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FISCAL IMPACT REPORT

ORIGINAL DATE 2/15/19

SPONSOR Brown LAST UPDATED _____ HB 580

SHORT TITLE Manufactured Home Lease Gross Receipts SB _____

ANALYST Graeser

REVENUE (dollars in thousands)

Estimated Revenue					Recurring or Nonrecurring	Fund Affected
FY19	FY20	FY21	FY22	FY23		
	Indeterminate: unlikely to be generally enforced				R	General Fund (Gross Receipts)
	Indeterminate: unlikely to be generally enforced				R	Counties and Municipalities (Gross Receipts)

Parenthesis () indicate revenue decreases

SOURCES OF INFORMATION

LFC Files

Responses Received From

SUMMARY

Synopsis of Bill

House Bill 580 amends the section of the Gross Receipts and Compensating Tax Act that provides for a deduction for the sale or lease of real property and lease of manufactured homes. This bill proposes to rescind that deduction for facilities that provide temporary housing for workers who are residing, but not domiciled in the county where the facility is located.

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). Generally, gross receipts and compensating tax bills need an effective day consistent with the TRD processing cycle. In this case, perhaps July 1, 2019.

FISCAL IMPLICATIONS

Potentially, this bill creates additional gross receipts tax revenue for the general fund and for counties and municipalities. However, compliance is likely to be very poor.

SIGNIFICANT ISSUES

The section being amended already requires facilities that offer rentals for less than 30 days in duration to remit gross receipts tax. This bill would impose tax on facilities that: (1) provide temporary lodging, but are not motels or hotels, RV parks or Air BnB facilities that principally cater to short-term rentals; (2) would now have to have potential guests declare and certify that the facilities are not a “domicile” for that person for the purpose of the tax. The likely response would be the potential guest declaring that the guest has no permanent abode aside from the temporary lodging. The lodging purveyor would have no means of impeaching this declaration. TRD might occasionally audit a facility affected by the provisions of this bill, but would have no means of determining that a certificate declaring no permanent abode was false.

From a fairness point of view, residents in temporary worker’s lodging impose at least as much burden on local governments, and probably more, than those living in short term tourist-oriented rentals and certainly more than workers who are both resident and domiciled in the county.

TECHNICAL ISSUES

This bill does not contain a delayed repeal date. LFC recommends adding a delayed repeal date. At that time, the legislature could solicit testimony that the provisions of the bill were either effective in providing enhanced revenue or were ineffective and created an unadministrable requirement.

LG/gb