U.2018.00

CITY OF ALBUQUERQUE CITY COUNCIL

INTEROFFICE MEMORANDUM

TO:

Timothy M. Keller, Mayor

FROM:

Jon K. Zaman, Director of Council Services W FWJKZ

SUBJECT: Transmittal of Legislation

Transmitted herewith is Bill No. O-18-9 Adopting A Three Eighths Of One Percent (.375%) Municipal Hold Harmless Gross Receipts Tax (Sanchez, Jones), which was passed at the Council meeting of March 5, 2018 by a vote of 8 FOR AND 1 AGAINST.

Against: Winter

In accordance with the provisions of the City Charter, your action is respectfully requested.

A BUDULEACHE OTY CLERK

JKZ:mh Attachment

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CITY of ALBUQUERQUE TWENTY THIRD COUNCIL

CC	DUNC	IL BILL NO. 0-18-9 ENACTMENT NO. 0-2018-001
SP	ONS	ORED BY: Ken Sanchez & Trudy Jones
	1	ORDINANCE
	2	ADOPTING A THREE EIGHTHS OF ONE PERCENT (.375%) MUNICIPAL HOLD
	3	HARMLESS GROSS RECEIPTS TAX
	4	WHEREAS, public safety is the top priority of the Mayor and the City
	5	Council, and the City desires to ensure that it provides sufficient funding for
	6	Albuquerque's first responders so that the public feels safe in their homes and
	7	neighborhoods; and
	8	WHEREAS, a shortage of officers within the Albuquerque Police
	9	Department (APD) has resulted in increased response times to calls for
	10	service and has hampered APD's community policing efforts; and
o S	11	WHEREAS, the recruitment and retention of officers is an increasing
Inderscored Material] - New kethrough Material] - Deletion	12	challenge for police agencies in the State and across the Nation; and
- 급		WHEREAS, for the past several years, APD has similarly experienced a
Inderscored Material Kethrough Material	14	decrease in the number of officers on its force; and
	15	WHEREAS, while APD is aggressively marketing and recruiting new
	16	officers, selecting, vetting, and training new applicants is a lengthy process,
	17	making it difficult to quickly fill officer positions; and
		WHEREAS, additional funding is necessary to ensure that the City has the
Bracketed/L Bracketed/Stri	19	resources in place to attract more police officers and other first responders to
S S S S S S S S S S S S S S S S S S S	20	Albuquerque; and
	21	WHEREAS, the City's five-year forecast currently projects a deficit in the
<u> </u>		City's general operating fund of approximately \$40 million in Fiscal Year 2019;
	23	and
	24	WHEREAS, a large part of that deficit is due to the recent actions of the
	25	New Mexico State Legislature, who passed legislation phasing out the City's
	26	Hold Harmless payments at a rate of approximately \$2.45 million per year: and

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1	WHEREAS, by the time the state mandated phase out is completed, the
2	state will have taken from the City approximately \$37 million in recurring
3	revenue; and
4	WHEREAS, in addition, since the beginning of the great recession gross
5	receipts tax revenue has underperformed projections, resulting in the City
6	having to employ austerity measures in order to balance the budget; and
7	WHEREAS, one of those austerity measures was suspending hiring for
8	positions within many City departments, including Planning, Environmental
9	Health, DMD, and Parks & Recreation; and
10	WHEREAS, suspending hiring for vacant positions has resulted in many
11	departments having large numbers of critical positions unfilled, including
12	code enforcement specialists, building inspectors, plan checkers, engineers,
13	skilled trades workers, and parks maintenance personnel; and
14	WHEREAS, additional funding is necessary to ensure that the City can fill
15	these critical positions and continue to provide the high level of municipal
16	services that Albuquerque's citizens expect and deserve; and
17	WHEREAS, the effects of drug abuse and untreated mental health issues
18	have caused an incredible strain on the public safety and judicial systems in
19	our community, and this burden could be lessened if those suffering from
20	drug abuse or mental illness are able to receive the adequate treatment before
21	the need to engage with local law enforcement and the court system; and
22	WHEREAS, public safety will be the first priority for utilizing the additional
23	tax revenues generated by the municipal hold harmless gross receipts tax
24	described below.
25	BE IT ORDAINED BY THE COUNCIL, THE GOVERNING BODY OF THE CITY OF
26	ALBUQUERQUE:
27	Section 1. Imposition of Tax. There is imposed on any person
28	engaging in business in this municipality for the privilege of engaging in
29	business in this municipality an excise tax equal to three eighths of one
30	percent (.375%) of the gross receipts reported or required to be reported by
31	the person pursuant to the New Mexico Gross Receipts and
32	Compensating Tax Act as it now exists or as it may be amended. The tax

imposed under this ordinance is pursuant to the Municipal Local Option Gross

1	Receipts Taxes Act as it now exists or as it may be amended and shall
2	be known as the "municipal hold harmless gross receipts tax."
3	Section 2. General Provisions. This ordinance hereby adopts by reference
4	all definitions, exemptions and deductions contained in the Gross Receipts
5	and Compensating Tax Act as it now exists or as it may be amended.
6	Section 3. Specific Exemptions. No municipal hold harmless gross
7	receipts tax shall be imposed on the gross receipts arising from:
8	A. transporting persons or property for hire by railroad, motor vehicle, air
9	transportation or any other means from one point within the municipality to
10	another point outside the municipality;
11	B. a business located outside the boundaries of a municipality on land
12	owned by that municipality for which a state gross receipts tax distribution is
13	made pursuant to Subsection C of Section 7-1-6.4 NMSA 1978; or
14	C. direct broadcast satellite services.
15	Section 4. Dedication. Revenue from the municipal hold harmless gross
16	receipts tax will be used for the purposes listed below:
17	A. In Fiscal Years 2019 and 2020, no less than 60% of the tax receipts
18	shall be used for the City's Public Safety Budget Goal Priorities.
19	B. General Municipal Purposes.
20	Section 5. Effective Date. The effective date of the municipal hold harmless
21	gross receipts tax shall be either January 1, or July 1, whichever date occurs
22	first after the expiration of three months from the date this ordinance is
23	adopted.
24	Section 6. It shall be the policy of City to consider behavioral health and
25	substance abuse prevention and intervention programs a component of Public
26	Safety services for the purposes of prioritizing the use of the municipal hold
27	harmless gross receipts tax revenues.
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1	PASSED AND ADOPTED THIS5 th DAY OFMarch_, 2018
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4	Against: Winter
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7	L'en angres
8	Ken Sanchez, President
9	City Council
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13	APPROVED THIS
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17	Bill No. O-18-9
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12 <u>‡</u> [c]	Timothy M. Keller, Mayor
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25	ATTEST
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28 8 28	Trina Gurule, Acting City Clerk
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