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FISCAL IMPACT REPORT

SPONSOR Porter DATE TYPED 3/19/97 HB 1300
SHORT TITLE Space-Related Receipts Deduction SB _____
ANALYST Groepler

APPROPRIATION

This bill does not contain an appropriation. According to TRD, no administrative impact would result from enactment of this bill.

REVENUE*

<u>Estimated Revenue</u>	<u>Subsequent</u>	<u>Recurring</u>	<u>Fund</u>
<u>FY97</u>	<u>Years Impact</u>	<u>or Non-Rec</u>	<u>Affected</u>
\$ <u>0.0</u>	\$ <u>0.0*</u>	\$ <u>Recurring</u>	<u>General Fund</u>
\$ <u>0.0</u>	\$ <u>0.0*</u>	\$ <u>Recurring</u>	<u>Local Govts.</u>

*Revenue figures were supplied by TRD.

SOURCES OF INFORMATION

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of HTRC Amendment

This amendment adds a delayed repeal of this entire deduction, as amended. The delayed repeal date is June 30, 2001. The delayed repeal allows the legislature to re-examine this deduction after its impacts become known.

Synopsis of Bill

This bill amends the gross receipts deduction for spaceport operation, launching and recovery of space launch vehicles, and payload services. A definition of payload is added, which includes R&D services. However, for the deductions for payloads to have any effect, the payload must be launched from New Mexico. Since the regular launching of payloads in New Mexico appears to be a remote possibility, given the infrastructure already in place in other states for launching, the fiscal impact of this bill appears to be small. However, if the regular launching of payloads in New Mexico ever occurs, the fiscal impact on the general fund could be in the millions of dollars range.

RFG/jl
Attachment

BILL ANALYSIS AND FISCAL IMPACT REPORT

Page 1 of 1

DATE: March 6, 1997

Submitted by: TAXATION AND REVENUE DEPT.
JOHN J. CHAVEZ, SECRETARY

BILL NUMBER: HB-1300

SPONSOR: Representative Porter

BILL SHORT TITLE: Expand "Spaceport" Deduction from Gross Receipts

CONFLICTS, DUPLICATES, COMPANIONS:

DESCRIPTION: This bill expands the "spaceport" deduction from gross receipts. In addition to operating a spaceport and launching or recovering space launch vehicles, "preparing a payload for launching in New Mexico" would be deductible from gross receipts. The definition of "spaceport" is also expanded to include operating a private monitoring or control site or servicing space vehicles, in addition to launching, landing and recovery.

EFFECTIVE DATE: Not stated; 90 days after adjournment (June 20, 1997). No launches are planned, hence the lack of a definitive effective date is not critical.

FISCAL IMPACT (Thousands of dollars) Brackets indicate a revenue loss:

<u>Estimated Impact on Revenues</u> 1998 FY (1997-98)	<u>Full Year</u>	<u>Recurring or Non Recurring Impact</u>	<u>Funds Affected</u>
0	0	Recurring	General Fund
0	0	Recurring	Local Governments

There may be a small fiscal impact of this bill in the future. However, any activity in this area would be above the current forecast baseline. Under those circumstances, there would be no fiscal impact of this bill.

ADMINISTRATIVE IMPACT: None.

TECHNICAL ISSUES:

This bill could have a broader sweep than anticipated. For example, the definition of payload would cover R&D services performed in New Mexico if the product of those services is used in a space mission launched from any site in New Mexico. If so, a large potential fiscal impact could occur.

OTHER ISSUES AND IMPACTS:

The Legislature might consider a sunset for this deduction. A sunset would allow the Legislature an opportunity to review the impact of this deduction and determine whether it is needed and useful. This deduction might be considered as a "fledgling industry" economic development incentive. At some point, any business conducted in the state that participates in the benefits conferred by tax dollars, should contribute to the state fisc for the benefit of all New Mexico residents.