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FISCAL IMPACT REPORT

SPONSOR Park DATE TYPED 1/28/04 HB 225

SHORT TITLE Public School Teacher Income Tax Credit SB _____

ANALYST Taylor

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY04	FY05			
Insignificant	(106,300.0)	(106,300.0)	Recurring	General Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Legislative Education Study Committee (LESC)

Taxation and Revenue Department (TRD)

SUMMARY

House Bill 225 provides an income tax credit to New Mexico public school teachers. The maximum credit is \$5 thousand. The credit is applied against the taxpayer's liability. It is refundable, meaning that if the credit is greater than taxes owed, the difference is paid to the taxpayer.

The bill is applicable to taxable years beginning on or after January 1, 2004.

FISCAL IMPLICATIONS

The LESL reports that as of the 120th day of the 2003 school year, there were 21,260 public school teachers in New Mexico. Multiplying the number of teachers by \$5 thousand implies a loss of \$100.9 million to the state general fund. According to TRD, the FY04 impact would be small because few taxpayers would be able to adjust their withholding or quarterly payments until some time in FY05.

ADMINISTRATIVE IMPLICATIONS

TRD indicates that administrative impacts could be absorbed with existing resources.

BT/lg