

Presentation to
TRANSPORTATION INFRASTRUCTURE REVENUE SUBCOMMITTEE
November 3, 2015

Topic: Implementing a Local Government Fuel Tax Option: Challenges and Possibilities

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- Local Government revenues from fuel taxes are inadequate to cover local road, bridge and other transportation needs.
- Increasing these revenues is a priority of the NMML.
- If the Legislature were to enact a workable local fuel tax authority, local governments are capable of administering it.
 - Municipalities and counties for decades have administered lodgers' taxes.
 - A local tax on retail fuel sales is not very complex.
- The current County and Municipal Gasoline Tax Act (at Chapter 7, Article 24A) is seriously flawed. If true local tax authority is to be granted, *this Act should be replaced*.
 - It is outdated, having been created 37 years ago mainly to solve emissions control program issues. Those issues have long since been taken care of. Local governments need a more flexible revenue source to handle the needs of today and tomorrow.
 - The Act contains no administrative provisions and is not covered by the Tax Administration Act. This means, among other concerns, that an adopting ordinance must be lengthy and complex to deal with when the tax is effective, delinquent taxpayers, deductions/exemptions, refunds of overpaid tax, auditing, extensions of time to file or pay, penalties for noncompliance, interest, sharing of information, etc.
 - Relationships among the several tax authorizations are not clear. Do they stack?
- It may make sense to subject all motor vehicle fuels to tax, rather than just picking on gasoline. Vehicles of a given weight or class have the same impact on roads and bridges regardless of fuel for motive power. (It should be noted that International Fuel Tax Agreement rules and procedures may limit application of local fuel taxes to special (diesel) fuel users reporting and paying under IFTA.)

We stand ready to assist the Subcommittee and its members in reaching politically and administratively acceptable solutions to local government transportation requirements.