



Regional Coalition of LANL Communities

Background on Department of Energy National Laboratories GRT Impact on State & Local Governments

Preserving the continuity of taxation of the Department of Energy National Laboratories, Sandia National Laboratory and Los Alamos National Laboratory (LANL), secures the ongoing flow of approximately \$200 million in revenue for State and local governments on an annual basis. If this GRT status of the respective Laboratories is solidified in NM state statute, communities and the State of NM surrounding and hosting Sandia and LANL will avoid the experience of insecure and volatile tax revenues with upcoming changes in, or turnover to, contractors who manage and operate LANL and Sandia. In order to support the infrastructure, services and other efforts, which serve Sandia and LANL and surrounding communities, this tax exemption must be considered.

Gross receipts tax from Department of Energy (DOE) National Laboratories, Los Alamos National Laboratory and Sandia National Laboratory, significantly contribute to the State of NM and regional communities

Los Alamos National Laboratory Gross Receipts Tax Paid										
Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
GRT	\$41,468,300	\$75,293,800	\$90,570,500	\$90,926,600	\$98,914,400	\$100,810,000	\$87,849,800	\$72,949,700	\$67,197,400	\$76,948,600

Sandia National Laboratory Gross Receipts Tax Paid*										
Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
GRT**	\$64,073,820	\$56,480,486	\$59,947,320	\$46,465,921	\$65,619,091	\$65,267,488	\$57,375,787	\$64,543,688	\$62,490,752	\$76,248,757

*Data compiled was self-reported by the National Nuclear Security Administration on 9/22/16 in response to a Legislative Finance Committee letter.

**In 2009 SNL's tax liability reduced by a refund of \$8.8 million, which was received in April 2013. SNL has two pending refund claims/protests in the amount of \$16M for CY10 and CY11.

- LANL generated an estimated total of \$128 million in gross receipts tax revenues to state and local governments during the 2009 federal fiscal year as reported by UNM's Bureau of Business and Economic Research.
- In 2011, LANL reported an estimated \$136 million in state and local tax impact, which includes gross receipts tax revenues generated by the direct and indirect economic activity associated with operations and construction expenditures, and employee-paid property taxes.

Eliminate tax exemption statuses managing and operating contractors of DOE National Laboratories. Host communities and the State of NM need to anticipate tax revenue through contractor turnover at SNL and LANL

- If the entity that manages and operates Sandia or LANL meet the criteria for tax exemption (e.g. not-for-profit status), they will be taxed at a much lower effective rate (~50% less than the current effective rate), though their managing and operating functions have remained the same.
 - [HB 332](#) sought to remove tax exemption for not-for-profit entities and will be reintroduced in 2018 regular session

Significant impact on the horizon if tax exemption remains and a not-for-profit prime contractor is awarded

- LANL is in the midst of an acquisition process to determine a new management and operations contractor. Many potential contractors at LANL and current contractors for the DOE are of non-profit status. We are asking that the LFC explore doing away with this exemption in order for the local communities and State of NM to continue to collect GRT revenue.
 - For example, *Battelle*, a not-for-profit, operates Brookhaven National Lab, Idaho National Lab, Lawrence Livermore National Lab, National Biodefense & Counter Measures Center, National Renewable Energy Lab, Oak Ridge National Lab, and Pacific Northwest National Lab, and has been reported to bid on several major recent DOE acquisitions.
 - Many not-for-profits are in the news demonstrating interest in bidding on the LANL contract, including but not limited to the University of Texas, University of California, while The Texas A&M University System and University of Arizona were listed as bidders (though they did not win) the Sandia National Laboratory contract.

The Regional Coalition of LANL Communities monitors the activities of the impact of LANL on regional communities surrounding Laboratory. The Regional Coalition is a non-partisan group comprised of nine cities, towns, counties and pueblos surrounding LANL. Founded in 2011, the Regional Coalition works in partnership to ensure national decisions incorporate local needs and concerns. The organization's focus is regional economic development and site employment, environmental remediation, and adequate funding for LANL.

The 2016 Regional Coalition of LANL Communities Board of Directors includes Chair, Mayor Javier Gonzales, City of Santa Fe; Vice-Chair, Commissioner Barney Trujillo, Rio Arriba County; Secretary, Councilor Christine Chandler, Los Alamos County; Treasurer, Commissioner Henry Roybal, Santa Fe County; Mayor Alice Lucero, City of Española; Representative Ron Lovato, Ohkay Owingeh; Lt. Governor Ward Yeppa, Pueblo of Jemez; Councilor Darien Fernández, Town of Taos; and Commissioner Mark Gallegos, Taos County.

HOUSE BILL 332

53RD LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2017

INTRODUCED BY Stephanie Garcia Richard and Richard C. Martinez and Carlos R. Cisneros

AN ACT RELATING TO TAXATION; EXCLUDING CERTAIN ENTITIES FROM A GROSS RECEIPTS TAX EXEMPTION FOR NONPROFIT ORGANIZATIONS. BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. Section 7-9-29 NMSA 1978 (being Laws 1970, Chapter 12, Section 3, as amended) is amended to read: "7-9-29. EXEMPTION--GROSS RECEIPTS TAX--CERTAIN ORGANIZATIONS--EXCEPTIONS.--

- A. Exempted from the gross receipts tax are the receipts of organizations that demonstrate to the department that they have been granted exemption from the federal income tax by the United States commissioner of internal revenue as organizations described in Section 501(c)(3) of the United States Internal Revenue Code of [1954] 1986, as that section may be amended or renumbered.
- B. Exempted from the gross receipts tax are the receipts from carrying on chamber of commerce, visitor bureau and convention bureau functions of organizations that demonstrate to the department that they have been granted exemption from the federal income tax by the United States commissioner of internal revenue as organizations described in Section 501(c)(6) of the United States Internal Revenue Code of [1954] 1986, as that section may be amended or renumbered.
- C. This section does not apply to:
 - (1) receipts derived from an unrelated trade or business as defined in Section 513 of the United States Internal Revenue Code of [1954] 1986, as that section may be amended or renumbered; or
 - (2) receipts of a prime contractor that are derived from operating a facility in New Mexico designated as a national laboratory by an act of congress."

SECTION 2. EFFECTIVE DATE.--The effective date of the provisions of this act is *July 1, 2017*.

REGIONAL INVESTMENTS MADE BY LOS ALAMOS COUNTY FROM LOCAL GRT REVENUES

Fiscal Year	North Central Regional Transit	Regional Development Corporation	Regional Coalition of LANL Communities	Grants to Los Alamos Public Schools	Espanola Basin Regional Plan Forum	UNM-Los Alamos	Espanola City Detention Center	TOTALS/YEAR
FY2016	\$350,000	\$176,500	\$60,000	\$1,200,000				\$1,786,500
FY2015	\$400,000	\$148,746	\$135,000					\$683,746
FY2014	\$450,000	\$244,619	\$150,115	\$777,500				\$1,622,234
FY2013	\$500,000	\$250,078	\$152,287	\$51,700	\$137,693			\$1,091,758
FY2012	\$600,000	\$293,475	\$153,256		\$98,397	\$553,109		\$1,698,237
FY2011	\$1,540,000	\$101,245	\$15,348					\$1,656,593
FY2010	\$880,000	\$163,188	\$59,893				\$73,780	\$1,176,861
FY2009	\$880,000	\$140,325					\$50,000	\$1,070,325
FY2008	\$1,100,000	\$133,024						\$1,233,024
TOTALS	\$6,700,000	\$1,651,200	\$725,899	\$2,029,200	\$236,090	\$553,109	\$123,780	\$12,019,278

GRT PAYMENTS TO STATE, LOS ALAMOS COUNTY & REGIONAL NCRTD PAYMENTS & PERCENTAGE OF TOTAL

Year	Total Paid	Local %	Local \$	State %	State \$	NCRTD %	NCRTD \$
2015	\$76,948,600	44.2628%	\$34,059,621	54.0833%	\$41,616,368	1.6538%	\$1,272,611
2014	\$67,197,400	44.2628%	\$29,743,465	54.0833%	\$36,342,594	1.6538%	\$1,111,341
2013	\$72,949,700	44.2628%	\$32,289,595	54.0833%	\$39,453,629	1.6538%	\$1,206,476
2012	\$87,849,800	44.2628%	\$38,884,799	54.0833%	\$47,512,100	1.6538%	\$1,452,901
2011	\$100,810,000	44.2628%	\$44,621,349	54.0833%	\$54,521,408	1.6538%	\$1,667,243
2010	\$98,914,400	44.2628%	\$43,782,303	54.0833%	\$53,496,205	1.6538%	\$1,635,892
2009	\$90,926,600	45.0326%	\$40,946,620	53.2848%	\$48,450,041	1.6826%	\$1,529,939
2008	\$90,570,500	45.8850%	\$41,558,234	54.1150%	\$49,012,266		-
2007	\$75,293,800	42.4692%	\$31,976,644	57.5308%	\$43,317,156		-
2006	\$41,468,300	41.4305%	\$17,180,514	58.5695%	\$24,287,786		-
TOTAL \$ or Average % PAYMENT	\$802,929,100	44.0394%	\$355,043,144	54.8000%	\$438,009,553	1.6580%	\$9,876,403