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SENATE BILL 96

46TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2003

INTRODUCED BY

Sue Wilson Beffort

FOR THE REVENUE STABILIZATION AND TAX POLICY COMMITTEE

AN ACT

RELATING TO FISCAL ESTIMATES; CREATING A DYNAMIC FORECASTING
PILOT PROJECT TO USE ASSUMPTIONS ON BEHAVIORAL RESPONSES IN
ESTIMATING THE FISCAL IMPACT OF CERTAIN LEGISLATION; MAKING AN
APPROPRIATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 2-5-4.1 NMSA 1978 (being Laws 1979,
Chapter 229, Section 1) is amended to read:

"2-5-4.1. LEGISLATIVE SYSTEMS--COORDINATION WITH OTHER
AGENCIES--FISCAL IMPACT INFORMATION--DYNAMIC FORECASTING PILOT
PROJECT. --

A. The legislative finance committee shall
cooperate with the office of the governor, the department of
finance and administration and the taxation and revenue
department in designing a timely and accurate system of

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1 providing fiscal impact and other pertinent information to the
2 legislature concerning pending legislation.

3 B. Beginning January 1, 2004, a two-year dynamic
4 forecasting pilot project shall be conducted by the legislative
5 finance committee, the department of finance and
6 administration, the taxation and revenue department and the
7 state highway and transportation department in which fiscal
8 impact information provided to the legislature concerning
9 legislation that proposes one or more changes to laws on
10 taxation shall be prepared on the basis of assumptions that
11 estimate the probable behavioral response of taxpayers,
12 businesses and other persons to the proposed changes. This
13 requirement applies only to legislation:

14 (1) introduced during the second session of
15 the forty-sixth legislature and the first session of the forty-
16 seventh legislature; and

17 (2) determined by the legislative finance
18 committee, pursuant to a static fiscal estimate, to have a
19 fiscal impact when fully implemented in excess of ten million
20 dollars (\$10,000,000) in a fiscal year.

21 C. The legislative finance committee shall
22 cooperate with the department of finance and administration and
23 other necessary executive agencies to develop the methodology
24 to implement the dynamic forecasting pilot project pursuant to
25 the requirements of Subsection B of this section.

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1 D. Following the first session of the forty-seventh
2 legislature, the legislative finance committee shall evaluate
3 the success of the dynamic forecasting pilot project required
4 by Subsection B of this section and determine if dynamic
5 forecasting should become a permanent feature of fiscal impact
6 analyses. In making this determination, the legislative
7 finance committee shall consider if this process:

8 (1) provides a reliable and reasonably
9 accurate analytic tool to aid legislators in determining the
10 effect of proposed legislation;

11 (2) can be accomplished with a reasonable
12 amount of resources; and

13 (3) can be incorporated into fiscal impact
14 estimates in a form that is easily understood and usable."

15 Section 2. APPROPRIATION. --

16 A. One hundred ninety thousand dollars (\$190,000)
17 is appropriated from the general fund for expenditure in fiscal
18 years 2004 and 2005 for the development and implementation of a
19 dynamic forecasting pilot project, including the purchase of an
20 economic model of New Mexico and consulting services, in the
21 amount of forty-seven thousand five hundred dollars (\$47,500)
22 to each of the following four agencies:

23 (1) the department of finance and
24 administration;

25 (2) the legislative finance committee;

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(3) the state highway and transportation department; and

(4) the taxation and revenue department.

B. The secretaries of finance and administration, highway and transportation and taxation and revenue and the director of the legislative finance committee or their designees from their agencies shall comprise a committee to oversee the implementation of the dynamic forecasting pilot project. The committee shall develop a budget for expenditure of the funds appropriated in this act. The director of the legislative finance committee or his designee shall be chair of the committee

C. Any unexpended or unencumbered balance remaining at the end of fiscal year 2005 shall revert to the general fund.