

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR Martinez DATE TYPED 2-14-04 HB _____

SHORT TITLE Revenue for County General Health Purposes SB 518

ANALYST Neel

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY04	FY05			
	*1,650.0	Increasing	Recurring	Rio Arriba County Health purposes

(Parenthesis () Indicate Revenue Decreases)

* requires voter approval

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department (TRD)

Department of Health (DOH)

SUMMARY

Synopsis of Bill

Senate Bill 518 would permit the imposition of new property taxes by counties. The new revenue generated by these taxes would be used for general health purposes for sick and indigent persons. SB 518 would permit a Board of County Commissioners to adopt a resolution to be submitted for approval to qualified electors of the county. SB 518 proposes that the rate of the proposed tax increase be specified in the resolution and would limit the maximum increase to \$1.50 per \$1,000 of net taxable value of property. The election at which the resolution is presented may be a general or a special election. The proposed tax may be imposed for a period no longer than 8 years.

SB 518 defines “county” as a Class B county with a population of no less than 41,000 and no more than 45,000 in the last federal decennial census. Only Rio Arriba County meets this definition.

The mill levy authorized in SB 518 would not be subject to rate limitation provisions of Section 7-37-7.1 NMSA 1978, and would not be permitted to be used to meet other county obligations.

Significant Issues

FISCAL IMPLICATIONS

According to TRD the proposed measure would impact no funding sources other than those of Rio Arriba County. Rio Arriba's net taxable value totaled \$1.1 billion for rate-setting purposes in tax year 2003. A 1.5 mill levy imposed on \$1.1 billion in net taxable value would generate tax revenues totaling *approximately* \$1.65 million. However, about 42 percent of the \$1.1 billion, or approximately \$458 million in net taxable value in 2003 was based on oil and natural gas producing property. This particular revenue source tends to be unstable due to variations in oil and natural gas prices and volumes. Hence the \$1.65 million revenue figure could vary substantially, depending on what occurs in the oil and natural gas industry. Rio Arriba's average property tax rate applied to all properties in all jurisdictions is currently approximately 28.9 mills. Hence a 1.5 mill levy would increase property tax rates and taxes paid by property owners in Rio Arriba by an average of approximately $(1.5/28.9)$ five percent.

SN/yr