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FISCAL IMPACT REPORT

SPONSOR Rawson DATE TYPED 3-03-2005 HB _____
SHORT TITLE Armed Forces Member Child Care Gross Receipts SB 1049
ANALYST Taylor

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY05	FY06			
	(\$8.0)	(\$8.0)	Recurring	State General Fund
	(\$5.0)	(\$5.0)	Recurring	Local Governments

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

SUMMARY

Senate Bill 1049 provides a gross receipts tax deduction for receipts from providing child care services if the person providing the service is a spouse of members of the U.S. armed forces.

The bill has an effective date of July 1, 2005.

FISCAL IMPLICATIONS

The taxation and revenue department estimates that this bill would reduce state general fund revenue by \$8 thousand dollars and local government funds by \$5 thousand.

TRD estimates that there are 11,192 persons on activity duty in New Mexico, and that 53 percent or 5,920 are married. They used these figures as a basis for estimating the number of child care services owned by spouses of active service members. The estimated tax base was \$200,000. Applying an average statewide gross receipts tax rate of 6.6 percent, implies a revenue loss of about \$13,000. Sixty percent of this is allocated to the general fund and \$5 thousand to local government funds.

ADMINISTRATIVE IMPLICATIONS

TRD reports that administrative issues are minimal.

BT/lg