

<b>LFC Requester:</b>	Graeser
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**AGENCY BILL ANALYSIS  
2024 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:**

**AgencyAnalysis.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** January 27, 2024  
**Bill No:** HB 257

**Sponsor:** Jones  
**Short Title:** Convenience Store Food Gross Receipts

**Agency Name and Code**    Municipal League/ML  
**Number:** \_\_\_\_\_  
**Person Writing**    Alison Nichols  
**Phone:** 505-470-3931    **Email** anichols@nmml.org

**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		

(Parenthesis ( ) Indicate Expenditure Decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		

(Parenthesis ( ) Indicate Expenditure Decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	<b>FY24</b>	<b>FY25</b>	<b>FY26</b>	<b>3 Year Total Cost</b>	<b>Recurring or Nonrecurring</b>	<b>Fund Affected</b>
<b>Total</b>						

(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:

**FISCAL IMPLICATIONS**

This expanded GRT deductions for food sales in this bill would have a negative fiscal impact on local governments. The overall cost of the deduction is very uncertain, as is the impact on individual municipalities and counties, as it is unknown how many convenience stores would meet the bill’s provision, or where those businesses are located.

Revenue loss to municipalities would negatively impact revenue stability, affecting cities’ ability to provide essential public services. public safety, and employee wage increases, among other needs.

**SIGNIFICANT ISSUES**

The Municipal League opposes additional GRT deductions that erode the local gross receipts tax base of municipalities.

Municipalities have already suffered revenue losses due to the deduction on food sales enacted in 2005. While the deduction was offset by a hold harmless distribution, over time, the distributions have been reduced for many cities.

For many communities – especially small ones – exempting food from GRT significantly narrows the tax base. The food deduction also leads to more volatile GRT revenues, as groceries tend to be a fairly stable source of revenue, despite changes in economic conditions.