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PRESIDENT BEGAYE SAID HB 509 AND HB 487 FURTHER DUAL TAXATION AND IMPACT LOCAL TRIBAL ECONOMIES

SANTA FE-President Russell Begaye said that New Mexico House Bills 509 and 487, known as Tax Gas At The Rack, would further dual taxation on tribal lands and push gas revenues toward the border towns.

On Tuesday, Feb. 21, President Begaye and other tribal leadership met with the bill's primary sponsors, Representative Carl Trujillo (D-District 46) and Robert "Bobby" J. Gonzalez (D-District 42). Trujillo said the intent of the meeting was to explain the tax plan and give tribal leaders an opportunity to ask questions.

As it relates to taxation, HB 509 and HB 487 seek to impose a gasoline tax on fuels removed from the rack effective July 1, 2018. The bills calls for a five-cent increase in tax gasoline and special fuels effective July 1, 2017.

The term 'at the rack', refers to gas being taxed immediately upon removal from a bulk terminal. Currently, New Mexico taxes gas at the first receiver. Trujillo said the state loses \$2-5 million a year to slips and leakage.

The bill states that five-cent tax increase will be distributed proportionately between the New Mexico Department of Transportation to maintain rest stops, the Tax Stabilization Reserve, the State Road Fund and the Local Government's Road Fund.

Currently in New Mexico, the Legislature has agreed not to tax gasoline sold at retail on Indian land, as long as the Tribe imposes a gas tax equal to the State tax. This agreement resulted from five years of negotiation (1995-2000) and seven sessions.

President Russell Begaye said the bills would have a negative impact on tribal economies by pushing business to border towns.

"Who wants to pay more for gas in Shiprock when you can travel to Farmington and get it cheaper?" President Begaye asked. "We need to keep Navajo dollars recirculating back into Navajo businesses and further into the Navajo economy."

HB 509 will replace the Gasoline Tax Act, Special Fuels Supplier Tax Act, and the current Indian Gas Tax reduction. The bill authorizes the tax to be passed onto the ultimate user or consumer.

It exempts the usual government sales to the United States, State and Tribes, and exempts 20 percent of the fuel sold at retail on tribal lands. This is the exchange for the loss of the tribal gas tax deduction that currently allows 100 percent of the gas sales on tribal lands to be taxed by the Tribes.

President Begaye says HB 509 and HB 487 will further dual taxation on tribal lands and that the Nation stands against changing a stable tax policy only to re-impose a double tax on gas sold at retail on Indian land. Many tribes rely on the gas tax compromise to generate revenues that benefit municipal, county and State government.

The proposed House Bills are not viable solutions to long-term funding for highway projects and budgetary shortfalls. They remove a fair solution that the State has agreed upon and has proven to be workable on tribal lands.

"Currently the gas that is delivered to tribal retailers is taxed at distributor level. The distributor pays tax to the state or to the tribe. On state side when the distributor files tax to state they get a credit on the taxes they had paid to the tribes. In this sense there is no dual taxation as it is. This legislation is doing away with this," President Begaye said.

In looking at the total shortfall for New Mexico's FY2018 budget, President Begaye said HB 509 and 487 will not significantly help the state but it will have a major impact on tribes.

The House Bills would affect 16 gas stations on the Navajo Nation situated in New Mexico. HB 487 is scheduled for a hearing before the N.M. House Transportation Committee on Tuesday, Feb. 28 starting at 8:30 a.m.

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