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FISCAL IMPACT REPORT

SPONSOR <u>Gonzales</u>	LAST UPDATED _____
	ORIGINAL DATE <u>1/27/23</u>
SHORT TITLE <u>County Hospital Gross Receipts Tax</u>	BILL NUMBER <u>Senate Bill 205</u>
	ANALYST <u>Graeser</u>

REVENUE* (dollars in thousands)

Estimated Revenue					Recurring or Nonrecurring	Fund Affected
FY23	FY24	FY25	FY26	FY27		
	\$39.0	\$41.0	\$42.0	\$44.0	Recurring	General Fund (TRD Admin Fee)
	\$320.0	\$330.0	\$340.0	\$360.0	Recurring	Taos UNM/Nursing Program
	\$950.0	\$990.0	\$1,030.0	\$1,080.0	Recurring	Taos County Hospital Projects

Parenthesis () indicate revenue decreases.

*Amounts reflect most recent version of this legislation.

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	Indeterminate but minimal	No fiscal impact	No fiscal impact	Indeterminate but minimal**	Recurring	TRD Operating

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent version of this legislation.

** TRD can accomplish implementing this change in the regular semi-annual updates of the GenTax system.

Sources of Information

LFC Files

Responses Received From

SUMMARY

Synopsis of Senate Bill 205

Senate Bill 205 adds a new 0.5 percent local option hospital gross receipts tax to the County Local Option Gross Receipts and Compensating Taxes Act. This authorization is likely restricted to Taos County. This tax requires a positive referendum. The proceeds of the tax, if authorized by the voters, would be divided as follows:

- 25 percent for use of the nursing program at UNM/Taos; and
- 75 percent to be used to service a maximum 10-year bond for constructing or renovating various hospital facilities and grounds in Taos County.

This bill defines an eligible county as follows:

"County" means a class B county with a population of less than thirty-seven thousand according to the most recent federal decennial census and a net taxable value for property tax purposes of more than one billion five hundred ninety million dollars (\$1,590,000,000) but less than two billion dollars (\$2,000,000,000).

LFC staff estimate only Taos County qualifies.

The effective date of this bill is July 1, 2023.

FISCAL IMPLICATIONS

Estimating the impacts of the provisions of this bill are straightforward using data from TRD:

- Taos County population in the 2020 census was 34,489, which is less than 37,000.
- Taos County net taxable value for property tax purposes is \$1,665,492,477 for the 2022 tax year.
- Taos County’s Matched Taxable Gross Receipts for 2022 was \$239,113,187. This amount is expected to grow by 4.3 percent per year.
- The new imposition is subject to a 3 percent administrative fee which is distributed to the general fund.
- The amount of the new revenue devoted to bonding would generate approximately \$8,900,000. Interest rates are in the range of 2.3 percent for exempt 10-year bonds executed through the NMFA.

SIGNIFICANT ISSUES

Taos County total GRT rates are currently and historically relatively high. The provisions of the bill would increase those total rates.

		City Imposed Rates (1)	County Imposed Rates	Total FY23 Tax Rate	New Hospital Rate	Total FY24 Tax Rate
Taos (remainder)		0.0000	1.8750	6.8750	0.5000	7.2500
El Prado Water and Sanitation Di	20-415	0.0000	2.1250	7.1250	0.5000	7.5000
El Prado Water and Sanitation Di	20-425	1.6875	1.6250	8.3125	0.5000	8.6875
El Valle de Los Ranchos Water a	20-419	0.0000	2.1250	7.1250	0.5000	7.5000
El Valle de Los Ranchos Water a	20-429	1.6875	1.6250	8.3125	0.5000	8.6875
Questa	20-222	1.5625	1.3750	7.9375	0.5000	8.3125
Questa Airport	20-160	0.0000	1.8750	6.8750	0.5000	7.2500
Red River	20-317	2.4250	1.3750	8.8000	0.5000	9.1750
Taos	20-126	1.6875	1.3750	8.0625	0.5000	8.4375
Taos Airport (69)	20-163	0.0000	1.8750	6.8750	0.5000	7.2500
Taos Ski Valley (29)	20-430	2.4375	1.3750	8.8125	0.5000	4.3125

(1) Includes 1.2250 Muni State Share