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FISCAL IMPACT REPORT

SPONSOR Whitaker DATE TYPED 2/15/2005 HB 575

SHORT TITLE Streamlined Sales Tax Agreement Participation SB _____

ANALYST Taylor

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY05	FY06			
NFI	NFI	NFI		

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department (TRD)

SUMMARY

House Bill 575 is entitled the "Sales and Use Tax Administration Act". The act finds that simplified sales and use taxes will serve to preserve and strengthen these taxes as a revenue source for state and local government and will reduce the administrative burden on sellers. The bill authorizes the state, represented by the Taxation and Revenue Department (TRD) Secretary, to participate with other states that have sales taxes in negotiating the streamline sales tax initiative. Implementation of the agreement requires adoption by the state legislature.

The bill does not carry an effective date and is presumed to take effect 90 days after the end of the legislative session.

FISCAL IMPLICATIONS

There are no immediate fiscal implications for this bill. It simply authorizes the state to participate in negotiating the streamlined sales initiative.

TRD notes that if an agreement were implemented by the state, it would facilitate collections of sales and use taxes on remote sales transactions, and thereby increase state and local revenues. Their analysis suggests that taxes on these kinds of activities may represent as much as \$125 million of revenue per year in New Mexico (shared between state and local governments).

ADMINISTRATIVE IMPLICATIONS

TRD indicates the bill has no significant administrative implications for the department.

BT/yr