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FISCAL IMPACT REPORT

ORIGINAL DATE 3/3/15

SPONSOR Crowder LAST UPDATED _____ HB 568

SHORT TITLE Quarterly Payment of Weight Distance Tax SB _____

ANALYST Jorgensen

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY15	FY16	FY17		
NFI	Unknown	Unknown	Recurring	State Road Fund

(Parenthesis () Indicate Revenue Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY15	FY16	FY17	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	\$42.0	NFI	NFI	NFI	Nonrecurring	TRD Operating Budget

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Department of Transportation (NMDOT)
Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

House Bill 568 requires all taxpayers liable for the weight distance tax to submit payment of the tax on a quarterly basis. The bill repeals the provisions of current law which permitted taxpayers with an actual or anticipated liability of less than \$500 to pay the tax on an annual basis. The bill is also amended to require taxpayers to increase the record retention period from four years to seven years.

FISCAL IMPLICATIONS

The DOT notes that a small weight distance tax compliance gain is possible from the record keeping requirement timeframe extension proposed by this bill. All weight distance tax revenue is distributed to the Road Fund. In FY 2014, the weight distance tax generated \$75 million of

that total of which the Taxation and Revenue Department identified \$188 thousand as “audit payments” in its GenTax revenue detail reports. The potential increase in weight distance tax collection is unknown as shown in the revenue table above.

The TRD reports that enactment of HB 568 will require changes to GenTax configurations and key entry application will need to be changed to deactivate annual filing options. The TRD estimates the necessary changes will require 600 hours of staff time at an estimated cost of \$42 thousand as shown in the estimated additional operating budget impact table above.

SIGNIFICANT ISSUES

The TRD states the requiring taxpayers to keep records for 7 years as required under HB 568 is more consistent with IRS requirements than the current 4 year requirement.

CJ/je/bb