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## FISCAL IMPACT REPORT

SPONSOR: Youngberg DATE TYPED: 2/28/03 HB 868

SHORT TITLE: Home School Income Tax Deduction SB \_\_\_\_\_

ANALYST: Smith

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
	(1,330.0)	(1,444.0)	Recurring	General Fund

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

Responses Received From

### TRD

### SUMMARY

#### Synopsis of Bill

House Bill 868 would allow a \$1,000 personal income tax deduction for each dependent that attends a home school or a “nongovernmental” school for more than six months during a tax year. Husbands and wives who file separate returns in a year in which they could have filed a joint return would each be allowed to claim half the deduction allowed under a joint return. Dependents for whom the deduction is allowed must be between the ages of five and eighteen years prior to September 1 of the school year.

### FISCAL IMPLICATIONS

According to the State Department of Education, (SDE) approximately 6,500 New Mexico children currently receive home schooling. SDE also reports that approximately 24,000 students in New Mexico attend accredited “nonpublic” school annually. Hence approximately 30,500 students would qualify for the deduction. The average effective New Mexico personal income tax

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rate is approximately 4.7 percent, according to statistics compiled by the Department. Hence the \$1.44 million estimate shown above is the product of the deduction amount, the average rate and the number of likely deductions, i.e.,  $30,500 \times .047 \times \$1,000$ .

SS/njw