

**ACTION SHEET
ITEM FROM THE
PUBLIC WORKS/CIP AND LAND USE COMMITTEE MEETING
OF
MONDAY, DECEMBER 7, 2015**

ITEM 17

REQUEST FOR APPROVAL OF AN ORDINANCE CREATING A NEW ARTICLE 18-19 SFCC 1987 TO ESTABLISH A MUNICIPAL GASOLINE TAX PURSUANT TO NMSA 1978, §7-24A-10, TO BECOME EFFECTIVE NINETY (90) DAYS FROM APPROVAL BY THE VOTERS OF THE CITY OF SANTA FE AT THE NEXT REGULAR MUNICIPAL ELECTION **(COUNCILORS MAESTAS, IVES AND TRUJILLO) (OSCAR RODRIGUEZ)**

PUBLIC WORKS COMMITTEE ACTION: Approved

FUNDING SOURCE:

SPECIAL CONDITIONS / AMENDMENTS / STAFF FOLLOW UP:

VOTE	FOR	AGAINST	ABSTAIN
CHAIRPERSON TRUJILLO	X		
COUNCILOR BUSHEE			X
COUNCILOR DIMAS	Excused		
COUNCILOR DOMINGUEZ	Excused		
COUNCILOR IVES	X		

City of Santa Fe, New Mexico

LEGISLATIVE SUMMARY

Bill No. 2015-46

Municipal Gas Tax

SPONSOR(S): Councilors Maestas, Ives and Trujillo

SUMMARY: The proposed bill creates a new Article 18-19 SFCC 1987 to establish a municipal gasoline tax pursuant to NMSA 1978, § 7-24a-10, to become effective ninety (90) days from approval by the voters of the city of Santa Fe at the next regular municipal election.

PREPARED BY: Rebecca Seligman, Legislative Liaison Assistant

FISCAL IMPACT: Yes

DATE: December 3, 2015

ATTACHMENTS: Bill
FIR
Attachment

1 B. Gross receipts taxes are an unstable funding source whose levels are dependent
2 on the health of the economy.

3 D. New Mexico state law was amended in 2013 to repeal the hold harmless
4 distribution made by the State to municipalities that have a population of over 10,000 to
5 compensate those municipalities for revenues lost as the result of the State's elimination of gross
6 receipts taxes on food and certain medical services.

7 E. The State's elimination of these gross receipts taxes represent up to 30% of a
8 municipalities' total gross receipts tax revenue.

9 F. The City of Santa Fe is facing a total estimated loss of over \$80 million of hold
10 harmless distribution funds over the phase-out period ending in 2030.

11 G. The State's elimination of this source of gross receipts tax revenue will certainly
12 cause a major decrease in vital city services, jeopardize current and future infrastructure and
13 seriously impact the city workforce and local economy.

14 H. Paragraph D. of Article X, Section 6 states that "No tax imposed by the
15 governing body of a charter municipality, except a tax authorized by general law, shall become
16 effective until approved by a majority vote in the charter municipality.

17 I. Section 7-24A-1 NMSA 1978 authorizes municipalities to impose a municipal
18 gasoline tax of up to two cents (\$.02) a gallon on all gasoline sold at retail within the
19 municipality.

20 **18-19.3 [NEW MATERIAL] Authority.** Section 18-19 SFCC 1987 establishes a
21 municipal gasoline tax and is adopted pursuant to the powers granted to the city of Santa Fe in
22 Article X, § 6 of the Constitution of New Mexico; §3-17-1 et seq. NMSA 1978, §3-18-1 et seq.
23 NMSA 1978, §7-24A-10 NMSA 1978.

24 **18-9.4 [NEW MATERIAL] Purpose.** The purpose of this Section is to establish an
25 ongoing source of funding for the city of Santa Fe to maintain vital city services, current and

1 future infrastructure and a stable city workforce. The receipts of the tax shall be used for eligible
2 infrastructure, projects, payment of bonds issued pursuant to the county and municipal gasoline
3 tax act (Section 7-24A-1 NMSA 1978), and the acquisition of land and construction of buildings
4 for all needs related to public transportation including purchasing, maintaining, operating,
5 modifying, repairing and storing any required equipment.

6 **18-19.5 [NEW MATERIAL] Imposition of Municipal Gasoline Tax.** There is
7 hereby imposed a municipal gasoline tax of two cents (\$.02) a gallon on all gasoline sold at retail
8 within the municipal boundaries of the city of Santa Fe and upon which gasoline taxes are
9 imposed in accordance with the Gasoline Tax Act, NMSA 1978, § 7-13-1 et seq.

10 **18-19.6 [NEW MATERIAL.] Effective Date.** The provisions of Section 18-19 SFCC
11 1987 shall go into effect ninety (90) days after an election is held and a simple majority of the
12 qualified electors of the city of Santa Fe voting on the question vote in favor of imposing the
13 municipal gasoline tax.

14 APPROVED AS TO FORM:

15 
16 _____

17 KELLEY A. BRENNAN, CITY ATTORNEY

City of Santa Fe Fiscal Impact Report (FIR)

This Fiscal Impact Report (FIR) shall be completed for each proposed bill or resolution as to its direct impact upon the City's operating budget and is intended for use by any of the standing committees of and the Governing Body of the City of Santa Fe. Bills or resolutions with no fiscal impact still require a completed FIR. Bills or resolutions with a fiscal impact must be reviewed by the Finance Committee. Bills or resolutions without a fiscal impact generally do not require review by the Finance Committee unless the subject of the bill or resolution is financial in nature.

Section A. General Information

(Check) Bill: _____ Resolution: _____

(A single FIR may be used for related bills and/or resolutions)

Short Title(s): AN ORDINANCE CREATING A NEW ARTICLE 18-19 SFCC 1987 TO ESTABLISH A MUNICIPAL GASOLINE TAX PURSUANT TO NMSA 1978, § 7-24A-10, TO BECOME EFFECTIVE NINETY (90) DAYS FROM APPROVAL BY THE VOTERS OF THE CITY OF SANTA FE AT A SPECIAL ELECTION TO BE HELD IN CONJUNCTION WITH THE NEXT REGULAR MUNICIPAL ELECTION.

Sponsor(s): Councilors Maestas, Ives and Trujillo

Reviewing Department(s): Finance Department

Persons Completing FIR: Oscar Rodriguez Date: 10/21/15 Phone: _____

Reviewed by City Attorney: Kelley A. Brennan Date: 11/24/15
(Signature)

Reviewed by Finance Director: [Signature] Date: 11-24-2015
(Signature)

Section B. Summary

Briefly explain the purpose and major provisions of the bill/resolution:

This bill, if approved by the voters, would implement a two cent (\$.02) per gallon gas tax on all gasoline sold within city limits. Revenue from this tax would be dedicated solely for road and bridge infrastructure projects. Implementation of this gas tax is pursuant to 7-24A-10 NMSA 1978, with two cents being the maximum tax allowed. The ordinance shall not go into effect until 90 days after voters have approved the tax at the election on March 1, 2016.

Section C. Fiscal Impact

Note: Financial information on this FIR does not directly translate into a City of Santa Fe budget increase. For a budget increase, the following are required:

- a. The item must be on the agenda at the Finance Committee and City Council as a "Request for Approval of a City of Santa Fe Budget Increase" with a definitive funding source (could be same item and same time as bill/resolution)
- b. Detailed budget information must be attached as to fund, business units, and line item, amounts, and explanations (similar to annual requests for budget)
- c. Detailed personnel forms must be attached as to range, salary, and benefit allocation and signed by Human Resource Department for each new position(s) requested (prorated for period to be employed by fiscal year)*

1. Projected Expenditures:

- a. Indicate Fiscal Year(s) affected – usually current fiscal year and following fiscal year (i.e., FY 03/04 and FY 04/05)
- b. Indicate: "A" if current budget and level of staffing will absorb the costs
 "N" if new, additional, or increased budget or staffing will be required
- c. Indicate: "R" – if recurring annual costs
 "NR" if one-time, non-recurring costs, such as start-up, contract or equipment costs
- d. Attach additional projection schedules if two years does not adequately project revenue and cost patterns
- e. Costs may be netted or shown as an offset if some cost savings are projected (explain in Section 3 Narrative)

Finance Director: [Signature]

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 2016-17	"R" Costs Recurring or "NR" Non-recurring	FY _____	"R" Costs – Recurring or "NR" Non-recurring	Fund Affected

\$0.02/gal	\$950,000	R	\$ \$950,000	R	Gas Tax
_____	_____	_____	_____	_____	_____
_____	\$ _____	_____	\$ _____	_____	_____
_____	\$ _____	_____	\$ _____	_____	_____
Total:	\$950,000	_____	\$ \$950,000	_____	_____

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.)

NM Tax & Revenue estimates that a new \$0.02/Gallon gasoline tax for the City of Santa Fe will generate \$950,000 per year, assuming that the referendum is approved in March and the City Council immediately enacts it so the State can implement it starting July 1. This revenue stream will be enough to support a \$6-9 million bond issue depending on the repayment period (10-20 years). See attached correspondence from the City's Financial Advisor.

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.

2. Consequences of Not Enacting This Bill/Resolution:

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

The tax question will not go before the voters on March 1, 2016. If approved by the voters, the tax revenue would be used to close the gap in road and bridge infrastructure spending in the city.

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.

RODRIGUEZ, OSCAR S.

From: George Williford <George.Williford@firstsw.com>
Sent: Wednesday, November 11, 2015 9:54 AM
To: RODRIGUEZ, OSCAR S.
Subject: Gas Tax Bonding Capacity
Attachments: Santa Fe, NM- Gas Tax Schedules.pdf

Oscar:

As requested, attached is a schedule illustrating potential financing capacity secured by and payable from gas tax distributions. Schedules are included showing 10 year, 15 year or 20 year repayment.

I spoke with NMFA, which has purchased several gas tax financings. For financing secured solely by a limited special tax, financing through the NMFA PPRF program is the best economic alternative, as compared to attempting to sell such an issue in the public market. The determinant of the allowable length of repayment term which will be considered by NMFA will be the useful life of the improvements: for example, construction of new streets vs. asphalt overlay.

For each of the attached scenarios, the interest rate was based on rates approximately 40 basis points above current rates for PPRF issues. The total size included applicable costs of issuance and NMFA costs, and also included a debt service reserve fund, as would be required.

In each case, the issue was structured so that annual debt service was approximately \$720,000. That would have 1.25x coverage of annual gas revenues of \$900,000 and 1.3x coverage of annual revenues of \$940,000. 1.25x coverage would be the minimum allowable level. Based upon this coverage requirement, the City would continue to have \$180,000 to over \$200,000 excess gas tax receipts each year for cash expenditures.

As shown at the bottom of each schedule, the net proceeds for project costs which would be financeable for each repayment term would be approximately: \$5.88 million – 10 year repayment, \$7.92 million – 15 year repayment, or \$9.34 million – 20 year repayment.

Hopefully, this is helpful in consideration of possible financing based on the gas tax receipts. Please call on me with any questions, and as we can provide additional information.

Thanks,

George

George Williford
Managing Director
FirstSouthwest

direct 214.953.8705 fax 214.953.4050
325 North St. Paul Street, Suite 800, Dallas, TX 75201-3852

City of Santa Fe, NM

Gasoline Tax Revenue Financing

Issue Size to Maintain \$720,000 Annual Debt Service

Year	\$6,650,000 - Series 2016 10 year - 2/1/2016 - 2.75%				\$8,765,000 - Series 2016 15 year - 2/1/2016 - 3.25%				\$10,200,000 - Series 2016 20 year - 2/1/2016 - 3.75%				Year
	Principal	Interest	DSRF	Debt Service	Principal	Interest	DSRF	Debt Service	Principal	Interest	DSRF	Debt Service	
2016	475,000	243,833	-	718,833	335,000	379,817	-	714,817	210,000	510,000	-	720,000	2016
2017	550,000	169,813	-	719,813	445,000	273,975	-	718,975	345,000	374,625	-	719,625	2017
2018	565,000	154,688	-	719,688	460,000	259,513	-	719,513	355,000	361,688	-	716,688	2018
2019	580,000	139,150	-	719,150	475,000	244,563	-	719,563	370,000	348,375	-	718,375	2019
2020	595,000	123,200	-	718,200	490,000	229,125	-	719,125	385,000	334,500	-	719,500	2020
2021	610,000	106,838	-	716,838	505,000	213,200	-	718,200	395,000	320,063	-	715,063	2021
2022	625,000	90,063	-	715,063	520,000	196,788	-	716,788	410,000	305,250	-	715,250	2022
2023	645,000	72,875	-	717,875	535,000	179,888	-	714,888	430,000	289,875	-	719,875	2023
2024	660,000	55,138	-	715,138	555,000	162,500	-	717,500	445,000	273,750	-	718,750	2024
2025	1,345,000	36,988	(665,000)	716,988	575,000	144,463	-	719,463	460,000	257,063	-	717,063	2025
2026					590,000	125,775	-	715,775	480,000	239,813	-	719,813	2026
2027					610,000	106,600	-	716,600	495,000	221,813	-	716,813	2027
2028					630,000	86,775	-	716,775	515,000	203,250	-	718,250	2028
2029					650,000	66,300	-	716,300	535,000	183,938	-	718,938	2029
2030					1,390,000	45,175	(719,563)	715,613	555,000	163,875	-	718,875	2030
2031									575,000	143,063	-	718,063	2031
2032									595,000	121,500	-	716,500	2032
2033									620,000	99,188	-	719,188	2033
2034									640,000	75,938	-	715,938	2034
2035									1,385,000	51,938	(720,000)	716,938	2035
2036									\$ 10,200,000	\$ 4,879,500	\$ (720,000)	\$ 14,359,500	2036

Estimated Proceeds: \$ 5,881,225

Estimated Proceeds: \$ 7,916,020

Estimated Proceeds: \$ 9,338,000