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FISCAL IMPACT REPORT

ORIGINAL DATE 3/15/07

SPONSOR Martinez LAST UPDATED HB

SHORT TITLE LANL Tax Status Economic Impact Study SM 82

ANALYST Guambaña

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	NFI		

(Parenthesis () Indicate Expenditure Decreases)

Duplicates with House Memorial 110
Relates to Senate Memorial 49

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of Bill

Senate Memorial 82 requests a comprehensive assessment of the fiscal impacts on cities and counties in the Los Alamos National Laboratory's (LANL) employment base area resulting from the changed tax status of LANL's new contract and requesting that a comprehensive economic development plan be developed for the LANL's employment base area.

SIGNIFICANT ISSUES

According to Senate Memorial 82:

- LANL was established over sixty-three years ago;
- LANL's budget of more \$2,000,000,000 creates a significant, regional economic engine;
- LANL's total work force of approximately 15,000 makes it the largest employer in northern New Mexico;
- The United States, through its agencies, has "recompeted" the contract for operation of LANL, and the new contract took effect on June 1, 2006;
- The new contract caused a change in the taxable status of LANL's operations;
- The change in tax status has had an enormous fiscal impact on LANL, including a

Senate Memorial 82 – Page 2

budget deficit, reductions in work force and other changes that adversely impact the people and economy of north central New Mexico;

- The new taxable status requires that LANL pay gross receipts taxes in an amount equal to approximately \$40,000,000 to Los Alamos county and \$50,000,000 to the State of New Mexico;
- The State of New Mexico has not assessed the fiscal impact on cities and counties within LANL's employment base area, and
- The regional economy in LANL's employment base area continues to experience extreme dependency on laboratory funding, remains vulnerable to past, present and future laboratory job cuts and lacks significant investment needed to build a new, sustainable economy.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Senate Memorial 82 is a duplicate of House Memorial 110.

AG/mt