NOTE: As provided in LFC policy, this report is intended only for use by the standing finance committees of the legislature. The Legislative Finance Committee does not assume responsibility for the accuracy of the information in this report when used in any other situation.

Only the most recent FIR version (in HTML & Adobe PDF formats) is available on the Legislative Website. The Adobe PDF version includes all attachments, whereas the HTML version does not. Previously issued FIRs and attachments may be obtained from the LFC's office in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR:	Gorham	DATE TYPED:	02/07/02	HB	
SHORT TITLE	: Extracurricular Activ	ity Contribution C	redit	SB	423
ANALY		ST:	Gilbert		

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY02	FY03			
	* See Narrative \$ (0.1)		Recurring	General Fund

(Parenthesis () Indicate Revenue Decreases)

Duplicates SB 416

SOURCES OF INFORMATION LFC Files

<u>No Response Received</u> Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

Senate Bill 423 provides an income tax credit for contributions made to eligible public schools when such contributions support extracurricular activities and would become effective for tax years beginning January 1, 2002.

Significant Issues

Taxpayers who file individual state income tax returns may annually claim a maximum tax credit of \$250.00 for contributions made to eligible New Mexico public schools when such contributions are used to support extracurricular activities. To qualify, eligible public schools must certify that contributions were used for extracurricular activities in support of one or more children enrolled in the school.

Extracurricular activity is defined to be a competitive sport or other activity that supports academic, social, leadership or other skills and that provides opportunities for youth, including academic decathlon, cheerleading, drill team, chess, journalism, mock trial, music, art, drama, science fair, speech, student council, homework club or other activities approved by the State Department of public Education.

The Taxation and Revenue Department (TRD) may require eligible taxpayers (who are not dependents of other taxpayers) to submit copies of appropriate receipts when claiming this credit.

FISCAL IMPLICATIONS

The resulting revenue loss to the general fund would be dependent upon the number of taxpayers who choose to make contributions to public schools for extracurricular activities. However, wide participation is expected since public schools are likely to widely publicize this credit.

TRD did not respond to the LFC's request for analysis of this bill. However, the resulting loss to the general fund could be considerable. For example, if the \$250.00 tax credit were claimed for only 15% of public school kindergarten through ninth grade students, the total loss in revenues would total \$9.8 million. This conservative estimate is based upon 2001 school year enrollment figures provided by the State Department of Education.

ADMINISTRATIVE IMPLICATIONS

This bill requires the TRD to design and distribute a standardized receipt format to be used by public schools to certify that contributions were used for extracurricular activities.

RLG/njw