



City of Las Cruces®

PEOPLE HELPING PEOPLE

COUNCIL WORK SESSION SUMMARY ROUTING SLIP

Meeting Date May 11, 2015

TITLE: CAPITAL PROJECTS HOLD HARMLESS GROSS RECEIPTS TAX
STREETS/FACILITIES

- Are there attachments to the Council Work Session Summary? Yes No
- Will there be a Video Presentation for this item? Yes No
- Will there be a PowerPoint Presentation for this item? Yes No
- If "yes", will a copy of the PowerPoint Presentation be included on the Council Work Session Agenda? Yes No

DEPARTMENT / ORGANIZATION	SIGNATURE	PHONE NO.	DATE
Drafter/Staff Contact		528-3125	
Department Director		528-3125	
Other			
Assistant City Manager/CAO (if applicable)			
Assistant City Manager/COO (if applicable)		541-2271	5/11/15
City Manager		541-2076	5/4/15



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TITLE: CAPITAL PROJECTS HOLD HARMLESS GROSS RECEIPTS TAX –
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PURPOSE(S) OF DISCUSSION:

- Inform/Update
- Direction/Guidance
- Legislative Development/Policy

BACKGROUND / KEY ISSUES / CONTRIBUTING FACTORS:

The concept of Hold Harmless was implemented to hold cities harmless from the loss of gross receipts tax (GRT) from the sale of food and medicine. In 2005, the State began issuing financial assistance to the City of Las Cruces (City) to hold us harmless from the impact of not taxing these two items. In 2013, the State realized that they did not have the revenue to continue this practice. As a result, the Legislature passed a tax bill that allowed the State to phase out Hold Harmless over a 15-year period.

In 2014, an Ordinance proposing a 3/8% increase in GRT was brought before the City of Las Cruces City Council (City Council) as a means to offset the loss of the Hold Harmless GRT. The Ordinance was agreed to and approved by the City Council. The 3/8% GRT was implemented in July 2014 and has started to generate revenue. Consequently, it is imperative that the City Council decide how to strategically invest this revenue.

The purpose of the presentation is to present a list of potential street and facility capital projects to City Council for them to consider for funding.

SUPPORT INFORMATION:

1. N/A

(Continue on additional sheets as required)