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FISCAL IMPACT REPORT

SPONSOR Keller **ORIGINAL DATE** 1/26/10 **LAST UPDATED** _____ **HB** _____
SHORT TITLE Tax Refund Deposits into Multiple Accounts **SB** 64
ANALYST Clifford

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY10	FY11	FY12		
NFI	NFI	NFI		

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

Senate Bill 64 allows a taxpayer to elect to split their personal income tax refund and to have the Taxation and Revenue Department automatically deposit the refund amount into up to three of the taxpayer's checking or savings bank accounts. The Department shall provide by rule for the forms and required information to implement automatic deposit of the refund amounts.

FISCAL IMPLICATIONS

According to TRD the bill has no fiscal impact.

ADMINISTRATIVE IMPLICATIONS

According to TRD:

This proposal would have a minimal administrative impact if implemented for tax years beginning on or after January 1, 2010; however, it would have a high impact if an attempt was made to implement this change for returns filed for prior tax years. ... There would also be a moderate continuing cost as additional FTEs would be required in revenue processing to ensure that the refunds are deposited to the correct accounts.

Taxpayers continually file returns for prior periods, and will claim refunds after the effective date of the proposed changes for return periods in 2009 and earlier. Clarification that the proposed changes only apply to refund claims for tax years beginning on or after January 1, 2010, would be helpful.

TC/mt

The Legislative Finance Committee has adopted the following principles to guide responsible and effective tax policy decisions:

1. ***Adequacy:*** revenue should be adequate to fund government services.
2. ***Efficiency:*** tax base should be as broad as possible to minimize rates and the structure should minimize economic distortion and avoid excessive reliance on any single tax.
3. ***Equity:*** taxes should be fairly applied across similarly situated taxpayers and across taxpayers with different income levels.
4. ***Simplicity:*** taxes should be as simple as possible to encourage compliance and minimize administrative and audit costs.
5. ***Accountability/Transparency:*** Deductions, credits and exemptions should be easy to monitor and evaluate and be subject to periodic review.

More information about the LFC tax policy principles will soon be available on the LFC website at www.nmlegis.gov/lcs/lfc