

AN ACT

RELATING TO TAXATION; AUTHORIZING IMPOSITION OF THE FEDERAL
WATER PROJECT GROSS RECEIPTS TAX.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. A new section of the Municipal Local Option
Gross Receipts Taxes Act is enacted to read:

"FEDERAL WATER PROJECT GROSS RECEIPTS TAX--
AUTHORIZATION--USE OF REVENUE--REFERENDUM.--

A. A majority of the members of the governing body
of a municipality may enact an ordinance imposing an excise
tax on any person engaging in business in the municipality for
the privilege of engaging in business. The rate of the tax
shall not exceed one-fourth percent of the gross receipts of
the person engaging in business. An ordinance enacting the
tax authorized by this section is subject to a positive
referendum.

B. The tax imposed pursuant to this section may be
referred to as the "federal water project gross receipts tax".

C. The governing body of a municipality, at the
time of enacting an ordinance imposing the rate of the tax
authorized in this section, shall dedicate the revenue for the
repayment of loan obligations to the federal government for
the construction, expansion, operation and maintenance of a
water delivery system and for the expansion, operation and

maintenance of that water delivery system after the loan obligation to the federal government is retired or repaid. The revenue from the federal water project gross receipts tax shall not be dedicated to repay revenue bonds or any other form of bonds.

D. An ordinance imposing the federal water project gross receipts tax shall not go into effect until an election is held and a majority of the voters of the municipality voting in the election votes in favor of imposing the tax. The governing body shall adopt a resolution calling for an election within seventy-five days of the date the ordinance is adopted on the question of imposing the tax. The question shall be submitted to the voters of the municipality as a separate question at a regular municipal election or at a special election called for that purpose by the governing body. A special municipal election shall be called, conducted and canvassed as provided in the Municipal Election Code. If a majority of the voters voting on the question approves the ordinance imposing the federal water project gross receipts tax, then the ordinance shall become effective on January 1 or July 1 in accordance with the provisions of the Municipal Local Option Gross Receipts Taxes Act. If the question of imposing the federal water project gross receipts tax fails, the governing body shall not again propose the imposition of the tax for a period of one year from the date of the

election.

E. A municipality that imposed a federal water project gross receipts tax pursuant to this section shall not also impose a municipal capital outlay gross receipts tax.

F. As used in this section, "municipality" means an incorporated municipality that has a population pursuant to the most recent federal decennial census of greater than twenty thousand but less than twenty-five thousand and is located in a class B county."

SECTION 2. EFFECTIVE DATE.--The effective date of the provisions of this act is July 1, 2012. _____