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FISCAL IMPACT REPORT

ORIGINAL DATE 1/25/19

SPONSOR Dow LAST UPDATED _____ HB 156

SHORT TITLE County Correctional Gross Receipts Uses SB _____

ANALYST Graeser

REVENUE (dollars in thousands)

Estimated Revenue					Recurring or Nonrecurring	Fund Affected
FY19	FY20	FY21	FY22	FY23		
	NFI	NFI	NFI	NFI	Recurring	General Fund
	NFI*	NFI*	NFI*	NFI*	Recurring	Electing Counties

Parenthesis () indicate revenue decreases

* See Fiscal Implications for a discussion of the fiscal impact of this bill. This bill expands the use of an existing, limited local option gross receipts tax.

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Finance and Administration, Local Government Divisions (DFA/LGD)

SUMMARY

Synopsis of Bill

House Bill 156 expands the allowable uses of County Correctional Facility gross receipts tax (GRT) to allow excess revenue, after the debt service reserve account requirements have been met, to be re-dedicated for purposes allowed under Section 7-20F-3.C.(3). These uses include operating, maintaining, constructing, purchasing, equipping, rehabilitating, expanding or improving a judicial-correction or county correction facility or transporting or extraditing prisoners.

There is no effective date of this bill. It is assumed that the effective date is 90 days after this session ends (June 14, 2019).

FISCAL IMPLICATIONS

DFA/LGD notes that, "...if enacted, HB156 would give counties more fiscal flexibility in the use

of the County Correctional Facility GRT by allowing counties to use excess revenues after debt reserve requirements are met for the purposes currently allowed by Section 7-20F-3.C.(3) which include operating and maintaining county correctional facilities and grounds, transporting or extraditing prisoners, and debt service payments on revenue or refunding bonds issued pursuant to the County Correctional Facility Gross Receipts Tax Act.”

27 of New Mexico’s Counties have imposed both allowed 1/16 percent County Correctional Gross Receipts Tax increments. An unknown number of jurisdictions would free up operating or capital funds pursuant to the provisions of this bill.

There is no overall state or local fiscal impact of this bill, since it only allows alternative uses of funds already collected and allocated.

Table 1 is an exhibit of approximate amounts of total county correctional GRT each of the 17 counties can expect.

SIGNIFICANT ISSUES

DFA/LGD notes that, “...current statute requires that revenue from the County Correctional Facility GRT increment that is pledged for debt repayment may only be used for that purpose. If the debt service reserve exceeds specified levels, the excess currently must be used to redeem the bonds prior to the maturity date. This bill allows for flexibility, with early redemption as an option, giving the County the ability to use the excess reserve revenue for new projects of the same type already identified in the statute. The County must ensure the revenue is sufficient to meet principal and interest payments before identifying additional projects.”

LG/al

Table 1: Exhibit of actual and projected revenues from County Correctional Facilities Gross Receipts Tax.

			FY18		FY19		FY20		FY21	
			MTGR (million \$)	Cnty Corr Facil Rev (1,000 \$)	MTGR (million \$)	Cnty Corr Facil Rev (1,000 \$)	MTGR (million \$)	Cnty Corr Facil Rev (1,000 \$)	MTGR (million \$)	Cnty Corr Facil Rev (1,000 \$)
Bernalillo County	02-002	0.1250%	17,924.5	\$22,410	\$18,582	\$23,230	\$19,460	\$24,330	\$20,099	\$25,120
Chaves County	04-004	0.1250%	1,257.0	\$1,570	\$1,312	\$1,640	\$1,383	\$1,730	\$1,443	\$1,800
Cibola County	33-033	0.1250%	357.5	\$450	\$371	\$460	\$347	\$430	\$344	\$430
Curry County	05-005	0.1250%	932.5	\$1,170	\$931	\$1,160	\$961	\$1,200	\$942	\$1,180
DeBaca County	27-027	0.1250%	27.1	\$30	\$41	\$50	\$37	\$50	\$38	\$50
Dona Ana County	07-007	0.1250%	3,706.2	\$4,630	\$3,858	\$4,820	\$4,060	\$5,080	\$4,210	\$5,260
Grant County	08-008	0.1250%	480.6	\$600	\$501	\$630	\$523	\$650	\$543	\$680
Guadalupe County	24-024	0.1250%	98.8	\$120	\$94	\$120	\$106	\$130	\$109	\$140
Harding County	31-031	0.1250%	16.2	\$20	\$19	\$20	\$20	\$20	\$20	\$30
Hidalgo County	23-023	0.1250%	192.4	\$240	\$185	\$230	\$197	\$250	\$225	\$280
Los Alamos	32-032	0.1250%	1,391.6	\$1,740	\$1,398	\$1,750	\$1,761	\$2,200	\$1,877	\$2,350
Luna County	19-019	0.1250%	409.0	\$510	\$423	\$530	\$489	\$610	\$533	\$670
McKinley County	13-013	0.1250%	1,051.7	\$1,310	\$1,051	\$1,310	\$1,027	\$1,280	\$1,000	\$1,250
Mora County	30-030	0.1250%	40.8	\$50	\$41	\$50	\$46	\$60	\$50	\$60
Otero County	15-015	0.1250%	928.4	\$1,160	\$951	\$1,190	\$935	\$1,170	\$928	\$1,160
Quay County	10-010	0.1250%	146.7	\$180	\$169	\$210	\$181	\$230	\$193	\$240
Rio Arriba County	17-017	0.1250%	412.9	\$520	\$398	\$500	\$381	\$480	\$364	\$450
Roosevelt County	11-011	0.1250%	283.5	\$350	\$266	\$330	\$249	\$310	\$236	\$290
San Juan County	16-016	0.1250%	3,141.0	\$3,930	\$2,748	\$3,440	\$2,418	\$3,020	\$2,145	\$2,680
San Miguel County	12-012	0.1250%	379.4	\$470	\$384	\$480	\$393	\$490	\$403	\$500
Santa Fe County	01-001	0.1250%	4,067.9	\$5,080	\$4,187	\$5,230	\$4,411	\$5,510	\$4,618	\$5,770
Sierra County	21-021	0.1250%	164.1	\$210	\$168	\$210	\$161	\$200	\$153	\$190
Socorro County	25-025	0.1250%	191.1	\$240	\$213	\$270	\$217	\$270	\$223	\$280
Taos County	20-020	0.1250%	676.3	\$850	\$668	\$830	\$644	\$800	\$622	\$780
Torrance County	22-022	0.1250%	208.4	\$260	\$173	\$220	\$213	\$270	\$212	\$270
Union County	18-018	0.1250%	106.7	\$130	\$817	\$1,020	\$1,116	\$1,400	\$1,167	\$1,460
Valencia County	14-014	0.1250%	1,053.0	\$1,320	\$327	\$410	\$120	\$150	\$124	\$150
				\$49,550		\$50,340		\$52,320		\$53,520