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FISCAL IMPACT REPORT

SPONSOR: Sandel DATE TYPED: 3-19-99 HB 787/aHTRC/aHFI#1

SHORT TITLE: Amend Gross Receipts and Compensating Tax Act SB

ANALYST: Taylor

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY99	FY2000			
n.a.	NFI	NFI	Recurring	General Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

Taxation and Revenue Department

SUMMARY

Synopsis of HFI#1 Amendment

The House floor amendment strikes the HTRC amendment. It provides a gross receipts deduction for the sale of enriched uranium and a compensating tax deduction for the purchase value of uranium enrichment equipment and replacement parts used to enrich uranium in a uranium enrichment plant.

Fiscal Impacts of HFI#1 Amendment

Since there is currently no uranium enrichment plant in New Mexico, TRD reports that the impact is uncertain. If the decision to locate the plant in New Mexico hinged upon the deductions provided, there would be no revenue loss since absent the deductions there is no plant. If, on the other hand, the plant would locate in the state with or without the deduction there is a hypothetical loss.

Synopsis of HTRC Amendment

The HTRC amendment provides a gross receipts deduction for receipts from selling enriched uranium and uranium enriching services.

Synopsis of Bill

House Bill 787 changes the gross receipts and compensating tax act by changing the definition of "engaging in business" and by amending the citations regarding deductions.

The definition of engaging in business is amended to except "a world wide web site as a third-party content provider on a computer physically located in New Mexico but owned by another non affiliated person."

FISCAL IMPLICATIONS

TRD reports that there is no fiscal impact associated with these changes. The change in the definition excluding a world web site has no impact because these typically do not have revenues.

According to TRD, the changes in exemption citations provide a more accurate listing of deductions contained in the act.

ADMINISTRATIVE IMPLICATIONS

TRD reports no administrative impact.

BT/njw:gm