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FISCAL IMPACT REPORT

SPONSOR Cordova DATE TYPED 02/15/05 HB 485

SHORT TITLE Construction Material Gross Receipts SB _____

ANALYST Padilla-Jackson

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY06	FY07			
(\$116.0)	(\$116.0)	Same	Recurring	General Fund
(\$67.0)	(\$67.0)	Same	Recurring	Local Governments

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

House Bill 485 would expand eligibility for gross receipts tax exemptions currently provided for receipts from selling personal property to 501 (c) (3) organizations to include the sale of construction material and metalliferous mineral ore. The bill defines a 501 (c) (3) organization to mean an organization that has been granted exemption from federal income tax by the U.S. commissioner of internal revenue as an organization described in Section 501 (c) (3) of the United States Internal Revenue Code of 1986.

The effective date of this bill in July 1, 2005.

FISCAL IMPLICATIONS

TRD's analysis reports a total fiscal impact of -\$183 thousand, -\$116 thousand of which will impact the general fund and -\$67 thousand of which will impact local governments. TRD based their estimate on Housing and Urban Development's Low-Income Housing Tax Credit Database,

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which showed that about one hundred houses were built in New Mexico in 2001 by nonprofit organizations. TRD assumes that materials cost \$29,000 for each house, which generates a total tax base per year of \$2.9 million. The \$183 thousand total fiscal impact implies an average tax rate of 6.3 percent ($\$2.9 \text{ million} \times 6.3 \text{ percent} = \183 thousand).

OPJ/njw:yr