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FISCAL IMPACT REPORT

SPONSOR Smith DATE TYPED 2/7/2004 HB _____

SHORT TITLE Gas Retailer Tax Filing Requirements SB 413

ANALYST Valenzuela

APPROPRIATION

| Appropriation Contained | | Estimated Additional Impact | | Recurring or Non-Rec | Fund Affected |
|-------------------------|------|-----------------------------|------|----------------------|---------------|
| FY04 | FY05 | FY04 | FY05 | | |
| | NFI | | NFI | | |

(Parenthesis () Indicate Expenditure Decreases)

REVENUE

| Estimated Revenue | | Subsequent Years Impact | Recurring or Non-Rec | Fund Affected |
|-------------------|------|-------------------------|----------------------|---------------|
| FY04 | FY05 | | | |
| | | Indeterminate | | |

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Environment Department

No Response Received From

Taxation and Revenue Department

Department of Transportation

SUMMARY

Synopsis of Bill

Senate Bill 413 adds new sections to the Tax Administration Act to provide for penalties for failure to report information returns timely, pursuant to the Gasoline Tax Act or Special Fuels Supplier Tax Act. The bill further amends the Act to provide for the payment of estimated taxes due under the Gasoline Tax Act, the Special Fuels Supplier Act, and the Petroleum Products Loading Fee Act, if a taxpayer paid \$25,000 or more the preceding year. SB 413 adds a new section to

the Act to require retailers to file information returns on or before the twenty-fifth day of the month following the month in which gasoline is sold in New Mexico. SB 413 amends the Special Fuels Supplier Tax Act to provide for a definition for wholesaler, who would be required to file information returns.

Significant Issues

SB 413 expands reporting requirements to the Taxation and Revenue Department (TRD). The information return filing requirement allows TRD to better track the gallons of exempt gasoline bought and sold. According to the Environment Department, these new sections will create information reporting consistency for these taxpayers in a similar fashion as taxpayers of the gross receipts tax, withholding tax, oil and gas taxes, and the natural gas processors tax. The information return filing requirement under the Gasoline Tax Act allows TRD to better track the gasoline bought by retailers. The amendment to the Special Fuels Supplier Tax Act allows TRD to better track the purchase by non-suppliers of dyed fuel used for off-road purposes (construction site equipment, ranch equipment, or oil well or oil field equipment).

FISCAL IMPLICATIONS

The Taxation and Revenue Department did not respond to a LFC request for bill analysis. Consequently, projecting the potential revenue that could be generated from the bill would be difficult. TRD would need to report an estimate of late filers. The revenue impact is not likely to be significant as it appears the purpose of the bill is to encourage timely reporting of quality data, while simplifying the reporting schedule.

ADMINISTRATIVE IMPLICATIONS

SB 413 would have an administrative impact on TRD.

MFV/yr:lg