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MEMORANDUM BFB #21-05

TO: New Mexico Counties and Municipalities

FROM: Brenda L. Suazo-Giles, Budget & Finance Bureau Chief
Local Government Division *Brenda L. Suazo-Giles*

DATE: September 29, 2021

SUBJECT: Object Codes for Reporting "GRT and Other Taxes" Created on LGBMS

Pursuant to Section 6-6-2(F) NMSA 1978, the Department of Finance and Administration (DFA) Local Government Division (LGD) Budget and Finance Bureau (BFB) requires periodic financial reports of local public bodies and has the authority to prescribe the format of the reports. These periodic reports are referred to as the Quarterly Reports which provide year-to-date actuals as compared to the approved budget and are important for evaluating the current fiscal position of local public bodies.

Counties and Municipalities are required to submit their Quarterly Reports, within 30 days after the end of each quarter, in the Local Government Budget Management System (LGBMS). One of the benefits of LGBMS is that a standard chart of accounts (COA) is used for budgeting and reporting to LGD.

In accordance with House Bill 479 (HB-479) enacted during the 2019 legislative session, many local option taxes have been de-earmarked and consolidated. In order to comply with HB-479, New Mexico Taxation and Revenue Department (TRD) recently changed the codes on the Gross Receipts Tax (GRT) Distribution (RP-500) Report. This memorandum is intended to provide guidance on TRD's changes and how to report GRT and other taxes on LGBMS based on these changes.

Some of you will have to internally amend your local ordinances to reauthorize the various local option GRT increments for new purposes. Feel free to reach out to David Monteith at TRD, David.monteith@state.nm.us, and your legal counsel for guidance.

The following COA crosswalk between the new GRT distribution codes and LGBMS is recommended beginning this Fiscal Year 2021-2022:

- County RP-500 distribution codes 401, 402, 403 and 404, to be posted in 11000 General Operating Fund: 11000-0001-41200 Gross Receipts Tax - County Local Option General.
- Municipality RP-500 distribution codes 601 and 602, to be posted in 11000 General Operating Fund: 11000-0001-41250 Gross Receipts Tax - Municipal Local Option General.

- [New LGBMS revenue line items](#) for Gross Receipts Tax categories applicable to both *Counties and Municipalities*:
 - **Interstate Telecom (ITG)** (separate tab in RP-500) to be posted in General Operating Fund: 11000-0001-41260 [ITG – Interstate Telecom Gross Receipts](#)
 - **Compensation Tax (CMP)** (separate tab in RP-500) to be posted in General Operating Fund: 11000-0001-41259 [CMP – Compensating Tax](#)
- As for all other GRT related distributions that haven't changed on the RP-500 Report, BFB recommends continuing to report those GRT increments the same way you have been.

Although LGD is recommending that GRT revenue be posted in the General Fund, local public bodies may budget interfund transfers to utilize the revenue where it is needed.

To aid in the reporting of GRT related fees and deductions, the following [new LGBMS expenditure line items](#) are now available:

- 11000 General Operating Fund, 2002 General Administration department: 11000-2002-57800 [GRT Administrative Fee](#)
- 11000 General Operating Fund, 2002 General Administration department: 11000-2002-57810 [LEDA – Local Economic Development Act](#)

For detailed spreadsheets on the LGBMS COA structure, please [click here](#) to go to the LGBMS webpage.

The goal of the guidelines contained in this memorandum is to achieve more comparable financial reporting among all counties and municipalities in the area of GRT, ITG and CMP. We appreciate counties and municipalities using the LGBMS line items noted above because the standard COA allows BFB to more efficiently analyze data across the various local governments in order to compile statewide reports that are used by decision makers for determining state funding such as legislative appropriations, grants and loans.

If you have any questions, please contact your LGD budget analyst.

xc: David Monteith, TRD
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