

June 10, 2014

Dear Business Owner,

The Farmington City Council recently approved the annexation of 888 acres in the southwest region of Farmington. Your business is one of several business located in the newly annexed area and I would like to let you know how this will affect your operations.

First of all, on behalf of the Farmington City Council and City management, I wish to welcome you to the City of Farmington. The City offers a number of benefits that you will enjoy including reduced water and sewer rates, excellent response times from police and fire, quality street maintenance services, and zoning and building protection services. These are a few of the advantages to being located within the city limits.

One of the changes you need to be aware of is in regard to the payment of gross receipts taxes (GRT). As you know, the State of New Mexico imposes a tax on the gross receipts of the seller/person engaging in business and the GRT rate is determined by the business location of the seller. In addition to the State of New Mexico GRT, there are local option GRT rates imposed by San Juan County and the City of Farmington. Currently, you are collecting and paying GRT to the NM Taxation and Revenue Department for the state and county GRT rate of 6.375%, but not the City of Farmington GRT rate.

All businesses located within the City of Farmington boundaries are responsible for the payment of the City's municipal GRT rate, which is currently 1.1875%. Adding up all increments, the total in-city GRT rate equals 7.1875%. The following table shows the breakdown of the GRT rate within the City of Farmington.

City of Farmington GRT Rate	
City of Farmington	1.1875%
San Juan County	0.8750%
State of New Mexico	5.1250%
Total Rate	7.1875%

Effective July 1, 2014 the gross receipts earned by your business will be subject to the total in-city GRT rate of 7.1875% and you will be responsible for remitting these taxes to the NM Taxation and Revenue Department. Please note that the location code on your New Mexico CRS-1 Form will change from the County code 16-016 to the **City of Farmington code 16-121**. A CRS-1 example is attached for your reference.

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If you have any questions concerning the new GRT rate which you should begin collecting and paying relative to your business sales, please feel to contact me at **(505) 599-1367** or Teresa Emrich at **(505) 599-1220**.

The second change to be aware of is that per Section 8-2-1 of the Farmington City Code, all persons who are engaging in or conducting business within the city limits of Farmington are required to register their business with the City. The application may be obtained from the City's website, www.fmtn.org, and can be mailed, along with the \$35 annual fee, to the Business Registration Office at 800 Municipal Drive, Farmington, NM 87401. The Business Registration office can be reached by calling **(505) 599-1170**.

Again, it is a pleasure to welcome you into the City of Farmington.

Sincerely,

H. Andrew (Andy) Mason
Administrative Services Director