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## FISCAL IMPACT REPORT

SPONSOR: Beffort DATE TYPED: \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE: Health Insurance Income Tax Credit SB 14

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ANALYST: Chabot

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY04	FY05			
TBD	TBD	TBD	Recurring	General Fund

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

LFC files

#### Responses Not Received From

Taxation and Revenue Department  
 Public Regulation Commission  
 Human Services Department  
 Department of Health  
 Health Policy Commission

### SUMMARY

#### Synopsis of Bill

Senate Bill 14 enacts an individual tax credit of up to \$2,500 based upon income level for a portion of the health insurance premium paid during the taxable year.

#### Significant Issues

The bill would create an individual tax credit of up to \$2,500 based upon the following scale.

Modified gross income as a percent of the federal poverty guidelines	Tax credit as a percent of health insurance premium expenditure
Less than 50	90
51 to 75	85
76 to 100	80
101 to 125	75
126 to 150	70
151 to 175	65
176 to 200	60
201 to 250	50
251 to 300	25

Federal poverty guidelines vary depending on family size as shown below for a family of four.

Family Size	50%	75%	100%	125%	150%
4	\$9,050	\$13,575	\$18,100	\$22,625	\$27,150
	175%	200%	250%	300%	
4	\$31,675	\$36,200	\$45,250	\$54,300	

The intent of the bill is to encourage individuals to purchase health insurance and decrease the rising number of uninsured currently estimated by the New Mexico Health Policy Commission in 2001 as 20.7 percent of the population. The credit will partially offset the cost of the insurance.

### **FISCAL IMPLICATIONS**

It is difficult to estimate the fiscal impact of the legislation because of the health cost variable. The fiscal impact will be provided when the Tax and Revenue department provides an estimate.

### **POSSIBLE QUESTIONS**

1. Why not provide a tax credit on cost and not income?
2. What proof of insurance will be required?
3. How could the complexity of administration be minimized?

**GAC/dm**