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FISCAL IMPACT REPORT

SPONSOR Miera DATE TYPED 1/30/04 HB 159

SHORT TITLE Cultural Property Preservation Tax Credit SB _____

ANALYST Taylor

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY04	FY05			
	(25.0)	(100.0)	Recurring	General Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Response Received From
Taxation and Revenue Department

SUMMARY

House Bill 159 provides a personal income tax credit for taxpayers making a contribution to non-profit organizations, state government or local government for restoration, rehabilitation or preservation of cultural property listed on the official New Mexico register. The credit is equal to one-half of the taxpayers contribution, but may not exceed \$25 thousand. Unused portions of the credit greater than \$25 thousand may be carried forward for four consecutive years.

The bill is applicable to taxable years beginning on or after January 1, 2004.

FISCAL IMPLICATIONS

TRD reports that under similar credits in current statute, revenue losses were about \$200 thousand in 2002, \$330 thousand in 2001 and \$262 thousand in 2000. These credits were for taxpayer owned and restored properties, however. They also note that taxpayers applying for a federal deduction for cultural property contributions would not be eligible. Thus, they suggest the impact will likely be less, somewhere on the order of \$100 thousand on a full year basis.

ADMINISTRATIVE IMPLICATIONS

TRD reports modest administrative impacts that could be absorbed with existing resources.

OTHER SUBSTANTIVE ISSUES

TRD contributed the following issue:

Substantial state and federal tax benefits are currently available to individuals and institutions engaging in cultural property preservation. According to the New Mexico Office of Cultural Affairs, Historical Preservation Division website:¹

In 2000, 33 owners of historic properties in New Mexico invested over \$1,050,000 in rehabilitation and preservation projects across the state in the federal and state tax investment tax credit programs. With an average project cost of \$28,375, an applicant could realize a tax credit of about \$14,187 over 5 years.

BT/yr
