

BILL ANALYSIS AND FISCAL IMPACT REPORT
Taxation and Revenue Department

January 19, 2024

Bill: SB-54

Sponsor: Senator Harold Pope

Short Title: School Gross Receipts Weekend Dates

Description: This bill amends Section 7-9-95 NMSA 1978 to move the date of the annual back-to-school gross receipts tax (GRT) holiday weekend from the first Friday of August to the last Friday of July, and increases the maximum dollar amount allowed for certain items by 50%:

- articles of clothing – increased from \$100 to \$150;
- desktop, laptop, or notebook computers – increased from \$1,000 to \$1,500; and
- computer monitors, speakers, printers, keyboards, microphones or mice – increased from \$500 to \$750;

Effective Date: Not specified; 90 days following adjournment (May 15, 2024).

Taxation and Revenue Department Analyst: Pedro Clavijo

Estimated Revenue Impact*					R or NR**	Fund(s) Affected
FY2024	FY2025	FY2026	FY2027	FY2028		
--	(\$420)	(\$430)	(\$440)	(\$450)	R	General Fund
--	(\$280)	(\$280)	(\$290)	(\$300)	R	Local Governments

* In thousands of dollars. Parentheses () indicate a revenue loss. ** Recurring (R) or Non-Recurring (NR).

Methodology for Estimated Revenue Impact: This bill shifts the back-to-school tax-free weekend one week earlier and increases the sales price limits by 50% for all eligible items. Tax & Rev used separately reported deductions by taxpayers in fiscal year 2023 to estimate the revenue loss. The fiscal impact used the gross receipts tax (GRT) revenue growth from the December 2023 Consensus Revenue Estimating Group (CREG) forecast and is based on the effective statewide gross receipts tax rate.

Policy Issues: This deduction alleviates the tax burden for families with school-age children in purchasing school supplies. The deduction was enacted in 2005, and the price caps have not been increased for inflation since that time. By adjusting the dollar amounts for the specific school items for inflation, the deduction maintains its effectiveness for families. Shifting the tax-free weekend to the end of July aids those students and families whose school districts start earlier.

New Mexico is one of 18 states that will have a form of a tax-free holiday in 2024, a decrease from 2010 when 19 states held tax-free holidays. Tax-free holidays do not generally grow the local economy, but rather shift consumption within the economy from one time to another time. The intent is to reduce the cost of school necessities, but taxpayers who do not have school-age children may also benefit from the tax-free weekend.

The bill will first be effective when families purchase school supplies in July 2024.

Technical Issues: None.

Other Issues: None.

Administrative & Compliance Impact: Tax & Rev will need to update forms, instructions, and publications and make information system changes. Implementing this bill will have a low impact on Tax & Rev’s Information Technology Division (ITD) of approximately 100 hours or less than one month and an estimated staff workload cost of \$5,550.

Estimated Additional Operating Budget Impact*				R or NR**	Fund(s) or Agency Affected
FY2024	FY2025	FY2026	3 Year Total Cost		
\$5.6	--	--	\$5.6	NR	Tax & Rev’s – ITD - Staff workload

* In thousands of dollars. Parentheses () indicate a cost saving. ** Recurring (R) or Non-Recurring (NR).