

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR	<u>Nava</u>	ORIGINAL DATE	<u>2/11/08</u>	HB	<u></u>
		LAST UPDATED	<u></u>		
SHORT TITLE	<u>Study Nonresident Income Along Border</u>	SM	<u>60</u>		
		ANALYST	<u>Francis</u>		

Relates to SB412

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of Bill

Senate Memorial 60 requests that the interim Revenue Stabilization and Tax Policy Committee (RSTP) study and recommend legislation regarding taxing income of nonresidents who live along the border.

SIGNIFICANT ISSUES

There is a perception that there is inequity along the border with regard to taxation because New Mexico taxes income and Texas does not which is restraining development in New Mexico border communities. However, El Paso has higher sales, excise and property taxes all of which impose a higher burden on low and middle income residents. El Paso also has a franchise tax of 4.5 percent on "earned surplus."

Major Taxes	Las Cruces	El Paso
Personal Income	4.9%	
Corporate Income	7.6%	
Franchise	-	4.5%
Sales	7.125%	8.250%
Property	0.9%	3.1%
Gasoline	0.17/per gallon	0.20/gallon
Cigarettes	0.91/pack	1.410/pack
Motor Vehicle Excise	3%	6.25%

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Senate Bill 412 expands the industries that nonresident employees can work for and be exempt from the personal income tax.

NF/bb