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Representative Edward Sandoval, Chair
Revenue Stabilization and Tax Policy Committee
New Mexico Legislature
State Capitol Building
490 Old Pecos Trail Santa Fe, NM 87501

Dear Representative Sandoval:

Attached please find an electronic copy of the presentation which I gave yesterday on the results of our research for the Gross Receipts Tax Base Study, for which we received funding from the Legislative Council Service. Please share with your colleagues. I have made a couple changes of substance:

1. I corrected our estimate of Taxable Gross Receipts on page 9 to equal \$50.1 billion, which is only \$800 million above TRD's reported Taxable Gross Receipts for calendar 2012 of \$49.3 billion. My handout incorrectly reported the error at \$6.6 billion, which did not seem possible and was indeed an error.
2. I responded to a concern raised by Janet Peacock regarding p. 12 on the model results for the transactions tax. I neglected to subtract the amount of the State Gross Receipts tax that is paid out to municipalities in the 1.225% Distribution. This distribution totaled \$418 million in calendar 2012, leaving a balance of \$1.24 billion versus the \$1.66 billion originally reported.

There were other minor editorial changes but I wanted to alert you and your colleagues to these particular changes as they are significant. Please accept my apologies.

We have appreciated the opportunities both to do the research and to report on our findings. Please let me know if I can be of further assistance.

Wishing you the best this holiday season

Sincerely,

Lee A. Reynis
Research Professor, Economics