

# **New Mexico Association of Counties**



## **Revenue Stabilization & Tax Policy Committee Testimony**

**July 16, 2013  
Paul Gutierrez  
NMAC Executive Director**

## **CURRENT COUNTY TAX CONCERNS**

Thank you, Chairman Cisneros and members of the Revenue Stabilization & Tax Policy Committee for allowing me to testify on behalf of the New Mexico Association of Counties (NMAC) regarding the status of New Mexico's counties. I will discuss the current tax concerns facing county governments and their responsibility to provide services to citizens, while funding sources are either being eroded or diverted. Counties provide important basic services at the local level and we need a sufficient tax base to provide those services. We want to partner with the state and recognize that effective government is an "us-and-us situation" and not an "us-versus-them" split at different levels. We must work together to support all New Mexico citizens.

### **Gross Receipt Taxes**

- Hold Harmless – Phase-out (See Attachment 1)
  1. There is a two year delay with a 15-year phase-out of hold harmless payments.
  2. Overlapping Taxing Authority for Cities and Counties. Counties and cities are authorized to implement up to 3/8<sup>th</sup> GRT.
  3. May create a small versus large county conflict which has potential to split counties.
  4. Some counties and cities that win, and some that lose, as the hold harmless is phased-out and the hold harmless GRT is enacted.
- Administrative Fee for Collecting GRT – (See Attachment 2)
- Number of GRT Increments, Limitations and Usability – (See Attachment 3). There are 17 GRT authorizations and 39 increments within those GRT options, some increments are specific to certain counties.
- GRT Exemptions – We believe that the state should seriously consider removing all dedications and exemptions, potentially lowering the overall rate. At the very least, a comprehensive study should be pursued to see if removing these specific restrictions would result in a significant reduction.

### **County Detention Facility Fund**

- County Detention Facility Reimbursement Act - Reduction of funding from \$4.9 million to \$3.3 million in House Bill 2. NMAC Detention Affiliate to request a legislative priority for an increase in an existing detention GRT increment.

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- Lack of Resources and Cost for Treatment of Substance Abuse and Mental Illness  
Counties continue to work closely with the legislature to identify solutions to these concerns.

### **Sole Community Provider Funding**

- Concern for Local Hospitals –The counties understand how critical these services are to their constituents and are committed to working with the state, the Hospital Association, and their local hospitals to find solutions especially in rural areas. Many counties only have the 2<sup>nd</sup> 1/8<sup>th</sup> increment to meet the health care needs for their residents.
- Ongoing Dialog with HSD Possible Shift of 2<sup>nd</sup> 1/8<sup>th</sup> GRT Increment under 7-20E-9. County gross receipts tax; authority to impose rate; indigent fund requirements. Clinics and Services to Other Non-Medicaid Eligible Individuals – The counties are aware of a proposal being discussed to dedicate one of the current tax increments specifically to sole community provider funding. We will continue to meet with the HSD and the Hospital Association to find an appropriate solution to this funding issue.

### **Property Tax**

- Tax Lightning Issue –
  1. Appropriate Timing –We feel that this is the time to address the property tax valuation issue before the market starts to take off and property owners begin to see disparity in the property values.
  2. Broadening the Base and Reduce Mill Rate – Although there will be winners and losers in the revaluation for individual properties, we believe that there could be an overall reduction in mill rates for property owner especially commercial properties.
  3. Collection For Multiple Taxing Entities –These entities include the state, schools, municipalities, hospitals, and special districts. (See Attachment 5)
- 1. Treasurers' Affiliate Discussion 1% Fund for Treasurers - In previous years, the NMAC Treasurers' Affiliate has proposed a legislative resolution requesting a 1% fund be established similar to the Assessors' Fund and County Clerk Recording Fee. This funding would allow for training and technology systems for the office of the County Treasurer.

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2. Adequate PTD Funding - The counties understand that the state has been forced to make many financial cuts due to the economic downturn. Some of the more critical services such as property tax and local government financial reporting are being impacted by personnel cuts. The county supports efforts to adequately staff both the Property Tax Division of the Taxation & Revenue Department and the Local Government Division of the Department of Finance.
- Disclosure of Non-residential Property (exempting agricultural land and mineral rights) – Currently when a person sells a residential property they are required to disclose the sales price to the Assessor’s office. The Assessors feel that sales disclosure of non-residential property would be a tool to help accurately assess all properties, not just residential properties.

**Other Tax Funds and Uses**

- 7-1-6.40. Distribution; local DWI grant fund; 41.5% of Liquor Excise Tax is dedicated to DWI Local Grant Funding, with 58.5% being diverted to the General Fund and an additional \$500,000 in HB 2 going to the Administrative Office of the Courts to pay for State Drug Courts.
- Fire Protection Funding and Diversion to the General Fund - The Fire Protection Fund receives insurance premium taxes paid to the state for property and vehicle insurance for the purpose of improving fire protection services in cities and counties. Remaining revenue, in excess of \$25 million reverts to the General Fund. In 2007, HB466 was passed unanimously through both houses to incrementally reduce the amount transferred to the general fund so that 100% of the funding would be distributed to the Fire Fund by 2021. In 2011, SB 505 expanded the Fire Fund to allow local governments to use the fire protection fund for certain county operated emergency medical services (the Fire Fund specifically excludes salaries). Even though these additional services are allowed, the 2007 legislation enacting an incremental increase in the Fire Fund has never been implemented.
- Emergency Medical Services Funding - County governments recognize the importance of funding for emergency medical services. This is a critical service for citizens especially in rural areas of the state. Through discussions with local, state, and private entities, we

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understand that this is a complex issue. A solution must consider the specific funding needs of local government services (i.e. some have fire/EMS shared responsibilities some are separate, existing Joint Powers Agreements and multijurisdictional responsibilities), the current formula for distribution of EMS funds, private EMS providers, intent of existing funding sources, and the impacts on hospital trauma units.

In closing, thank you for this opportunity to provide an update on county finances and tax concerns. We would like to come back later in the year to discuss the New Mexico Association of Counties legislative priorities as a follow up to this presentation. We realize that these are difficult times and look forward to working with the Legislature and state agencies to serve the citizens of New Mexico.

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**ESTIMATE COUNTY HOLD HARMLESS DISTRIBUTIONS**  
**Fiscal Year July 2012 - June 2013**

<b>County</b>	<b>Food Distributions</b>	<b>Medical Distributions</b>	<b>Food &amp; Medical Combined Total</b>
<b>Bernalillo County</b>	\$6,835,349.19	\$3,236,725.82	\$10,072,075.01
<b>Catron County</b>	\$11,551.15	\$36.78	\$11,587.93
<b>Chaves County</b>	\$685,845.60	\$130,824.50	\$816,670.10
<b>Cibola County</b>	\$287,137.67	\$29,045.00	\$316,182.67
<b>Colfax County</b>	\$37,772.79	\$10,241.33	\$48,014.12
<b>Curry County</b>	\$455,962.14	\$148,801.90	\$604,764.04
<b>De Baca County</b>	\$21,725.67	-	\$21,725.67
<b>Dona Ana County</b>	\$1,337,569.93	\$560,640.98	\$1,898,210.91
<b>Eddy County</b>	\$302,114.45	\$43,809.41	\$345,923.86
<b>Grant County</b>	\$319,439.06	\$81,332.12	\$400,771.18
<b>Guadalupe County</b>	\$35,510.91	\$29,523.02	\$65,033.93
<b>Harding County</b>	\$1,210.55	-	\$1,210.55
<b>Hidalgo County</b>	\$26,181.90	-	\$26,181.90
<b>Lea County</b>	\$308,629.31	\$17,927.87	\$326,557.18
<b>Lincoln County</b>	\$102,946.73	\$14,393.41	\$117,340.14
<b>Los Alamos</b>	\$1,187,369.19	\$900,366.00	\$2,087,735.19
<b>Luna County</b>	\$198,330.94	\$27,786.73	\$226,117.67
<b>McKinley County</b>	\$1,371,325.70	\$84,329.00	\$1,455,654.70
<b>Mora County</b>	\$4,277.20	\$5.22	\$4,282.42
<b>Otero County</b>	\$330,985.79	\$65,440.78	\$396,426.57
<b>Quay County</b>	\$119,572.08	\$7,217.99	\$126,790.07
<b>Rio Arriba County</b>	\$448,738.62	\$48,001.66	\$496,740.28
<b>Roosevelt County</b>	\$309,777.08	\$14,357.32	\$324,134.40
<b>San Juan County</b>	\$2,030,039.47	\$560,316.82	\$2,590,356.29
<b>San Miguel County</b>	\$239,736.83	\$59,260.03	\$298,996.86
<b>Sandoval County</b>	\$406,702.66	\$95,455.19	\$502,157.85
<b>Santa Fe County</b>	\$2,421,152.19	\$1,009,991.91	\$3,431,144.10
<b>Sierra County</b>	\$201,235.61	\$9,327.04	\$210,562.65
<b>Socorro County</b>	\$81,064.02	\$4,152.55	\$85,216.57
<b>Taos County</b>	\$520,046.85	\$81,347.05	\$601,393.90
<b>Torrance County</b>	\$47,822.17	\$20,583.24	\$68,405.41
<b>Union County</b>	\$53,059.89	\$683.33	\$53,743.22
<b>Valencia County</b>	\$503,576.01	\$83,448.51	\$587,024.52
<b>TOTALS</b>	<b>\$21,243,759.35</b>	<b>\$7,375,372.51</b>	<b>\$28,619,131.86</b>

- Source: Taxation & Revenue Department FY12 RP-500 run 2013-7-12
- County Supported Medicaid Fund is not reflected in these totals
- Los Alamos is also listed under municipal numbers
- The numbers for May and June are not yet available and therefore a three-year average for each month was used in the calculation
- Distributions - The distribution is in lieu of revenue that would have been received by the county but for the deductions provided by Sections 7-9-92 and 7-9-93 NMSA 1978. The distribution shall be considered gross receipts tax revenue and shall be used by the county in the same manner as gross receipts tax revenue, including payment of gross receipts tax revenue bonds.

**Five-Year Summary**

**FY2009 \$24,812,899.52**  
**FY2010 \$26,034,445.28**  
**FY2011 \$27,039,628.62**  
**FY2012 \$28,422,868.50**  
**FY2013 \$28,619,131.86**

**Estimated State Administrative Fees  
GRT Collection FY2011 – FY2013**

COUNTY	July 2010-June 2011	July 2011-June 2012	July 2012-June 2013
Bernalillo County	\$ 3,719,446.55	\$ 3,839,108.89	\$ 4,018,855.87
Catron County	\$ 3,944.47	\$ 4,277.19	\$ 5,348.52
Chaves County	\$ 206,637.76	\$ 205,065.31	\$ 223,047.62
Cibola County	\$ 134,017.85	\$ 112,584.09	\$ 126,690.64
Colfax County	\$ 33,705.88	\$ 32,647.03	\$ 33,052.22
Curry County	\$ 153,540.84	\$ 181,961.65	\$ 199,792.22
De Baca County	\$ 6,427.69	\$ 5,872.65	\$ 7,598.69
Dona Ana County	\$ 935,892.02	\$ 956,145.84	\$ 1,025,894.80
Eddy County	\$ 369,292.26	\$ 468,161.33	\$ 506,994.05
Grant County	\$ 109,574.37	\$ 124,320.30	\$ 133,569.97
Guadalupe County	\$ 35,507.21	\$ 14,921.75	\$ 26,627.27
Harding County	\$ 2,199.52	\$ 4,158.68	\$ 3,175.57
Hidalgo County	\$ 22,952.68	\$ 20,737.93	\$ 18,002.69
Lea County	\$ 309,988.37	\$ 368,843.19	\$ 405,737.15
Lincoln County	\$ 51,373.65	\$ 40,523.08	\$ 48,902.89
Los Alamos County	\$ 987,690.71	\$ 888,300.77	\$ 804,822.89
Luna County	\$ 101,152.66	\$ 117,194.63	\$ 105,497.69
McKinley County	\$ 437,576.49	\$ 496,109.81	\$ 559,259.79
Mora County	\$ 6,505.55	\$ 6,627.22	\$ 8,722.28
Otero County	\$ 139,361.96	\$ 130,306.86	\$ 162,587.73
Quay County	\$ 60,317.28	\$ 52,397.02	\$ 61,553.41
Rio Arriba County	\$ 140,382.35	\$ 163,363.86	\$ 167,603.87
Roosevelt County	\$ 83,071.34	\$ 87,802.00	\$ 90,982.45
San Juan County	\$ 1,083,563.02	\$ 1,190,166.98	\$ 1,186,209.12
San Miguel County	\$ 95,568.51	\$ 103,050.17	\$ 110,062.14
Sandoval County	\$ 272,190.23	\$ 258,841.70	\$ 258,855.75
Santa Fe County	\$ 1,285,672.93	\$ 1,336,569.98	\$ 1,427,298.26
Sierra County	\$ 73,269.51	\$ 58,255.60	\$ 71,114.41
Socorro County	\$ 28,871.25	\$ 29,891.16	\$ 37,022.69
Taos County	\$ 300,304.79	\$ 288,027.98	\$ 263,699.96
Torrance County	\$ 70,819.18	\$ 53,257.52	\$ 54,760.27
Union County	\$ 36,378.94	\$ 34,994.55	\$ 37,050.09
Valencia County	\$ 181,208.21	\$ 182,740.68	\$ 201,938.89
<b>Total Administrative Fees</b>	<b>\$ 11,478,406.03</b>	<b>\$ 11,857,227.40</b>	<b>\$ 12,392,331.86</b>



New Mexico Taxation and Revenue Department  
**ENACTMENT DATES OF LOCAL OPTION TAXES — as of July 1, 2013**

COUNTY	COUNTY LOCAL OPTION TAXES															TOTAL RATES							
	County Gross Receipts Tax	County Infrastructure GRT	County Capital Outlay GRT	County Comprehensive Services Tax	County Electricity Tax	County Water GRT	County Sewer GRT	County Fire GRT	County Public Safety GRT	County Library GRT	County Health GRT	County Housing GRT	County Economic Development GRT	City Imposed Rates	County Imposed Rates	Total Rate (%)							
Bernalillo County	12.5%	12.5%	11.5%	1.0825%	1.0825%	1.0825%	1.0825%	1.0825%	1.0825%	1.0825%	1.0825%	1.0825%	1.0825%	1.0825%	1.0825%	1.0825%	1.0825%	1.0825%	1.0825%	1.0825%	0.0000%	1.1250%	6.2500%
San Juan County	16-016	789	789	789	789	789	789	789	789	789	789	789	789	789	789	789	789	789	789	789	0.0000%	1.4375%	6.5625%
Valle Water & Sanitation District (SS)	16-321	789	789	789	789	789	789	789	789	789	789	789	789	789	789	789	789	789	789	789	0.0000%	1.4375%	6.5625%
San Miguel County	12-012	784	1759	1759	1759	1759	1759	1759	1759	1759	1759	1759	1759	1759	1759	1759	1759	1759	1759	1759	0.0000%	1.3750%	6.5000%
Santa Fe County	01-001	164	666	666	666	666	666	666	666	666	666	666	666	666	666	666	666	666	666	666	0.0000%	1.7500%	6.8750%
Santa Fe Airport (SS)	21-021	164	167	167	167	167	167	167	167	167	167	167	167	167	167	167	167	167	167	167	0.0000%	1.7500%	6.8750%
Sierra County	21-021	164	167	167	167	167	167	167	167	167	167	167	167	167	167	167	167	167	167	167	0.0000%	1.7500%	6.8750%
T or C Airport	21-164	164	167	167	167	167	167	167	167	167	167	167	167	167	167	167	167	167	167	167	0.0000%	1.7500%	6.8750%
Socorro County	24-025	792	105	105	105	105	105	105	105	105	105	105	105	105	105	105	105	105	105	105	0.0000%	1.875%	6.3125%
Taos County	20-020	164	168	168	168	168	168	168	168	168	168	168	168	168	168	168	168	168	168	168	0.0000%	1.875%	6.3125%
El Prado Water & Sanitation District (County) (SS)	20-415	164	168	168	168	168	168	168	168	168	168	168	168	168	168	168	168	168	168	168	0.0000%	1.875%	6.3125%
El Prado Water & Sanitation District (Treas)	20-416	164	168	168	168	168	168	168	168	168	168	168	168	168	168	168	168	168	168	168	0.0000%	1.875%	6.3125%
El Valle de Los Ranchos Water & Sanitation District (County) (SS)	20-419	164	168	168	168	168	168	168	168	168	168	168	168	168	168	168	168	168	168	168	0.0000%	1.875%	6.3125%
El Valle de Los Ranchos Water & Sanitation District (Treas)	20-420	164	168	168	168	168	168	168	168	168	168	168	168	168	168	168	168	168	168	168	0.0000%	1.875%	6.3125%
Quest Airport	20-160	164	168	168	168	168	168	168	168	168	168	168	168	168	168	168	168	168	168	168	0.0000%	1.875%	6.3125%
Quest Airport	20-163	164	168	168	168	168	168	168	168	168	168	168	168	168	168	168	168	168	168	168	0.0000%	1.875%	6.3125%
Torrance County	22-022	164	793	793	793	793	793	793	793	793	793	793	793	793	793	793	793	793	793	793	0.0000%	2.0000%	7.1250%
Monte Airport (SS)	18-018	783	783	783	783	783	783	783	783	783	783	783	783	783	783	783	783	783	783	783	0.0000%	1.3750%	6.5000%
Union County	18-018	783	783	783	783	783	783	783	783	783	783	783	783	783	783	783	783	783	783	783	0.0000%	1.3750%	6.5000%
Valencia County	14-014	784	787	787	787	787	787	787	787	787	787	787	787	787	787	787	787	787	787	787	0.0000%	1.2500%	6.3750%
Alexander Airport (66)																					0.0000%	1.2500%	6.3750%



McKinley County 2011 Tax Distribution

001-101	STATE DEBT SERVICE	\$	1,022,731.90	CNTY DEBT SERV	0%	\$
002-022	COUNTY OPERATIONAL	\$	7,236,262.64	CNTY OPER	29%	\$ 7,236,262.64
003-103	COUNTY DEBT SERVICE	\$	-	DCLPEN	0%	\$ 996.36
004-024	CITY OF GALLUP OPERATIONAL	\$	2,207,756.29	TRE ADMIN FEE	0%	\$ 809.26
005-105	CITY OF GALLUP DEBT SERVICE	\$	497,442.59	CITY OF GALLUP DEBT SERV	2%	\$ 497,442.59
006-026	GMCS OPERATIONAL	\$	309,400.06	CITY OF GALLUP OPER	9%	\$ 2,207,756.29
007-107	GMCS DEBT SERVICE	\$	6,254,344.79	GMCS CAP IMPROV	6%	\$ 1,497,150.15
008-028	GMCS CAP IMPROV	\$	1,497,150.15	GMCS DEBT SERV	25%	\$ 6,254,344.79
009-029	UNM BRANCH	\$	1,501,808.95	GMCS OPER	1%	\$ 309,400.06
010-110	UNM - DEBT SERVICE	\$	1,877,261.20	RIO SAN JOSE	0%	\$ 23,933.99
011-031	REHOBOTH CHRISTIAN HOSPITAL	\$	1,501,808.95	RMCH	6%	\$ 1,501,808.95
012-032	UNM - SPECIAL VOC	\$	750,904.48	STATE DEBT SERV	4%	\$ 1,022,731.90
013-113	ZUNI SCHOOL OPERATIONAL	\$	1,164.70	STATE OF NM LIVESTOCK	0%	\$ 15,965.58
014-114	ZUNI SCHOOL DEBT SERVICE	\$	8,187.84	UNM - DEBT SERVICE	8%	\$ 1,877,261.20
015-115	ZUNI SCHOOL CAP IMPROV	\$	4,658.80	UNM BRANCH	6%	\$ 1,501,808.95
019-119	ZUNI SCHOOL EDUC TECH	\$	56,196.76	UNM SPECIAL VOC	3%	\$ 750,904.48
061-062	RIO SAN JOSE	\$	23,933.99	ZUNI SCHL CAP IMPROV	0%	\$ 4,658.80
951	CATTLE	\$	15,327.50	ZUNI SCHL DEBT SERV	0%	\$ 8,187.84
952	SHEEP	\$	154.78	ZUNI SCHL OPER	0%	\$ 1,164.70
953	GOATS	\$	24.96	ZUNI SCHL EDUC TECH	0%	\$ 56,196.76
954	HORSES	\$	442.84		100%	
955	HOGS & SWINE	\$	0.34			
956	DAIRY	\$	11.80			
957	BISON	\$				
958	ALPACA & LLAMAS	\$	3.02			
959	RATITES	\$	0.34			
980	DCLPEN	\$	996.36			
990	TRD ADMIN FEE	\$	809.24			
						\$ 24,768,785.29