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FISCAL IMPACT REPORT

SPONSOR Altamirano DATE TYPED 2/16/04 HB _____

SHORT TITLE Gross Receipts Revenue for Airport Planning SB 348/aSCORC/aSFC

ANALYST Valenzuela

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY04	FY05			
	(\$5,000.0)	(\$5,000.0)	Recurring	General Fund
	\$5,000.0	\$5,000.0	Recurring	State Aviation Fund
SFC amendment	(\$66.7)	(\$65.5)	Recurring	General Fund
SFC amendment	\$66.7	\$65.5	Recurring	State Aviation Fund

(Parenthesis () Indicate Revenue Decreases)

The SFC amendment matches HB234.

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of SFC amendment

The Senate Finance Committee (SFC) amendment to the amended Senate Bill 348 adjusts the distribution, from gross receipts tax paid on jet-fuel, to the State Aviation fund by an 11.1 percent increase from 4.31 percent to 4.79 percent. During the 2003 legislative session, the Legislature passed, and the Governor signed, HB62 increasing the gross receipts tax deduction on aviation jet fuel from 40 percent to be 55 percent.

The original version of HB62 had proposed a 50 percent deduction, with a hold-harmless provision increasing the distribution to the State Aviation Fund. However, an amendment to the original bill inadvertently nullified the hold-harmless provision. This amendment corrects the problem.

The amendment would increase revenues into the state aviation fund by 11.1 percent. Gross receipts tax paid on jet-fuel represents 25 percent of the revenue source for the Aviation program budget. The table below provides detail on the calculation:

	FY05	FY06
Aviation Jet Fuel Total Sales	\$30,900,000	\$30,300,000
Less 55% deduction	<u>16,995,000</u>	<u>16,665,000</u>
Adjusted total sales	13,905,000	13,635,000
Current law: Multiply gross receipts by 4.31%	599,306	587,669
SB348 amendment: new distribution (4.79%)	<u>666,050</u>	<u>653,117</u>
<i>New revenue to Aviation fund</i>	66,744	65,448

Revenues into the general fund would decrease in a proportionate amount.

Synopsis of SCORC amendment

The Senate Corporations and Transportation Committee (SCORC) amendment to Senate Bill 348 makes technical revisions to reflect that distributions will occur on a monthly, rather than an annual, basis to the state aviation fund. The impact to the general fund remains to the same. The substantive amendment is the deletion of the requirement to match federal funding.

Synopsis of Original Bill

Senate Bill 348 redirects \$5 million of the gross receipts taxes attributable to aviation-related activity from the general fund to the state aviation fund. The Department of Transportation, Aviation Program, would use the revenue for airport planning, construction and maintenance. The revenues would be used to match federal funding for the same purpose.

Significant Issues

NMDOT reports on a 2003 study by Wilbur Smith & Associates, which showed more than \$17 million in gross receipts taxes were attributable to businesses located at airports. The department also states that a New Mexico State University study estimates \$49 million in gross receipts taxes attributable to all aviation-related activities.

Assuming these gross receipts would be shared with municipalities, the department estimates the general fund receives more than \$28 million, annually, from aviation-related activity.

FISCAL IMPLICATIONS

Currently, NMDOT can access federal funding at a 1-to-9 match (note: municipalities provide half of the state match. As such, the \$5 million in SB348 could match up to \$45 million from federal funds, if available.

This revenue would be used for capital improvements at airports throughout the state. NMDOT estimates needs of \$248 million.

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