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FISCAL IMPACT REPORT



SPONSOR: Sharer DATE TYPED: 02/04/02 HB _____

SHORT TITLE: Gross Receipts Tax Task Force SB SJM 85

ANALYST: Gilbert

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY02	FY03	FY02	FY03		
		NFI			

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

No Response Received

Taxation and Revenue Department

SUMMARY

Synopsis of Bill

Senate Joint Memorial 85 requests the Legislative Council to appoint a task force of legislators and tax policy experts from the private sector, higher education, and other organizations to study the impact of the gross receipts tax on consumers and business activity. Additionally, the joint memorial directs the task force to consider the impact of repealing the gross receipts tax and replacing it with a revenue source sufficient to offset the loss of gross receipts tax revenue.

Significant Issues

This joint memorial points out that New Mexico is one of only four states that impose a gross receipts tax and that such tax is a barrier to businesses considering relocating to New Mexico. The current tax is not applied uniformly since there at least ninety gross receipts tax exemptions, some of which are granted simply due to the efforts of a particular industry's lobbying efforts. As a result, the current gross receipts tax base continues to be eroded due to legislative efforts to ease the tax burden on some consumers or to encourage economic development. The joint memorial points out that replacing the gross receipts tax could have multiple benefits for the state, including increasing general fund revenue.

ADMINISTRATIVE IMPLICATIONS

The Legislative Council Service would be responsible for providing administrative support to the task force. The joint memorial also directs that the task force to make its findings and recommendations, if any, to the second session of the forty-sixth Legislature.

RLG/njw