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FISCAL IMPACT REPORT

ORIGINAL DATE 02/12/10

SPONSOR Griego, P. LAST UPDATED _____ HB _____

SHORT TITLE Tax NM Sales by Remote Sellers SJM 60

ANALYST Gutierrez

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY10	FY11	FY12		
	NFI			

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of Bill

Senate Joint Memorial 60 requests the New Mexico Congressional Delegation to actively promote Federal legislation to enable New Mexico to tax sales into New Mexico by remote sellers.

SIGNIFICANT ISSUES

The Streamlines Sales and Use Tax Agreement (SSUTA) encourages "remote sellers" selling over the Internet and by mail order to collect tax on sales to customers living in the Streamlined states. To date, 23 states have passed legislation to conform their laws to the SSUTA - Arkansas, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Nebraska, Nevada, New Jersey, North Carolina, North Dakota, Ohio, Oklahoma, Rhode Island, South Dakota, Tennessee, Utah, Vermont, Washington, West Virginia, Wisconsin and Wyoming. Twelve hundred retailers collect sales tax in streamlined states under a voluntary system. Potential advantages for New Mexico of joining the SSUTA include encouraging remote vendors to collect and remit gross receipts tax and encouraging Congress to pass legislation requiring that all remote vendors collect and remit state and local sales taxes. For New Mexico to conform its laws to the SSUTA it would require changes to procedures for claiming deductions, audit procedures, definitions, and also a willingness to pay vendors compensation for collecting and remitting the state's tax.

BLG/mt

The Legislative Finance Committee has adopted the following principles to guide responsible and effective tax policy decisions:

- 1. Adequacy:*** revenue should be adequate to fund government services.
- 2. Efficiency:*** tax base should be as broad as possible to minimize rates and the structure should minimize economic distortion and avoid excessive reliance on any single tax.
- 3. Equity:*** taxes should be fairly applied across similarly situated taxpayers and across taxpayers with different income levels.
- 4. Simplicity:*** taxes should be as simple as possible to encourage compliance and minimize administrative and audit costs.
- 5. Accountability/Transparency:*** Deductions, credits and exemptions should be easy to monitor and evaluate and be subject to periodic review.

More information about the LFC tax policy principles will soon be available on the LFC website at www.nmlegis.gov/lcs/lfc