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## FISCAL IMPACT REPORT



SPONSOR: Russell DATE TYPED: 01/31/02 HB 132

SHORT TITLE: Home School Tax Credit SB \_\_\_\_\_

ANALYST: Neel

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY02	FY03			
	(\$3,366.0)	(\$3,366.0)	Recurring	General Fund

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

LFC files  
Taxation and Revenue Department (TRD)

### SUMMARY

#### Synopsis of Bill

House Bill 132 enacts a new section of the Income Tax Act to allow a \$.25 refundable personal income tax credit per semester and dependent, with a ceiling of \$.5 per taxable year per dependent. HB 132 defines this credit as the "Home School Tax Credit."

#### Significant Issues

Home School is defined in statute, Section 22-1-2(V) NMSA 1978 as the operation by a parent, guardian or other person having custody of a school-age person who instructs a home study program that provides a basic academic educational program, including but not limited to reading, language arts, mathematics, social studies and science. Therefore, freelance home schoolers will not be eligible for the "Home School Tax Credit."

**FISCAL IMPLICATIONS**

TRD's fiscal impact is based on figures provided by the State Department of Education (SDE) that indicates 6,732 New Mexico Children were enrolled in home-schooling programs in 2000. TRD multiplies the enrollment (7,732) by the tax credit of \$250 to derive their fiscal impact figure.

TRD's figures calculate the tax credit on annual enrollment rather than on a **per-semester enrollment** figure. Therefore, under TRD's assumptions, the fiscal impact would actually be \$3.4 million.

Effective Date January 1, 2002

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