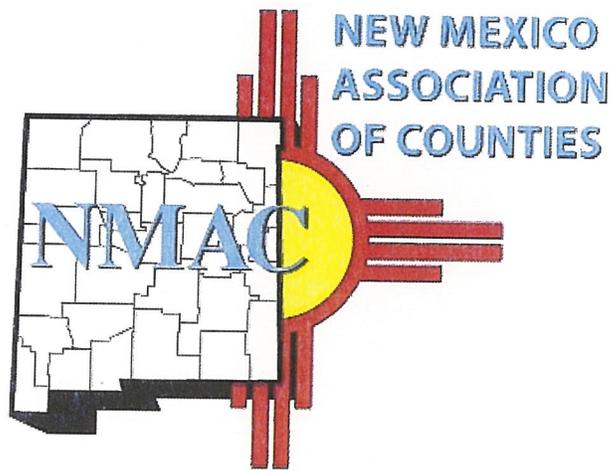


**Revenue Stabilization & Tax Policy Committee
and
Legislative Finance Committee**



**Steve Kopelman, Executive Director
New Mexico Association of Counties**

**July 9, 2014
Zia Conference Center, Room 55400
San Juan College, Farmington**

**SUMMARY OF EFFECT OF SB 268 et.al.
ON COUNTY GOVERNMENT**

- Counties (other than Bernalillo and Sandoval) are required under Section 16(A) to pass an ordinance that takes effect July 1, 2014, which dedicates to the new state Safety Net Care Pool fund an amount equal to a gross receipts tax rate of 1/12th percent applied to the taxable gross receipts reported during the prior fiscal year. A county may use public funds from any existing authorized revenue source for such purpose.
- Section 16(B) provides that counties subject to the bill shall transfer to the safety net care pool fund by the last day of March, June, September and December of each year an amount equal to 1/4th of the county's payment to the state Safety Net Care Pool Fund. Thus, the first payment under SB268 is due on the last day of September 2014.
- Under Section 3(D) of the bill, counties subject to the bill are authorized, until June 30, 2017, to enact an ordinance imposing an excise tax of 1/16th percent or 1/12th percent of the gross receipts of any person engaging in business in the county. This is a general purpose increment.
- The wording in Section 3(D) indicates that the tax does not sunset on June 30, 2017. Rather, the county must enact an ordinance imposing the tax no later than June 30, 2017, but the bill does not provide that the tax is only effective until such date. This appears to be the case although language in the title of the bill references a three-year limit on imposition of the tax.
- The Governor line item vetoed the provision in Section 16(A) which limited the ordinance requiring transfers to the safety net care pool fund to a three-year period (July 1, 2014 through June 30, 2017). The three-year sunset clause was a major provision of SB268. **NMAC has serious concerns that the original limited appropriation mandated by the legislature to county government of approximately \$25 million annually for a fixed three year period, could now cost counties that much each year for an undetermined and unlimited period of time. Thus, for a ten year period, the counties will be obligated to pay an additional amount totaling over \$250 million!**

Exhibit B

RESOLUTION PROPOSED BY DETENTION ADMINISTRATORS AFFILIATE TO NEW MEXICO ASSOCIATION BOARD OF DIRECTORS, JUNE, 2014

WHEREAS, the County Detention Facility Reimbursement Act was passed unanimously by the Legislature in 2007, as a Legislative Finance Committee bill, was signed by the Governor, and funded at \$5 million; and

WEREAS THE Act specifies reimbursement by the state to counties for three specific categories of offenders in county jails: 1) parole violators, 2) inmates sentenced to prison and awaiting transport, and 3) offenders under supervision for both probation and parole violations; and

WHEREAS, the cost to counties for housing the three categories of offenders covered by the Act is currently \$4,718, 448, according to the New Mexico Sentencing Commission; and

WHEREAS, funding for the Act has been reduced to \$3.3 million and has remained at that level for several years; and

WHEREAS, the cost to county government for detention centers is, on the average, at least one third of county budgets;

NOW THEREFORE BE IT RESOLVED THAT the New Mexico Association of Counties supports an increase in the 2015 General Appropriations Act that would fund the County Detention Facilities Reimbursement Act at a level sufficient to reimburse counties for the actual cost of holding the three categories of prisoners specified under the Act.

COUNTY GROSS RECEIPTS TAX (GRT) LOCAL OPTION INCREMENTS

The county gross receipts taxes are collected at the same time and in the same manner as the state gross receipts. The local option tax rate changes are combined with the state gross receipts tax rate and incorporated into the gross receipts tax rate schedule that is revised and provided to the taxpayers every six months. The Enactment Date Table is posted on the Taxation & Revenue Department website: <http://www.tax.newmexico.gov/Tax-Library/For-Governments/Municipal-and-County-Governments/Pages/Enactment-Date-Tables.aspx>

DESCRIPTION & IMPOSITION, BY COUNTY, AS OF JULY 1, 2014

Unless otherwise noted, all impositions are imposed countywide.

NAME OF TAX, PURPOSE, & INCREMENTS AUTHORIZED	STATUTES & COUNTIES IMPOSING TAX
COUNTY GROSS RECEIPTS TAX	7-20E-9 through 7-20E-11
First 1/8 % (general purpose and/or county road fund	All counties
Second 1/8 % (county indigent patients)	All counties but Harding & Socorro
Third 1/8 % (general purpose)	26 counties
Fourth 1/16 ^t % (general purpose)	23 counties
COUNTY INFRASTRUCTURE GROSS RECEIPTS TAX General purposes, waste/wastewater facilities, jails, economic development, etc.	7-20E-19
.First 1/16 %	11 counties
Second 1/16 %	11 counties

COUNTY CAPITAL OUTLAY GROSS RECEIPTS TAX Building & infrastructure projects, payment of revenue bonds for infrastructure	7-20E-21
First 1/16 %	6 counties
Second 1/16 %	6 counties
Third 1/16 %	6 counties
Fourth 1/16 %	6 counties
COUNTYWIDE/COUNTY AREA EMERGENCY COMMUNICATIONS & EMERGENCY MEDICAL & BEHAVIORAL HEALTH SERVICES GROSS RECEIPTS TAX Eligibility contingent on having emergency communications center and/or behavioral health services facility. May be imposed countywide or outside incorporated areas only.	7-20E-22
First 1/16 %	12 counties
Second 1/16 %	12 counties
Third 1/16 %	10 counties
Fourth 1/16 %	9 counties
COUNTY EDUCATION GROSS RECEIPTS TAX For payment of county education GRT bonds for public school capital projects & off-campus program capital projects. Only Taos county is authorized.	7-20E-20
One ½ % increment	Taos
COUNTY HEALTH CARE GROSS RECEIPTS TAX Must be dedicated to the state's county-supported Medicaid Fund	7-20E-18
First 1/16 %	18 counties
Second 1/16 % is available only to counties w/ populations over 500,000.	Bernalillo
SPECIAL COUNTY HOSPITAL GROSS RECEIPTS TAX For operations & maintenance of hospital for care of sick & indigent persons (Quay) & county ambulance transport or rural health clinic costs (Luna).	7-20E-13 & 7-20E-14
One 1/8 % increment	Luna
COUNTY HOSPITAL EMERGENCY GROSS RECEIPTS TAX To design & construct a county hospital facility, acquire land or	7-20E-12.1

buildings, or repay bonds or loans for acquiring, equipping, remodeling, or improving county hospital or health facility.	
One ¼% increment	Sierra
LOCAL HOSPITAL GROSS RECEIPTS TAX	7-20C-1 through 7-20C-17
Four 1/8 % increments to pay principal & interest on revenue bonds for acquisition of land or buildings for hospital or healthcare facilities. Authorized for 14 counties; only 4 have imposed it.	
First 1/8 %	Quay, Roosevelt, San Juan, Union
Second 1/8 %	Quay, Roosevelt, Union
Third 1/8%	Quay, Roosevelt
Fourth 1/8 %	Quay, Roosevelt
COUNTY CORRECTIONAL FACILITY GROSS RECEIPTS TAX	7-20-F-1 through 7-20F-12
Originally for purchasing & constructing jails; expanded to include operating detention facilities & transportation of prisoners. No election required but voters may petition for an election to approve or disapprove.	
First 1/16 %	26 counties
Second 1/16%	26 counties
COUNTY ENVIRONMENTAL SERVICES GROSS RECEIPTS TAX	7-20E-17
For acquiring, constructing, operating & maintaining solid waste, water, wastewater, sewer, & other systems. Imposed only on businesses outside incorporated municipalities.	
One 1/8 %	29 counties
COUNTY FIRE PROTECTION SERVICES EXCISE TAX	7-20E-15 & 7-20E-16
For operational expenses (no salaries), ambulance services, capital outlay costs of independent fire districts or county ambulance services. Imposed only on businesses outside incorporated municipalities.	
Increment can be either 1/8 or ¼ %. All imposing counties have enacted ¼ % except for Los Alamos, which has only the first 1/8.	21 counties
COUNTY REGIONAL TRANSIT GROSS RECEIPTS TAX	7-20E-23
For purposes authorized in the Regional Transit District Act. County must be member of a regional transit district; all counties in district must elect to enact the tax.	

Four 1/16 % increments. All counties appear to have enacted the first 2 increments only.	Bernalillo, Los Alamos, Rio Arriba, Sandoval, Santa Fe, Taos and Valencia counties
COUNTY QUALITY OF LIFE GROSS RECEIPTS TAX To promote & expand cultural programs	7-20E-24
Four 1/16 th % increments	No counties
COUNTY REGIONAL SPACEPORT GROSS RECEIPTS TAX County must be a member of a regional spaceport. At least 75 % is for a regional spaceport district financing, planning, designing, engineering, constructing, and/or projects of the district.	7-20E-25
First & second 1/16 % increments	Dona Ana & Sierra counties
COUNTY WATER & SANITATION GROSS RECEIPTS TAX If board of directors of water & sanitation district approves a resolution, county must impose the tax on persons engaged in business in the district.	7-20-E-26
One ¼ % increment	No counties
COUNTY BUSINESS RETENTION GROSS RECEIPTS TAX To retain local businesses in the county, by reducing the impact to the State General Fund of gaming tax lost to the state because of reduced economic activity in the county. May be imposed only by a county containing gaming operator licensees that are racetracks (racinos).	7-20E-27
Four 1/16 % increments	Lincoln county (enacted 2011; expires 2015)
COUNTY HOLD HARMLESS GROSS RECEIPTS TAX County may designate specific purpose, including but not limited to police or fire protection, public transportation or street repair and maintenance.	
Three 1/8 % increments; no voter referendum or petition	Otero and Cibola county have Imposed the first 1/8 th .

Data sources: New Mexico Department of Taxation & Revenue
County Gross Receipts Tax Local Options, revised June 2013
Enactment Dates of Local Option Taxes, as of January, 2014

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updated 07.01.14

New Mexico Taxation and Revenue Department
ENACTMENT DATES OF LOCAL OPTION TAXES--as of July 1, 2014

COUNTY	COUNTY LOCAL OPTION TAXES																												TOTAL RATES														
	County Gross Receipts Tax				County Infrastructure GRT		County Capital Outlay Gross Receipts Tax				County Emergency Communications & Medical Services Tax				Cnty. Educ. GRT	County Health Care	County Hosp. GRT	Local Hospital Gross Receipts Tax				Cnty. Hosp. Emerg.	Jail	Cnty. Env. GRT	Fire	County Regional Transit	County Quality of Life Gross Receipts Tax				County Regional Spaceport Gross Receipts Tax				County Water & Sanit.	County Business Ret.	County Hold Harmless	County Hold Harmless	City Imposed Rates	County Imposed Rates	Total Tax Rate(1)		
	.125%	.125%	.125%	.0625%	.0625%	.0625%	.0625%	.0625%	.0625%	.0625%	.0625%	.0625%	.0625%	.0625%	.50%	.0625%	.0625%	.125%	.125%	.125%	.125%	.25%	.0625%	.0625%	.125%	.125%	.125%	.125%	.0625%	.0625%	.0625%	.0625%	.125%	.125%	.125%	.25%	.1875%	0.2500%	0.3750%				
Sandoval County	29-029	1/84	1/91			7/99	7/99																			7/95	1/05a	1/05	7/09											0.0000%	1.1250%	6.2500%	
San Juan County	16-016	7/89	7/89	7/99	1/14																					7/05	7/05	1/91	7/06a	7/06											0.0000%	1.2500%	6.3750%
San Miguel County	12-012	7/84	1/79	1/79	1/05	7/03	7/03	7/03	7/03	7/07	7/07															1/05	1/05	7/91	1/06a	1/06											0.0000%	1.3750%	6.5000%
Santa Fe County	01-001	1/84	6/68	6/68	1/06	7/99	7/99	1/03	1/03	1/03	1/03	7/07	7/07													1/05	1/05	7/91	7/13	7/13	7/09a										0.0000%	1.7500%	6.8750%
Sierra County	21-021	1/84	1/87	1/87	1/06																					7/94	1/06	1/06	1/94							1/09	1/09			0.0000%	1.1875%	6.3125%	
Socorro County	25-025	7/92		1/05	1/13																					1/05	1/05	1/92	7/06a	7/06											0.0000%	0.8750%	6.0000%
Taos County	20-020	1/84	1/88	7/88	1/08	1/08	1/08	1/08	1/08	1/08	1/08																													0.0000%	2.0000%	7.1250%	
Torrance County	22-022	1/84	7/93	7/00	1/05	7/07	7/07																			1/05	1/05	1/92	7/05a	7/05											0.0000%	1.3750%	6.5000%
Union County	18-018	7/83	7/83	1/05	1/06																																			0.0000%	0.9375%	6.0625%	
Valencia County	14-014	1/84	7/87	1/02	7/05																																			0.0000%	1.2500%	6.3750%	