

LFC Requester: _____

**AGENCY BILL ANALYSIS
2024 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:

Analysis.nmlegis.gov

{Analysis must be uploaded as a PDF}

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Check all that apply:

Original **Amendment** _____
Correction _____ **Substitute** _____

Date 1/12/2024

Bill No: HB 54

Sponsor: L. Scott; R. Pettigrew
Short Title: CREATE ALL CITIES &
COUNTIES FUND

**Agency Name
and Code** LGD/DFA—341
Number: _____

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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		
	TBD by Tax and Revenue		General Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		
	TBD by Tax and Revenue distribution calculation based on formula			GRT-General Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
 Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: House Bill 54 (HB54) directs the Taxation and Revenue Department (TRD) to calculate a distribution of 8 percent of the net receipts attributable to the gross receipts tax to a new All Cities and Counties Fund. Each year by December 1, 2025, and December 1 of each year thereafter, TRD shall certify to the State Treasurer the amounts to be distributed to each municipality and county based on the following formulas:

*

For each municipality, the formula is:

$$\left(\frac{\text{Muni Pop}}{\text{State Population}} \times 0.7 + \frac{\text{Muni Pop}}{\text{County Pop}} \times \frac{\text{County EGRTR}}{\text{Total County EGRTR}} \times 0.3 \right) \times \text{Fund Balance}$$

And for each county:

$$\left(\frac{\text{Cnty Area Pop}}{\text{State Population}} \times 0.7 + \frac{\text{Cnty Area Pop}}{\text{County Pop}} \times \frac{\text{County EGRTR}}{\text{Total County EGRTR}} \times 0.3 \right) \times \text{Fund Balance}$$

By January 1, 2026, and January 1 of each year thereafter, the state treasurer shall transfer from All cities and Counties Fund to each municipality and county the amounts certified by TRD.

*EGRTR-equalized gross receipts tax revenue" means the net receipts received by the taxation and revenue department in the prior fiscal year, subject to any increase or decrease made pursuant to Section 7-1-6.15 NMSA 1978, attributable to a county local option gross receipts tax rate of one-fourth percent.

Effective date of bill is July 1, 2024.

FISCAL IMPLICATIONS

HB54 reduces the GRT tax base for the state and shifts a portion to local governments. The distributions to be calculated by the formulas in section 1 of the bill add additional complexity to the tax code.

DFA will defer to TRD on any additional fiscal implications to the agency because of these changes to the tax code.

SIGNIFICANT ISSUES

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

DFA administrative implications are minimal and will defer to TRD on its administrative implications as the agency will be required to make the calculations and certifications and possibly develop system software modifications.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

New Mexico Tax Code would require amendments to include the HB54 proposed language.

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS