

**LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS**

Bill Number: SB 19

50th Legislature, 2nd Session, 2012

Tracking Number: .187702.1

Short Title: Reimpose County Education Gross Receipts

Sponsor(s): Senator Carlos R. Cisneros and Representative Roberto “Bobby” J. Gonzales

Analyst: David Craig

Date: February 10, 2012

FOR THE REVENUE STABILIZATION AND TAX POLICY COMMITTEE

Bill Summary:

SB 19 amends the *County Local Option Gross Receipts Taxes Act* to:

- allow a county to reimpose a county education gross receipts tax upon the termination of a previously imposed county education gross receipts tax;
- to make distributions based upon a ratio of the population in participating school districts upon 2010 census data;
- change the definition of “county” to make any county that previously imposed the tax eligible to reimpose the tax;
- update the distribution of revenue requirement to reflect the 2010 census data; and
- in its definitions adds language to allow a county that has previously imposed a county education gross receipts tax to reimpose the tax.

Fiscal Impact:

SB 19 does not contain an appropriation.

Fiscal Issues:

According to the Tax and Revenue Department (TRD) bill analysis:

- Taos County is the only county affected by the bill;
- the county has received revenues from the county education gross receipts tax that average around \$3.2 million between FY 09 and FY 11; and
- assuming an interest rate of 2.5 percent, a 1:1 coverage ratio and minimal issuance costs on a 10-year bond, Taos County could support an issuance of just under \$28.0 million in new bonds subject to voter approval.

The Capital Outlay Bureau at the Public Education Department indicates that this revenue stream has not and would not affect the calculation of the district’s share for public school capital outlay projects.

Substantive Issues:

The TRD analysis also states that:

- the reimposition of the county education gross receipts tax ordinance is subject to voter approval; and
- neither the county education gross receipts tax ordinance, nor any property tax increase for general obligation bond sales can circumvent voter approval or the referendum process; and
- language in SB 19 allows the reimposition of the tax.

One question that might be raised is whether the governing body may use a previously submitted resolution and voter approval to reimpose the tax. On one hand, the TRD analysis says, “It should be noted that the reimposition of the county education gross receipts tax ordinance is subject to voter approval.” On the other hand, the language of the bill suggests that another election is not necessary. That is, Subsection A in Section 1 (p. 1) adds the phrase “or reimposing” to the statement about enacting an ordinance; yet the subsection requiring an election (newly numbered Subsection E, p. 3) still applies only to an ordinance imposing the tax, not reimposing it.

Background:

According to TRD, the bill:

- allows Taos County to utilize the tax base of its service economy to create a revenue stream for education-related capital outlay projects as an alternative to property taxes; and
- because a substantial portion of gross receipts is generated by nonresidents and property taxes are borne entirely by local property owners, the county education gross receipts tax is less burdensome to taxpayers.

Related Bills:

None as of February 10, 2012.