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FISCAL IMPACT REPORT

SPONSOR Campos DATE TYPED 1/27/2004 HB 27

SHORT TITLE Survivor Benefits Income Tax Deduction SB _____

ANALYST Taylor

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY04	FY05			
	(5.0)	Increasing	Recurring	General Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department (TRD)

SUMMARY

House Bill 27 deducts survivor benefits that are not retirement benefits paid to the spouse or dependent of a peace officer, firefighter or a member of the U.S. armed services who was killed in the line of duty from net income. Husbands and wives filing separate returns when they could have filed a joint return may claim one-half of the deduction. The deduction would become applicable for tax years beginning January 1, 2004.

FISCAL IMPLICATIONS

TRD research indicates that nationally 102 firefighters and 163 law officers were killed in 2003. The number of armed services personnel killed in the line-of-duty is uncertain, but not large compared to the overall population. Given the New Mexico share of the entire U.S. population—less than one percent—the number of surviving spouses is likely to be small. General Fund revenue loss is estimated to be \$5 thousand, according to the TRD analysis. This estimate is consistent with survivor benefits of \$150 to 200 thousand per year.

ADMINISTRATIVE IMPLICATIONS

TRD indicates that the administrative impacts are modest and can be managed with existing resources.

BT/yr