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## FISCAL IMPACT REPORT

SPONSOR: Rainaldi DATE TYPED: 02/14/01 HB \_\_\_\_\_  
 SHORT TITLE: Use of County Correctional Gross Receipts Tax SB 188/aSRC  
 ANALYST: Eaton

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY01	First Fiscal Year			
	\$ 2,291.7	\$ 2,500.0	Recurring	McKinley County Corrections and Corrections Bond Issue.

(Parenthesis ( ) Indicate Revenue Decreases)

Duplicates House Bill 224 (prior to amendmant)

### SOURCES OF INFORMATION

LFC Files  
 Taxation and Revenue Department (TRD)  
 Bureau of the Census

### SUMMARY

#### Synopsis of SRC amendment

The Senate Rules Committee amendment removes the language that would allow the imposition of this tax without an election. This change makes the imposition of the tax congruent with the requirements of the other counties authorized to impose the tax.

#### Synopsis of Original Bill

This bill adds McKinley county to those counties eligible to impose a County Corrections Facility Gross Receipts Tax. Rather than requiring a general obligation bond issue for a corrections facility as a prerequisite for the tax (the current law requirement), McKinley county could obtain a New Mexico Finance Authority loan financed through revenue bonds to which the County Corrections Facility Gross Receipts Tax is pledged.

The bill adds language to the definition of judicial correctional facility to include courthouses and any "other" county facility used as a county administrative office.

Significant Issues

Currently, Dona Ana, Chaves and Valencia county are eligible to impose the County Corrections Facility Gross Receipts Tax at a rate of 0.125%. Chaves county imposed the tax effective January, 1994 at a rate of 1/8%. Valencia county imposed the tax effective January 1999 at a rate of 1/8%. Dona Ana county has not imposed the tax. McKinley county would be able to impose the tax at twice the rate of the other counties: 0.25%

**FISCAL IMPLICATIONS**

The estimated full year impact of this bill is \$2.5 million. The growth rate in McKinley county's tax base was assumed to be 5 percent per year over fiscal year 2000 levels.

The revenue should be able to support approximately \$19.5 million in bonds for McKinley county (assuming 10 year bonds at 5 percent and a 1-1 coverage ratio).

JBE/ar