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FISCAL IMPACT REPORT

SPONSOR Trujillo **ORIGINAL DATE** 01/14/14
LAST UPDATED 02/27/15 **HB** 39/aHAFC

SHORT TITLE Tax Refunds for Senior Services **SB** _____

ANALYST Dunbar/Daly

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY15	FY16		
	NFI		

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY15	FY16	FY17		
Indeterminate*	Indeterminate*	Indeterminate*	Indeterminate*	Contributions to Senior Services

*Based upon donations from taxpayers in any given year

(Parenthesis () Indicate Revenue Decreases)

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

Responses Received From

Agency on Long Term Services Department (ALTSD)
 Tax Revenue Department (TRD)

SUMMARY

Synopsis of HAFC Amendment

The House Appropriations and Finance Committee amendment to House Bill 39 changes the agency to whom the income tax refund contributions authorized in this bill to enhance or expand senior services is directed from the north central New Mexico economic development district to the Agency on Long Term Services Department for distribution statewide through the area agencies on aging. This amendment implements ALTSD's recommendation as to distribution of

these funds.

Synopsis of Original Bill

HB 39 provides for income tax payers who are owed a refund to designate all or part of the refund amount to enhance or expand senior services throughout the state. This refund amount will go to the North Central New Mexico Economic Development District—a State Planning District and Council of Governments that operates the Non-Metro Area Agency on Aging.

FISCAL IMPLICATIONS

The TRD does not have the data necessary to estimate the amount of voluntary contributions that would provide supplemental funding to enhance or expand senior services throughout New Mexico. However, historically total voluntary donations have been minimal with only approximately \$120,000 being contributed towards all existing voluntary contribution funds according to the 2012 personal income tax data. This bill does not affect any other state revenues since the amount contributed to funding senior services comes from refunds that would otherwise go back to taxpayers.

Although the revenue generated by this bill would appear to be minimal, the legislation holds these funds harmless from being considered for budget purposes.

SIGNIFICANT ISSUES

Funding is directed to the North Central New Mexico Economic Development District (a quasi-governmental entity), which currently operates the Non-Metro Area Agency on Aging. The Non-Metro Area Agency on Aging currently administers 3 of New Mexico's 6 planning and service areas. These 3 planning and service areas currently consist of non-tribal areas within 32 of New Mexico's 33 counties. Not included are Bernalillo County, the New Mexico portions of the Navajo Nation and New Mexico's 19 pueblos and 2 Apache tribal reservations.

The ALTSD indicates that as designations, both area agencies on aging and planning and service areas can, and have, changed over the years (based upon state legislative and federal mandates and failure of area agencies to perform designated duties. Additionally, ALTSD notes that by directing this funding to one currently designated area agency that is not statewide may not allow for the best use of these funds.

ALTSD recommends that these funds go directly to the Department to be distributed statewide among all of New Mexico's currently designated area agencies on aging, as well as those that may be designated in the future. As the federally designated State Unit on Aging, the ALTSD is responsible for the administration and distribution of the federal and state general funds to New Mexico's Area Agencies on Aging in response to senior needs statewide.

PERFORMANCE IMPLICATIONS

The ALTSD has staff and processes in place to manage this additional funding stream.

ADMINISTRATIVE IMPLICATIONS

Minimal impact reported by TRD. The bill would require modification of the personal income tax forms and instructions as part of the annual update of the tax program and also require development of a distribution process with the north central economic development district.

The ALTSD has staff and processes in place to contract these additional funds to the appropriate area agencies, to serve all older New Mexicans in all areas of the state.

TECHNICAL ISSUES

Areas of concerns identified by TRD are

- Section C, which provides for revision to the state income tax form to allow a method for designating the amount of the tax refund the taxpayer wishes to designate for the program. The proposed language says “Enter here \$ _____ the amount of your contribution.” This assumes the taxpayer properly calculates the amount of his tax refund and doesn’t inadvertently designate a larger amount than he is entitled to. It should also allow for a designation of “all”.
- Section D. (page 3, Lines 11-15) would be clearer if it said “Designations made pursuant to this section are void to the extent they designate tax refunds subject to the Tax Refund Intercept Program Act.”

OTHER SUBSTANTIVE ISSUES

Three of New Mexico’s area agencies may not directly benefit from this funding. These areas include the Albuquerque/Bernalillo CountyAAA, the Navajo AAA, the Indian AAA and the planning and services areas they administer (Bernalillo County, the New Mexico portions of the Navajo Nation and New Mexico’s 19 pueblos and 2 Apache tribal reservations).

Although the proposed legislation states that funding would benefit these planning and service areas, ALTSD states that the legislation is unclear how the funding for these areas would transfer from the North Central New Mexico Economic Development District to the other three governmental entities designated as area agencies. If the North Central New Mexico Economic Development District ceased to operate the Non-Metro Area Agency on Aging, additional legislation would be required to direct the funding elsewhere.

AMENDMENTS

Propose that the tax contributions be directed the ALTSD for distribution to the area agencies on aging.

Propose the following verbiage beginning on line 21, page 2; be changed to read:

“State, including senior services provided through all designated area agencies on aging.”