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FISCAL IMPACT REPORT

SPONSOR Youngberg DATE TYPED 01/31/05 HB HM 5
SHORT TITLE Permanently Abolish Death Tax SB _____
ANALYST Ford

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY05	FY06			
	NFI	See Narrative		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of Bill

House Memorial 5 calls upon New Mexico's congressional delegation to work to permanently repeal the federal death tax.

Significant Issues

The federal Economic Growth and Tax Relief Reconciliation Act of 2001 made changes to the estate, gift, and generation-skipping transfer tax. The Act created a phase-out of the estate tax until its full repeal in 2010. However, in 2011, the estate tax will revert to its full amount.

Since passage of the federal legislation, Congress has considered multiple bills that would make permanent that repeal of the estate tax but none of these bills has been enacted.

FISCAL IMPLICATIONS

The state's collection of estate taxes is based on a section of federal law which essentially permitted the states to collect a portion of the federal estate tax. That section of federal law was phased out, and the state will not longer collect estate taxes after FY 05. Presumably, should the federal estate tax resume in 2011 as scheduled, the state estate tax would also resume, leading to an increase in state revenue. This would hold true only if there were no intervening changes to state or federal law between now and 2011.

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