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FISCAL IMPACT REPORT

ORIGINAL DATE 2/24/15

SPONSOR Montoya LAST UPDATED 2/27/15 HB 580

SHORT TITLE Tax & Rev. Dept. Info To Other States SB _____

ANALYST Graeser

REVENUE (dollars in thousands)

Estimated Revenue					Recurring or Nonrecurring	Fund Affected
FY15	FY16	FY17	FY18	FY19		
	NFI					

(Parenthesis () indicate revenue decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department (TRD)

Department of Finance and Administration (DFA)

SUMMARY

Synopsis of Bill

House Bill 580 would allow the Taxation and Revenue Department to reveal tax return information to an authorized representative of a local government of another state who is charged with the responsibility for administration of that state's tax laws.

The bill does not have an effective date – assume 90 days after adjournment or June 19, 2015.

FISCAL IMPLICATIONS

No Fiscal Impact.

SIGNIFICANT ISSUES

TRD reports that several large states, including New York, have shifted some of the administration of its state's tax laws to large municipalities within the state. To be fully compliant with our compact with the Multistate Tax Commission (MTC), the department needs to be able to share return information with these large local governments in other states. This bill will bring us into compliance with the MTC.

The department will enter into Memorandums of Understandings with the local governments that administer their state's tax laws.

The DFA, however, is concerned about misuse of data:

“There is no requirement that the receiving local government of another state use the return information for tax purposes only, or that confidentiality requirements as provided in Sections 7-1-8 and 7-1-76 NMSA 1978 are applicable. Accordingly, there would be no limits on how the receiving local government of another state could use the return information, nor would the receiving local government be prohibited from further disclosure of the return information.”

“Moreover, the penalty in current law for misuse of taxpayer information is too low (misdemeanor charge with a \$1,000 fine) to serve as a deterrent to the potential theft or misuse of taxpayer information.”

ADMINISTRATIVE & COMPLIANCE IMPACT: Minimal impact on TRD.

LG/je/BB/aml