Why Los Alamos County Needs a GRT Increment

Council Meeting – October 28, 2025

Ordinance No.'s 747 & 748

Adopting a .625% Gross Receipts Tax

The County’s Fiscal Reality

- GRT is 72% of the General Fund revenue; property taxes only 8%.
- FY25 GRT revenue is $13M below the adopted budget; further declines expected in FY26.
- Without action, unsustainable deficits of ($16M) – ($20M) begin in FY27.

What GRT Increment Is Proposed

RECAP of 9/30/25 Overview:

- Minimum ½ cent increment required for basic sustainability (discussed but not proposed).
- Higher increments provide flexibility for growth, affordable housing, and capital investments.
- Without the increment: immediate, deep budget cuts and jeopardized essential services, and capital projects.

- Council directed staff to come back with 5/8th or .625% equivalent increment
- Ordinance No. 747 is from Municipal Authority for .6125%
- Ordinance No. 748 is from County Authority for .0125%
- The ordinances have to be adopted separately as a formality but will provide for Council-directed .625% combined
- Existing rate of 7.0625%
- New rate will be 7.6875% effective July 1, 2026

Regional Competitiveness & Regional Support

- Even with the proposed increase, Los Alamos County's GRT rate remains below neighboring counties:
- Taos: 9.175%
- Santa Fe: 8.1875%
- Espanola: 8.6875%
- Los Alamos (proposed): 7.6875%
- Maintains competitive advantage for residents and businesses.

- Adopting the .625% GRT ensures the ability to provide regional partnership support, without it, these programs may be in jeopardy.

Impact on Essential Services, Community Services & Investments

- GRT funds all general operations, grants to schools, affordable housing, economic development, contracts with community and social services non-profits, healthcare assistance, some transit, roads & capital projects, etc.
- Planned investments of up to $75million (e.g., broadband, public facilities) depend on GRT-backed bonds.
- Without the increment, critical infrastructure projects will have to be stalled or canceled.
- Traffic safety and policing – although our citizen population is ~ 19,000 we provide public safety for ~30,000 during the week
- Without the increment, decisions of priority on operational and/or other programs will have to be made, and some may be in jeopardy.

Addressing LANL's Concerns

- The County values LANL's partnership and economic impact.
- The budget shortfall is a structural decline in gross receipts – primarily from LANL itself.
- Every year, the County looks for planned cost savings and efficiencies through our budget development process and carefully and transparently forecasts long-term fiscal impacts of annual budget decisions.
- The County has already implemented cost controls and sought efficiencies.
- LANL's employees benefit directly from County services and infrastructure.
- Discussions between the County and LANL on the need for the County to raise GRT with LANL's changes to its tax liability have been underway for 3 years.

Bonding & Fiscal Policy

- Ability to issue bonds for broadband and other projects depends on the GRT increment.
- County financial policies require maintaining reserves and long-term planning.
- The increment is a necessary adjustment for fiscal health and service delivery and allows for expansion on affordable housing and other strategically prioritized programs.
- The increment is necessary to fund $75Million in planned Capital Improvement Projects, the highest of priority being Community Broadband at $40Million.

Affordable Housing & Economic Development

- The increment allows recurring transfers to the Affordable Housing Fund and was part of Council's direction.
- Supports economic development initiatives and flexibility for future needs in the areas of:
  - LEDA Grants
  - UNMLA, and LAPS Grants for Capital Projects
  - Homebuyer Down Payment Assistance and Housing Rehab Program Grants
  - Other Infrastructure and Housing Initiatives

In Summary

"Adopting the GRT increment is essential for maintaining the County's fiscal health, supporting vital services, and investing in our community's future. We have pursued efficiencies and cost controls and have been in discussions about the pending deficit due to the taxability of certain revenues generated by LANL, our highest paying taxpayer, for over 3 years. Sustainable revenue is needed to avoid harmful cuts. The proposed increment keeps Los Alamos competitive, supports our residents and businesses, and ensures we can continue to deliver the services and infrastructure our community expects and deserves."

- Anne Laurent, County Manager