

LFC Requester:	Hector Dorbecker
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**AGENCY BILL ANALYSIS
2015 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, EMAIL ANALYSIS TO:

LFC@NMLEGIS.GOV

and

DFA@STATE.NM.US

{Include the bill no. in the email subject line, e.g., HB2, and only attach one bill analysis and related documentation per email message}

SECTION I: GENERAL INFORMATION

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

Check all that apply:
Original **Amendment**
Correction **Substitute**

Date February 17, 2015
Bill No: HB 444

Sponsor: Rep. Yvette Herrell
Short Title: SCHOOL CONTRIBUTIONS TAX CREDIT

Agency Code: Attorney General's Office
Person Writing Joshua R. Granata, AAG
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY15	FY16		

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY15	FY16	FY17		

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY15	FY16	FY17	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
Duplicates/Relates to Appropriation in the General Appropriation Act:

SECTION III: NARRATIVE

This analysis is neither a formal Attorney General’s Opinion nor an Attorney General’s Advisory Letter. This is a staff analysis in response to an agency’s, committee’s, or legislator’s request.

BILL SUMMARY

Synopsis:

House Bill 444 is an act which proposes to add new material to the Income Tax Act, Sections 7-2-1 et. seq., NMSA 1978. The act would provide for an income tax credit for contributions made to school tuition organizations. The tax credit would not exceed one thousand dollars (\$1,000) in any taxable year. The act would also provide for an income tax credit for contributions made to certain public schools to support extracurricular activities. The tax credit would not exceed five hundred dollars (\$500) in any taxable year.

FISCAL IMPLICATIONS

N/A

SIGNIFICANT ISSUES

As drafted, it is unclear whether Section 7-2-12.1 would apply, or if Sec. 7-2-12.1 would need to be amended to provide for an exception to the tuition scholarship income tax credit, and/or the extracurricular activity contribution income tax credit.

Section I, on page 7 of HB 444, defines “eligible school” to include middle schools, junior high schools, elementary schools that enroll students in grade six, and high schools that enroll students in grade nine. This definition would seemingly exclude a school that serves students in grades K through 8 as well as a school that serves students in K through 5.

PERFORMANCE IMPLICATIONS

N/A

ADMINISTRATIVE IMPLICATIONS

N/A

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB 333 proposes to enact the Equal Opportunity Scholarship Act and creates income tax credits for contributions to tuition scholarship organizations. HB 333 appears to duplicate and may conflict with HB 444.

SB 346 proposes to reform the New Mexico tax structure and proposes to eliminate certain credits. SB 346 may conflict with HB 444.

SB 132 proposes to amend the charitable solicitations act to increase the threshold auditing requirements from income in excess of \$500,000 to \$1,500,000. SB 132 does not conflict with HB 444.

TECHNICAL ISSUES

N/A

OTHER SUBSTANTIVE ISSUES

N/A

ALTERNATIVES

N/A

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status quo

AMENDMENTS

If the intent of the legislation is to apply to K through 8 schools as well as a K through 5 schools, then the definition of “eligible school” should be amended to include these two types of schools.