution consumes more than the 24.5% share of net compensating tax collections indicated in the bill. Total distributions would be equal to about 27% of compensating tax collections.

TECHNICAL ISSUES

The Department distributes the 1.225% share of state gross receipts tax to Los Alamos. However, since Los Alamos is incorporated as a class-H county, it might not actually fit the (undefined) characteristic of “municipality” for the statutory purpose of the new section proposed in this bill.

SS/sb/njw