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FISCAL IMPACT REPORT

SPONSOR: Griego DATE TYPED: 02/19/01 HB _____
 SHORT TITLE: Jet Fuel Gross Receipts Deduction SB 631
 ANALYST: Eaton

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY01	FY02			
	\$ (250.0)		Recurring	General Fund
	\$ (250.0 to 680.0) See Narrative		Recurring	Aviation Fund
	\$ (460.0)		Recurring	Local Govt.
	\$ (12,000.0)		Recurring	Federal Funds

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

Taxation and Revenue Department (TRD)
 New Mexico State Highway and Transportation Department (NMSHTD) Aviation Division

SUMMARY

Synopsis of Bill

This expands 1993's 40 percent deduction for aviation jet fuel to 100 percent. No gross receipts or compensating tax will be imposed on the sale of aviation jet fuel.

FISCAL IMPLICATIONS

The Taxation and Revenue Department (TRD) report that the full year impact to the general fund would be \$270.0. Additional impacts would affect the the aviation fund and local government revenues by \$270.0 and \$460.0, respectively. TRD report that depending on the accuracy of current reporting data, which is in question, the impact of this bill could be larger by a factor of two.

The New Mexico State Highway and Transportation Department (NMSHTD) Aviation Division report that the impact of this bill would reduce the Aviation fund by \$680.0. More importantly, the Aviation Division reports that this loss would result in the loss of federal matching funds (estimated between 9-1 and 19-1). This would result in a \$12 million estimated loss in Airport Improvement

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Program funds from the Federal Aviation Administration (FAA) for projects on over 60 airports in New Mexico.

ADMINISTRATIVE IMPLICATIONS

Minimal

TECHNICAL ISSUES

The Taxation and Revenue Department indicate that the distribution outlined in 7-1-6.7 (to the state aviation fund) would become moot.

JBE/ar