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HOUSE MEMORIAL 52

57TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2025

INTRODUCED BY

Rebecca Dow and Jonathan A. Henry

A MEMORIAL

REQUESTING THE ECONOMIC DEVELOPMENT DEPARTMENT, THE TOURISM DEPARTMENT AND THE TAXATION AND REVENUE DEPARTMENT TO ESTABLISH A WORK GROUP TO STUDY THE ECONOMIC IMPACT, TAXATION AND REGULATORY FRAMEWORK OF SHORT-TERM RENTALS ACROSS NEW MEXICO; REQUESTING SUSPENSION OF RECLASSIFICATION OF SHORT-TERM RENTAL PROPERTIES UNTIL COMPLETION OF THE STUDY.

WHEREAS, short-term rentals have become an increasingly significant part of New Mexico's tourism economy, providing essential accommodations for visitors and serving as a critical component of the state's hospitality industry; and

WHEREAS, short-term rentals also serve as a necessary part of the housing market for traveling workers, including health care professionals, construction crews and remote employees who require flexibility and temporary lodging options in areas with

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1 limited traditional accommodations; and

2 WHEREAS, the total economic impact of short-term rentals
3 in New Mexico in 2023 was one billion one hundred thousand
4 dollars (\$1,000,100,000), with seven hundred forty-six million
5 dollars (\$746,000,000) in direct visitor spending, supporting
6 fourteen thousand five hundred fifty-five jobs statewide and
7 generating eighty-two million one hundred thousand dollars
8 (\$82,100,000) in state and local tax revenues; and

9 WHEREAS, in Bernalillo county, short-term rentals
10 generated eleven million six hundred thousand dollars
11 (\$11,600,000) in tax revenue, with seven million four hundred
12 thousand dollars (\$7,400,000) from lodging taxes, supporting
13 Albuquerque's tourism-driven economy, which comprises eleven
14 and four-tenths percent of the state's tourism sector; and

15 WHEREAS, in Santa Fe county, short-term rentals
16 contributed thirty-three million six hundred thousand dollars
17 (\$33,600,000) in tax revenue, including sixteen million eight
18 hundred thousand dollars (\$16,800,000) from lodging taxes,
19 while in Taos county, short-term rentals generated fourteen
20 million eight hundred thousand dollars (\$14,800,000) in tax
21 revenue, with nine million dollars (\$9,000,000) from lodging
22 taxes, demonstrating the substantial role short-term rentals
23 play in supporting local public finances; and

24 WHEREAS, in Lincoln county, short-term rentals contributed
25 fourteen million six hundred thousand dollars (\$14,600,000) in

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1 tax revenue, with nine million dollars (\$9,000,000) coming from
2 lodging taxes, further reinforcing the economic significance of
3 short-term rentals in rural and tourist-heavy regions; and

4 WHEREAS, the availability of short-term rental listings
5 varies, with fifteen percent operating as full-time rentals,
6 thirty-six percent as semi-full-time rentals and forty-nine
7 percent as part-time rentals, demonstrating the diverse ways in
8 which short-term rentals support New Mexico's tourism and
9 workforce housing needs; and

10 WHEREAS, some county assessors in New Mexico have begun
11 reclassifying short-term rental properties as nonresidential
12 for taxation purposes, creating potential implications for
13 property tax rates and regulatory compliance for short-term
14 rental owners and operators; and

15 WHEREAS, only fifteen percent of short-term rentals are
16 operated full time with no owner use, and a significant portion
17 of these properties belong to New Mexico residents who are
18 frequently deployed or temporarily out of state for work
19 assignments, further emphasizing that most short-term rentals
20 serve as supplemental income sources for homeowners rather than
21 large-scale business ventures; and

22 WHEREAS, the vast majority of short-term rental
23 properties, totaling approximately eighty-five percent, are
24 operated on a part-time or semi-full-time basis, serving
25 primarily as a means for homeowners to generate supplemental

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1 income to offset mortgage, property tax and maintenance
2 expenses, thereby enabling them to retain their homes; and

3 WHEREAS, such reclassifications carry substantial economic
4 and legal ramifications, potentially forcing many New Mexicans
5 to cease offering short-term rentals and jeopardizing their
6 continued homeownership, and it is therefore in the public
7 interest to conduct a comprehensive study before permanent
8 changes are made;

9 NOW, THEREFORE, BE IT RESOLVED BY THE HOUSE OF
10 REPRESENTATIVES OF THE STATE OF NEW MEXICO that a short-term
11 rental work group be established by the economic development
12 department, the tourism department and the taxation and revenue
13 department to study the economic contributions, workforce
14 housing benefits, taxation policies and regulatory
15 considerations of short-term rentals statewide; and

16 BE IT FURTHER RESOLVED that this work group be composed of
17 representatives from the economic development department, the
18 tourism department, the taxation and revenue department, the
19 New Mexico short-term rental association, the New Mexico
20 association of realtors and the assessors affiliate of the New
21 Mexico association of counties, ensuring a collaborative and
22 data-driven approach to short-term rental policy evaluation;
23 and

24 BE IT FURTHER RESOLVED that the study evaluate short-term
25 rental taxation policies, the impact of nonresidential property

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1 tax classifications, zoning and permitting regulations and
2 potential pathways for a fair and balanced regulatory framework
3 for short-term rental operators and local communities; and

4 BE IT FURTHER RESOLVED that the work group report its
5 findings and policy recommendations to the appropriate interim
6 legislative committees by December 1, 2025; and

7 BE IT FURTHER RESOLVED that county assessors be requested
8 to suspend further reclassification of short-term rental
9 properties from residential to nonresidential until the
10 completion of the study, ensuring that policy recommendations
11 are based on data and economic analysis; and

12 BE IT FURTHER RESOLVED that copies of this memorial be
13 transmitted to the secretary of economic development, the
14 secretary of tourism, the secretary of taxation and revenue,
15 the New Mexico short-term rental association, the New Mexico
16 association of realtors and relevant local government
17 associations for appropriate distribution.