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FISCAL IMPACT REPORT

SPONSOR Foley **DATE TYPED** 2/6/04 **HB** HJM 57

SHORT TITLE Support Permanent Federal Tax Cuts **SB** _____

ANALYST Collard

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY04	FY05	FY04	FY05		
			See Narrative		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department

SUMMARY

Synopsis of Bill

House Joint Memorial 57 states that recent federal tax cuts reduced taxes for all taxpayers, eliminated the marriage penalty and “death tax”, increased the child credit rebate and business expensing, expanded individual retirement accounts and cut double taxation of capital gains.

The memorial further states that economic growth stemming from the latest tax cut accelerated at its fastest rate in 20 years recently. It states, however, that provisions of the cut are to expire between 2005 and 2012. As a result, the joint memorial indicates expiration of the cuts will increase taxes fifty percent for “lower-income” families, the marriage penalty will be reinstated, education savings will be taxed, retirement savings will shrink, and every taxpayer will face an income tax increase, thus producing the largest tax increase in American history, and stifle economic growth.

However, the memorial states that making the tax permanent will allow taxpayers to feel more confident when investing in “their child’s college” or savings for retirement, while ensuring increased economic growth. The memorial therefore requests that the New Mexico legislature ask the New Mexico congressional delegation to support making the president’s tax cuts permanent.

FISCAL IMPLICATIONS

There are no fiscal implications dealt with in this bill. However, there could be potential implications if the tax cuts are made permanent.

KBC/yr