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FISCAL IMPACT REPORT

SPONSOR Youngberg DATE TYPED 2-4-04 HJM 64

SHORT TITLE Support Permanent Estate Tax Repeal SB _____

ANALYST Neel

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY04	FY05			
		See Narrative		

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

House Joint Resolution 64 requests New Mexico's congressional delegation support the permanent repeal of the estate tax.

Significant Issues

The federal estate tax is currently scheduled to be phased out in the year 2010, but then to be reinstated in 2011. The state's collections of estate tax are based on a section of federal law which essentially permits the states to collect a portion of the federal estate tax. That section of federal law is being phased out, and the state will no longer collect estate taxes after FY 2005 without structural changes to their own taxes.

FISCAL IMPLICATIONS

The Consensus Revenue Estimating Groups current forecast for FY04 is \$8 million and \$2.8 million in FY05. There after it is repealed.