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FISCAL IMPACT REPORT

SPONSOR: Burpo DATE TYPED: 02/28/01 HB 566

SHORT TITLE: Exempt Certain Bond Income from Taxation SB _____

ANALYST: Williams

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY01	FY02			
	NFI			

(Parenthesis () Indicate Revenue Decreases)

Duplicates/Conflicts with/Companion to/Relates to _____

SOURCES OF INFORMATION

LFC Files
Taxation and Revenue Department

SUMMARY

Synopsis of Bill

The bill authorizes certain bonds and associated interest to be free from taxation by state government.

Significant Issues

The exemption would apply to county and municipal revenue bonds.

FISCAL IMPLICATIONS

Article VIII, Section 3 of the New Mexico Constitution exempts all state and substate bonds from all types of taxation; however, certain sections of statute do not contain parallel language. As a result, there may be a somewhat gray area as to the tax treatment of these bonds. Because of the current constitutional provisions, this bill is scored as not impacting state revenues.

OTHER SUBSTANTIVE ISSUES

Clarification of tax treatment may be beneficial to local governments with respect to marketing strategies for these bonds.

AW/sb