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FISCAL IMPACT REPORT

ORIGINAL DATE 02/24/11
LAST UPDATED 03/15/11 **HB** 558/aHBIC/aHTRC

SPONSOR King and Campos

SHORT TITLE Industrial Revenue Bonds Taxing Entity Notice **SB** _____

ANALYST Burrows/Golebiewski

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY11	FY12	FY13		
	NFI	NFI		

(Parenthesis () Indicate Revenue Decreases)

Duplicates to SB 523

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Education Department (PED)

Department of Defense (DFA)

SUMMARY

Synopsis of HTRC Amendment

The House Taxation and Revenue Committee has amended House Bill 558 by striking the HBIC amendment requiring notification be issued in writing. Instead, the amendment specifies that notification would be issued by certified mail with return receipt requested. The HTRC amendment also clarifies that the taxing authorities would receive notice at least 30 *calendar* days prior to the final meeting authorizing bond issuance.

Synopsis of HBIC Amendment

The House Business & Industry Committee amendment to House Bill 558 clarifies that the notice of industrial revenue bond issuance must be made in writing, and identifies characteristics of the revenue bonds that must be spelled out in the notice. These include the amount, the purpose and the time period of the industrial revenue bonds.

Synopsis of Original Bill

House Bill 558 would expand the provisions of Section 4-59-4.1 to require counties to provide notification of industrial revenue bond (IRB) issuance to all property taxing entities within that county. Under current law, counties are only required to notify the largest municipality located in the county.

Because no effective date is provided in the bill, its provisions will become effective 90 days after the 2011 Legislative Session adjourns, on June 17, 2011.

FISCAL IMPLICATIONS

There is no fiscal impact.

SIGNIFICANT ISSUES

The proceeds from IRBs are used to fund county projects that would encourage businesses to relocate to New Mexico, or that promote the use of New Mexico agricultural products and natural resources. In some instances, IRBs are used to build or purchase facilities that are then leased for use by industries or businesses. As government property, these facilities are not subject to property taxation, so property tax revenue is reduced during the period of lease.

Under current law, property taxing entities are subject to unexpected reductions in property tax revenue with each new bond issuance. Expanding notification to all property tax authorities will provide warning to changes in revenue.

The Department of Finance and Administration (DFA) has provided a list of entities that are authorized by statute to impose taxes within a New Mexico county (see Attachment).

DUPLICATION

Senate Bill 523 duplicates House Bill 558. However, Senate Bill 523 contains several technical issues that do not appear in House Bill 558.

OTHER SUBSTANTIVE ISSUES

DFA notes that the notification of additional taxing entities, allows for more participation and input prior to issuance of IRBs.

LKB/svb:bym