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**FISCAL IMPACT REPORT**

SPONSOR:	Silva	DATE TYPED:	02/07/00	HB	406
SHORT TITLE:	Motor Vehicle Insurance Premiums Tax Credit			SB	
				ANALYST:	Williams

**REVENUE**

Estimated Revenue		Subsequent	Recurring	Fund
FY00	FY01	Years Impact	or Non-Rec	Affected
	\$ (48,000.0)	\$ (49,000.0)	Recurring	General Fund

(Parenthesis ( ) Indicate Revenue Decreases)

Duplicates/Conflicts with/Companion to/Relates to

**SOURCES OF INFORMATION**

Taxation and Revenue Department (TRD)

**SUMMARY**

Synopsis of Bill

The bill would authorize a tax credit for state personal income taxes for one-half of motor vehicle insurance premiums paid-up to \$100 for a tax year. The insurance premiums may cover the taxpayer, spouse or a dependent. The taxpayer must not be a dependent of another. The provisions would apply for tax years beginning January 1, 2000.

**FISCAL IMPLICATIONS**

TRD prepared a general "magnitude" estimate for this legislation of general fund recurring revenue loss of \$48,000.0 in FY01 and \$49,000.0 for a full year.

TRD estimates there are currently about 1.6 million cars in New Mexico, of which somewhat more than 10 percent are owned by corporate businesses and approximately 30 to 35 percent are uninsured. In addition, there are about 1.25 million drivers in the state. Using this data, TRD allocated drivers and cars to households to get an approximate estimate, but there are considerable uncertainties. The level and household characteristics of uninsured drivers is particularly difficult. With additional time, a more accurate estimate could be prepared using Census data.

**ADMINISTRATIVE IMPLICATIONS**

TRD estimates the need for 3 additional FTE at a cost of \$175.0 in FY01. This proposal is expected to increase refund and rebate warrants by approximately 10%, which will increase systems costs. Audits for at least 3 percent of the claims are recommended.

AW/gm