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HOUSE BILL 597

**48TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2007**

INTRODUCED BY

Rick Miera

AN ACT

RELATING TO COUNTY CORRECTIONS; RAISING THE COUNTY CORRECTIONAL FACILITY GROSS RECEIPTS TAX.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 7-20F-3 NMSA 1978 (being Laws 1993, Chapter 303, Section 3, as amended) is amended to read:

"7-20F-3. COUNTY CORRECTIONAL FACILITY GROSS RECEIPTS TAX--AUTHORITY TO IMPOSE--RATE--ORDINANCE REQUIREMENTS-- REFERENDUM.--

A. The majority of the members elected to the county board may enact an ordinance imposing on a countywide basis an excise tax not to exceed a rate of ~~[one-eighth]~~ one-half percent of the gross receipts of any person engaging in business in the county, including all municipalities within the county.

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1           B. The tax imposed pursuant to Subsection A of this  
2 section may be referred to as the "county correctional facility  
3 gross receipts tax".

4           C. Any ordinance imposing a county correctional  
5 facility gross receipts tax pursuant to this section shall:

6                   (1) impose the tax in any number of increments  
7 of one-sixteenth percent not to exceed an aggregate amount of  
8 [~~one-eighth~~] one-half percent;

9                   (2) specify that the imposition of the tax  
10 will begin on either July 1 or January 1, whichever occurs  
11 first after the expiration of at least three months from the  
12 date that the department is notified personally or by mail by  
13 the county of adoption of the ordinance; and

14                   (3) dedicate the revenue from the county  
15 correctional facility gross receipts tax:

16                           (a) for the purpose of operating,  
17 maintaining, constructing, purchasing, furnishing, equipping,  
18 rehabilitating, expanding or improving a judicial-correctional  
19 or a county correctional facility or the grounds of a judicial-  
20 correctional or county correctional facility, including  
21 acquiring and improving parking lots, landscaping or any  
22 combination of the foregoing;

23                           (b) for the purpose of transporting or  
24 extraditing prisoners; or

25                           (c) to payment of principal and interest

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1 on revenue bonds or refunding bonds issued pursuant to the  
2 provisions of the County Correctional Facility Gross Receipts  
3 Tax Act.

4 D. An ordinance imposing a county correctional  
5 facility gross receipts tax pursuant to this section shall be  
6 subject to optional referendum selection by the governing body,  
7 as provided in Subsection A of Section 7-20E-3 NMSA 1978.

8 E. If the county has pledged the revenue from  
9 imposition of the county correctional facilities gross receipts  
10 tax to the repayment of bonds or other indebtedness, revenue  
11 produced by the imposition of a county correctional facility  
12 gross receipts tax that is in excess of the annual principal  
13 and interest due on bonds secured by a pledge of the county  
14 correctional facility gross receipts tax may be accumulated in  
15 a debt service reserve account until an amount equal to the  
16 maximum amount permitted pursuant to the provisions of the  
17 United States treasury regulations is accumulated in the debt  
18 service reserve account. After the debt service reserve  
19 account requirements have been met, the excess revenue shall be  
20 accumulated in an extraordinary mandatory redemption fund and  
21 annually used to redeem the bonds prior to their stated  
22 maturity date.

23 F. If the county has pledged the revenue from  
24 imposition of the county correctional facilities gross receipts  
25 tax to the repayment of bonds or other indebtedness, when all

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1 outstanding bonds have been paid, whether from the debt service  
2 reserve, the redemption fund or maturity, the ordinance shall  
3 be repealed if the county correctional facility gross receipts  
4 tax revenue is no longer required for the purposes for which it  
5 may be used pursuant to the provisions of the County  
6 Correctional Facility Gross Receipts Tax Act.

7 G. The repeal of an ordinance imposing a county  
8 correctional facility gross receipts tax shall state that the  
9 repeal shall be effective on January 1 or July 1, whichever  
10 occurs first following the date the department is notified  
11 personally or by mail by the county of the repeal."

12 Section 2. EFFECTIVE DATE.--The effective date of the  
13 provisions of this act is July 1, 2007.