

LFC Requester:	Jennifer Faubion
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AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO
AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.gov
(Analysis must be uploaded as a PDF)

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Date Prepared: 1/31/2025 *Check all that apply:*
Bill Number: HB202 Original Correction
 Amendment Substitute

Sponsor: Dixon **Agency Name and Code Number:** 790 – Department of Public Safety
 Gun Storage Income Tax credit **Person Writing** Louise Riebe
Short Title: Louise.Riebe@dps.nm.gov
Phone: 827-9080 **Email:** gov

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
N/A	\$0.0	N/A	N/A

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
N/A	\$0.0	\$0.0	N/A	N/A

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	\$0.0	\$117.2	\$105.7	\$222.9	Recurring through FY 2028	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SECTION III: NARRATIVE

BILL SUMMARY

For taxable years 2025 through 2027, an individual who purchases secure gun storage may claim a one-time credit against the individual's income tax liability equal to the price paid for secure gun storage, up to \$750. Secure gun storage must be certified by DPS. Requires taxpayer to apply to DPS for a certificate of eligibility and then apply to TRD for the tax credit with submission of the certificate. DPS may certify as eligible an aggregate of \$1 million in credits per year.

Defines

- "firearm" as a weapon that will or is designed to or may readily be converted to expel a projectile by the action of an explosive; and
- "secure gun storage" as a new safe, gun safe, lock box or other device designed to be or can be used to store a firearm and designed to be unlocked only with a key, a combination or other similar means.

FISCAL IMPLICATIONS

DPS believes this credit should be administered by the Taxation and Revenue Department as they are the experienced and expert agency to determine and administer protocol for this legislation.

Proposed legislation does not appropriate any funding for this bill, which would result in an unfunded mandate for DPS if charged with the administrative responsibility for this legislation. If funding were appropriated to DPS rather than the Taxation and Revenue Department as suggested, there will be a need to employ at least one full-time employee (Program Coordinator I) assigned to the Law Enforcement Records Bureau, working closely with the New Mexico State Police, to manage the application process, administer tax certifications, and promulgate technical specifications and requirements to implement the process. This position will also review and approve/deny applications and issue certifications of eligibility to all applicants at an initial FY 2026 cost of \$117,200 and an annual recurring cost of \$105,700. DPS will require an appropriation to carry out this legislation.

SIGNIFICANT ISSUES

The most significant issue with this proposed legislation is that DPS does not have the infrastructure nor the expertise to administer tax credits. Tax credits and associated functions relative to tax certifications and administration are responsibilities that belong with the Taxation and Revenue Department to efficiently and expertly establish protocol and processes to carry out the requirements of this bill.

The bill does not even mention the Tax and Revenue Division (TRD), who is the agency that evaluates, applies and processes tax credits for state tax purposes. The bill also does not state that taxpayers who apply for the tax credit certificate then submit it to TRD to be applied for a particular tax year. It also appears that this bill is expanding the duties that DPS is authorized and charged with, crossing the bounds of what TRD is responsible for. This act establishes the DPS and defines its organizational structure, powers, and duties. Specifically, the "Department of Public Safety Act" (NMSA 1978, Sections 9-19-7) details the organizational units within the department and their respective powers and duties as specified by law. Those would need some amendment if tax related duties are added to the responsibilities of DPS.

PERFORMANCE IMPLICATIONS

DPS defers to the Taxation and Revenue Department as the State's expert agency advisor.

ADMINISTRATIVE IMPLICATIONS

DPS defers to the Taxation and Revenue Department as the State's expert agency advisor.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

DPS defers to the Taxation and Revenue Department as the State's expert agency advisor.

TECHNICAL ISSUES

DPS defers to the Taxation and Revenue Department as the State's expert agency advisor.

OTHER SUBSTANTIVE ISSUES

DPS defers to the Taxation and Revenue Department as the State's expert agency advisor.

ALTERNATIVES.

DPS proposes two (2) alternatives:

Taxation and Revenue Department: TRD already handles tax-related matters and could integrate the certification process into their existing systems. They have the expertise in processing and verifying tax credit applications.

Third-Party Certification Organizations: TRD could contract with private organizations that specialize in product safety certification. These organizations could certify secure gun storage devices and report the eligible credits to TRD

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status quo will remain.

AMENDMENTS

Transfer the responsibilities of the Department of Public Safety to the Taxation and Revenue Department.