

City of Santa Fe, New Mexico

LEGISLATIVE SUMMARY

Bill No. 2016-13

Municipal GRT Increase

SPONSOR(S): Councilor Dominguez

SUMMARY: The proposed bill provides an increase of ¼% in the municipal GRT as provided by §7-19d-9 NMSA 1978 to a total of 1.5%. The dedication of the additional percentage will be determined by the Governing Body through the committee process.

PREPARED BY: Jesse Guillen, Legislative Liaison

FISCAL IMPACT: Yes

DATE: February 16, 2016

ATTACHMENTS: Bill
FIR

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CITY OF SANTA FE, NEW MEXICO

BILL NO. 2016-13

INTRODUCED BY:

Councilor Carmichael A. Dominguez

AN ORDINANCE

ADOPTING A MUNICIPAL GROSS RECEIPTS TAX.

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

Section 1. Subsection 18-10.1 SFCC 1987 (being Ord. #1981-45 (as amended))

is amended to read:

18-10.1 Imposition of Tax.

There is imposed on any person engaging in business in this municipality, for the privilege of engaging in business in this municipality, an excise tax equal to one and ~~one-quarter percent (1.25%)~~ one-half percent (1.5%) of the gross receipts reported or required to be reported by the person pursuant to the New Mexico Gross Receipts and Compensating Tax Act as it now exists or as it may be amended. The tax imposed under this section is pursuant to the Municipal Local Option Gross Receipts Taxes Act as it now exists or as it may be amended and shall be known as the "municipal gross receipts tax."

Section 2. Subsection 18-10.3 SFCC 1987 (being Ord. #1981-45 (as amended))

is amended to read:

1 **18-10.3 Specific Exemptions.**

2 No municipal gross receipts tax shall be imposed on the gross receipts arising from:

3 A. Direct broadcast satellite services;

4 B. Transporting persons or property for hire by railroad, motor vehicle, air
5 transportation or any other means from one point within the municipality to another point outside
6 the municipality; or

7 C. A business located outside the boundaries of a municipality on land owned by the
8 municipality for which a state gross receipts tax distribution is made pursuant to subsection C of
9 Section 7-1-6.4 NMSA 1978.

10 **Section 3. Subsection 18-10.4 SFCC 1987 (being Ord. #1981-45 (as amended))**
11 **is amended to read:**

12 **18-10.4 Dedication.**

13 Revenue from the one and [~~one-quarter percent (1.25%)~~]one-half percent (1.5%)
14 municipal gross receipts tax will be used for the purpose(s) listed below:

15 A. Revenue from the first two (2) one-quarter percent (1/4%) increments of the
16 municipal gross receipts tax is dedicated for the following purposes:

17 (1) Annual debt service for municipal gross receipts tax revenue bonds or
18 other bonds for municipal projects issued for the construction, reconstruction,
19 improvements and replacement of city facilities, parks, streets, sidewalks, utilities, and
20 other public works projects including the related equipment and furnishings for the
21 facilities.

22 (2) If there are proceeds remaining they may be used for:

23 (a) Construction, reconstruction, improvements, replacement,
24 facility structural maintenance and repair, including related equipment and
25 furnishings for the facilities.

1 (b) Operating expenditures necessitated by the expansion of services
2 and facilities to the public.

3 (c) Personnel, operating, contractual, accounting, administration,
4 equipment, vehicles and other costs related to the city's capital improvements
5 program and operations of public works department.

6 (d) Computer hardware and software.

7 **Editor's Note:** Originally adopted by Ordinance No. 1981-45.

8 B. Revenue from the third and fourth one-quarter percent (1/4%) increments of the
9 municipal gross receipts tax is dedicated to the general fund.

10 **Editor's Note:** Originally adopted by Ordinance No. 1983-7 and Ordinance No. 1987-19.

11 C. Revenue from the fifth one-quarter percent (1/4%) increment of the municipal
12 gross receipts tax is dedicated to the public bus system and quality of life purposes in the
13 following manner:

14 (1) Finance the acquisition, operation, maintenance and any other expenses
15 necessary for or incidental to the provision of a public bus system. In the event that the
16 public bus system is ever discontinued, the funds allocated pursuant to this paragraph
17 shall be used for general municipal operations and the discontinuance of the public bus
18 system shall not affect the allocations set out in paragraph (2) below. The governing body
19 shall not discontinue the public bus system until the notice and hearing requirements of
20 subsections 2-2.3A, 2-2.3B, 2-2.4A, 2-2.4D, and 2-2.6 SFCC 1987 have been met.

21 (2) After satisfying the distribution provided for in paragraph C (1), the
22 remaining proceeds of the gross receipts tax shall be allocated exclusively for the
23 following quality of life purposes: recreational facilities, bike and pedestrian pathways -
24 with a priority given to pathways that connect with bus stops - libraries, and parks.
25 Allocations for these quality of life purposes shall not exceed eleven percent (11%) of the

1 total amount received from the fifth one-quarter percent (1/4%) increment of the gross
2 receipts tax, except that any amount unspent for quality of life purposes shall be used for
3 general municipal operations.

4 D. Revenue from the sixth one-quarter percent (1/4%) increment of the municipal
5 gross receipts tax is dedicated to

6 **Editor's Note:** Originally adopted by Ordinance No. 1991-23.

7 **Section 4. Subsection 18-10.5 SFCC 1987 (being Ord. #1981-45 (as amended))**
8 **is amended to read:**

9 **18-10.5 Effective Date.**

10 A. The effective date of the first two (2) one-quarter percent (1/4%) increments of
11 the municipal gross receipts tax shall be January 1, 1982.

12 B. The effective date of the third one-quarter percent (1/4%) increments of the
13 municipal gross receipts tax shall be July 1, 1983.

14 C. The effective date of the fourth one-quarter percent (1/4%) increments of the
15 municipal gross receipts tax shall be January 1, 1988.

16 D. The effective date of the fifth one-quarter percent (1/4%) increments of the
17 municipal gross receipts tax shall be January 1, 1992.

18 C. The effective date of the municipal gross receipts tax shall be either January 1, or
19 July 1, whichever date occurs first after the expiration of three months from the date this
20 ordinance is adopted, unless an election is held on the question of approving the ordinance, in
21 which case the effective date shall be either January 1 or July 1, whichever date occurs first after
22 the expiration of three months from the date when the results of the election are certified to be in
23 favor of the ordinance's adoption and the adopted ordinance is delivered or mailed to the
24 Taxation and Revenue Department..

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APPROVED AS TO FORM:


KELLEY A. BRENNAN, CITY ATTORNEY

M/Legislation/Bills 2016/Municipal GRT Increase

_____ 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 approved a framework for closing the City's recurring deficit that calls for new revenue generated from an increase in taxes property and/or gross receipts taxes (GRT) in the amount of \$3.8 million. It has two options from which to choose to increase the 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 have to be made for the fiscal impact of be known beyond \$3.8 million target. Moreover, the precise mix of property and GRT tax increase will also have to be decided to establish the fiscal impact of this action.

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 adopt a sixth 1/4% municipal 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.