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FISCAL IMPACT REPORT

SYONSOR:	Robinson DA	ATE TYPED: <u>02-05</u>	5-02 HB	
SHORT TITLE	: Gross Receipts Distributi	ons to State Fair	SB	431
		A	NALYST:	Neel

REVENUE

	Estimated	I Revenue	Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY02		FY03			
		(\$900.0)	(\$900.0)	Recurring	General Fund
		\$900.0	\$900.0	Recurring	State Fair

(Parenthesis () Indicate Revenue Decreases) In thousands

SOURCES OF INFORMATION

LFC files

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

Senate Bill 431 amends statute to enact a new section of the Tax Administration Act to provide a distribution to the State Fair in an amount equal to the gross receipts generated by the businesses located on the land owned by the fair. Moreover, these distributions can be increased or decreased pursuant to Section 7-1-6.15 NMSA 1978.

Section 7-1-6.15 NMSA 1978 states that:

The secretary, in lieu of recovery from the next distribution or transfer amount, may recover an excess distribution or transfer of one hundred dollars (\$100) or more to the political subdivision in installments from current and future distributions or transfers to that political subdivision pursuant to an agreement with the officials of the political subdivision whenever the amount of the distribution or transfer decrease for the political subdivision exceeds ten percent of the average distribution or transfer amount for that political subdivision for the twelve months preceding the month in which

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the secretary's determination is made; provided that for the purposes of this subsection, the "average distribution or transfer amount" shall be the arithmetic mean of the distribution or transfer amounts within the twelve months immediately preceding the month in which the determination is made.

FISCAL IMPLICATIONS

The revenue table shows an estimated loss of \$900.0 in general fund and is recurring. The \$900.0 would be transferred to the State Fair.

OTHER SUBSTANTIVE ISSUES

In current law all GRT are deposited in the tax administration suspense fund in the state treasury; after payment of necessary refunds and interest, the balance is distributed monthly as follows:

- 1.225 percent of the taxable gross receipts reported for the month of deposit for each municipality is distributed to that municipality Section 7-1-6.4 NMSA 1978;
- 3.59 percent of gross receipts attributable to the sale of jet fuel is distributed to the state aviation fund for general purposes, and from July 1, 2002 through June 30, 2007, an additional .046 percent of the gross receipts attributable to the sale of jet fuel is distributed to the state aviation fund for carrying out the provisions of the air service assistance program Section 7-1-6.7 and 64-1-15 NMSA 1978.
- Effective July 1, 2001, \$500,000 from the net receipts attributable to the GRT is made to the state office building bonding fund Section 7-1-6.42 NMSA 1978;
- Local option gross receipts taxes are distributed to the appropriate county or municipality Section 7-1-6.12 and 7-1-6.13 NMSA 1978; and
- County health care gross receipts taxes are distributed to the county-supported Medicaid fund Section 7-20E-18 NMSA 1978.

POSSIBLE QUESTIONS

Does TRD have the ability to collect data on GRT generated only the the State Fair Grounds?

SN/njw