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FISCAL IMPACT REPORT

ORIGINAL DATE 02/07/14
LAST UPDATED _____ **HB** 248
SPONSOR Alcon
SHORT TITLE Native American Veterans' Tax Settlements **SB** _____
ANALYST Dorbecker

REVENUE (dollars in thousands)

Estimated Revenue					Recurring or Nonrecurring	Fund Affected
FY14	FY15	FY16	FY17	FY18		
	Indeterminate	Indeterminate	Indeterminate	Indeterminate	Recurring	Native American Veterans' Tax Settlements Fund

Parenthesis () indicate revenue decreases

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

House Bill 248 proposes an amendment to the Native American Veterans' Income Tax Settlement (NAVITS) Fund Act to extend the timeframe during which settlement payments can be made until December 31, 2019.

There is no effective date of this bill. It is assumed that the new effective date is 90 days after this session ends.

FISCAL IMPLICATIONS

The Native American Veterans' Tax Settlements fund has been exhausted meaning no money can be spent from this fund. Between 2010 and 2013, the payments to taxpayers from the fund totaled approximately \$1.1 million and the total administrative fee was about \$200,000. The total appropriation was \$1.25 million. Total payments to taxpayers have exhausted the fund balance and there is no new appropriation on this bill.

SIGNIFICANT ISSUES

No money is appropriated to the NAVITS Fund for the payment of refunds as it is in SB 142.

ADMINISTRATIVE IMPLICATIONS

The Taxation and Revenue Department (TRD) reports a moderate impact and are quoted as saying “The procedures, forms and processes are established. The claim form and web site will require revision at minimal cost. In the past, TRD utilized 1 FTE at a cost of \$50,000 per year to review the refund claims. Also note, that the number of refunds claimed nearly matched the number of claims that TRD expected to receive based on the original study. TRD is not certain how many claims will be received in the future. Two refund claims submitted, however, were denied because the appropriations available at the time were exhausted.”

TRD also notes during the prior processing of the NAVITS refund claims, the agency was assigned the responsibility to obtain the information from Defense, Finance and Accounting Service (DFAS) to verify the refund claims. As time went on, however, DFAS became increasingly uncooperative regarding obtaining information to verify the refund claims. This indicates DFAS experienced difficulty to obtain the information required by TRD.

Does the bill meet the Legislative Finance Committee tax policy principles?

1. **Adequacy:** Revenue should be adequate to fund needed government services.
2. **Efficiency:** Tax base should be as broad as possible and avoid excess reliance on one tax.
3. **Equity:** Different taxpayers should be treated fairly.
4. **Simplicity:** Collection should be simple and easily understood.
5. **Accountability:** Preferences should be easy to monitor and evaluate

HD/svb