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FISCAL IMPACT REPORT

SPONSOR: Sharer DATE TYPED: 2-17-03 HB _____

SHORT TITLE: Income Tax Deduction for Certain Teachers SB 518

ANALYST: Neel

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
	(\$30,000.0)	(\$30,000.0)	Recurring	General Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

Responses Received From:

State Department of Education (SDE)
Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

Senate Bill 518 enacts a new section of the Income Tax Act to provide a deduction for certified elementary and secondary teachers in the amount equal to the total income received from providing instructional services. Under SB 518 a “certified teacher” is defined as a person who is employed by a school to teach or provide special instructional services and who has received a certificate from the state Board of Education authorizing them to teach or provide special instructional services in the public schools.

Significant Issues

FISCAL IMPLICATIONS

According to TRD:
Statistics shown on the New Mexico Department of Education website indicate approximately

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21,000 teachers work in New Mexico public schools, and that their salaries average approximately \$37,000 annually. The 21,000 figure does not include private-school teachers and other individuals, for example occupational therapists that provide instructional services. The estimate above therefore assumes 23,000 individuals will qualify for the exemption, their net income averages roughly \$26,000 annually and, their tax obligations average \$1,300 annually. Hence the tax reduction resulting from the proposed measure would total $\$1,300 \times 23,000$ or \$30 million.

SN/njw