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## FISCAL IMPACT REPORT

SPONSOR: Thompson DATE TYPED: 02/19/01 HB 697  
 SHORT TITLE: Amend Withholding Tax Act SB \_\_\_\_\_  
 ANALYST: Williams

### REVENUE

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

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

LFC Files  
 Taxation and Revenue Department

### SUMMARY

#### Synopsis of Bill

The bill would amend the Withholding Tax Act to reflect that an investment partnership would not be required to withhold New Mexico income tax or seek a commitment to file from out-of-state partners. The bill is effective beginning tax year 2001.

#### Significant Issues

Investment returns such as interest, dividends and sale of securities are apportioned and are not taxable to New Mexico for out-of-state residents. TRD notes this bill “simplifies the paperwork chain.”

### FISCAL IMPLICATIONS

No fiscal impact because of the apportionment to the out-of-state partner based on state of residence.

### ADMINISTRATIVE IMPLICATIONS

TRD notes this bill could potentially reduce processing payments and refund claims for out-of-state partners. This number is not expected to be large.

AW/ar