

LFC Requester:

Laird Graeser

AGENCY BILL ANALYSIS
2024 REGULAR SESSION

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SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Check all that apply:

Original Amendment
Correction Substitute

Date 30JAN2024

Bill No: HB 81a

Sponsor: Andrea Reeb, Joshua Hernandez,
Harlan Vincent, Pamelya
Herndon

Agency Name
and Code
Number:

790- Department of Public Safety

Person Writing

Elisabeth Johnson

Short Title: Gun Storage Tax Credit

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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		
0.0	0.0		

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		
0.0	0.0	0.0		

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	0.0	107.0	97.5	204.5	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

For taxable years 2024 through 2026, a taxpayer who purchases a secure gun storage, on or after July 1, 2024, may claim a one-time refundable income tax credit equal to the price paid for the secure gun storage, not to exceed \$750 from the New Mexico Taxation and Revenue Department (TR). Maximum aggregate credits for any taxable year capped at \$500,000. The Department of Public Safety will process taxpayer applications in a manner prescribed by the Department. The Department of Public Safety will also determine eligibility for the credit to be returned to the requestor for submission on his/her annual Personal Income Tax return.

FISCAL IMPLICATIONS

DPS believes this credit should be administered by the Taxation and Revenue Department as they are the experienced and expert agency to determine and administer protocol for this legislation.

Proposed legislation does not appropriate any funding for this bill, which would result in an unfunded mandate for DPS if charged with the administrative responsibility for this legislation. If funding were appropriated to DPS rather than the Taxation and Revenue Department as suggested, there will be a need to employ at least one full-time employee (Program Coordinator I) assigned to the Law Enforcement Records Bureau, working closely with the New Mexico State Police, to manage the application process, administer tax certifications, and promulgate technical specifications and requirements to implement the process. This position will also review and approve/deny applications and issue certifications of eligibility to all applicants at an initial FY 2025 cost of \$107,000 and an annual recurring cost of \$97,500. DPS will require an appropriation to carry out this legislation.

SIGNIFICANT ISSUES

The most significant issue with this proposed legislation is that DPS does not have the infrastructure nor the expertise to administer tax credits. Tax credits and associated functions

relative to tax certifications and administration are responsibilities that belong with the Taxation and Revenue Department to efficiently and expertly establish protocol and processes to carry out the requirements of this bill.

PERFORMANCE IMPLICATIONS

None.

ADMINISTRATIVE IMPLICATIONS

Indicated above in Fiscal Implications.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None

TECHNICAL ISSUES

None

OTHER SUBSTANTIVE ISSUES

None

ALTERNATIVES

None

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status quo will remain.

AMENDMENTS

.227530.2- House Commerce & Economic Development:

This amendment provides that “The department of public safety may promulgate rules governing the procedure for administering the provisions of this subsection.”

The amendment does not address the issue that DPS does not have the capacity or experience to administer a tax credit. Furthermore, allowing the department to promulgate rules would create an additional burden and expense for the department.

The administration of the tax credit, as with the original bill, is still an unfunded mandate. The only change is that now the unfunded mandate also extends to the rulemaking process.

The rule making process could also delay the issuance of the tax credit as DPS would need to follow the timelines in the State Rules Act.