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FISCAL IMPACT REPORT



SPONSOR: Atkin DATE TYPED: 02-01-02 HB 231

SHORT TITLE: Premarital Education Income Tax Credit SB _____

ANALYST: Neel

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY02	FY03			
(\$1,000.0)	(\$5,000.0)	(\$5,000.0)	Recurring	General Fund

(Parenthesis () Indicate Revenue Decreases)

Relates to HB-241, SB-260, SB-213, SB-130, SB-117, HB-233, HB-132, HB-92

SOURCES OF INFORMATION

LFC Files
Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

House Bill 231 amends the Income Tax Act to enact a premarital education tax credit of \$100 for completion of a premarital education or marriage maintenance program. The credit may only be deducted from the taxpayers New Mexico income tax liability. Husbands and wives filing separately qualify for one-half the normal deduction.

The premarital education or marriage maintenance program 15 defined as:

- Providing a minimum of six hours of education or counseling in at least three sessions;
- is conducted by an official representative of a religious institution or a person licensed in state law as marriage and family therapist, psychiatrist, psychologist, a professional clinical mental health counselor, an independent social worker, or a certified family life educator.

FISCAL IMPLICATIONS

TRD notes the following assumptions in determining the fiscal impact:

About 250,000 married returns and 285,000 single and head of household returns are filed annually showing at least \$100 in liability. If the credit could be limited to its intended recipients – people who would actually participate in counseling except for the cost – it might cost the General Fund only \$1 million or so. The incentive provided for tax avoidance, however, suggests the more realistically high “full year” figure.

Effective Date – January 1, 2002

TECHNICAL ISSUES

HB 231 does not preclude individuals from claiming the tax credit every year. Additionally, TRD notes that “Premarital education”, “marriage maintenance”, “religious institution”, or “separate sessions” are not defined or qualified. Almost any activity conducted by almost anyone could qualify if the stakes are sufficient.

SN/njw