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FISCAL IMPACT REPORT

ORIGINAL DATE 01/22/10

SPONSOR Munoz LAST UPDATED _____ HB _____

SHORT TITLE Use of Liquor Tax for Drunk Transportation SB 101

ANALYST Gutierrez

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY10	FY11		
	NFI		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

Senate Bill 101 amends Section 7-24-10 NMSA 1978 expanding the ability to dedicate revenue from the local liquor excise tax to include “a safe transportation shuttle system for transport of inebriated persons”.

Because no effective date is provided in the bill, its provisions will become effective ninety (90) days after the 2010 legislative session adjourns.

FISCAL IMPLICATIONS

No fiscal impact.

SIGNIFICANT ISSUES

Under current law, the local liquor excise tax revenues can be used to fund educational programs and prevention and treatment of alcoholism and drug abuse within the county. For purposes of the liquor excise tax, county is defined as:

“a class B county having a population of more than fifty-six thousand but less than seventy-five thousand, according to the most recent federal decennial census

or any subsequent decennial census and having a net taxable value for rate-setting purposes for the 1988 or any subsequent property tax year of more than five hundred million dollars (\$500,000,000) but less than seven hundred million dollars (\$700,000,000)”

Currently McKinley County is the only county that is eligible under this definition.

TRD:

McKinley County’s tax is scheduled to expire or be reauthorized effective March 1, 2010, so presumably an ordinance including the new use of revenue for transport of inebriated persons might not be executed until the March 1, 2013, reauthorization.

The qualifying definitions of Section 7-24-9 (B) NMSA 1978 will probably need to be revised sometime soon to maintain McKinley County’s eligibility for this tax. The county population in the last census was 74,798 and the net taxable value for 2008 was \$681,761,554. The qualifications under Section 7-24-9(B) specify a population of 56,000 to 75,000 and a net taxable value of \$500 million to \$700 million.

ADMINISTRATIVE IMPLICATIONS

This bill will have no administrative impact on TRD.

BLG/mew:svb

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