CITY of ALBUQUERQUE
TWENTY SEVENTH COUNCIL

COUNCIL BILL NO. O-26-57 ENACTMENT NO. ________________________

SPONSORED BY: Klarissa J. Peña

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ORDINANCE

IMPOSING A 0.4875% MUNICIPAL GROSS RECEIPTS TAX TO BE KNOWN AS THE "COMMUNITY INVESTMENT TAX"; PROVIDING THAT REVENUES SHALL BE USED FOR MUNICIPAL OPERATIONS AND MAINTENANCE, INCLUDING EMPLOYEE WAGES; AND PROVIDING THAT REVENUES SHALL BE USED FOR MUNICIPAL COMMUNITY ENHANCEMENT PROJECTS, INCLUDING RELATED DEBT SERVICE; AND PROVIDING THAT THE TAX SHALL BECOME EFFECTIVE JULY 1, 2027, UPON APPROVAL BY THE VOTERS AT AN ELECTION.

WHEREAS, the City seeks to impose a municipal gross receipts tax to provide a balanced, stable, and sustainable revenue source for municipal operations and maintenance, employee wages, and municipal community enhancement projects, thereby supporting the City's long-term fiscal health and continued delivery of essential public services; and

WHEREAS, revenues generated are necessary to support the operation, maintenance, repair, and preservation of existing and future City facilities, ensuring these public investments remain open, safe, staffed, and available to residents; and

WHEREAS, the City Council intends that a portion of the revenues dedicated to municipal operations and maintenance be prioritized for increasing employee wages in order to improve recruitment, retention, and market competitiveness of the City's workforce; and

WHEREAS, the City's Evergreen Classification and Compensation Study identified disparities between City employee compensation and the competitive labor market, affecting the City's ability to recruit and retain a qualified workforce; and

WHEREAS, the City Council further intends that wages funded pursuant to this ordinance advance implementation of the City's Evergreen Classification and Compensation Study, with the goal of achieving employee salary levels equal to fifty percent of the Study's recommendations.

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

SECTION 1. IMPOSITION OF TAX. Pending voter approval, 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 four thousand eight hundred seventy-five ten-thousandths of one percent (0.4875%) of the gross receipts reported or required to be reported by the person pursuant to the 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 "Community Investment 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 gross receipts tax shall be imposed on 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.

A. Fifty-three percent (53%) of revenues generated by the Community Investment Tax shall be dedicated to municipal operations and maintenance, including employee wages. Of the revenues dedicated pursuant to this subsection, not less than six percent (6%) shall be used solely for City

employee wages. Revenues dedicated pursuant to this subsection shall supplement, and not supplant, existing funding for municipal operations and maintenance, except as otherwise expressly provided by resolution.

B. Forty-seven percent (47%) of revenues shall be dedicated to municipal community enhancement projects and related debt service, as applicable, including the planning, design, acquisition, construction, reconstruction, improvement, renovation, rehabilitation, equipping, and furnishing of municipal capital facilities, infrastructure, parks, trails, open space, public safety facilities, cultural and recreational facilities, and transportation infrastructure.

Revenues dedicated pursuant to this subsection shall supplement, and not supplant, existing funding for municipal capital improvements, except as otherwise expressly provided by resolution.

(1) The amount dedicated for municipal community enhancement projects shall be divided equitably by ten, with one portion for community enhancement projects in each of the nine City Council districts and one portion for community enhancement projects citywide.

(2) Projects that can be started within six months after the issuance of one or more bonds to finance such projects secured by the revenues dedicated for municipal community enhancement projects shall be identified and defined prior to issuance of such bonds, and a list of the projects shall be included in the bond ordinance approving issuance of the bonds.

(3) Any gross receipts tax revenues collected pursuant to this subsection that are not bonded against by July 1, 2028, shall revert to the General Fund.

C. Revenues dedicated pursuant to Subsection A for employee wages shall be used solely to increase employee base wages and shall not be expended for employee benefits, payroll taxes, retirement contributions, or other employer-paid personnel costs.

D. Revenues dedicated pursuant to Subsection A for employee wages to employees represented by a collective bargaining unit are subject to negotiations in accordance with applicable law.

SECTION 5. SUNSET. The forty-seven percent (47%) dedication for municipal community enhancement projects from the Community Investment Tax shall expire twenty-one (21) years after its effective date unless continued or renewed in accordance with applicable law.

SECTION 6. EFFECTIVE DATE. If approved by the voters, the Community Investment Tax shall become effective on July 1, 2027, provided that the adopted ordinance is timely delivered to the New Mexico Taxation and Revenue Department as required by law.

SECTION 7. SEVERABILITY. If any section, paragraph, sentence, clause, word, or phrase of this Ordinance is for any reason held invalid or unenforceable by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The Council hereby declares that it would have adopted this Ordinance and each section, paragraph, sentence, clause, word, and phrase thereof irrespective of the fact that any one or more sections, paragraphs, sentences, clauses, words, or phrases be declared invalid.

SECTION 8. COMPILATION. Sections 1 through 8 of this Ordinance shall be incorporated in and compiled as a new Part 11 of Chapter 4, Article 3, ROA 1994, entitled "Community Investment Tax."