

**BILL ANALYSIS AND FISCAL IMPACT REPORT**  
**Rick Homans, Secretary, Taxation and Revenue Department**

**November 20, 2009**

**Bill:** 179627.1SA

**Sponsor:**

**Related Bills:**

**Short Title:** In-State Prime Contractor's Bond for Gross Receipts Tax

**Description:** This bill requires all persons who engage in the construction business who enter into a prime construction contract to be performed in the state to furnish to the Taxation and Revenue Department a surety bond to secure payment of gross receipts tax. The statute currently requires construction businesses without a principal place of business in New Mexico to provide a bond.

**Effective Date:** Not specified; 90 days following adjournment (May 19, 2010).

Estimated Revenue Impact*						R or NR**	Fund(s) Affected
FY2010	FY2011	FY2012	FY2013	FY2014	FY 10-14		
0	11,254	11,794	12,408	13,028	48,484	R	General Fund
0	6,262	6,562	6,903	7,248	26,975	R	Local Governments
<b>0</b>	<b>17,516</b>	<b>18,356</b>	<b>19,311</b>	<b>20,276</b>	<b>75,459</b>	<b>R</b>	<b>Total</b>

\* In thousands of dollars. Parentheses ( ) indicate a revenue loss. \*\* Recurring (R) or Non-Recurring (NR).

This revenue impact is based on TRD Audit and Compliance Division's estimate of the current tax gap for in-state construction contractors. They estimate that one-third of this gap can be eliminated through implementing the requirement in this bill.

**Policy Issues:** None.

**Technical Issues:** None.

**Administrative Impact:** This bill will have a moderate impact on the Department. Enforcement will require two additional FTEs in the Audit and Compliance Division. Taxpayer and local government education will be carried out with existing resources.