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

SPONSOR Whitaker **DATE TYPED** 2/04/05 **HB** 433

SHORT TITLE Local Government Gross Receipts Time Limits **SB**

ANALYST Hadwiger

SOURCES OF INFORMATION
LFC Files

Responses Received From
Taxation and Revenue Department (TRD)
Department of Finance and Administration (DFA)

FOR THE REVENUE STABILIZATION AND TAX POLICY COMMITTEE

SUMMARY

Synopsis of Bill

This bill amends Sections 7-19D-12 and 7-20E-21 to remove the sunset dates by which time a municipality or county could enact an ordinance imposing the municipal or county capital outlay gross receipts tax. The bill includes an emergency clause. Under present law, an ordinance to impose either of the taxes would have to be enacted prior to July 1, 2005.

Significant Issues

The municipal capital outlay gross receipts tax may be imposed in increments of $1/16^{th}$ of one percent (0.0625 percent) but cannot exceed a total of $1/4^{th}$ of 1 percent (0.25 percent). The county capital outlay gross receipts tax may be imposed in increments of $1/16^{th}$ of one percent (0.0625 percent) but cannot exceed a total of $1/4^{th}$ of 1 percent (0.25 percent). Both capital outlay gross receipts taxes require voter approval. Revenues received from both capital outlay gross receipts tax options can be used for a wide variety of projects.

DFA indicated that removal of these sunset dates is a statewide, immediate and serious problem for many local governments due to their financial condition and the slow economy. DFA further noted that it is important to allow local governments the option to enact ordinances to seek local option taxes on a continuing basis so that they can start, continue and complete projects that are important. These enacted ordinances must still pass public referendums in order to take effect and local governments must have already imposed all of their respective general, infrastructure and supplemental (municipalities) gross receipts tax increments before they are eligible to impose these options.

FISCAL IMPLICATIONS

The Taxation and Revenue Department provided the following tables to show jurisdictions that have imposed this tax:

Table 1: Municipalities that have already imposed the municipal capital outlay gross receipts taxes.

City	Taxable Gross Receipts (FY 2004)	Tax Rate	Estimated Revenue: Municipal Capital Outlay Gross Receipts Tax (0.25%)	Enactment Date
Alamogordo	484,204,089	0.25%	1,210,510	07/04
Angel Fire	67,196,409	0.25%	167,991	07/02
Aztec	104,792,261	0.25%	261,981	07/04
Clayton	32,870,413	0.25%	82,176	07/04
Clovis	586,865,693	0.25%	1,467,164	07/04
Espanola (1)	279,215,777	0.25%	698,039	01/03
Mesilla	26,572,830	0.25%	66,432	07/03
Red River	33,858,445	0.25%	84,646	07/02
Taos Ski Valley	40,562,105	0.25%	101,405	07/04
Tucumcari	65,643,246	0.25%	164,108	01/04

(1) Espanola lies within both Rio Arriba County and Santa Fe County. Gross receipts amounts are shown together.

Table 2: Counties that have already imposed the county capital outlay gross receipts taxes.

County	Taxable Gross Receipts (FY 2004)	Tax Rate	Estimated Revenue: County Capital Outlay Gross Receipts Tax	Enactment Date
Guadalupe (Remainder)	13,257,756	0.250%	33,144	01/04
McKinley (Remainder)	351,151,893	0.250%	877,880	01/02
San Miguel (Remainder)	38,443,007	0.125%	48,054	07/03
Santa Fe (Remainder)	569,467,553	0.250%	1,423,669	01/03

ADMINISTRATIVE IMPLICATIONS

The Taxation and Revenue Department indicated there would be minimal impact on their operations if HB433 were adopted.

DH/sb:yr