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FISCAL IMPACT REPORT

SPONSOR: Watchman DATE TYPED: 02/09/01 HB 448

SHORT TITLE: Equitable Tax Credit to Indian Distributors SB _____

ANALYST: Williams

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY01	FY02			
	\$ 35,007.9		Recurring	State Road Fund
	\$ 4,764.4		Recurring	County & Municipal Road Funds
	\$ 2,643.8		Recurring	County Govt. Road Fund
	\$ 2,643.8		Recurring	Municipal Road Fund
	\$ 661.0		Recurring	Municipal Arterial Fund
	\$ 119.3		Recurring	Aviation Board
	\$ 59.7		Recurring	Motor Boat Fuel Tax Fund
	\$ (1,350.0)		Recurring	Local Government Road Fund
	\$(1,350) to \$(2,700)		Recurring	Corrective Action Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files
Taxation and Revenue Department

Synopsis of Bill

The bill respecifies the qualifications for the current 30 million gallon per year annual limit for registered Indian tribal distributors for which state gasoline tax is not paid. Currently there are two of these distributors. The new qualification would apply to any distributor who sold at least 1 million gallons of fuel before September 1998 from a nonmobile storage container located on tribal lands. Future sales of untaxed fuel outside reservation boundaries would be made from a “permanent fuel storage bulk plant facility” approved and certified by TRD. The registered Indian tribal distributor is restricted to an enterprise which is wholly owned, operated and managed by tribal members.

FISCAL IMPLICATIONS

The fiscal impact on various funds is shown above. It assumes the addition of nine currently registered Indian tribal distributors selling untaxed gasoline outside reservation boundaries. It is not clear how long it would take them to install suitable tanks.

TRD notes two additional distributors could qualify in the futures if they become registered Indian tribal distributors which would result in additional gasoline tax revenue loss of a total of \$10,200.0 annually and additional petroleum products loading fee revenue loss of \$1,500.0 annually.

ADMINISTRATIVE IMPLICATIONS

TRD notes significant record keeping administrative impact.

TECHNICAL ISSUES

page 4, line 16: for consistency, add: “operated and managed”

OTHER SUBSTANTIVE ISSUES

TRD notes of the approximate 930 million gallons of gasoline sold in New Mexico, about 100 million gallons are currently state tax exempt. This bill is expected to add 270 million gallons of untaxed gasoline to the current level with a resulting total of 370 million gallons escaping state taxation, approximately 40% of all gasoline sold in the state.

AW/njw