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HOUSE BILL 16

43RD LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 1997

INTRODUCED BY

DONALD L. WHITAKER

FOR THE REVENUE STABILIZATION AND TAX POLICY COMMITTEE

AN ACT

RELATING TO SMALL CITIES ASSISTANCE; INCREASING THE ANNUAL  
DISTRIBUTIONS TO QUALIFYING SMALL CITIES FROM THE SMALL CITIES  
ASSISTANCE FUND.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 3-37A-3 NMSA 1978 (being Laws 1979,  
Chapter 284, Section 3, as amended) is amended to read:

"3-37A-3. SMALL CITIES ASSISTANCE FUND-- DISTRIBUTION. --

A. The "small cities assistance fund" is created  
within the state treasury.

B. On January 31 of each year, the local government  
division of the department of finance and administration shall  
certify to the taxation and revenue department the population of  
each municipality in the state.

C. On or before June 10 of each year, the taxation

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1 and revenue department shall compute the distribution share of  
2 each qualifying municipality. The distribution share shall be  
3 an amount equal to the product of the qualifying municipality's  
4 population multiplied by the difference between the statewide  
5 per capita average and the municipal per capita average less the  
6 local tax effort of the qualifying municipality; provided that  
7 the distribution share shall not exceed [~~thirty thousand dollars~~  
8 ~~(\$30,000)~~] the maximum amount allowed; and provided that any  
9 municipality with a population of less than ten thousand which  
10 does not qualify for a distribution or any qualifying  
11 municipality which qualifies for a distribution of less than  
12 [~~fifteen thousand dollars (\$15,000)~~] the minimum amount shall  
13 receive a distribution of [~~fifteen thousand dollars (\$15,000)~~]  
14 the minimum amount; and provided further that if the balance in  
15 the small cities assistance fund on the preceding May 30 is less  
16 than the sum of the distribution shares, [~~then~~] the taxation and  
17 revenue department shall first reduce the distribution share of  
18 each municipality whose distribution share is in excess of  
19 [~~fifteen thousand dollars (\$15,000)~~] the minimum amount in an  
20 amount calculated according to the following formula:

21 municipal distribution share  
22 in excess of [~~\$15,000~~] the minimum amount X deficiency in fund  
23 sum of municipal distribution  
24 shares in excess of [~~\$15,000~~] the minimum amount

24 so long as no municipality's distribution share is reduced below  
25 [~~fifteen thousand dollars (\$15,000)~~] the minimum amount, and

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1 until each municipality's distribution share is reduced to  
2 [~~fifteen thousand dollars (\$15,000)~~] the minimum amount, if  
3 necessary; and provided further that if the sum of the distribu-  
4 tion shares when each share is reduced to [~~fifteen thousand~~  
5 ~~dollars (\$15,000)~~] the minimum amount is still in excess of the  
6 balance in the small cities assistance fund on the preceding May  
7 30, [~~then~~] the taxation and revenue department shall reduce each  
8 municipality's [~~fifteen thousand dollar (\$15,000)~~] distribution  
9 share by a percentage equal to a percentage computed by dividing  
10 the amount by which the fund is insufficient by the sum of all  
11 the distribution shares. The taxation and revenue department  
12 shall certify the amount of the distribution shares to the state  
13 treasurer.

14 D. The state treasurer shall distribute from the small  
15 cities assistance fund on or before June 15 of each year to each  
16 qualifying municipality the amount certified by the taxation and  
17 revenue department for each qualifying municipality for the  
18 period ending May 30 of the preceding year.

19 E. Immediately after distribution to municipalities  
20 from the small cities assistance fund but no later than June 30  
21 of each year, the unexpended or unencumbered balance in the  
22 small cities assistance fund remaining after the distribution to  
23 the qualifying municipalities shall revert to the general fund.

24 F. Funds distributed under this section shall be  
25 placed in the general fund of the qualifying municipalities

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1 receiving distributions.

2 G. As used in this section:

3 (1) "maximum amount" means for fiscal year 1998,  
4 thirty-seven thousand dollars (\$37,000); for fiscal year 1999,  
5 forty-four thousand dollars (\$44,000); and for fiscal year 2000  
6 and each fiscal year thereafter fifty thousand dollars  
7 (\$50,000); and

8 (2) "minimum amount" means for fiscal year 1998,  
9 twenty thousand dollars (\$20,000); for fiscal year 1999, twenty-  
10 five thousand dollars (\$25,000); and for fiscal year 2000 and  
11 each fiscal year thereafter thirty thousand dollars (\$30,000)."

12 Section 2. EFFECTIVE DATE. --The effective date of the  
13 provisions of this act is July 1, 1997.

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**State of New Mexico**  
**House of Representatives**

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**FORTY-THIRD LEGISLATURE**  
**FIRST SESSION, 1997**

**March 3, 1997**

**Mr. Speaker:**

**Your TAXATION AND REVENUE COMMITTEE, to whom has  
been referred**

**HOUSE BILL 16**

**has had it under consideration and reports same with  
recommendation that it DO PASS, and thence referred to the  
APPROPRIATIONS AND FINANCE COMMITTEE.**

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FORTY-THIRD LEGISLATURE  
FIRST SESSION, 1997

HB 16

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Respectfully submitted,

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Jerry W. Sandel, Chairman

Adopted \_\_\_\_\_ Not Adopted \_\_\_\_\_

(Chief Clerk)

(Chief Clerk)

Date \_\_\_\_\_

The roll call vote was 10 For 0 Against

Yes: 10

Excused: Gonzales, Lujan, Porter

Absent: None

M \H0016

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