

NOTE: As provided in LFC policy, this report is intended only for use by the standing finance committees of the legislature. The Legislative Finance Committee does not assume responsibility for the accuracy of the information in this report when used for other purposes.

The most recent FIR version (in HTML & Adobe PDF formats) is available on the Legislative Website. The Adobe PDF version includes all attachments, whereas the HTML version does not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR: Whitaker DATE TYPED: 3/17/03 HB 229/aHTRC

SHORT TITLE: Increase Small Counties Assistance SB _____

ANALYST: Smith

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
	800		Recurring	Small Counties Assistance Fund
	(800)		Recurring	General Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Finance and Administration

SUMMARY

Synopsis of HTRC Amendment

The effect of the House Taxation and Revenue Committee amendment is to reduce the fiscal impact to \$800,000.0.

Synopsis of Bill

House Bill 229 changes the Small Counties Assistance Act by amending the ceiling valuation calculation and the distribution from the small counties assistance fund. It increases the population limit for class B, class C or first class counties that qualify for the fund from 45,000 to 48,000.

House Bill 229 defines "ceiling valuation" to mean:

- (1) for the 2002 property tax year, one billion four hundred million dollars (\$1,400,000,000);

(2) for each subsequent property tax year, an amount equal to the product obtained by multiplying one billion four hundred million dollars (\$1,400,000,000) by a fraction, the numerator of which is the total valuation for the state for that property tax year and the denominator of which is the total valuation for the state for the 2002 property tax year.

This legislation also defines "demographer" as a qualified employee from the Bureau of Business and Economic Research at the University of New Mexico.

As stated by the Department of Finance and Administration, a total valuation for the property tax year preceding the year in which a distribution pursuant to the Small Counties Assistance Act for that county is to be made that is no greater than the ceiling valuation for that property tax year. The term "total valuation" means the sum for a jurisdiction for a property tax year of the net taxable value determined pursuant to the Property Tax Code.

FISCAL IMPLICATIONS

The distribution formula in HB 229 utilizes property valuation amounts instead of property tax revenues. The 2002 distribution had a grand total of \$1,500,000. According to the Department of Finance and Administration, a trial application of the new distribution formula based on the following assumptions: applying a "ceiling valuation" of \$1,400,000,000; and, utilizing data from the 2000 census and the 2002 valuations would require \$4.4 million in general fund revenues. Therefore, the net fiscal impact of HB 229 would be \$2.9 million.

SS/sb:njw