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FISCAL IMPACT REPORT

SPONSOR: Campos DATE TYPED: 03/13/01 HB _____
 SHORT TITLE: Small Business Disabled Access Tax Credit SB 745
 ANALYST: Williams

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY01	FY02			
	\$ (500.0)	\$ (500.0)	Recurring	General Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files
 Taxation and Revenue Department (TRD)
 Department of Health (DOH)
 Governor's Commission on Concerns of the Handicapped

SUMMARY

Synopsis of Bill

The bill authorizes a small business tax credit for personal and corporate income tax purposes to help offset costs of addressing access for the disabled required under the Americans with Disabilities Act of 1990. The business must have claimed a disabled access credit for eligible access expenditures pursuant to Section 44 of the Internal Revenue Code. The amount of the state credit would be 25 percent of those eligible access expenditures made during the tax year, up to \$5,000. The credit may only be deducted from liability, and unused portions may be carried forward for two consecutive years if claimed against personal income tax liability or three consecutive years if against corporate income tax liability. Pass-through entities are eligible to claim the credit. The bill is effective beginning January 1, 2001.

FISCAL IMPLICATIONS

TRD indicates the amount of revenue loss is indeterminate, but estimates general fund recurring revenue loss is unlikely to exceed \$500.0 per year beginning in FY02. This estimate is based on a maximum of 100 projects per year, generating the maximum credit.

ADMINISTRATIVE IMPLICATIONS

TRD notes moderate administrative impact related to verification of eligibility and federal tape matching.

TECHNICAL ISSUES

TRD notes state credit amounts are typically a percentage of federal credit amounts. The federal credit is limited to \$5,125, but the proposed state credit percentage is only half that of the federal government.

OTHER SUBSTANTIVE ISSUES

The bill addresses costs for small businesses to come into compliance with the Americans with Disabilities Act of 1990.

The Department of Health believes a coordinated, ongoing campaign conducted by DOH, the Department of Labor, TRD and the Division of Vocational Rehabilitation regarding the tax credits for barrier removal and modifications would have a positive impact on the number of persons with disabilities who are employed by small businesses. Per the Governor's Commission on Concerns of the Handicapped, the bill would also address basic access to the business for people with disabilities, some 19 percent of the total New Mexico population.

AW/ar