

BILL ANALYSIS AND FISCAL IMPACT REPORT
Taxation and Revenue Department

March 10, 2025

Bill: SJR-10

Sponsor: Senator Jay C. Block

Short Title: Emergency Responders Property Tax Exemption

Description: This senate joint resolution proposes to amend the constitution to provide a 50% property tax exemption for active emergency first responders who have worked for one year since successfully completing any probationary period, or retired emergency first responders who have earned an amount of pension equal to 100% of the retiree's final average salary as an emergency first responder, if the active or retired emergency first responder occupies the property as the person's primary residence.

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

Taxation and Revenue Department Analyst: Mark Chaiken

Estimated Revenue Impact*					R or NR**	Fund(s) Affected
FY2025	FY2026	FY2027	FY2028	FY2029		
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--	--	--	--	--	R	State Obligation General Fund
--	--	--	--	--	R	All other property taxing entities

* 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 28,500 New Mexicans who fall within the category of emergency first responders, consisting of law enforcement officers, firefighters, and emergency medical service (EMS) providers¹. Tax & Rev notes, however, that the proposed constitutional amendment does not define “emergency first responders”, and so the set of taxpayers receiving the benefit of the proposed exemption could be larger or smaller than this number. Tax & Rev cannot estimate the number of retired emergency responders whose pension is equal to 100% of the person’s average salary as an emergency first responder. Should this constitutional amendment be approved by the voters, it is anticipated that a bill would then be enacted to implement the exemption in statute, and would include a definition of emergency first responders.

Because the amount of the exemption is equal to 50% of the value of the property, and because Tax & Rev has no way of estimating the average value of homes owned by each emergency first responder or retired first responder to whom the exemption may apply, Tax & Rev cannot estimate the amount of property tax revenue that may be lost if the constitutional amendment is approved. Furthermore, different counties have different numbers of emergency first responders that do not correlate to population or property values. But even some smaller, and many medium-sized counties, can have hundreds of

¹ Sources: New Mexico PERA Annual Comprehensive Financial Report 2024; Bureau of Justice Statistics’ Census of State and Local Law Enforcement Agencies; and the New Mexico Health Care Workforce Committee 2024 Annual Report

employees or residents who fall into the category of emergency first responder. Finally, yield control will act to offset revenue losses associated with this proposal in some areas, depending on how close each locality is to the maximum mill rate that may be imposed.

So, while local impacts of the legislation will vary widely across the state depending on the local population, local trends in property values, and the actual number of emergency first responders in that county, the fiscal impact on local governments could be very large. There will also be some losses to the state General Obligation Bond fund used to make payments on state general obligation bonds.

Policy Issues: An expansion of property tax exemption for emergency first responders will continue to erode horizontal equity in property taxes. By basing the exemption on profession, taxpayers in similar economic conditions or with similar career paths are no longer treated equally.

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 substantially, as this bill does by setting the exemption at 50% of the value of the property, have 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: None.

Other Issues: None.

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 HJR20, which contains a similar but not identical property tax exemption proposal.