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FISCAL IMPACT REPORT

SPONSOR: Martinez DATE TYPED: 02/19/01 HB 668
 SHORT TITLE: Correctional Facility Gross Receipts Tax SB _____
 ANALYST: Eaton

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY01	FY02			
	\$ 2,221.0	\$ 2,425.0	Recurring	Cibola County Corrections
	\$ 69.0	\$ 75.0	Recurring	TRIMS/NMFA Admin. Fees

(Parenthesis () Indicate Revenue Decreases)

Relates to HB 224, SB 188

SOURCES OF INFORMATION

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

This bill adds Cibola county to those counties eligible to impose a County Correctional 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), Cibola county could obtain a New Mexico Finance Authority loan financed through revenue bonds to which the County Corrections Facility Gross Receipts Tax is pledged.

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.

In all of the current eligible counties, an election by the public is required for a county board to impose the tax. It is noteworthy that this bill includes language that permits imposing the tax without an election by the voters.

FISCAL IMPLICATIONS

The estimated full year impact of this bill is \$2.4 million.

The revenue should be able to support approximately \$19 million in bonds for Cibola county (assuming 10 year bonds at 5 percent and a 1-1 coverage ratio).

ADMINISTRATIVE IMPLICATIONS

Minimal.

JBE/ar