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FISCAL IMPACT REPORT

SPONSOR Marquardt DATE TYPED 1-31-04 HB 278
SHORT TITLE Weapon Testing Tax Deduction SB _____
ANALYST Taylor

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY04	FY05			
Indeterminate	Indeterminate	Indeterminate	Recurring	General Fund
Indeterminate	Indeterminate	Indeterminate	Recurring	

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files
Responses Received From
Taxation and Revenue Department

SUMMARY

House Bill 278 exempts from the compensating tax the value of equipment, replacement parts or other components of airborne advanced tactical laser weapons system or the value of entire advanced tactical laser weapons systems, brought into the state for testing for the U.S. Defense Department at a major range and test facility.

The bill carries an emergency clause, making it effective when signed by the Governor.

FISCAL IMPLICATIONS

TRD reports that the fiscal impact of the bill is uncertain. They note that proponents have reported that advanced laser technology system testing is not happening in New Mexico because of the compensating tax. They also report that it is not possible for them to know if the incentive provided by allowing the compensating tax deduction would either induce advanced laser technology testing to take place in the state, or if advanced laser technology testing would happen even without the deduction. They also note that their analysis does not account for potential investment and employment benefits that would accrue to the state if the proposed deduction resulted in advanced laser technology testing.

ADMINISTRATIVE IMPLICATIONS

TRD reports minor administrative implications that can be absorbed with existing resources.

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