

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current and previously issued FIRs are available on the NM Legislative Website ([www.nmlegis.gov](http://www.nmlegis.gov)) and may also be obtained from the LFC in Suite 101 of the State Capitol Building North.

## FISCAL IMPACT REPORT

<b>SPONSOR</b>	Trujillo, J & Sanchez, M	<b>ORIGINAL DATE</b>	01/27/14	<b>HB</b>	57
		<b>LAST UPDATED</b>			
<b>SHORT TITLE</b>	Tax Refunds For Senior Services			<b>SB</b>	
		<b>ANALYST</b>	Graeser		

### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY14	FY15	FY16		
\$0.0	NFI	NFI	Recurring	General Fund
	<\$20.0	<\$20.0	Recurring	NCNMEDD for benefit of senior services

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Aging and Long Term Services Department (ALTSD)

EDD (Economic Development Department)

TRD (Taxation and Revenue Department)

### SUMMARY

House Bill 57 adds another personal income tax refund check-off to the existing twelve voluntary refund contribution opportunities (counting contributions to at least three political parties as one opportunity). Money raised from this voluntary check-off will be used to provide supplemental funding to enhance or expand senior services throughout the state. TRD will distribute the tax refund contributions to the North Central New Mexico Economic Development District (NCNMEDD). The bill directs the NCNMEDD to use the funds to provide supplemental and enhanced programs for seniors throughout the state, including the city of Albuquerque, the Indian area agency on aging and the Navajo area agency on aging. The funds are to be granted by application.

### FISCAL IMPLICATIONS

TRD notes:

“The Taxation and Revenue Department does not have the data necessary to estimate the amount of voluntary contributions that would provide supplemental funding to enhance or expand senior services throughout New Mexico. However, historically, voluntary donations have been minimal with only approximately \$124,000 being contributed towards all existing voluntary contribution funds according to 2011 personal income tax data. This bill does not affect any other state revenues since the amount contributed to funding senior services comes from refunds that would otherwise go back to taxpayers.”

These programs are not wildly popular but do tend to gather supporters that donate year after year. The Statue of Liberty program in 1981 generated nearly \$50,000 (in 1981 dollars). The Veteran’s National Cemetery program, enacted in 1987, carried a delayed repeal when total contributions exceeded \$1,070,00. This total had still not been reached as of 2012 when the delayed repealer was removed. The non-game wildlife contribution has been the most popular and well-supported over the years. Adding a 12<sup>th</sup> program to the existing 11 may or may not generate a loyal constituency. According to TRD, total designations for seven check-offs (plus the political check-off) for the 2008 tax year totaled \$134,000. For the 2010 tax year, total designations for the same seven plus one were \$110,000 while for the 2011 tax year, total check-offs increase to \$124,000. Data for 2012 tax year, when available, may indicate the three new check-offs for 2012 tax year have created a new constituency (or not). In any event, the maximum that could be expected would be between \$5,000 and \$20,000 (dollars, not thousands). This bill does not affect any other state revenues since the amount contributed to Senior Services Fund comes from refunds that would otherwise go back to taxpayers.

**EFFECTIVE DATE**

Not stated; May 21, 2014. Applicable for tax years beginning January 1, 2014.

**SIGNIFICANT ISSUES**

There are currently 11 programmatic check-offs and a \$2 donation to designated political parties on PIT-D, the voluntary contribution form that is attached to the PIT-1.

NCNMEDD is a non-profit formed as a Joint Powers Agreement pursuant to state law, but enabled by the passage of the Federal Public Works and Economic Development Act of 1989. NCNMEDD is administratively attached to the mid-region council of Governments for planning purposes.

Program	Enacted	Notes:
Statue of Liberty Fund	1981	Repealed in 1985; around \$35,000 was collected.
Share with Wildlife	1981	
Veteran’s National Cemetery	1987	Was to have been repealed when total deductions exceeded \$1,070,000.
NM Substance Abuse Fund	1987	Still on form.
NM Forest Relief Program	1992	Still on form
National Guard Member and Family Assistance	2005	Still on form
Kids in Parks Education Program	2005	Still on form
Amyotrophic Lateral Sclerosis Research Fund	2005	Still on form
Vietnam Veteran’s Memorial State Park	2012	Still on form
Lottery Tuition Fund	2012	
Veteran’s Enterprise Fund	2012	
Horse Shelter Fund	2013	
Political Parties	1992	

Pursuant to the provisions of 7-2-31.1 NMSA 1978, the Secretary may refuse to include check-offs on the form if the total contributions in a year fall below \$5,000. However, there have been no cancellations since the Statue of Liberty fund was repealed by legislative action.

ALTSD notes the following:

“Funding is directed to the North Central New Mexico Economic Development District (a quasi-governmental entity), which currently operates the Non-Metro Area Agency on Aging. The Non-Metro Area Agency on Aging currently administers three of New Mexico’s six planning and service areas. These three planning & service areas currently consist of non-tribal areas within 32 of New Mexico’s 33 counties. Not included are Bernalillo County, the New Mexico portions of the Navajo Nation and New Mexico’s 19 pueblos and two Apache tribal reservations.

As designations of both area agencies on aging and planning and service areas can, and have, changed over the years (based upon state legislative and federal mandates and failure of area agencies to perform designated duties); directing this funding to one currently designated area agency that is not statewide may not allow for the best use of these funds.

It may be best to direct the funding to ALTSD so that it could be distributed statewide among all of New Mexico’s currently designated area agencies on aging, as well as those that may be designated in the future. As the federally designated State Agency on Aging, the Aging and Long-Terms Services Department is responsible for the administration and distribution of the federal and state general funds to New Mexico’s Area Agencies on Aging in response to senior needs statewide.

ALTSD has staff and processes in place to manage this additional funding stream and can better allocate additional funds to the appropriate area agencies, to serve all older New Mexicans in all areas of the state.”

EDD expresses concern that an agency with historical identification with the North Central region of the State might have difficulty equitably distributing contributed funds throughout all areas of the State, including in Indian country. EDD also cautions that if large amounts of funds are contributed, NCNMEDD might have administrative difficulties processing grant applications.

## **OTHER SUBSTANTIVE ISSUES**

ALTSD notes the following: “Three of New Mexico’s area agencies (The ABQ/BernCo AAA, the Navajo AAA and the Indian AAA) and the planning and services areas they administer (Bernalillo County, the New Mexico portions of the Navajo Nation and New Mexico’s 19 pueblos and two Apache tribal reservations) may not directly benefit from this funding. Though the proposed legislation states that funding would benefit these planning & service areas, it is unclear how the funding for these areas would transfer from the North Central New Mexico Economic Development District to the other three governmental entities designated as area agencies. If the North Central New Mexico Economic Development District ceased to operate the Non-Metro Area Agency on Aging, additional legislation would be required to direct the funding elsewhere.”

## **ALTERNATIVES**

Replace NCNMEDD with ALTSD as granting agency and administrator of this minimal program.

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

No significant consequences. It is unlikely that this check-off will generate even \$20,000 in contributions.

**POSSIBLE QUESTIONS**

Is NCNMEDD an appropriate agency to distribute these funds, or would ALTSD, with a statewide service focus, be better equipped to disburse the contributed funds?

LG/ds

