



Legislation Text

File #: O-18-9, Version: 2

CITY of ALBUQUERQUE
TWENTY THIRD COUNCIL

COUNCIL BILL NO. O-18-9 ENACTMENT NO. _____

SPONSORED BY: Ken Sanchez & Trudy Jones

ORDINANCE

Adopting A Three Eighths Of One Percent (.375%) Municipal Hold Harmless Gross Receipts Tax
(Sanchez, Jones)

ADOPTING A THREE EIGHTHS OF ONE PERCENT (.375%) MUNICIPAL HOLD HARMLESS
GROSS RECEIPTS TAX

WHEREAS, public safety is the top priority of the Mayor and the City Council, and the City desires to ensure that it provides sufficient funding for Albuquerque's first responders so that the public feels safe in their homes and neighborhoods; and

WHEREAS, a shortage of officers within the Albuquerque Police Department (APD) has resulted in increased response times to calls for service and has hampered APD's community policing efforts; and

WHEREAS, the recruitment and retention of officers is an increasing challenge for police agencies in the State and across the Nation; and

WHEREAS, for the past several years, APD has similarly experienced a decrease in the number of officers on its force; and

WHEREAS, while APD is aggressively marketing and recruiting new officers, selecting, vetting, and training new applicants is a lengthy process, making it difficult to quickly fill officer positions; and

WHEREAS, additional funding is necessary to ensure that the City has the resources in place to attract more police officers and other first responders to Albuquerque; and

WHEREAS, the City's five-year forecast currently projects a deficit in the City's general operating fund of approximately \$40 million in Fiscal Year 2019; and

WHEREAS, a large part of that deficit is due to the recent actions of the New Mexico State Legislature, who passed legislation phasing out the City's Hold Harmless payments at a rate of approximately \$2.45 million per year; and

WHEREAS, by the time the state mandated phase out is completed, the state will have taken from the City approximately \$37 million in recurring revenue; and

WHEREAS, in addition, since the beginning of the great recession gross receipts tax revenue has underperformed projections, resulting in the City having to employ austerity measures in order to balance the budget; and

WHEREAS, one of those austerity measures was suspending hiring for positions within many City departments, including Planning, Environmental Health, DMD, and Parks & Recreation; and

WHEREAS, suspending hiring for vacant positions has resulted in many departments having large numbers of critical positions unfilled, including code enforcement specialists, building inspectors, plan checkers, engineers, skilled trades workers, and parks maintenance personnel; and

WHEREAS, additional funding is necessary to ensure that the City can fill these critical positions and continue to provide the high level of municipal services that Albuquerque's citizens expect and deserve; and

WHEREAS, the effects of drug abuse and untreated mental health issues have caused an incredible strain on the public safety and judicial systems in our community, and this burden could be lessened if those suffering from drug abuse or mental illness are able to receive the adequate treatment before the need to engage with local law enforcement and the court system; and

WHEREAS, public safety will be the first priority for utilizing the additional tax revenues generated by the municipal hold harmless gross receipts tax described below.

BE IT ORDAINED BY THE COUNCIL, THE GOVERNING BODY OF THE CITY OF ALBUQUERQUE:

Section 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 three eighths of one percent (.375%) 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 ordinance 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 hold harmless gross receipts tax."

Section 2. General Provisions. This ordinance hereby adopts by reference all definitions, exemptions and deductions contained in the Gross Receipts and Compensating Tax Act as it now exists or as it may be amended.

Section 3. Specific Exemptions. No municipal hold harmless gross receipts tax shall be imposed on the gross receipts arising from:

A. 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;

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

C. direct broadcast satellite services.

Section 4. Dedication. Revenue from the municipal hold harmless gross receipts tax will be used for the purposes listed below:

A. In Fiscal Years 2019 and 2020, no less than 60% of the tax receipts shall be used for the City's Public Safety Budget Goal Priorities.

B. General Municipal Purposes.

Section 5. Effective Date. The effective date of the municipal hold harmless 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.

Section 6. It shall be the policy of City to consider behavioral health and substance abuse prevention and intervention programs a component of Public Safety services for the purposes of prioritizing the use of the municipal hold harmless gross receipts tax revenues.