

City of Santa Fe, New Mexico

LEGISLATIVE SUMMARY

Bill No. 2016-12

Hold Harmless GRT

SPONSOR(S): Councilor Dominguez

SUMMARY: The proposed bill implements a municipal hold harmless gross receipts tax pursuant to §7-19d-18 NMSA 1978. The City is able to implement up to a .375% increase, in 1/8% increments. The exact amount and dedication for the tax will be determined by the Governing Body as the bill moves through the committee process.

PREPARED BY: Jesse Guillen, Legislative Liaison

FISCAL IMPACT: Yes

DATE: February 16, 2016

ATTACHMENTS: Bill
FIR

1 CITY OF SANTA FE, NEW MEXICO

2 BILL NO. 2016-__

3 INTRODUCED BY:

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5 Councilor Carmichael A. Dominguez

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9
10 AN ORDINANCE

11 ADOPTING A MUNICIPAL HOLD HARMLESS GROSS RECEIPTS TAX.

12
13 BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF SANTA FE:

14 Section 1. A new Article 18-19 SFCC 1987 is ordained to read:

15 18-19 [NEW MATERIAL] MUNICIPAL HOLD HARMLESS GROSS

16 RECEIPTS TAX

17 18-19.1 [NEW MATERIAL] Imposition of Tax. There is imposed on any person
18 engaging in business in this municipality for the privilege of engaging in business in this
19 municipality an excise tax equal to [one-eighth of one percent (.125%) or one-fourth of one
20 percent (.25%) or three eighths of one percent (.375%)] of the gross receipts reported or required
21 to be reported by the person pursuant to the New Mexico Gross Receipts and Compensating Tax
22 Act as it now exists or as it may be amended. The tax imposed under this ordinance is pursuant to
23 the Municipal Local Option Gross Receipts Taxes Act as it now exists or as it may be amended
24 and shall be known as the "municipal hold harmless gross receipts tax."

25 18-19.2 [NEW MATERIAL] General Provisions. This ordinance hereby adopts by

1 reference all definitions, exemptions and deductions contained in the Gross Receipts and
2 Compensating Tax Act as it now exists or as it may be amended

3 **18-19.3 [NEW MATERIAL] Specific Exemptions.** No municipal hold harmless gross
4 receipts tax shall be imposed on the gross receipts arising from:

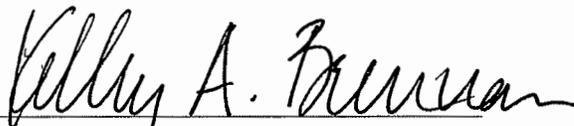
- 5 A. transporting persons or property for hire by railroad, motor vehicle, air
6 transportation or any other means from one point within the municipality to
7 another point outside the municipality;
- 8 B. a business located outside the boundaries of a municipality on land owned by that
9 municipality for which a state gross receipts tax distribution is made pursuant to
10 Subsection C of Section 7-1-6.4 NMSA 1978; or
- 11 C. direct broadcast satellite services.

12 **18-19.4 [NEW MATERIAL] Dedication.** Revenue from the municipal hold harmless
13 gross receipts tax will be used for the purpose(s) listed below:

- 14 A. _____
- 15 B. _____

16 **18-19.5 [NEW MATERIAL] Effective Date.** The effective date of the municipal hold
17 harmless gross receipts tax shall be either January 1, or July 1, whichever date occurs first after
18 expiration of three months from the date this ordinance is adopted.

19 APPROVED AS TO FORM:

20 

21 _____
22 KELLEY A. BRENNAN, CITY ATTORNEY

_____ Check here if no fiscal impact

Column #:	1	2	3	4	5	6	7	8
	Expenditure Classification	FY _____	"A" Costs Absorbed or "N" New Budget Required	"R" Costs Recurring or "NR" Non-recurring	FY _____	"A" Costs Absorbed or "N" New Budget Required	"R" Costs – Recurring or "NR" Non-recurring	Fund Affected

Personnel*	\$ _____	_____	_____	\$ _____	_____	_____	_____	_____
Fringe**	\$ _____	_____	_____	\$ _____	_____	_____	_____	_____
Capital Outlay	\$ _____	_____	_____	\$ _____	_____	_____	_____	_____
Land/ Building	\$ _____	_____	_____	\$ _____	_____	_____	_____	_____
Professional Services	\$ _____	_____	_____	\$ _____	_____	_____	_____	_____
All Other Operating Costs	\$ _____	_____	_____	\$ _____	_____	_____	_____	_____
Total:	\$ _____			\$ _____				

* Any indication that additional staffing would be required must be reviewed and approved in advance by the City Manager by attached memo before release of FIR to committees. **For fringe benefits contact the Finance Dept.

2. Revenue Sources:

- a. To indicate new revenues and/or
- b. Required for costs for which new expenditure budget is proposed above in item 1.

Column #:	1	2	3	4	5	6
	Type of Revenue	FY _____	"R" Costs Recurring or "NR" Non-recurring	FY _____	"R" Costs – Recurring or "NR" Non-recurring	Fund Affected

_____	\$ _____	_____	\$ _____	_____	_____	_____
_____	\$ _____	_____	\$ _____	_____	_____	_____
_____	\$ _____	_____	\$ _____	_____	_____	_____
Total:	\$ TBD		\$ _____			

3. Expenditure/Revenue Narrative:

Explain revenue source(s). Include revenue calculations, grant(s) available, anticipated date of receipt of revenues/grants, etc. Explain expenditures, grant match(s), justify personnel increase(s), detail capital and operating uses, etc. (Attach supplemental page, if necessary.)

The Governing Body has two options from which to choose to increase the gross receipts tax (GRT). It can raise either or both the General Government GRT increment by up to ¼ % or the Hold Harmless increment by ⅜ %. The decision on which option to move forward on will provide the basis for a true fiscal note. A further decision also has to be made before the full fiscal impact of this action can be established. The framework for balancing the recurring deficit directs that that new revenue of \$3.8 million be raised through a combination of GRT and property taxes. The precise mix of these two will be decided further on in the budget process.

Section D. General Narrative

1. Conflicts: Does this proposed bill/resolution duplicate/conflict with/companion to/relate to any City code, approved ordinance or resolution, other adopted policies or proposed legislation? Include details of city adopted laws/ordinance/resolutions and dates. Summarize the relationships, conflicts or overlaps.

None identified.

2. Consequences of Not Enacting This Bill/Resolution:

Are there consequences of not enacting this bill/resolution? If so, describe.

The city would not enact a “municipal hold harmless gross receipts tax”.

3. Technical Issues:

Are there incorrect citations of law, drafting errors or other problems? Are there any amendments that should be considered? Are there any other alternatives which should be considered? If so, describe.

None identified.

4. Community Impact:

Briefly describe the major positive or negative effects the Bill/Resolution might have on the community including, but not limited to, businesses, neighborhoods, families, children and youth, social service providers and other institutions such as schools, churches, etc.

This action will increase taxes on retailers and professional service vendor in the community.
