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## FISCAL IMPACT REPORT

SPONSOR Cates LAST UPDATED \_\_\_\_\_  
ORIGINAL DATE 01/30/25  
BILL \_\_\_\_\_  
SHORT TITLE County Commission Tax Rebate Hearings NUMBER House Bill 142  
ANALYST Faubion

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT\* (dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Counties	No fiscal impact	No fiscal impact	No fiscal impact		Recurring	County General Funds

Parentheses ( ) indicate expenditure decreases.

\*Amounts reflect most recent analysis of this legislation.

### Sources of Information

LFC Files, 2024 Tax Expenditure Report (TRD)

Agency Analysis was Solicited but Not Received From  
NM Association of Counties  
Taxation and Revenue Department (TRD)

Because of the short timeframe between the introduction of this bill and its first hearing, LFC has yet to receive analysis from state, education, or judicial agencies. This analysis could be updated if that analysis is received.

## SUMMARY

### Synopsis of House Bill 142

House Bill 142 (HB142) removes the requirement that county commissions hold a public hearing every other year on whether or not to provide a state-specified property tax rebate benefiting low-income property taxpayers if the county does not already provide the rebate.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns, or June 20, 2025, if enacted.

## FISCAL IMPLICATIONS

This bill does not have fiscal implications for the state or for local governments.

## SIGNIFICANT ISSUES

HB142 removes the requirement for counties to hold a public hearing for county commissions to consider adopting the local option of the low-income property tax rebate as outlined in state statute. Currently, all counties that have not adopted an ordinance providing this rebate must hold a public hearing and consider adopting such an ordinance every other year.

The low-income property tax rebate is a partial offset for property taxes paid by low-income residents through the state personal income tax. It may be claimed by individuals with a principal place of residence in a county that has enacted an ordinance authorizing the rebate and with a modified gross income of less than \$24 thousand. This rebate is calculated as a percentage of the taxpayer's property tax liability and based on the taxpayer's modified gross income. The rebate cannot exceed \$350, or \$175 if married filing separately. The state is reimbursed annually by the authorizing county for any low-income property tax rebates granted.

The low-income property tax rebate has only been adopted by three counties at this time – Santa Fe, Los Alamos and Doña Ana. Santa Fe County passed an ordinance in April 2009 to instate the rebate starting in tax year 2009 and subsequent tax years until repealed. Los Alamos County passed an ordinance in January 2021 to instate the rebate for tax years 2021, 2022, 2023, and 2024. Doña Ana County passed an ordinance in January 2023 to instate the rebate for tax years 2023 and 2024. The impact of new residents claiming the rebate in Doña Ana appears in tax year 2023 and fiscal year 2024, resulting in a 78 percent increase in expenditure of this rebate.

The total number of claims and cost of the rebate is as follows, as reported in the Taxation and Revenue Department’s 2024 Tax Expenditure Report:

<b>Rebate, Low Income Property Tax (local government – authorizing counties)</b>	<b>Tax Year (Calendar)</b>	2021	2022	2023
	<b>Claims</b>	1,708	1,645	3,053
	<b>Expenditure (thousands)</b>	\$539	\$521	\$896
	<b>Fiscal Year</b>	2022	2023	2024
	<b>Claims</b>	1,693	1,702	3,238
	<b>Expenditure (thousands)</b>	\$533	\$538	\$955