

LFC Requester:	LFC
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**AGENCY BILL ANALYSIS
2025 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}

Click all that apply:

Original Amendment
Correction Substitute

Date 2025-01-24
Bill No: SB112

Sponsor: <u>Wirth, Peter</u>	Agency Name and Code <u>NMHED</u>
Short Title: <u>HIGHER ED HOUSING FACILITY PROPERTY</u>	Number: _____
	Person Writing <u>Martinez, Tana</u>
	Phone: <u>5056298407</u> Email <u>tana.martinez@hed.n</u>

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
N/A	N/A	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		

N/A	N/A	N/A	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	N/A	N/A	N/A	N/A	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:

Duplicates/Relates to Appropriation in the General Appropriation Act:

SECTION III: NARRATIVE

BILL SUMMARY

Senate Bill 112 (SB112) provides that student housing facilities located on land owned by an exempt higher education institution (HEI) but leased by a nonexempt entity to the HEI are exempt from property tax.

SB112 adds new language related to the fractional interests of nonexempt entities in real property of exempt entities and that are exempt from property taxation under the Property Tax Code. The new language modifies a section identifying situations where these exemptions do not apply and adds that improvements, including a leasehold interest in the improvements, are exempt if the improvements are:

- residential housing facilities for the use of students or medical residents of an exempt institution of higher learning enumerated in Article 12, Section 11 of the constitution of New Mexico;
- located on land owned by the institution; and
- leased by the institution to a nonexempt entity to operate or assist the institution in operating the residential housing facilities.

FISCAL IMPLICATIONS

There are no fiscal implications to the New Mexico Higher Education Department (NMHED). Further review and consideration by HEIs and the New Mexico Taxation and Revenue Department (NMTRD) is recommended. Changes to SB112 refer to leasehold improvements which would be made by the nonexempt entity for the land owned by the institution, indicating the responsible party would be the nonexempt entity with provisions applying to the 2026 and subsequent property tax years.

SIGNIFICANT ISSUES

N/A

PERFORMANCE IMPLICATIONS

N/A

ADMINISTRATIVE IMPLICATIONS

N/A

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

N/A

TECHNICAL ISSUES

N/A

OTHER SUBSTANTIVE ISSUES

N/A

ALTERNATIVES

N/A

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

There are no fiscal implications to NMHED, so there would be no consequences to NMHED were this bill not enacted. Further review and consideration by HEIs and NMTRD is recommended.

AMENDMENTS

N/A