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FISCAL IMPACT REPORT

SPONSOR O'Neill ORIGINAL DATE 1/27/22
LAST UPDATED _____ HB _____
SHORT TITLE Audit Requirements For Tax Exempts SB 55
ANALYST Torres

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

FY22	FY23	FY24	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
	Unknown	Unknown	Unknown	Recurring	General Fund

Parenthesis () indicate expenditure decreases

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Attorney General (NMAG)

No Response Received

Taxation and Revenue Department (TRD)
Secretary of State (SOS)

SUMMARY

Synopsis of Bill

Senate Bill 55 (SB55) raises the revenue threshold from \$250 thousand a year to \$750 thousand a year for tax-exempt organizations that are required to provide proof of an adequate accounting system and an annual audit prior to soliciting or receiving donations. Organizations under the threshold provide financial statements in the form of balance sheets.

SB55 also amends the Charitable Solicitations Act (CSA) by raising the revenue threshold, from \$500 thousand to \$750 thousand, for organizations that currently are required to provide an annual audit. Despite the thresholds, SB55 allows the Attorney General to require any charitable organization to submit an audit if the attorney general has reason to believe it is in the public interest.

SB55 also cleans up some language within the CSA to make the grammar consistent with the proposed amendments.

The effective date of this bill is January 1, 2023.

FISCAL IMPLICATIONS

The change may result in fewer audit waiver requests from the NMAG and save staff time and associated labor costs.

SIGNIFICANT ISSUES

Raising the revenue thresholds may result in fewer charities performing and reporting audits. Audits and audit reviews provide increased transparency for donors and regulators.

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