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FISCAL IMPACT REPORT

SPONSOR Aragon DATE TYPED 2-8-04 HB _____

SHORT TITLE Senior Tax Expenditure Economist SB 208

ANALYST Reynolds-Forte

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY04	FY05	FY04	FY05		
	\$100.0			Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department
Department of Finance and Administration

SUMMARY

Synopsis of Bill

Senate Bill 208 appropriates \$100 thousand to the Taxation and Revenue Department in fiscal year 2005 to hire a full-time senior tax expenditure economist. Any unexpended funds remaining at the end of FY05 will revert to the general fund.

Significant Issues

The Taxation and Revenue Department believes that the purpose of the bill appears to be for the Department to produce a report on tax expenditures on a periodic basis. Compiling a tax expenditure report requires addressing a number of difficult definitional and analytical issues (see the discussion below), and requires systems modifications and data acquisition. Given these caveats, however, the Department believes the purpose can probably be met within the existing resources.

FISCAL IMPLICATIONS

Senate Bill 208 appropriates \$100.0 to the Taxation and Revenue Department for FY05 for the purpose of hiring a full-time senior tax expenditure economist.

ADMINISTRATIVE IMPLICATIONS

The Department currently has five FTE in the Tax Research Section of the Department. This bill will provide one additional FTE which will be placed in Tax Research. The Taxation and Revenue Department states in their analysis that they welcome an appropriation to expand its economic analysis capabilities. However, they believe the purpose can probably be met with existing resources.

OTHER SUBSTANTIVE ISSUES

The Taxation and Revenue Department points out that during the deliberations of the Blue Ribbon Tax Reform Commission in the 2003 interim, the need for an analysis of tax expenditures was cited a number of times. The Taxation and Revenue Department believes that the purpose of the bill appears to be for the Department to produce a report on tax expenditures on a periodic basis. Compiling a tax expenditure report requires addressing a number of difficult definitional and analytical issues and requires systems modifications and data acquisition.

BT/njw