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FISCAL IMPACT REPORT

SPONSOR Harrison **DATE TYPED** 2-23-2005 **HB** 797

SHORT TITLE Hospitality Training Tax Credit Act **SB** _____

ANALYST Taylor

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY05	FY06			
(\$1,000.0)	(\$2,000.0)	Similar	Recurring	General Fund
(\$600.0)	(\$1,200.0)	Similar	Recurring	Local Governments

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files
 Taxation and Revenue Department
 Tourism Department

SUMMARY

House Bill 797, the “Hospitality Training Tax Credit Act”, creates a tax credit for businesses in the hospitality industry that fund training for their employees.

The credit is equal to the cost of the training. The amount of the credit may not exceed \$3 thousand per taxpayer per year. The credit may be claimed against gross receipts tax, personal income tax or corporate income tax liabilities. The credit claimed cannot exceed the aggregate tax liability for the tax against it is claimed.

Credits would only be allowed for training programs approved by the New Mexico Tourism Department, which is also charged with adopting and publishing rules for the hospitality training program.

The Tax Administration Act applies to the administration and enforcement of the Hospitality Training Tax Credit Act.

The bill does not carry an effective date. It is assumed to become effective 90 days after the end of the legislation session.

FISCAL IMPLICATIONS

TRD estimates that the full-year fiscal impact of the legislation is a revenue loss of \$3.2 million: \$2 million to the state general fund and \$1.2 million to local government funds. Their analysis notes that they have limited information on the hospitality industry's training expenditures, and the estimate is uncertain and may understate the eventual impacts of the bill.

They note that the industry is large, with total employment of more than 85 thousand persons.

ADMINISTRATIVE IMPLICATIONS

TRD reports minor administrative implications. The Tourism Department indicates that the responsibilities assigned to them would require a significant time commitment and a rearrangement of priorities.

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