

LFC Requester: _____

**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 23, 2024

Bill No: SB 148

Sponsor: Ivey-Soto Agency Name and Code ML
Short Tax & Fee Admin Fees Number: _____
Title: _____ 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		
		(\$55,000)	Recurring	General Fund
		\$55,000	Recurring	Local Governments

(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:

FISCAL IMPLICATIONS

An administrative fee on tax distributions for local governments costs cities and counties approximately \$50 million annually

Statute currently allows an administrative fee of 3 percent on local option gross receipts tax (GRT) and compensating tax revenues distributed to cities and counties (Section 7-1-6.41 NMSA). Revenue from the administrative fees goes to the general fund.

In FY22, fees on counties and municipalities were approximately \$50 million; FY23 fees were approximately \$55 million (Municipal League estimates are based on data provided by TRD; as well as analysis of monthly RP-500 data).

Removing fees does not directly impact TRD’s operating budget, as fee revenue does not currently remain with TRD.

SIGNIFICANT ISSUES

Senate Bill 148 removes administrative fees on collection and distribution of several taxes and fees. The bill removes fees for collecting and distributing fees and taxes to local governments, as well as collecting and distributing solid waste assessment fees, boating fees, and water conservation fees.

The fees taken from local governments represent significant funding that could be used for critical local services.

For example, Albuquerque was charged almost \$10 million in FY23, Santa Fe almost \$2.6 million, and Las Cruces \$2.2 million, representing millions of dollars that could be spent on public safety, road maintenance, and services for residents.

While smaller communities are charged less, the fee amounts are still significant, relative to budgets. For example, Las Vegas was charged \$221 thousand in FY23, representing 3 percent of the city’s general fund gross receipts tax revenues; funding could be used to hire multiple police officers or firefighters.