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## FISCAL IMPACT REPORT

SPONSOR: Griego DATE TYPED: 02/02/00 HB \_\_\_\_\_  
 SHORT TITLE: TRD Agreement with Nambe Pueblo SB 232  
 ANALYST: Eaton

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY00	FY01			
	Minimal Negative*		Recurring	General Fund
	Positive*		Recurring	Nambe Pueblo
	Minimal Negative*		Recurring	Santa Fe County

(Parenthesis ( ) Indicate Revenue Decreases)

\* Any agreement between Nambe Pueblo and the Department would probably not result in any significant revenue impacts in the immediate future. It is uncertain when any agreement under this statute might become effective.

### SOURCES OF INFORMATION

Taxation and Revenue Department (TRD)

### SUMMARY

#### Synopsis of Bill

Under a statute enacted in 1999, TRD may enter into agreements with Santa Ana Pueblo and Laguna Pueblo to collect any gross receipts tax imposed by the Pueblo. To resolve dual taxation issues, if the Pueblo grants a 25% credit against its tax and meets other specified conditions, the state will grant a credit against state and local gross receipts tax due from taxpayers subject to both taxes. The result will be that taxpayers will pay the same tax as they would under the state and local taxes alone even after the Pueblo has imposed its tax.

The proposed bill allows the Secretary of Taxation and Revenue to enter into a similar agreement with Nambe Pueblo. If an agreement is entered into, the law allows for a credit against state and local gross receipts taxes equal to the lesser of 75% of the tax imposed by the pueblo or 75% of the state and local tax rate. The Pueblo must impose a gross receipts or similar non-discriminatory tax and allow as a credit against the Pueblo tax an amount equal to 25% of the total imposition of

state, municipal and county gross receipts taxes. Any Pueblo tax only applies to businesses operating on land owned by the Pueblo or held in trust by the Pueblo.

### **FISCAL IMPLICATIONS**

Minimal.

### **ADMINISTRATIVE IMPLICATIONS**

Administrative impact is strongly influenced by the specific agreement negotiated between TRD and the Pueblo. Computer programming changes are required, the complexity of which will vary depending upon the exact terms on any final agreement. If even one taxpayer is covered by the agreement, the system will have to be adapted. A minimal amount of programming needed to implement this scheme is about 300 hours (under \$15 thousand).

### **OTHER SUBSTANTIVE ISSUES**

TRD supports the general aims of this bill. It promotes resolution of the deduction problem, which creates a real disincentive to economic development on tribal lands. The disincentive tends to hurt tribes more than the state. In some cases, the disincentive will mean a business will simply chose not to open. But in most cases, the result of the double tax will be that the business will locate off reservation. The result is the state would be getting its full share of tax and the tribe would get nothing. This bill also promotes efficiency of administration and collection of state and Pueblo taxes through cooperative agreements and minimizing the total tax burden through mutual tax credits.

JE/njw