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FISCAL IMPACT REPORT

SPONSOR: Lujan DATE TYPED: 02/26/01 HB 887
 SHORT TITLE: Tax Credit for Certain Tribal Taxes SB _____
 ANALYST: Williams

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY01	FY02			
	Uncertain, potentially 0	\$ (4,000.0)	Recurring	General Fund
	Uncertain, potentially 0	\$ 4,000.0	Recurring	Santa Ana Pueblo

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files
 Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

The bill authorizes a personal and corporate income tax credit. The credit is available when the taxpayer has paid a qualifying tribal tax on economic development property. The amount of the credit would be the lesser of:

- the amount of the qualifying tribal tax
- the amount of property tax imposed and paid on the economic development property

The credit would only be deducted from income tax liability. Unused credits can be carried forward for three years.

The definition of an economic development property excludes mineral properties, pipelines, power generation and transmission and telecommunications equipment.

The qualifying tribal tax is an ad valorem property tax imposed by Santa Ana Pueblo on economic development property located on Santa Ana pueblo land.

FISCAL IMPLICATIONS

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As estimated by TRD, a full year of fiscal impact could reduce general fund recurring revenues by up to \$4,000.0.

ADMINISTRATIVE IMPLICATIONS

TRD notes significant administrative impact.

TECHNICAL ISSUES

TRD discusses concerns regarding potential for suit under equal protection and the prohibition in Article IV, Section 24 of the New Mexico Constitution:

“the legislature shall not pass local or special laws... (relating to) the assessment or collection of taxes; ... (or) exempting property from taxation. In every other case where a general law can be made applicable, no special law shall be enacted.”

OTHER SUBSTANTIVE ISSUES

TRD notes there is no benefit to developers from this legislation; benefits accrue solely to Santa Ana pueblo.

The credits could be sold to investors.

POSSIBLE QUESTIONS

1. How does this compare with legislation passed to assist development of an agricultural processing plant in Indian country?
2. Is this proposal envisioned as an economic development incentive or dual taxation relief?

AW/ar