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: Rebecca Seligman, Legislative Liaison Assistant

FISCAL IMPACT: Yes

DATE: March 24, 2016

ATTACHMENTS: Amendment
Bill
FIR

CITY OF SANTA FE, NEW MEXICO
PROPOSED AMENDMENT(S) TO BILL NO. 2016-13
Municipal GRT Increase

Mayor and Members of the City Council:

We propose the following amendment(s) to Bill No. 2016-13:

1. On page 4, ***delete*** lines 18 through 24, and ***insert*** in lieu thereof:

   "E. The provisions related to the sixth quarter percent (1/4%) increment of the municipal gross receipts tax, Subsection 18-10.4 (D) SFCC 1987 shall be effective after an election is held and a simple majority of the qualified electors of the city of Santa Fe voting on the question, vote in favor of imposing the municipal gross receipts tax increase. The effective date of the municipal gross receipts tax shall be either January 1 or July 1, whichever date occurs first after the expiration of three months from the date when the results of the election are certified to be in favor of the ordinance's adoption and the adopted ordinance is delivered or mailed to the Taxation and Revenue Department."

Respectfully submitted,

_____
Councilor Joseph Maestas

ADOPTED: _____
NOT ADOPTED: _____
DATE: _____

_____
Yolanda Y. Vigil, City Clerk

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:

18-10.3 Specific Exemptions.

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

A. Direct broadcast satellite services;

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

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

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

18-10.4 Dedication.

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

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

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

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

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

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

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

(d) Computer hardware and software.

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

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

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

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

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

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

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

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

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

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

18-10.5 Effective Date.

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

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

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

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

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

APPROVED AS TO FORM:

Kelley A. Brennan

KELLEY A. BRENNAN, CITY ATTORNEY

M/Legislation/Bills 2016/Municipal GRT Increase

FIR No. 2786

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: X Resolution: _____
(A single FIR may be used for related bills and/or resolutions)
Short Title(s): **AN ORDINANCE ADOPTING A MUNICIPAL GROSS RECEIPTS TAX.**

Sponsor(s): Councilor Dominguez

Reviewing Department(s): Finance Department

Persons Completing FIR: Oscar Rodriguez Date: 2/15/16 Phone: x6530

Reviewed by City Attorney: Kathy A. Brennan (Signature) Date: 2/16/16

Reviewed by Finance Director: (Signature) Date: 2-16-2016

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Section B. **Summary**
Briefly explain the purpose and major provisions of the bill/resolution:
This bill would adopt a sixth one-quarter percent municipal gross receipts tax pursuant to §7-19d-9 NMSA 1978. The total municipal gross receipts tax would equal one-point-five percent (1.5%). The sixth one-quarter percent would be dedicated to purposes to be determined through the committee process.

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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: _____

_____ 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 ot 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.

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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.

ACTION SHEET
ITEM FROM FINANCE COMMITTEE MEETING OF 03/21/16
FOR CITY COUNCIL MEETING OF 03/30/16

ISSUE:

36. Request for Approval of an Ordinance Adopting a Municipal Gross Receipts Tax. (Councilor Dominguez) (Oscar Rodriguez)

Committee Review:

Public Works Committee (approved)	02/22/16
City Council (request to publish) (approved)	02/24/16
City Council (public hearing) (scheduled)	03/30/16

Fiscal Impact – TBD

FINANCE COMMITTEE ACTION:

FUNDING SOURCE:

SPECIAL CONDITIONS OR AMENDMENTS

Move forward with no recommendation.

STAFF FOLLOW-UP:

VOTE	FOR	AGAINST	ABSTAIN
COUNCILOR VILLAREAL	X		
COUNCILOR IVES	X		
COUNCILOR LINDELL	X		
COUNCILOR HARRIS	X		
CHAIRPERSON DOMINGUEZ			

4-13-15

ACTION SHEET
ITEM FROM THE
PUBLIC WORKS/CIP AND LAND USE COMMITTEE MEETING
OF
MONDAY, FEBRUARY 22, 2016

ITEM 12

REQUEST FOR APPROVAL OF AN ORDINANCE ADOPTING A MUNICIPAL GROSS RECEIPTS TAX **(COUNCILOR DOMINGUEZ) (OSCAR RODRIGUEZ)**

PUBLIC WORKS COMMITTEE ACTION: Approved

FUNDING SOURCE:

SPECIAL CONDITIONS / AMENDMENTS / STAFF FOLLOW UP:

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

mentioned seven positions but she saw no cuts listed here. You want all things on the table. Cuts need to be on the table too. Our GRT is the highest or second highest in the State. People cringe at having that tax added on to their sales. It is not very balanced; the way we are approaching this budget. It is a discussion we haven't had.

Councilor Dominguez said the Finance Committee is working hard and not taking this lightly. We are having good debate about whether we should cut $4 million or $15 million. He was not sure how much we can cut and still provide a high quality of service to the citizens. We have already made a number of cuts through the years. Maybe we can go more than $4 million but how far before we cut the quality of what we provide. Do we cut senior services, summer youth program, etc.? no one has been willing to say we need to cut 110 people from Community Services.

Councilor Bushee said this is the first time she has seen Finance Committee things in the agenda. She would like to see the full picture.

Councilor Dominguez wanted to see it too and he was not sure they would have to raise taxes.

Councilor Bushee said that for her, this has been a nonstarter from the beginning. In 1994, we just took on the water company with proprietary software and couldn't get a bill out. Now we can hardly get a bill out. This is misguided. Leave the water company alone. Make the tough choices. If not here, send it out as a referendum. The GRT is a burden on small businesses here and this is going to kill them.

Chair Trujillo said they tried a referendum with the gas tax and that got shot down.

The motion to approve passed by majority (2-1) voice vote with Councilor Bushee dissenting.

12. REQUEST FOR APPROVAL OF AN ORDINANCE ADOPTING A MUNICIPAL GROSS RECEIPTS TAX (COUNCILOR DOMINGUEZ) (OSCAR RODRIGUEZ)

Committee Review:

Council (Request to publish)	02/24/16
Finance Committee (Scheduled)	02/29/16
Council (Public hearing)	03/30/16

Councilor Bushee moved to deny. The motion died for lack of a second.

Councilor Dominguez moved to approve the request. Councilor Ives seconded the motion and it passed by majority (2-1) voice vote with Councilor Bushee dissenting.

13. REQUEST FOR APPROVAL OF AN ORDINANCE AMENDING SUBSECTION 12-9-3.9 OF THE UNIFORM TRAFFIC ORDINANCE RELATING TO ADA ACCESSIBLE PARKING VIOLATIONS REQUIRING A MANDATORY COURT APPEARANCE (COUNCILOR LINDELL) (NOEL CORREIA/SARA SMITH)

Committee Review:

Council (Request to publish)	02/24/16