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FISCAL IMPACT REPORT

ORIGINAL DATE 02/01/12

SPONSOR Sandoval LAST UPDATED _____ HB 231

SHORT TITLE Income Tax Lottery Tuition Donation SB _____

ANALYST Hoffmann

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY12	FY13		
	NFI		

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY12	FY13	FY14		
	See Fiscal Implications			

(Parenthesis () Indicate Revenue Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY12	FY13	FY14	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	\$0.0	\$0.0	\$0.0	\$0.0		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

House Bill 231 would add a new section of the Income Tax Act to create an optional contribution of a personal income tax refund to the Lottery Tuition fund. The option would be applicable to taxable years beginning on or after January 1, 2013.

The bill has no stated effective date, and would therefore become effective 90 days following adjournment (May 16, 2012) if adopted and signed into law.

FISCAL IMPLICATIONS

House Bill 231 makes no appropriation.

The TRD does not have the data necessary to estimate the amount of voluntary contributions that would be made to the Lottery Tuition Fund. However, historically voluntary donations have been minimal with only approximately \$134,000 being contributed towards all existing voluntary contribution funds according to the 2008 personal income tax data.

This bill does not affect any other state revenues since the amount contributed to the Lottery Tuition Fund comes from refunds that would otherwise go back to taxpayers.

OTHER SUBSTANTIVE ISSUES

The HED notes the Lottery Tuition Fund has been declining over the past several years as students who receive the scholarship and tuition rates increase, while revenues for the Lottery Tuition Fund remain stable. Any source(s) of additional funds to the Lottery Tuition Fund could potentially assist the fund to remain solvent for future New Mexico college students.

CH/svb