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## FISCAL IMPACT REPORT

ORIGINAL DATE 2/2/06

SPONSOR Smith LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Disclosure of Personal Income Tax Info SB 537

ANALYST Earnest

### APPROPRIATION (dollars in thousands)

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

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicate HB 537.

### SOURCES OF INFORMATION

LFC Files

### SUMMARY

#### Synopsis of Bill

Senate Bill 537 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:

- the Bureau of Business and Economic Research and the earth data analysis center at the University of New Mexico and
- law enforcement agencies conducting joint investigations with the Taxation and Revenue Department.

### FISCAL IMPLICATIONS

No fiscal impact

### SIGNIFICANT ISSUES

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.

TRD further notes that proposed paragraph (NN) specifies that the Bureau of Business and Economic Research "shall not release the data in any form other than as statistics that protect taxpayers identity...". The phrase probably should be reworded to specify something on the order of "shall not release personal income tax data in any form that would reveal identity of taxpayers".

### **ADMINISTRATIVE IMPLICATIONS**

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

### **COMPANIONSHIP**

Senate Bill 537 and House Bill 387 are duplicate measures.

BE/mt