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FISCAL IMPACT REPORT

SPONSOR Snyder DATE TYPED 2/28/05 HB _____

SHORT TITLE Family Member Home Care Income Tax Deduction SB 551

ANALYST Padilla-Jackson

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY05	FY06			
(\$10,000.0)*	(\$20,000.0)		Recurring	General Fund

(Parenthesis () Indicate Revenue Decreases)

*The first year impact is assumed to be 50 percent of the recurring impact.

SOURCES OF INFORMATION

LFC Files

Responses Received From

Aging and Long Term Care Department (ALTCD)
 Developmental Disabilities Planning Council (DDPC)
 Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

Senate Bill 551 would provide a new refundable tax credit to taxpayer's who provide home care to an ill or disabled family member over the age of 65. The tax credit would be an amount not to exceed fifty percent of the actual un-reimbursed home care expenditures. The bill defines home care to mean care provided to a person in the home of a taxpayer who is a family member of that person. Eligible expenditures include costs incurred in providing food, clothing and medical care and extra rent or utilities paid as a result of providing the space for the person.

Significant Issues

ALTSD notes that for many New Mexico residents, providing care to their disabled and elderly family members over the age of 65 can be a significant cost. They warn that many of these residents may jeopardize care rather than utilize limited resources.

The DDPC agrees. They note that advances in medical technology have led older people with developmental and other forms of disability as well as those with chronic illness to live longer. They note that, while some families are willing to care for their aging ill or disabled family members at home, the cost of doing so can be prohibitive and, as a result, persons who could be cared for in their family member's home may end up in an institutional setting.

FISCAL IMPLICATIONS

The total fiscal impact, as per TRD's analysis, is -\$20 million to the General Fund in FY06. TRD notes that approximately 15 percent of people aged 65 and over in the United States live with their children. They note that roughly 228,000 of New Mexico's population is 65 years or older and, hence, approximately 34,000 New Mexico elderly residents currently reside with their children. Based on these assumptions, TRD's fiscal estimate assumes approximately 20,000 returns that average roughly \$1,000 per return.

ADMINISTRATIVE IMPLICATIONS

TRD notes that the verification process for eligibility would present significant challenges.

OPJ/yr