

**BILL ANALYSIS AND FISCAL IMPACT REPORT**  
**Taxation and Revenue Department**

**March 11, 2025**

**Bill:** HJR-20

**Sponsor:** Representative Meredith A. Dixon

**Short Title:** First Responder Property Tax Exemption, CA

**Description:** This joint resolution proposes to amend the New Mexico Constitution to provide an exemption from property tax for a certified and commissioned police officer or deputy sheriff or active firefighter who is a member of the public employees retirement system and who has earned an amount of pension equal to at least 95 percent of the person's final average salary as a certified and commissioned police officer or deputy sheriff or active firefighter.

**Effective Date:** Not specified; 90 days following adjournment (June 20, 2025).

**Taxation and Revenue Department Analyst:** Mark Chaiken/Sara Grubbs

Estimated Revenue Impact*					R or NR**	Fund(s) Affected
FY2025	FY2026	FY2027	FY2028	FY2029		
--	--	--	(\$1,270)	(\$1,270)	R	Counties, Municipalities, Property Taxing Districts
--	--	--	(\$33)	(\$33)	R	State General Obligation Bond Fund

\* In thousands of dollars. Parentheses ( ) indicate a revenue loss. \*\* Recurring (R) or Non-Recurring (NR).

**Methodology for Estimated Revenue Impact:** It is assumed for this analysis that the proposed amendment is approved by the voters in the November 2026 general election and would come into force for FY2028 after enabling legislation is enacted.

The Taxation and Revenue Department (Tax & Rev) estimates that there are approximately 18,500 police officers, deputy sheriffs and firefighters<sup>1</sup> in New Mexico with a mean annual wage of \$61,650 for a police officer or sheriff's officer and \$43,666 for a firefighter based on data released by the United States Bureau of Labor Statistics<sup>2</sup>. Tax & Rev assumes that the number of homeowner police officers, deputy sheriffs, and firefighters that might claim the property tax exemption is about 10,640<sup>3</sup>.

The estimate for taxable property values in New Mexico is based on the median listing price of homes in New Mexico, according to the housing trends published by the Federal Reserve. The value is then grown at the average rate of increase in the median listing price of homes in New Mexico between 2017 and 2023, excluding methodology changes in the calculation of median price of property in 2022 that cause an abnormal growth rate for that year. To estimate the loss in revenue from the proposed amendment, the average mill rate in the state according to the 2024\_New Mexico Property Tax Facts published by New Mexico Department of Finance and Administration was used<sup>4</sup>.

<sup>1</sup> Sources: New Mexico PERA Annual Comprehensive Financial Report 2024; Bureau of Justice Statistics' Census of State and Local Law Enforcement Agencies.

<sup>2</sup> [https://www.bls.gov/oes/current/oes\\_nm.htm](https://www.bls.gov/oes/current/oes_nm.htm)

<sup>3</sup> According to the St. Louis Fed, 58% of consumers with income in the second quintile own a home and 62% for the third quintile. Tax & Rev averaged these to account for homeownership each profession (<https://fred.stlouisfed.org/series/CXUHOMEOWNLB0103M>).

<sup>4</sup> <https://www.nmdfa.state.nm.us/local-government/budget-finance-bureau/property-taxes/property-tax-facts/>

Local impacts of the legislation proposed in this bill will vary widely across the state depending on the local trends in property values, the actual population of full-time employed police officers, deputy sheriffs, and firefighters by the state or a local government in the county, as well as the remaining local authority to adjust property tax rates.

To finally estimate the impact of this legislation, Tax & Rev accounted for adjustments in property tax rates that are likely to happen in response to this amendment per the yield control statute (Section 7-37-7.1 NMSA 1978). The ratio of the remaining authority to adjust the mill rates to the maximum allowed in all counties was considered to account for the extent of the revenues lost that will be absorbed by yield control. It was found that approximately 30% of the lost revenue will be mitigated due to yield control. However, this effect will vary depending on how willing and able the local administrations are to utilize their remaining operating rate authority. The loss is mostly to local authorities, with approximately 2.5% to the state General Obligation Bond (GOB) fund, which is used to make debt service payments on State GOBs.

**Policy Issues:** This expansion of property tax exemptions will continue to erode horizontal equity in property taxes. By basing the exemption on profession, taxpayers in similar economic circumstances or with similar career paths are no longer treated equally. Tax & Rev notes that firefighters or police officers employed by the federal government would not appear to be eligible.

While some counties may be able to make up for the lost revenue through yield control, recent expansions of property tax exemptions for veterans and disabled veterans have limited counties' ability to further increase property tax mill rates, due to yield control limits already being reached. The bill would represent an erosion of the local property tax base, which many local governments (especially counties) rely on for their operations.

Furthermore, increasing exemptions has the effect of raising property taxes on the disfavored classes of property owners. Continuing to increase the number of exemptions for some homeowners narrows the tax base, and puts the responsibility for paying property taxes, which benefit all county residents, on an increasingly slender number of taxpayers.

**Technical Issues:** Tax & Rev recommends at Section 1, Subsection C, page 2, line 18, delete "final average" and insert "average of the person's highest three years' salary" to correspond to PERA guidelines.

**Other Issues:** It may be necessary to address taxpayers who qualify for multiple exemptions. For example, disabled veterans are entitled to a property tax exemption based on the percentage of their disability, and a disabled veteran may also be serving as a police officer or deputy sheriff and be entitled to the additional deduction. It is unclear from the bill whether this exemption should be taken first, or the disabled veteran exemption should be taken first. The ordering will affect the amount of exemption to which the property owner is entitled. This language may be addressed in enabling legislation if the constitutional amendment contemplated in this joint resolution is approved by the voters.

**Administrative & Compliance Impact:** This joint resolution presents little to no impact for Tax & Rev. County assessors may be more heavily impacted.

**Related Bills:** Conflicts with SJR10, which contains a similar but not identical property tax exemption proposal.