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## FISCAL IMPACT REPORT

SPONSOR: Taylor, T.C.                      DATE TYPED: 02/23/01    HB    684  
 SHORT TITLE: Compensating Tax Distribution to Cities                      SB  
ANALYST: Eaton

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY01	FY02			
	\$ (11,300.0)	\$ (11,300.0)	Recurring	General Fund
	\$ 11,300.0	\$ 11,300.0	Recurring	Local Govt.

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

LFC Files

### SUMMARY

#### Synopsis of Bill

The bill proposes a new distribution to municipalities funded by compensating tax collections. The amount of new funding for the cities is \$1,500 per month per city or \$18,000 per year.

Albuquerque, Santa Fe, Farmington and Las Cruces receive their taxable gross receipts share equal to 1.225 percent of net compensating tax collections. This distribution consumes about 5 percent of net compensating tax collections to add to the current law of 10 percent distributions of compensating tax collections to small cities and distributions up to 10 percent to small counties.

Except for the four largest municipalities, each village, town or city will receive 18,000 per year under this proposal.

#### Significant Issues

It is likely that county governments would also like to be included in this kind of new distribution.

### FISCAL IMPLICATIONS

The Taxation and Revenue Department (TRD) preliminary estimate is that this bill’s full year impact would reduce the general fund by \$11.3 million and increase municipal revenues by the same amount.

### ADMINISTRATIVE IMPLICATIONS

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Unknown.

JBE/ar