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FISCAL IMPACT REPORT

ORIGINAL DATE 2/10/18

SPONSOR Dow / Leavell LAST UPDATED _____ HB 225/aHTRC

SHORT TITLE Correctional Facility Gross Receipts Changes SB _____

ANALYST Clark

REVENUE (dollars in thousands)

Estimated Revenue					Recurring or Nonrecurring	Fund Affected
FY18	FY19	FY20	FY21	FY22		
No Fiscal Impact						

Parenthesis () indicate revenue decreases

SOURCES OF INFORMATION

LFC Files

Responses Received From

SUMMARY

Synopsis of HTRC Amendment

The House Taxation and Revenue Committee amendment removes the exception of not allowing excess funds to be used for operating a judicial-correctional or county correctional facility. This brings the bill into alignment with existing allowable uses of this revenue.

Synopsis of Original Bill

House Bill 225 allows revenues from the county correctional facility gross receipts tax (GRT) that exceed the revenues needed to meet bond payments to be used for the purposes specified in statute, except for the purpose of operating a judicial-correctional or county correctional facility.

There is no effective date of the bill. The effective date is assumed to be 90 days after the end of the legislative session.

FISCAL IMPLICATIONS

The bill has no fiscal impact.

SIGNIFICANT ISSUES

Current statute requires that if the revenue from this dedicated GRT increment is pledged for the repayment of bonds or other indebtedness, the tax revenues may only be used for that purpose. If revenues exceed certain specified levels, the excess must be used to redeem the bonds prior to their maturity date. This bill allows counties additional flexibility by stating that early redemption is optional; the county may choose, if revenues are sufficient to meet principal and interest payments, to use the excess revenues for new projects of the same type already provided for in the statute, with the one exception noted in the bill summary.

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

JC/al