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FISCAL IMPACT REPORT

ORIGINAL DATE 01/27/17
 SPONSOR HTRC LAST UPDATED 02/23/17 HB 176/HTRC
 SHORT TITLE Muni Enviro Services Gross Receipts SB _____
 ANALYST Clark

REVENUE (dollars in thousands)

Estimated Revenue					Recurring or Nonrecurring	Fund Affected
FY17	FY18	FY19	FY20	FY21		
No Fiscal Impact	No Fiscal Impact	No Fiscal Impact	No Fiscal Impact	No Fiscal Impact		

Parenthesis () indicate revenue decreases

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Finance Authority (NMFA)

New Mexico Municipal League

SUMMARY

Synopsis of Bill

The House Taxation and Revenue Committee Substitute for House Bill 176 amends Section 7-19D-10 NMSA 1978 – the municipal environmental services gross receipts tax (GRT) – to expand the eligibility requirements for a municipality to adopt the tax and to slightly expand the eligibility criteria for the type of project to which revenue may be dedicated.

There is no effective date of this bill. It is assumed that the effective date is 90 days after this session ends.

FISCAL IMPLICATIONS

The bill creates no direct fiscal impact. However, by expanding the eligibility criteria, this tax may be more likely to be imposed, generating additional revenue for the imposing local government.

SIGNIFICANT ISSUES

This bill changes the municipality eligibility requirements from: 1) located in a county with net taxable property values of greater than \$750 million and 2) has a population of between 1,500

and 2,000 or between 7,500 and 7,800 to: 1) located in a county with net taxable property values of greater than \$600 million and 2) has a population of between 1,500 and 2,000 or between 6,500 and 7,800.

The bill clarifies that solid waste facility projects can include the collection of solid waste, disposal of demolition debris, and infrastructure necessary for storm water runoff control.

Does the bill meet the Legislative Finance Committee tax policy principles?

1. **Adequacy:** Revenue should be adequate to fund needed government services.
2. **Efficiency:** Tax base should be as broad as possible and avoid excess reliance on one tax.
3. **Equity:** Different taxpayers should be treated fairly.
4. **Simplicity:** Collection should be simple and easily understood.
5. **Accountability:** Preferences should be easy to monitor and evaluate

JC/al