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FISCAL IMPACT REPORT

ORIGINAL DATE 1/31/08
 LAST UPDATED 2/07/08 HB _____

SPONSOR Taylor

SHORT TITLE Bernalillo Fire Protection Excise Tax Uses SB 461

ANALYST Schardin

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY08	FY09	FY10		
	NFI			

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

Senate Bill 461 amends statute to allow revenue generated by the county fire protection excise tax to be used to pay salary, compensation and remuneration to an employee of the state, county or fire district in Bernalillo County whose work relates to independent fire districts or ambulance services. Under current law, all counties are prohibited from using the county fire protection excise tax for that purpose.

Because the bill has no effective date, and if signed by the Governor, it will become effective 90 days after adjournment of the 2008 legislature on May 14, 2008.

FISCAL IMPLICATIONS

The bill does not affect Bernalillo County's ability to generate tax revenue. It only broadens the scope of what county fire protection excise tax revenue may be used for to include compensation.

Bernalillo County is expected to have taxable gross receipts totaling \$16.1 billion in FY09. Imposing a 1/8 percent increment would generate revenue of \$21.8 million, and a 1/4 increment would generate about \$43.7 million.

SIGNIFICANT ISSUES

All counties are allowed to impose a county fire protection excise tax of 1/8 or 1/4 percent. Imposition of the tax requires a majority vote of the county. Under Section 7-20E-15 NMSA 1978, at the time a county government imposes the tax, it must dedicate the revenue to be generated to financing the operational expenses, ambulance services, or capital outlay costs of independent fire districts or ambulance services provided by the county. Because Bernalillo County will still be required to dedicate county fire excise tax revenue to these purposes, the bill would only allow use of the revenue to pay salaries and compensation to workers in the fire or ambulance service fields.

Currently, all counties are prohibited from using county fire protection excise tax revenue to pay for salaries and compensation. The bill would allow more flexibility for Bernalillo County to use their revenue for salaries and compensation.

As of January 1, 2008, Bernalillo county has not imposed any increment of the county fire protection excise tax.

ADMINISTRATIVE IMPLICATIONS

Administrative impact on TRD will be minimal.

SS/bb