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FISCAL IMPACT REPORT

ORIGINAL DATE 2/10/06

SPONSOR HBIC LAST UPDATED _____ HB 387/HBICS

SHORT TITLE Disclosure of Personal Income Tax Info SB _____

ANALYST Earnest

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
NONE	NONE		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of HBIC Substitute

The House Business and Industry Committee substitute to House Bill 387 would amend Section 7-1-8 NMSA 1978 – "Confidentiality of Returns and Other Information" – to allow the Taxation and Revenue Department to provide personal income tax (PIT) information to law enforcement and other agencies conducting joint investigations with the Taxation and Revenue Department pursuant to a memorandum of understanding (MOU). The bill further allows TRD to release records of refunds or credits where that release is authorized under section 7-1-29 NMSA 1978.

FISCAL IMPLICATIONS

No fiscal impact

SIGNIFICANT ISSUES

The HBIC substitute to HB 387 would allow TRD to share PIT information with any law enforcement agency with which the department is conducting a joint investigation. This includes federal and other state law enforcement agencies, pursuant to a MOU. TRD notes that the clause "... any other agency that investigates criminal violations" would include the Securities Division of Regulation and Licensing Department.

The exception allowing TRD to disclose records of refunds or credits already required for public inspection under Section 7-1-29 provides clarification by bringing disclosure requirements together in the same statute, and prevents a possible conflict in trying to read those two sections of statute together.

According to TRD, the new recipients of taxpayer information authorized by this bill will not be subject to penalties for releasing confidential information.

Penalties for violating the confidentiality of taxpayer information (section 7-1-8) are specified in section 7-1-76. Violating the confidentiality statute is a misdemeanor and is punishable by a fine of \$1,000 and one year of imprisonment, as well as prohibition from state employment for five years following conviction. If the intent is to apply the same penalties to persons receiving information as proposed the statute should be amended accordingly.

ADMINISTRATIVE IMPLICATIONS

Depending on the number of requests for taxpayer information, there could be substantial administrative impact on the Taxation and Revenue Department.

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