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FISCAL IMPACT REPORT

ORIGINAL DATE 2/23/07

SPONSOR Taylor, JG LAST UPDATED _____ HB _____

SHORT TITLE County Health Gross Receipts Time Period SB 1099

ANALYST Schardin

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY07	FY08	FY09		
	See Narrative for FY10 impact		Recurring	Bernalillo County

(Parenthesis () Indicate Revenue Decreases)

Duplicates HB 1017, Conflicts with HB 1297.

SOURCES OF INFORMATION

LFC Files

Responses Received From
Department of Health (DOH)

SUMMARY

Synopsis of Bill

Senate Bill 1099 amends Section 7-20E-18 NMSA 1978 so that counties with populations above 500 thousand (Bernalillo) will retain the option of imposing a second 1/16 percent increment of the county health care gross receipts tax indefinitely. Currently, that county may only impose the second 1/16 percent increment until June 30, 2009.

FISCAL IMPLICATIONS

Bernalillo County is the only county in New Mexico authorized to impose a second 1/16 percent increment of the county health care gross receipts tax. LFC analysis of data provided by TRD indicates that Bernalillo county's taxable gross receipts base will be about \$19.2 billion in FY10, the first year that the increment would sunset under current law. An additional 1/16 percent increment will increase Bernalillo county gross receipts tax collections by about \$12,011.9 thousand in FY10.

SIGNIFICANT ISSUES

The 2006 legislature amended the county health care gross receipts tax statute to allow counties with populations over 500 thousand to impose an additional 1/16 percent gross receipts tax increment. The Senate Finance Committee amendment to the 2006 bill (HB 274) inserted a sunset clause so that the additional 1/16 percent increment could only be imposed until June 30, 2009.

Revenues collected from the first 1/16 percent increment of the county health care gross receipts tax are restricted for deposit in the county-supported Medicaid fund, a non-reverting fund that is appropriated to the human services department to support the Medicaid program. If a county chooses not to impose a 1/16 percent county health care gross receipts tax, that county must dedicate an amount equal to 1/16 percent of gross receipts to the county-supported Medicaid fund.

Revenues collected due to Bernalillo County's second 1/16 percent increment of the county health care gross receipts tax must be used to support the health care costs of indigent patients. The second increment is intended to support the Bernalillo County hospital, which is located at UNM.

Under current law, New Mexico's local governments are authorized to impose up to 4.6875 percent of local option gross receipts taxes (that figure excludes several additional local option taxes that have been authorized for selected local governments). On average, a local option gross receipts tax of about 1.6 percent is actually imposed by local governments statewide. Combined with the state gross receipts tax of 5 percent, the statewide tax rate is therefore 6.6 percent.

ADMINISTRATIVE IMPLICATIONS

The bill will create minimal administrative impacts on TRD.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Senate Bill 1099 duplicates House Bill 1017.

Senate Bill 1099 conflicts with House Bill 1297, which amends the same section of statute to allow Los Alamos County to impose a 1/8 percent county health care gross receipts tax.

SS/mt