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## FISCAL IMPACT REPORT

ORIGINAL DATE 2/20/07

SPONSOR     Silva     LAST UPDATED                      HB   1265  

SHORT TITLE   County Regional Transit Gross Receipts   SB                     

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ANALYST   Schardin  

### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY07	FY08	FY09		
	NFI			

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Department of Transportation (DOT)

Taxation and Revenue Department (TRD)

### SUMMARY

#### Synopsis of Bill

House Bill 1265 amends provisions of the county regional transit district gross receipts tax so that if imposed it will apply in municipal and non-municipal areas within a county that is part of a regional transit district. Currently, the county regional transit district gross receipts tax is imposed only on areas of a county outside of municipalities. Counties will still be able to impose the tax in increments of 0.0625 percent up to 0.5 percent.

The bill also changes restrictions on the use of revenue collected from imposition of a county regional transit district gross receipts tax. While under current law it may be used for management, construction or operation of a public transit system or for specific public transit projects or services pursuant to the Regional Transit District Act (Chapter 73, Article 25 NMSA 1978), the bill would allow revenues to be used only for a purpose authorized by the Regional Transit District Act.

The county regional gross receipts tax must be approved by the majority of voters in a county before it can be imposed. The bill amends statute so that every county in a regional transit district will be required to hold a joint election.

Amendments to the county regional transit district to make it apply inside municipalities allow repeal of the municipal regional transit gross receipts tax, which may currently be imposed in increments of 0.0625 percent up to 0.5 percent in a municipality that is inside a regional transit district, subject to approval by a majority of the municipality's voters.

The effective date of these provisions will be July 1, 2007.

### **FISCAL IMPLICATIONS**

The bill has no fiscal impact across local governments, but shifts revenue generating capability from municipalities to counties.

### **SIGNIFICANT ISSUES**

To date, no county or municipality has imposed a regional transportation gross receipts tax.

According to TRD, the bill eliminates the possibility that two counties in the same regional transit district may impose the tax at different rates. By mandating a joint election, the bill remedies the potential problem of one county's voters approve the tax but another's do not, as well as the problem of one county holding an election to approve the tax before another county.

### **ADMINISTRATIVE IMPLICATIONS**

According to TRD, the proposal would streamline imposition of the regional transit district gross receipts tax and make it easier to administer.

### **TECHNICAL ISSUES**

TRD reports that the bill fails to clarify one ambiguity concerning the county regional transit district gross receipts tax: it remains unclear whether the tax applies to all businesses in a county that imposes it or only to businesses in a county that are also within a regional transit district. Usually when a county local option tax is imposed countywide the language reads "...of any person engaging in business in the county."

### **OTHER SUBSTANTIVE ISSUES**

DOT reports that if regional transit districts raised enough gross receipts tax revenue, federal transit funds administered by DOT could be made available for counties that are not part of regional transit districts.

SS/mt