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FISCAL IMPACT REPORT

SPONSOR: Cisneros DATE TYPED: 03/15/01 HB _____
 SHORT TITLE: County Education Gross Receipts Tax SB 516/aHTRC/aHFL #1
 ANALYST: Eaton

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY01	FY02			
	NFI			

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

New Mexico Finance Authority (NMFA)
 Taxation and Revenue Department (TRD)
 LFC files

SUMMARY

Synopsis of House Floor Amendment #1

The House Floor amendment provides a technical amendment stating that revenues from county capital outlay gross receipts tax may also be used for the payment of gross receipts tax revenue bonds.

Synopsis of HAFC amendment

The HAFC amendment further narrows the eligibility for the imposition of the tax to Taos County. Actually, the “imposition” of the tax is a carryover or, change of purpose of the Local Hospital County Local Option Tax that was imposed in January 1992 and is due to expire December 31, 2001.

Synopsis of Original Bill

This bill adds a section to the County Local Option Gross Receipts Taxes Act that allows certain counties to impose a County Education Gross Receipts Tax for public school use.

A county gross receipts tax can be enacted as an excise tax, at a rate 0.5 (one-half) percent. The revenues may only be dedicated for the payment of County Education Gross Receipts Tax bonds, and may only be imposed for the period necessary to pay the principal and interest on the bonds, not to exceed ten years from the imposition of the tax.

The boards of each school district located within the set county must agree to provide at least one-fourth of the bond proceeds to an off-campus program should one be present in at least one of the

school districts. The remaining proceeds shall be distributed proportionately to each school district based on the ratio that the population of each school district bears to the population of all the school districts in the county based on the 2000 federal decennial census.

Imposition of the tax requires voter approval at a regular or special election. Should the question of imposing the tax fail, a minimum of one year must pass before the boards within the county propose the implementation of the tax.

The County Education Gross Receipts Tax may be imposed only by class B counties with populations of less than twenty-five thousand (based on the 1990 federal decennial census) and a net taxable value for property tax purposes of more than \$500 million: Taos County.

FISCAL IMPLICATIONS

This bill provides school districts within class B counties further financing options to improve or build schools located within those counties. Unless approved by the voters of Taos county, this bill has no fiscal impact.

If approved, by the voters this bill would provide Taos County with \$1 million and \$2.6 million in FY02 and FY03 respectively for bond service. Taxation and Revenue Department (TRD) and New Mexico Finance Authority (NMFA) administrative fees are estimated to be \$32.3 in FY02 and \$80.9 in FY03.

TRD estimate this funding level to Taos county could support the issuance of \$20.5 million in bonds, assuming 10 year bonds at 5 percent and a coverage ratio of 1-1.

ADMINISTRATIVE IMPLICATIONS

None.

JBE/njw