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## FISCAL IMPACT REPORT

**SPONSOR** Rodella      **DATE TYPED** 02-04-04      **HB** 435

**SHORT TITLE** Highway Transit and Parking Services Tax Credits      **SB** \_\_\_\_\_

**ANALYST** Taylor

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY04	FY05			
	(1,350.0)	(1,350.0)	Recurring	General Fund

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department (TRD)

### SUMMARY

House Bill 435 provides personal and corporate income tax credits equal to \$100 per month for taxpayers providing commuter highway transit services. These are services provided for transporting employees to and from work in vehicles with seating capacity for at least six adults.

It also provides personal and corporate income tax credits equal to \$180 per month for each month that the taxpayer provides qualified parking, defined as a parking space provided to an employee on an area from which the employee is transported by a commuter transport service.

Provisions of the bill are applicable to tax years beginning on or after January 1, 2004.

### FISCAL IMPLICATIONS

TRD reports technical issues make it difficult to provide a precise estimate on the revenue impact of the bill. Their report estimates the cost at \$1.35 million, but notes considerable uncertainty due to issues reported under Technical Issues.

The estimate notes TRD's research indicating the New Mexico park and ride program and the SECA van service program provide commuting services to about 4,500 persons. They then assume that about one-quarter, or 1,125 persons have their expenses paid by their employer (an

arbitrary assumption, they admit). Multiplying 1,125 persons by \$100 by 12 months yields a general fund revenue loss of \$1.35 million.

TRD's estimate does not address the impact of providing a credit for parking services, and thus may be on the low side.

### **ADMINISTRATIVE IMPLICATIONS**

TRD says that the administrative costs are modest, but auditing eligibility would be difficult and costly.

### **TECHNICAL ISSUES**

TRD submitted the following technical issues:

Current language defining eligibility for the credit is non-specific and could be hard to enforce. The \$100 per month credit is allowed to a taxpayer "who provides a commuter highway transit service..." A commuter highway transit service is defined as "provided for the purpose of transporting employees in connection with travel to and from their places of employment..." This appears to mean that employers would qualify for the credit if they provide the service on behalf of their employees. The bill should be clarified if this is the intent.

The basis for the credit is also unclear. If the credit amount is \$100 per month for "providing a service," does the \$100 amount apply to each employee for whom a service is provided, to each vehicle in which service is provided or is the \$100 per month the limit of total credit for one taxpayer?

**BT/njw**