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FISCAL IMPACT REPORT

ORIGINAL DATE 2/4/06

SPONSOR Ryan LAST UPDATED _____ HB _____

PERSONAL INCOME TAX REBATE & FUND

SHORT TITLE TRANSFER SB 288

ANALYST Francis

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
(189,430.0)		Non Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB 41, HB 47

Relates to Appropriation in the General Appropriation Act : \$40 million has been appropriated for transfer to the Severance Tax Permanent Fund.(Section 12)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY06	FY07	FY08		
189,430.0			Non Recurring	Severance Tax Permanent Fund
(189,430.0)			Non Recurring	General Fund
		1,800.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files
Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

Senate Bill 288 rebates \$189,430 thousand to NM taxpayers in a proportional share and transfers \$189,430 from the general fund to the severance tax permanent fund.

FISCAL IMPLICATIONS

The total fiscal impact of SB 288 occurs in FY06. The two parts of this bill will reduce the general fund reserves by \$378.9 million or about 42 percent of current estimated general fund reserves.

The rebate of \$189.4 million would go to approximately 725 thousand tax filers and average \$260 per return.

The appropriation of \$189,430 thousand contained in this bill is a NONRECURRING expense to the GENERAL FUND. This is considered FY06 revenue for the Severance Tax Permanent Fund. In FY07, it is estimated that the additional principal in the STPF would generate revenue to the general fund of approximately \$1.8 million in FY08. Interest from deposits in calendar year 2006 does not show up in the general fund distributions until FY08.

NF/nt