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## FISCAL IMPACT REPORT

ORIGINAL DATE 2/7/2008

SPONSOR HTPW LAST UPDATED \_\_\_\_\_ HB 656

SHORT TITLE Public Peace, Health, Safety & Welfare SB \_\_\_\_\_

ANALYST Moser

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY08	FY09		
	NFI		

(Parenthesis ( ) Indicate Expenditure Decreases)

### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY08	FY09	FY10		
	\$0.1	\$0.1	Recurring	

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

New Mexico Department of Transportation (NMDOT)

### SUMMARY

#### Synopsis of Bill

House Bill 656 broadens the definition of a regional transit system within the Regional Transit District Act (RTDA) to include "...a street, road, highway and bridge that is of regional or district significance, in a district whose geographic area includes a class A county with a population greater than five hundred thousand..." The Regional Transit District Act (RTDA) presently defines a regional transit system as being "a property, improvement or system designed to be compatible with established state and local transportation plans that transports or conveys passengers within a region by means of a high occupancy vehicle including an automobile, truck, bus, van or railcar."

This amendment will expand the uses of any tax imposed by the regional transit district (RTD) to include streets, roads, highways and bridges that are of regional or district significance.

### FISCAL IMPLICATIONS

House Bill 656 would allow imposition of not less than 1/16<sup>th</sup> percent and not more than 1/2 percent county regional transit gross receipts tax in a qualifying district. Currently the only qualifying RTD would be composed of Bernalillo, Sandoval, and Valencia counties. This RTD has not chosen in the past to impose such the county regional transit gross receipts tax. The timing of this fiscal impact will depend on when and if the board of directors of the district passes a resolution directing each county to impose the tax, and when and if the voters of the three counties approve imposition of the tax.

The table below illustrates the revenue that would be generated if a 1/8 percent increment were imposed in FY09 based upon the most recent data provided by the Taxation and Revenue Department. In FY09, these three counties will have combined taxable gross receipts totaling \$20 billion in FY09. A 1/8 percent tax on that amount would yield \$25.1 million.

#### Illustration of Potential Revenue from Additional County Local Option Increments - Fiscal Year 2009

County	FY09 Taxable Gross Receipts	Potential Revenue: 1/8% County Regional Transit GRT Increment
Bernalillo	\$17,471,824,545	21,839,781
Sandoval	\$1,820,394,040	2,275,493
Valencia	\$783,790,951	979,739
<b>Total</b>	<b>\$20,076,009,536</b>	<b>25,095,012</b>

Source: Taxation and Revenue Department, Office of Research and Statistics

### SIGNIFICANT ISSUES

House Bill 656 by modifying the definition of a regional transit system to include roads, highways and bridges of regional significance creates the opportunity for local option taxes to be imposed, after approval by the electorate, for improvement and construction of highway projects within the district. This creation of local option taxes for highway programs was one of the recommendations presented by the House Memorial 35 task force in 2007.

With this addition, the Regional Transit District Board could develop a proposal for a gross receipts tax increase or a bond to fund a package of transportation improvements including both road and public transportation projects.

In addition to allowing local option taxes this amendment would allow for the imposition of tolls on roads within the district. Tolling previously was restricted to public transportation systems under this act.

New Mexico's municipalities and counties are authorized to impose over 4 percent of local option gross receipts taxes (that figure excludes several additional local option taxes that have

been authorized for selected local governments). Due to increasing imposition of local option taxes, the statewide gross receipts tax rate is increasing steadily. On average, a local option gross receipts tax of about 1.9 percent will be imposed by local governments statewide by FY09. Combined with the state gross receipts tax of 5 percent, the statewide tax rate is therefore 6.9 percent.

The relationship with the NMDOT regarding the Statewide Transportation Improvement Plan and its coordination with a RTD plan on highway improvements needs to be reviewed as part of this bill as the timing and funding of projects may be impacted.

GM/bb