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FISCAL IMPACT REPORT

SPONSOR: Sanchez DATE TYPED: 03/01/01 HB 771
 SHORT TITLE: Income Tax Credit for Marriage Counseling SB _____
 ANALYST: Williams

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY01	FY02			
	\$ (1,000.0)	\$ (10,000.0)	Recurring	General Fund

(Parenthesis () Indicate Revenue Decreases)

Duplicates/Conflicts with/Companion to/Relates to HB646, SB 497

SOURCES OF INFORMATION

LFC Files
 Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

The bill authorizes a credit for marriage counseling when such services are received from an accredited marriage counselor. The credit would be \$500.

FISCAL IMPLICATIONS

TRD estimates a reduction in recurring general fund revenues of \$1,000.0 in FY02 and \$10,000.0 in FY03. This fiscal estimate assumes the credit is limited to the target recipients; otherwise, the cost could be as high as \$100,000.0. The full year estimate reflects some tax avoidance strategy. There are approximately 200,000 married state personal income tax returns showing at least \$500 in liability.

ADMINISTRATIVE IMPLICATIONS

TRD reports minimal impact; however, TRD does not have resources for audit and enforcement of this measure.

TECHNICAL ISSUES

The bill does not include an effective date; the bill should include an effective date to correspond to the tax year.

The credit could be tied to the cost of counseling, with a cap of \$500.

OTHER SUBSTANTIVE ISSUES

The bill does not address whether the credit would be refundable or not. TRD would therefore implement these provisions as a non-refundable credit and any amount in excess of tax liability could not be carried over to the next tax year. Due to the way the credit is structured, it would not benefit residents without state tax liability.

AW/ar