ORDINANCE NUMBER 528

ADOPTING A MUNICIPAL HOLD HARMLESS GROSS RECEIPTS TAX

BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF LOVINGTON:

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:

Reducing the financial impact of the Hold Harmless Distribution reduction to the General Fund and the creation of a Capital Improvement Fund to be used for the replacement, repair, purchase, or construction of items identified in the City's Infrastructure Capital Improvement Plan as amended.

1. Distribution of thirty percent (30%) of the revenue generated by the Hold Harmless Gross Receipts Tax to the General Fund to replace the revenue reduction by elimination of the Hold Harmless Distribution from the State of New Mexico will occur as follows:

a. On or after January 1, 2015 and prior to July 1, 2015 zero percent (0%) of thirty percent (30%) of the revenue generated by the Hold Harmless Gross Receipts Tax.
b. On or after July 1, 2015 and prior to July 1, 2016 six percent (6%) of thirty percent (30%) of the revenue generated by the Hold Harmless Gross Receipts Tax.
c. On or after July 1, 2016 and prior to July 1, 2017 twelve percent (12%) of thirty percent (30%) of the revenue generated by the Hold Harmless Gross Receipts Tax.
d. On or after July 1, 2017 and prior to July 1, 2018 eighteen percent (18%) of thirty percent (30%) of the revenue generated by the Hold Harmless Gross Receipts Tax.
e. On or after July 1, 2018 and prior to July 1, 2019 twenty-four percent (24%) of thirty percent (30%) of the revenue generated by the Hold Harmless Gross Receipts Tax.
f. On or after July 1, 2019 and prior to July 1, 2020 thirty percent (30%) of thirty percent (30%) of the revenue generated by the Hold Harmless Gross Receipts Tax.
g. On or after July 1, 2020 and prior to July 1, 2021 thirty-seven percent (37%) of thirty percent (30%) of the revenue generated by the Hold Harmless Gross Receipts Tax.
h. On or after July 1, 2021 and prior to July 1, 2022 forty-four percent (44%) of thirty percent (30%) of the revenue generated by the Hold Harmless Gross Receipts Tax.
i. On or after July 1, 2022 and prior to July 1, 2023 fifty-one percent (51%) of thirty percent (30%) of the revenue generated by the Hold Harmless Gross Receipts Tax.
j. On or after July 1, 2023 and prior to July 1, 2024 fifty-eight percent (58%) of thirty percent (30%) of the revenue generated by the Hold Harmless Gross Receipts Tax.
k. On or after July 1, 2024 and prior to July 1, 2025 sixty-five percent (65%) of thirty percent (30%) of the revenue generated by the Hold Harmless Gross Receipts Tax.
l. On or after July 1, 2025 and prior to July 1, 2026 seventy-two percent (72%) of thirty percent (30%) of the revenue generated by the Hold Harmless Gross Receipts Tax.
m. On or after July 1, 2026 and prior to July 1, 2027 seventy-nine percent (79%) of thirty percent (30%) of the revenue generated by the Hold Harmless Gross Receipts Tax.
n. On or after July 1, 2027 and prior to July 1, 2028 eighty-six percent (86%) of thirty percent (30%) of the revenue generated by the Hold Harmless Gross Receipts Tax.

OPTION D
3/8's Tax Implementation
General Fund Distribution and Capital Improvement Fund Established (30% Rate)

End of Fiscal Year	Hold Harmless Reduction %	Total Projected GRT Received	Projected Hold Harmless Received	Projected 3/8's Revenue Received	General Fund Distribution	Capital Improvement Fund
June 30, 2015	100%	$ 9,109,635	$ 449,287	$ 1,313,890	$ -	$ 1,313,890
June 30, 2016	94%	$ 9,380,256	$ 422,330	$ 1,349,418	$ 24,290	$ 1,325,129
June 30, 2017	88%	$ 9,660,398	$ 395,373	$ 1,386,129	$ 49,901	$ 1,336,229
June 30, 2018	82%	$ 9,950,372	$ 368,415	$ 1,424,059	$ 76,899	$ 1,347,159
June 30, 2019	76%	$ 10,250,499	$ 341,458	$ 1,463,242	$ 105,353	$ 1,357,889
June 30, 2020	70%	$ 10,561,112	$ 314,501	$ 1,503,718	$ 135,335	$ 1,368,383
June 30, 2021	63%	$ 10,882,626	$ 283,051	$ 1,544,877	$ 171,481	$ 1,373,395
June 30, 2022	56%	$ 11,215,553	$ 251,601	$ 1,587,406	$ 209,538	$ 1,377,869
June 30, 2023	49%	$ 11,560,273	$ 220,151	$ 1,631,348	$ 249,596	$ 1,381,751
June 30, 2024	42%	$ 11,917,174	$ 188,701	$ 1,676,743	$ 291,753	$ 1,384,990
June 30, 2025	35%	$ 12,286,660	$ 157,250	$ 1,723,637	$ 336,109	$ 1,387,528
June 30, 2026	28%	$ 12,669,147	$ 125,800	$ 1,772,074	$ 382,768	$ 1,389,306
June 30, 2027	21%	$ 13,065,062	$ 94,350	$ 1,822,100	$ 431,838	$ 1,390,262
June 30, 2028	14%	$ 13,474,850	$ 62,900	$ 1,873,762	$ 483,431	$ 1,390,332
June 30, 2029	7%	$ 13,898,967	$ 31,450	$ 1,927,111	$ 537,664	$ 1,389,447
June 30, 2030	0%	$ 14,337,886	$ -	$ 1,982,196	$ 594,659	$ 1,387,537

o. On or after July 1, 2028 and prior to July 1, 2029 ninety-three percent (93%) of thirty percent (30%) of the revenue generated by the Hold Harmless Gross Receipts Tax.

p. On or after July 1, 2029 and each year thereafter one hundred percent (100%) of thirty percent (30%) of the revenue generated by the Hold Harmless Gross Receipts Tax.

2. The revenue generated from the Hold Harmless Gross Receipts Tax less the General Fund Distribution will be placed in the Capital Improvement Fun.

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.

ADOPTED BY THE GOVERNING BODY OF THE CITY OF LOVINGTON THIS 22 DAY OF September, 2014.

APPROVED:

Scotty Gandy, Mayor

CITY OF LOVINGTON SEAL LEA COUNTY, N.M.

ATTEST:

Carol Ann Hogue, City Clerk