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## FISCAL IMPACT REPORT

SPONSOR: Rawson DATE TYPED: 02/26/01 HB \_\_\_\_\_  
 SHORT TITLE: Child Daycare Gross Receipts Deduction SB 701  
 ANALYST: Eaton

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY01	FY02			
	\$ (2,460.0)	\$ (2,690.0)	Recurring	General Fund
	\$ (1,490.0)	\$ (1,630.0)	Recurring	General Fund

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

Taxation and Revenue Department (TRD)

### SUMMARY

#### Synopsis of Bill

This bill provides a gross receipts tax deduction for receipts from providing child daycare services in a licensed family child-care home. The child-care home must also qualify as a participant in the family nutrition program.

### FISCAL IMPLICATIONS

The Taxation and Revenue Department (TRD) report that this bills estimated full year impact would reduce the general fund by approximately \$2.7 million. Local government revenue is estimated to be reduced by \$1.6 million.

### ADMINISTRATIVE IMPLICATIONS

Minimal

### OTHER SUBSTANTIVE ISSUES

The Taxation and Revenue Department (TRD) provided the following profile of the home daycare industry.

- Most child care homes are registered (as opposed to licensed).
- There are a total of 8,510 registered providers (homes) in the state.

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- There are 284 licensed homes in the state.
- To participate in the nutrition program, the facility must be in an area in which at least one quarter of children are poor.
- 76% of all licensed/registered providers participate in the nutrition program. Licensed homes are somewhat more likely to be in higher income neighborhoods.
- There are 7,150 providers participating in the nutrition program. This includes licensed daycare centers, as well as child care homes.
- The high poverty counties have the greatest proportion of registered homes (as opposed to licensed homes or centers).
- 27.8% of nutrition program participants are in Dona Ana County and only 15% are in Bernalillo County.
- A primary reason for registering at all is to get into the nutrition program. The nutrition program is a really good deal for providers and for kids. Anybody who can participate does.
- Average monthly reimbursement by CYFD is \$240. This varies though by rural/urban home vs center etc. For FY 2000 CYFD reimbursed registered and licensed home infant and toddler care at \$12/day in metro areas and \$10/day in rural areas. Pre-school care was \$11 in metro areas and \$9 in rural areas. Average reimbursement rates, taken over all homes is a little less than \$11 per day.
- Registered capacity for 8,150 home care providers is 38,170. These aren't all food program participants. The registered capacity is an absolute maximum and the actual number of kids getting care in registered homes is somewhat less. For the purpose of the estimate, 90% enrollment has been assumed.

JBE/njw