



# NM COUNTIES ASSESSORS' AFFILIATE

REVENUE STABILIZATION AND TAX POLICY COMMITTEE PRESENTATION

BY: **Damian R. Lara, Bernalillo County Assessor, Assessors' Affiliate Chair &  
Isaiah F. Romero, Santa Fe County Assessor, Assessors' Affiliate Vice-Chair**

# PROPERTY TAX CODE

- ▶ Summarize the potential impact and effect on the two constitutional amendments authorizing additional property tax savings programs for veteran property owners.
- ▶ Constitutional Amendment to Increase the Head of Family exemption as a tax savings program for primary residence of homeowners. Assessors' Affiliate legislative initiative endorsed by NM Counties.
- ▶ Equitable Disclosure to treat homeowners and business owners fairly and similarly in terms of sales transfer affidavits.



“ Fair and Equitable treatment of all property owners.



”

An ad valorem tax is commonly used in the taxation of real property. Ad valorem taxes are typically calculated on an annual basis. Ad valorem tax is based on the assessed value of real or personal property. The assessed value is based on the fair market value,

**UNLESS OTHERWISE REQUIRED BY LAW.**

# MILL LEVIES, TAX RATES, TAX BASE

- ▶ The broader the base the lower the rate.
- ▶ Narrow the base Increase the rate.
  - ▶ Twenty-two counties have maxed out their 11.85 mills for operating budgets.
  - ▶ Two Constitutional Amendments providing tax savings to veteran property owners, means a hard hit to revenues and possibility still have increased property tax savings to everyone else.
  - ▶ Senior Citizens and Persons with Disability who are on a fixed income will see an increase in their property taxes.
  - ▶ EVEN IF THEY ARE ON THE VALUE FREEZE TAX SAVINGS PROGRAM

# Opportunities



- ▶ Identified the problems and now the OPPORTUNITIES
  - ▶ Because the increase of the veteran's property exemption from \$4,000 to \$10,000 is indexed for inflation, that means
  - ▶ The Head of Family Exemption currently at \$2,000 will continue to lose value and shift even greater property taxes on homeowners; eventually making it obsolete (useless).
  - ▶ Present day value for the Head of Family should be at \$5,000 in today's dollars.
  - ▶ The additional tax burden varies by individual tax district and county and could range from as low as \$25 to as high as \$300 per household.
  - ▶ Difficult to calculate because mill levies are done per \$1,000 of assessed value.

# CORRECTIVE ACTION VIA CONSTITUTIONAL AMENDMENT

"A. The legislature shall exempt from taxation the property of each head of the family; provided that the head of the family occupies the property as the primary residence of the head of the family, in the amount of:

(1) in each year through 2026, two thousand dollars (\$2,000);

(2) in 2027, **NOT LESS THAN TWO THOUSAND AND UP TO ten thousand dollars (\$10,000) AT COUNTY OPTION;**

and

(3) in 2028 and each subsequent year, the amount provided in Paragraph (2) of this subsection, adjusted for inflation."

And then for Subsection B, add "if the honorably discharged member or surviving spouse of the honorably discharged member occupies

the property as the primary residence of that person..."



# EQUITABLE DISCLOSURE

## NM one of TEN?

7



- ▶ Texas Central Appraisal Districts Buy the DATA
- ▶ Utah has Seller disclosures
- ▶ Missouri leave it up to the County
- ▶ Mississippi changed its law recently.
- ▶ New Mexico requires homeowners to submit sales transfer affidavits, but has no such requirement for corporate and commercial property.

Fair is Fair

EQUAL TREATMENT UNDER THE LAW

# The Team:

- ▶ NM COUNTIES
- ▶ ASSESSORS' AFFILIATE
- ▶ HOMEOWNERS (especially first-time homeowners and value freeze)
- ▶ Community Housing Development Organizations

# Stakeholders (Partners?):

- ▶ NAOIP
- ▶ The New Mexico Association of REALTORS (Commercial Association of REALTORS)
- ▶ The Apartment Association of New Mexico
- ▶ Title and Escrow Companies



# Resource Requirements

- ▶ Political Will to help homeowners:
  - **Personnel**: Won't require any additional staffing or bureaucracy
  - **Technology**: None required because will use same as residential affidavit
  - **Fiscal Impact**: Won't require any funding nor reduce any revenues

# The Ten (10) Point Plan

10

1. Joint Resolutions CA for NM Const art VIII § 5 (Increase Head of Family Exemption BY COUNTY OPTION)
2. Amend 7-38-12.1 and 12.2. **Equitable Disclosure**
3. Firm Deadline to apply for Disabled Veterans tax savings programs Amend 7-38-17
4. "Reproduction" of physical improvements destroyed by a "declared state disaster or emergency" as that term is defined in 12-10-11.1
5. Phase in nonresidential increases over three years w/ sunset automatic repeal
6. County property valuation fund clarifications
7. Incentivise to Increase multifamily housing
8. Update Notice of Value to provide flexibility to County Assessors
9. Amend 7-38-25 appropriate compensation for County Protest Board members
10. Update the presumptions of nonresidential tax class and correctness