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FISCAL IMPACT REPORT

ORIGINAL DATE 2/2/15

SPONSOR Soules LAST UPDATED _____ HB _____

SHORT TITLE Fort Sill Apache Tribe Coop Agreements SB 17

ANALYST Malone

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY15	FY16	FY17	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		NFI				

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Indian Affairs Department (IAD)

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

Senate Bill 17 relates to Tribal Cooperative Agreements; allowing the state to enter into Cooperative Agreements with the Fort Sill Apache Tribe. The effective date of the provisions of this act is July 1, 2015.

SB 17 will create a new section of the Taxation and Revenue Department Act, Section 9-11-12-3 NMSA 1978, allowing the secretary to enter into cooperative agreements with the Fort Sill Apache Tribe for the exchange of information and the reciprocal, joint or common enforcement, administration, collection, remittance, and audit of tax revenues of the party jurisdictions.

FISCAL IMPLICATIONS

None noted.

SIGNIFICANT ISSUES

According to the Fort Sill Apache Tribe website, the tribe consists of about 670 tribal members, about half over the age of 18. Approximately, 300 live in Oklahoma, the rest are spread across the United States, England, and Puerto Rico. The number of Fort Sill Apaches living in NM is

very minimal.

IAD notes that tribal cooperative agreements promote resolution of a dual taxation problem, as dual taxation can create disincentives for businesses on tribal lands. The disincentive tends to hurt tribes more than the state. In most cases, the result of the double tax will be that the business will locate off the reservation. In that situation, the state would be getting its full share of tax and the tribe would get nothing.

Presently, TRD is authorized to enter into agreements with the following pueblos, tribes, and nations to collect any gross receipts tax imposed by those entities: Acoma, Cochiti, Isleta, Jemez, Laguna, Nambe, Picuris, Pojoaque, Sandia, San Felipe, San Ildefonso, San Juan (Ohkay Owingeh), Santa Ana, Santa Clara, Santo Domingo (Kewa), Taos, Tesuque, Zia or Zuni, The nineteen New Mexico pueblos acting collectively, The Jicarilla Apache Nation, The Mescalero Apache Tribe.

ADMINISTRATIVE IMPLICATIONS

TRD estimates that configuration and report changes to GenTax would require about 4 hours of testing by the Financial Distributions Bureau (FDB).

Upon establishing an agreement between TRD and the Fort Sill Apache tribe, the department will need to make modifications to the gross receipts tax rate schedules, add new location codes, modify the GenTax system to allow the new rates, and to make the appropriate distributions, modify gross receipts tax instructions and publications, and modify online applications. As long as the new rates and location codes are established on either January 1, or July 1, of any given year, the impact to the Department should be minor.

IAD notes that tribal cooperative agreements promote administrative efficiency by eliminating the need for the department and a pueblo tax commission to simultaneously expend resources to collect taxes separately from the same taxpayers.

CEM/bb