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FISCAL IMPACT REPORT

ORIGINAL DATE 1/18/17

SPONSOR Dodge/Lundstrom LAST UPDATED 1/30/17 HB 8

SHORT TITLE Eliminate Cigarette Tax Distribution SB _____

ANALYST Armstrong

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY17	FY18	FY19		
	\$800.0	\$1,000.0	Recurring	General Fund
	(\$800.0)	(\$1,000.0)	Recurring	New Mexico Finance Authority

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Finance and Administration (DFA)

SUMMARY

Synopsis of Bill

This bill strikes the 1.25 percent distribution from cigarette tax revenues to the New Mexico Finance Authority (NMFA). The bill has an effective date of the later of November 1, 2017, or the first month after NMFA certifies the bonds supported by the distribution are discharged.

FISCAL IMPLICATIONS

Eliminating the distribution to NMFA will result in that portion of cigarette tax revenues reverting to the general fund. The distribution averaged \$1.073 million from FY14 to FY16 (Attachment A). Due to the bill's effective date, FY17 revenue to the general fund is scored proportionally.

SIGNIFICANT ISSUES

The distribution eliminated by this bill was bonded against in 2002 for the University of New Mexico Law Library and in 2006 to capitalize the Behavioral Health Capital Fund. According to

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NMFA, both bond issues have been paid off and NMFA is expected to be made whole by October 2017, making the distribution available to be repurposed at that time. NMFA approved the language specifying the effective date.

TECHNICAL ISSUES

DFA analysis notes the “later of” effective date is unnecessary and suggests removing the date of November 1, 2017, and leaving the language approved by NMFA stating the bill is effective when NMFA certifies the current bonds are discharged.

JA/jle/al



NMFA Distribution Revenue

Revenue Analysis- Actuals							
NMFA 1.25% CTR Distribution							
		3 Yr Average	Year Ended June 30			Change	
			2016	2015	2014	2016 vs. 2015	2015 vs. 2014
July		\$ 98,664	\$ 97,711	\$ 109,238	\$ 89,043	-10.55%	22.68%
August		\$ 88,843	\$ 89,707	\$ 94,645	\$ 82,178	-5.22%	15.17%
September		\$ 102,376	\$ 94,164	\$ 92,025	\$ 120,939	2.32%	-23.91%
October		\$ 86,833	\$ 111,182	\$ 85,901	\$ 63,416	29.43%	35.46%
November		\$ 93,989	\$ 91,380	\$ 99,041	\$ 91,545	-7.74%	8.19%
December		\$ 88,119	\$ 80,543	\$ 93,494	\$ 90,320	-13.85%	3.51%
January		\$ 93,787	\$ 96,151	\$ 103,228	\$ 81,983	-6.86%	25.91%
February		\$ 72,940	\$ 73,974	\$ 55,862	\$ 88,986	32.42%	-37.22%
March		\$ 92,296	\$ 81,260	\$ 106,801	\$ 88,826	-23.91%	20.24%
April		\$ 79,380	\$ 66,905	\$ 88,456	\$ 82,779	-24.36%	6.86%
May		\$ 82,747	\$ 75,604	\$ 81,115	\$ 91,521	-6.79%	-11.37%
June		\$ 92,859	\$ 100,410	\$ 100,895	\$ 77,272	-0.48%	30.57%
Total Gross Revenue		\$ 1,072,833	\$ 1,058,990	\$ 1,110,701	\$ 1,048,809	-4.66%	5.90%