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F I S C A L I M P A C T R E P O R T

SPONSOR Picraux **DATE TYPED** 2-16-2004 **HB** 178/aHTRC/aHFL

SHORT TITLE Local Option Quality of Life Gross Receipts **SB**

ANALYST Taylor

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY04	**FY05**			
Indeterminate	Indeterminate	Indeterminate	Recurring	Local Funds

(Parenthesis ( ) Indicate Revenue Decreases)

Relates to HB44

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of HFl Amendments

The House Floor amendments strike HTRC amendments 1 and 2, and replaces them with language requiring that revenue be dedicated to activities provided by a local government and to cultural programs, events and activities. The HTRC amendment allowed the money to also be used for recreational programs. Other references to recreational programs are also struck.

The bill also adds language that a goal of the quality of life tax is that revenue be used for new programs or expansion of existing programs and activities, and not to replace other funding sources.

It requires that one board member be appointed by the governing body of the largest municipality in the county.

It allows all counties, except Bernalillo County, that impose the tax to distribute up to 40 percent of revenue to municipally owned institutions.

It requires the cultural advisory board to review and evaluate guidelines, procedures, funding criteria and allocation percentages every four years.

Synopsis of HTRC Amendments

HTRC amendments makes several technical language changes, including striking specific references to Albuquerque and Bernalillo County.

It also requires that tax revenue be dedicated to recreational programs and activities provided by a local government and to cultural programs, events and activities provided by nonprofits or publicly owned cultural organizations.

It allows board members to be removed for malfeasance.

It tightens the procedures for awarding contracts.

Synopsis of Original Bill

House Bill 178 allows counties to impose a quality of life gross receipts tax. The tax must be enacted by ordinance before January 1, 2015 and may not exceed a period of 10 years. Subsequent ordinances may be enacted, and they too are limited to a ten year period. The tax may be imposed in one-sixteenth increments but can not exceed one-fourth percent in total. Tax revenues must be dedicated to cultural and recreational programs, but a maximum of 5 percent of revenue may be used to administer the programs. The bill includes specific provisions as to how a class A county with a population of more than 250 thousand may use tax proceeds.

The bill requires that the tax be put before the voters of the county and approved by majority vote. If approved by the voters, the tax becomes effective. If it fails, the county board may not propose it again for at least one-year from the time of the election.

The bill requires the county board to appoint county cultural advisory board within sixty days of an election approving the tax. The board is to consist of between nine and fifteen members with staggered three-year terms. Members do not sit at the pleasure of the county commission. The advisory board is responsible for making budget recommendations and overseeing the distribution of funds in a manner that is consistent with the goals of the quality of life gross receipts tax. The board is required to develop guidelines for applying and granting funds.

FISCAL IMPLICATIONS

The fiscal impact of this bill is limited to counties. The size of the impact is indeterminate since it is unknown how many counties would choose to propose the tax and whether voters in those counties would approve it. While TRD has not yet issued an FIR on this bill, in other analyses, they have indicated that a one-eighth county gross receipts tax could potentially raise $41.3 million in FY05, if all counties imposed the tax. Thus, the maximum potential revenue increase associated with this bill is $82.6 million, assuming all counties imposed the tax.

ADMINISTRATIVE IMPLICATIONS

TRD has indicated on similar bills that the administrative implications would be modest and could be absorbed with existing resources.

BT/lg:dm