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## FISCAL IMPACT REPORT

SPONSOR: Madalena DATE TYPED: 02/11/03 HB 58/aHGUAC/aHTRC

SHORT TITLE: County Taxes Imposition SB \_\_\_\_\_

ANALYST: Gilbert

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
	\$0.1 See Narrative	\$0.1 See Narrative	Recurring	County Funds

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

LFC Files

Response Received

Taxation and Revenue Department (TRD)

### SUMMARY

#### Synopsis of HTRC Amendment

The House Taxation and Revenue Committee amendment to House Bill 58 makes a technical correction to page 3, line 20.

The following language was added to page 3, line 21, to clarify what sector of the voting public is eligible to vote in elections relating to imposition of an emergency communications and emergency medical services tax:

*In the case of an ordinance imposing an increment of the countywide emergency communications and emergency medical services tax, the election shall be conducted countywide. In the case of an ordinance imposing the county area emergency communications and emergency medical services tax, the election shall be conducted only in the county area.*

#### Synopsis of HGUAC Amendment

The House Government and Urban Affairs Committee amendment to House Bill 58 simply

strikes the words “in the county” from page 3, line 20 and adds commas to clarify the language in this bill.

Synopsis of Original Bill

House Bill 58 amends NMSA 1978, § 7-20E-22, to provide counties the option to impose a county emergency communications and emergency medical services tax on a countywide basis, or only in the county areas outside of municipal boundaries. Emergency communications centers and county operated emergency medical services are essential safety-net services that are maintained to deal with routine and emergency responses.

Significant Issues

This bill authorizes the county emergency communications and emergency medical services tax to be imposed in one or more increments of one-sixteenth percent, not to exceed an aggregate rate of one-fourth percent and shall be imposed for a period of not more than ten years from the effective date of such ordinance. Subsequent ordinances, for periods of not more than ten years, may be enacted providing that each ordinance meets the requirements of the county and local option Gross Receipts Tax Act. Therefore, several counties may not be eligible to impose this tax.

Under present law, the governing body of an eligible county may impose a local option gross receipts tax to fund the operation of an emergency communications center and/or emergency medical services. Imposition of the tax is subject to voter approval. The tax may be imposed countywide, in one or more increments of one-sixteenth of one percent (.0625%), not to exceed a total rate of one-quarter of one percent (0.25%). Eligible counties are those that operate, or are served by a qualified “public safety answering point.” The local government division of the Department of Finance and Administration is responsible for determining whether a county has an eligible service.

This proposal gives counties the option to restrict imposition of the tax to unincorporated areas of the county only.

**FISCAL IMPLICATIONS**

According to the Taxation and Revenue Department (TRD), fiscal impacts will depend on which counties enact the county-area tax. See the table below for an illustration of the additional revenues qualifying counties could have raised in FY 2002 at various increments.

Potential Revenue from County-Area Emergency Communications and Emergency Services Tax					
(Illustration at Fiscal Year 2002 Levels)					
County Area	Fiscal Year 2002 Taxable Gross Receipts	Tax Increment			
		0.0625%	0.1250%	0.1875%	0.2500%
Bernalillo	2,006,439,195	1,254,024	2,508,049	3,762,073	5,016,098
Catron	15,541,620	9,714	19,427	29,141	38,854
Chaves	Not Eligible	Not Eligible	Not Eligible	Not Eligible	Not Eligible
Cibola	Not Eligible	Not Eligible	Not Eligible	Not Eligible	Not Eligible
Colfax	62,177,085	38,861	77,721	116,582	155,443

Curry	83,042,878	51,902	103,804	155,705	207,607
DeBaca	8,331,668	5,207	10,415	15,622	20,829
Dona Ana	406,085,467	253,803	507,607	761,410	1,015,214
Eddy	Not Eligible	Not Eligible	Not Eligible	Not Eligible	Not Eligible
Grant	114,158,201	71,349	142,698	214,047	285,396
Guadalupe	15,963,412	9,977	19,954	29,931	39,909
Harding	3,592,928	2,246	4,491	6,737	8,982
Hidalgo	15,848,568	9,905	19,811	29,716	39,621
Lea	Not Eligible	Not Eligible	Not Eligible	Not Eligible	Not Eligible
Lincoln	Not Eligible	Not Eligible	Not Eligible	Not Eligible	Not Eligible
Los Alamos*	N/A	N/A	N/A	N/A	N/A
Luna	43,554,342	27,221	54,443	81,664	108,886
McKinley	285,180,667	178,238	356,476	534,714	712,952
Mora	22,058,800	13,787	27,574	41,360	55,147
Otero	Not Eligible	Not Eligible	Not Eligible	Not Eligible	Not Eligible
Quay	18,880,834	11,801	23,601	35,402	47,202
Rio Arriba	191,633,398	119,771	239,542	359,313	479,083
Roosevelt	39,046,229	24,404	48,808	73,212	97,616
Sandoval	Not Eligible	Not Eligible	Not Eligible	Not Eligible	Not Eligible
San Juan	991,844,954	619,903	1,239,806	1,859,709	2,479,612
San Miguel	53,135,668	33,210	66,420	99,629	132,839
Santa Fe	561,298,384	350,811	701,623	1,052,434	1,403,246
Sierra	20,284,459	12,678	25,356	38,033	50,711
Socorro	32,711,927	20,445	40,890	61,335	81,780
Taos	129,345,235	80,841	161,682	242,522	323,363
Torrance	46,020,686	28,763	57,526	86,289	115,052
Union	26,036,844	16,273	32,546	48,819	65,092
Valencia	102,195,305	63,872	127,744	191,616	255,488
<b>All Eligible Counties</b>	<b>5,294,408,754</b>	<b>3,309,005</b>	<b>6,618,011</b>	<b>9,927,016</b>	<b>13,236,022</b>

\*The entire county of Los Alamos is incorporated.

### OTHER SUBSTANTIVE ISSUES

The operational funding source provided by the state is the annual EMS Fund Act distribution that is administered by a formula and is estimated to provide approximately 20% of EMS operational needs.

Creation or expansion of local option taxes of this sort may inhibit the ability of the state to raise revenue from the gross receipts tax, assuming there is a maximum tax rate the public will tolerate.

**POSSIBLE QUESTIONS**

What is the current condition of county operated emergency communications and emergency medical services?

How large of an imposition is this bill on the taxpayers of New Mexico?

RLG/yr