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HOUSE BILL 225

**53RD LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2018**

INTRODUCED BY

Rebecca Dow and Carroll H. Leavell

AN ACT

RELATING TO TAXATION; ALLOWING A COUNTY TO USE CERTAIN REVENUE FROM THE COUNTY CORRECTIONAL FACILITY GROSS RECEIPTS TAX THAT IS IN EXCESS OF AMOUNTS NECESSARY TO MEET PRINCIPAL AND INTEREST PAYMENTS ON BONDS FOR OTHER AUTHORIZED COUNTY PURPOSES.

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

SECTION 1. Section 7-20F-3 NMSA 1978 (being Laws 1993, Chapter 303, Section 3, as amended) is amended to read:

"7-20F-3. COUNTY CORRECTIONAL FACILITY GROSS RECEIPTS TAX--AUTHORITY TO IMPOSE--RATE--ORDINANCE REQUIREMENTS-- REFERENDUM.--

A. The majority of the members elected to the county board may enact an ordinance imposing on a countywide basis an excise tax not to exceed a rate of one-eighth percent

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1 of the gross receipts of any person engaging in business in the  
2 county, including all municipalities within the county.

3 B. The tax imposed pursuant to Subsection A of this  
4 section may be referred to as the "county correctional facility  
5 gross receipts tax".

6 C. Any ordinance imposing a county correctional  
7 facility gross receipts tax pursuant to this section shall:

8 (1) impose the tax in any number of increments  
9 of one-sixteenth percent not to exceed an aggregate amount of  
10 one-eighth percent;

11 (2) specify that the imposition of the tax  
12 will begin on either July 1 or January 1, whichever occurs  
13 first after the expiration of at least three months from the  
14 date that the department is notified personally or by mail by  
15 the county of adoption of the ordinance; and

16 (3) dedicate the revenue from the county  
17 correctional facility gross receipts tax:

18 (a) for the purpose of operating,  
19 maintaining, constructing, purchasing, furnishing, equipping,  
20 rehabilitating, expanding or improving a judicial-correctional  
21 or a county correctional facility or the grounds of a judicial-  
22 correctional or county correctional facility, including  
23 acquiring and improving parking lots, landscaping or any  
24 combination of the foregoing;

25 (b) for the purpose of transporting or

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1 extraditing prisoners; or

2 (c) to payment of principal and interest  
3 on revenue bonds or refunding bonds issued pursuant to the  
4 provisions of the County Correctional Facility Gross Receipts  
5 Tax Act.

6 D. An ordinance imposing a county correctional  
7 facility gross receipts tax pursuant to this section shall be  
8 subject to optional referendum selection by the governing body,  
9 as provided in Subsection A of Section 7-20E-3 NMSA 1978.

10 E. If the county has pledged the revenue from  
11 imposition of the county correctional [~~facilities~~] facility  
12 gross receipts tax to the repayment of bonds or other  
13 indebtedness, revenue produced by the imposition of a county  
14 correctional facility gross receipts tax that is in excess of  
15 the annual principal and interest due on bonds secured by a  
16 pledge of the county correctional facility gross receipts tax  
17 may be accumulated in a debt service reserve account until an  
18 amount equal to the maximum amount permitted pursuant to the  
19 provisions of the United States treasury regulations is  
20 accumulated in the debt service reserve account. After the  
21 debt service reserve account requirements have been met, the  
22 excess revenue [~~shall~~] may be accumulated in an extraordinary  
23 mandatory redemption fund and annually used to redeem the bonds  
24 prior to their stated maturity date. Once the debt service  
25 reserve account is fully funded, or if a debt service reserve

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1 account is not required to secure the bonds or other  
2 indebtedness, any revenue in excess of the amount necessary to  
3 meet all principal and interest payments and other requirements  
4 incident to repayment of bonds secured by a pledge of the  
5 county correctional facility gross receipts tax may be re-  
6 dedicated by the county for any of the purposes provided in  
7 Paragraph (3) of Subsection C of this section, except for the  
8 purpose of operating a judicial-correctional or county  
9 correctional facility.

10 F. If the county has pledged the revenue from  
11 imposition of the county correctional ~~[facilities]~~ facility  
12 gross receipts tax to the repayment of bonds or other  
13 indebtedness, when all outstanding bonds have been paid,  
14 whether from the debt service reserve, the redemption fund or  
15 maturity, the ordinance shall be repealed if the county  
16 correctional facility gross receipts tax revenue is no longer  
17 required for the purposes for which it may be used pursuant to  
18 the provisions of the County Correctional Facility Gross  
19 Receipts Tax Act.

20 G. The repeal of an ordinance imposing a county  
21 correctional facility gross receipts tax shall state that the  
22 repeal shall be effective on January 1 or July 1, whichever  
23 occurs first following the date the department is notified  
24 personally or by mail by the county of the repeal."