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FISCAL IMPACT REPORT

ORIGINAL DATE 01/25/12
LAST UPDATED 02/10/12 **HB** _____

SPONSOR Leavell

SHORT TITLE Uranium Hexafluoride Sale Gross Receipts **SB** 23/aSfI#1

ANALYST Hoffmann

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY12	FY13		
NFI	NFI		

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue Impact					Recurring or Nonrecurring	Fund(s) Affected
FY12	FY13	FY14	FY15	FY16		
	\$0.0	\$0.0	\$0.0	\$0.0	Recurring	General Fund

(Parentheses () indicate a revenue loss)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

Estimated Additional Operating Budget Impact				Recurring or Nonrecurring	Fund(s) or Agency Affected
FY12	FY13	FY14	FY12-14		
	***	\$0.0	***	Nonrecurring	TRD Operating

(Parentheses () indicate a cost saving)

***See Administrative Implications

Duplicates House Bill 70

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of SFI Amendment #1

The Senate Floor amendment #1 to Senate Bill 23 adds two paragraphs regarding accountability for taxpayers taking the gross receipts deduction for selling uranium hexafluoride and providing the service of enriching uranium hexafluoride.

The TRD would be required to report annually to the Revenue Stabilization and Tax Policy committee the aggregate amounts of deductions taken, the number of taxpayers claiming the deduction, and any other information that the deduction is performing a purpose that is beneficial to the state.

A taxpayer deducting gross receipts according to Section 7-9-90 NMSA 1978 would be required to report to the TRD the amount deducted in such a manner that facilitates the evaluation by the Legislature for the benefit accruing to the state as a result of this deduction.

Synopsis of Original Bill

Senate Bill 23 (SB23) proposes to amend Section 7-9-90 NMSA 1978 with a technical correction which changes the name of the product exempt from New Mexico gross receipts tax from “enriched uranium” to “uranium hexafluoride.”

FISCAL IMPLICATIONS

Senate Bill 23 contains no appropriation.

According to the TRD the exemption referred to by SB23 in this proposed amendment to the *Gross Receipts and Compensating Tax Act* is already in place and represents no potential loss of revenue to the state.

A letter from URENCO, the company that produces uranium hexafluoride in Lea County, is attached certifying that they have never paid gross receipts taxes.

ADMINISTRATIVE IMPLICATIONS

The TRD forecasts minimal impact to their operations. They would need to modify some forms and instructions. Audit procedures would need to be developed and the impact increases because the effective date of the change is in the middle of a report period. If the change was effective Jan 1, or July 1, then no cost would be associated with the bill.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

This is a duplicate of House Bill 70.

POSSIBLE QUESTIONS

Does the bill meet the Legislative Finance Committee tax policy principles?

1. **Adequacy:** Revenue should be adequate to fund needed government services.
2. **Efficiency:** Tax base should be as broad as possible and avoid excess reliance on one tax.
3. **Equity:** Different taxpayers should be treated fairly.
4. **Simplicity:** Collection should be simple and easily understood.
5. **Accountability:** Preferences should be easy to monitor and evaluate

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