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FISCAL IMPACT REPORT

ORIGINAL DATE 03/01/17

SPONSOR Brown LAST UPDATED _____ HB 486

SHORT TITLE Civil Legal Svc. Fund Tax Refund Contribution SB _____

ANALYST Clark

REVENUE (dollars in thousands)

Estimated Revenue					Recurring or Nonrecurring	Fund Affected
FY17	FY18	FY19	FY20	FY21		
No Fiscal Impact	No Fiscal Impact	No Fiscal Impact	No Fiscal Impact	No Fiscal Impact		General Fund
	Unknown but Positive	Unknown but Positive	Unknown but Positive	Unknown but Positive	Recurring	Civil Legal Services Fund

Parenthesis () indicate revenue decreases

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

House Bill 486 amends the Income Tax Act to add a new section to provide for an optional designation by a taxpayer of a portion of any tax refund as a contribution to the civil legal services fund. This fund helps provide a full range of free legal services in noncriminal matters to low-income people in New Mexico. The bill calls for the Taxation and Revenue Department (TRD) to revise tax forms to include this option.

The provisions of this bill are applicable to tax years 2017 and beyond.

FISCAL IMPLICATIONS

There is no fiscal impact to the general fund and a potential positive impact to the civil legal services fund.

SIGNIFICANT ISSUES

Documentation from the Department of Finance and Administration contains the following information about the civil legal services fund.

Legal aid for the poor is a major premise of our democratic society and the American judicial system. Across the United States, there are many individuals and organizations committed to ensuring that all Americans have equal access to justice, regardless of their ability to pay. In 2001, New Mexico joined 39 other states in establishing public funds as a mechanism for providing civil legal services for people living in poverty.

The 2001 New Mexico Legislature enacted laws creating the civil legal services fund and the Civil Legal Services Commission (Section 34-14-1 NMSA 1978). A portion of magistrate, metropolitan, and district court civil filing fees finance the fund. The fund was established to provide monies to secure civil legal services for low-income people in New Mexico. A five-member appointed commission was established to adopt rules to govern the fund, solicit proposals from nonprofit organizations to provide civil legal services, and enter into contracts with eligible service providers for disbursement of the fund. The Fiscal Services Bureau of the Local Government Division, pursuant to the rules of the commission, administers the contracts and programs funded.

The Civil Legal Services Commission is comprised of the following members, according to the governor's website:

- Cynthia Aragon
- John Arango
- Cindy Gray
- Kim Griffith
- Karen Meyers

In January 2015, the Commission on Access to Justice of the Supreme Court of the State of New Mexico released a state plan for the provision of civil legal services to low income New Mexicans, and the plan affirms the need for funding of these services from multiple sources.

<http://www.nmbar.org/NmbarDocs/forMembers/ATJ/2014StatePlan.pdf>

ADMINISTRATIVE IMPLICATIONS

TRD reports the administrative impact would be minimal.

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