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FISCAL IMPACT REPORT

SPONSOR Trujillo **ORIGINAL DATE** 02/12/10
LAST UPDATED _____ **HB** HM65
SHORT TITLE Aggressive Gross Receipts Collection **SB** _____
ANALYST Gutierrez

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY10	FY11	FY12		
	NFI			

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

House Memorial 65 requests the Taxation and Revenue Department to implement a public information campaign to educate the public and businesses about the gross receipts tax and to aggressively enforce and collect the gross receipts tax. Copies of the memorial are to be transmitted to the secretary of TRD and the secretary of Economic Development.

SIGNIFICANT ISSUES

TRD:

The Taxation and Revenue Department makes a concerted to fully and fairly enforce and collect the gross receipts tax with the resources and budget allocated to the Department. Over \$1 Billion in collections and audits (for all tax programs) has been produced by the Fair Share initiative which was first implemented in February of 2003, of this \$609 million was generated compared to previous collection levels.

The Department currently educates the public and businesses about the gross receipts tax in numerous ways. The Department produces dozens of FYIs,

Bulletins, Brochures, and other information packets that are available online, at district offices around the State, and free by mail at request¹. In calendar year 2010 the Department has conducted or is scheduled to conduct approximately 100 English language and 20 Spanish language New Business Workshops and 12 New Employer Workshops in 14 different cities across the State². The Department also provides additional workshops at the request of various groups and organizations. The Department is also in the process of restructuring and reorganizing the Department’s website in order to make it more functional, user friendly, and easier to update.

ADMINISTRATIVE IMPLICATIONS

TRD:

If the Taxation and Revenue Department undertook a “public information campaign to educate the public and businesses about the gross receipts tax” in a different form from the current publications, mailings, workshops, and other taxpayer education activities it would place an additional unfunded burden on the Department at the cost of current Department functions.

BLG/mew

The Legislative Finance Committee has adopted the following principles to guide responsible and effective tax policy decisions:

- 1. Adequacy:*** revenue should be adequate to fund government services.
- 2. Efficiency:*** tax base should be as broad as possible to minimize rates and the structure should minimize economic distortion and avoid excessive reliance on any single tax.
- 3. Equity:*** taxes should be fairly applied across similarly situated taxpayers and across taxpayers with different income levels.
- 4. Simplicity:*** taxes should be as simple as possible to encourage compliance and minimize administrative and audit costs.
- 5. Accountability/Transparency:*** Deductions, credits and exemptions should be easy to monitor and evaluate and be subject to periodic review.

More information about the LFC tax policy principles will soon be available on the LFC website at www.nmlegis.gov/lcs/lfc

¹ http://tax.state.nm.us/trd_pubs.htm

² http://tax.state.nm.us/oos/crsworkshops_2010.pdf