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FISCAL IMPACT REPORT

SPONSOR Gonzales **LAST UPDATED** _____
ORIGINAL DATE 02/25/25
BILL
SHORT TITLE Water Gross Receipts 6-Year Limit **NUMBER** Senate Bill 445
ANALYST Graeser

REVENUE* (dollars in thousands)

Type	FY25	FY26	FY27	FY28	FY29	Recurring or Nonrecurring	Fund Affected
Local GRT	\$0	No fiscal Impact				Recurring	El Valle, El Prado & Valley W & S
Admin Fee	\$0	No fiscal Impact				Recurring	General Fund

Parentheses () indicate revenue decreases.

*Amounts reflect most recent analysis of this legislation.

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
TRD	No fiscal impact	Indeterminate but minimal	Indeterminate but minimal	Minimal	Recurring	General Fund

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Sources of Information

RP 80 Files

LFC Files

Agency Analysis Received From

List all agencies responding.

Agency Analysis was Solicited but Not Received From

Taxation and Revenue Department (TRD)

Office of the State Engineer (OSE)

SUMMARY

Synopsis of Senate Bill 445

Senate Bill 445 amends the Water and Sanitation Gross Receipts Tax (7-20E-26 NMSA 1978) removing the requirement of seeking reauthorization for the .25 percent gross receipts tax every six years. This would permit the proceeds of the tax to be used for bonding.

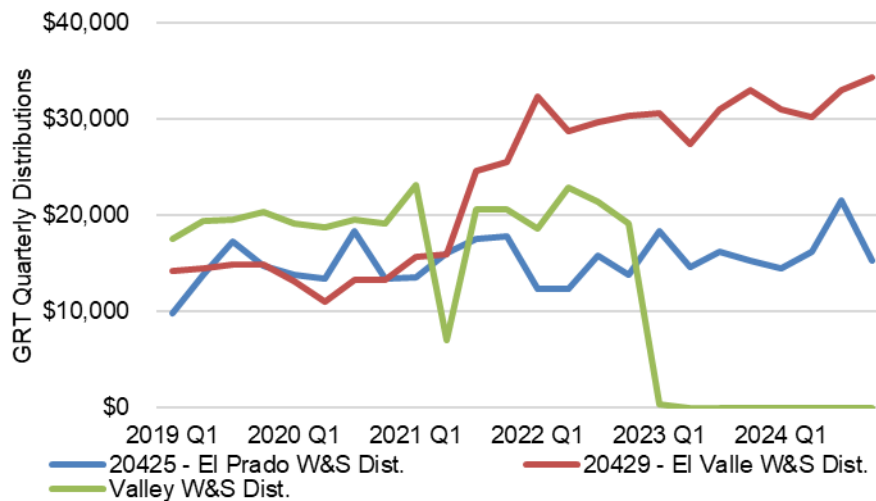
Currently, there are three water and sanitation districts that have imposed the tax: El Prado and El Valle de Los Ranchos in Taos County and Valley W & S district in San Juan County.

The effective date of this bill is July 1, 2025

FISCAL IMPLICATIONS

There is no direct fiscal impact of this bill. The major impact will be that GRT distributions – particularly for the El Valle de Los Ranchos – can be used to bond for up to 20 years. Currently, with the requirement to reauthorize the tax every six years with a vote of the electorate, the gross receipts tax is not a suitable payment source for a gross receipts tax revenue bond. If the bill passes, El Valle could pledge its GRT to generate up to \$2 million for capital investment or, if used as a local match or direct payment source for a grant or low interest loan distribution from the water trust fund.

Water & Sanitation District GRT Distributions



PERFORMANCE IMPLICATIONS

This is not a tax expenditure. Accountability is preserved because Gross Receipts Tax distributions are easily tracked using TRD’s monthly or quarterly RP80 reports.

ADMINISTRATIVE IMPLICATIONS

TRD would update the notes to the enactment table and add El Valle or El Prado to the contracts diverted in GenTax programming and to the “Contracts” column in the RP500.