

Constitutional Amendment 1:

“Proposing an amendment to Article 8, Section 15 of the constitution of New Mexico to extend a property tax exemption, currently only allowed for one hundred percent disabled veterans and their widows and widowers, to veterans with less than a one hundred percent disability and their widows and widowers and basing the amount of the exemption on a veteran’s disability rating.”

ANALYSIS:

In Bernalillo County, there are about 29,400 veterans with a service-related disability who are also property owners. This amendment would reduce the property tax for qualified veterans by about \$775, in addition to the Veterans exemption already granted to all veterans who are property owners. There would be automatic yearly property tax increase for non-qualifying residential property owners of approximately \$25 - \$75. In addition, Bernalillo County will lose about \$10 million from the property tax base. This money is now used in part to pay general obligation bond debt and may require local governments in the county to raise property taxes to recover the lost revenue. Non-residential or commercial business property owners would not pay additional taxes.

In Sandoval County there are approximately 2,300 veterans who would qualify for this exemption. The cost to individual property owners not affected by the exemption would be an automatic increase of about \$19. a year. Local governments in Sandoval County would lose approximately \$2 million and may decide to raise property taxes to recover the lost revenue.

In Torrance County, there are 291 veterans who would qualify for this exemption. The cost to individual property owners not affected by the exemption would be an automatic yearly property tax increase of \$9. The loss in revenue to the local governments would be \$111,243. The local governments may decide to raise property taxes to recover the lost revenue.

In Valencia County, there are 1,658 veterans who would qualify for the exemption. The cost to individual property owners not affected by the exemption would be an automatic yearly property tax increase of \$16. Local governments in Valencia County would lose \$909,523. and may decide to raise property taxes to recover the lost revenue.

This analysis was created by the NM Taxation and Revenue Dept. Additional information was provided by the Bernalillo County Assessor’s office.

ARGUMENTS FOR

1. Exemption would provide disabled veterans protection from rising property taxes. Allowing the property tax exemption for veterans with a permanent service-connected disability will support property-owning disabled veterans and their widowed spouses in an amount proportional to the percentage of the veteran's disability rating.
2. Expanding the property tax exemption sends the message that anyone who suffers a disability while serving in the armed forces deserves to be taken care of equitably, regardless of the severity of the injury.

3. Expresses support of the state for veterans.

4. A decrease in property tax could provide an incentive for veterans of the armed forces to move to and buy property in New Mexico, which may increase the state's population and tax base.

5. The estimated cost of an additional annual per capita burden of \$34.00 for the general population of the state is comparatively low to the benefit provided to the nearly 30,000 service-related disabled veterans with property tax liability in the state.

ARGUMENTS AGAINST

1. Exemption will disproportionately benefit those who do not need financial assistance. If the purpose is to relieve the financial burden on those who are unable, due to their disability, to pay property taxes, then the exemption should target those with limited incomes.

2. Financial assistance is already available for disabled veterans through a number of programs. There are other social programs that disabled veterans may access to assist with living expenses. For instance, there are numerous state, federal and nonprofit programs that serve veterans.

3. Non-disabled-veteran property taxpayers will pay more due to exemption. By expanding eligibility for a property tax exemption, the property tax bills of other state residents will increase

4. A property tax is traditionally based on the value and nature of the property, not the personal characteristics of the owner. Creating an exemption for certain individuals is a departure from the underlying principle of property taxation and could set a precedent for other groups to seek a similar exemption. Because this exemption is based on a percentage of disability and not a set amount off the taxable value of the property, it will disproportionately benefit veterans with primary residences of higher values.

5. The federal government should help disabled veterans, not the state. If voters believe that more compensation is due to disabled veterans and their spouses, then they should ask their representatives in Congress to address the issue.

6. Property tax benefit for veterans already exists in the Constitution of New Mexico.

7. Exemption excludes other property taxpayers who are disabled due to work-related injuries. There are many dangerous but necessary occupations with a high chance of disability from injury, so it is unclear why disabled veterans warrant preferable treatment in comparison to other disabled persons.

8. The exemption will require low income seniors and persons with a disability to pay more in property taxes.

Pro/Con arguments provided by the State of NM Legislative Council Service, edited and shortened by the LWVCNM.

Constitutional Amendment No. 2

“Proposing an amendment to Article 8, Section 5 of the constitution of New Mexico to increase a property tax exemption for honorably discharged members of the armed forces and their widows and widowers.”

Analysis:

This amendment would increase the property tax exemption for honorably discharged veterans and their widowed spouses from \$4,000 to \$10,000 a year. This amount will be annually adjusted for inflation.

In Bernalillo County, 30,353 veterans or their spouses would qualify for this exemption. Passage of the amendment would shift about \$7,275,000 from all residential property taxpayers to residential property owners who do not qualify for the exemption. Each qualifying veteran or their spouse would receive about a \$240 tax exemption. There would be a yearly tax increase for non-qualifying residential property owners of \$25 - \$75. Local government budgets will bear most of the loss of revenue from passage of this amendment. This will not affect non-residential or commercial business property owners and they would not pay additional taxes.

In Sandoval County, there are 8,918 veterans who would qualify for this exemption. Passage of the amendment would shift \$1,726,115 from all residential property taxpayers to residential property owners who do not qualify for the exemption. Each qualifying veteran or their spouse would receive a \$194. tax exemption. Each non-qualifying residential property owner would see a \$43.06 yearly increase in their property tax. Local government budgets will bear most of the loss of revenue from passage of this amendment. This will not affect non-residential property owners.

In Torrance County, there are 1,291 veterans who qualify for this tax exemption. Passage of the amendment would shift \$179,761 from all residential taxpayers to residential property owners who do not qualify for the exemption. Each qualifying veteran or their spouse would receive a \$139. tax exemption. Each non-qualifying residential property owner would see a of \$38.27 yearly increase in their property tax. Local government budgets will bear most of the loss of revenue from passage of this amendment. This will not affect non-residential property owners.

In Valencia County, there are 4,950 veterans who qualify for this tax exemption. Passage of the amendment would shift \$826,185 from all residential property owners to residential property owners who do not qualify for this exemption. Each qualifying veteran or their spouse would receive a \$167 tax exemption. Each non-qualifying residential property owner would see a \$37.63 yearly increase in their property tax. Local government budgets will bear most of the loss of revenue from passage of this amendment. This will not affect non-residential property owners.

Constitutional amendments #1 and #2 are additive. If both amendments pass, the effect on households in Bernalillo County that are not exempt would be a permanent property tax increase of about \$50 - \$150. Sandoval, Torrance and Valencia County voters would also see a larger property tax increase if both amendments pass.

This analysis was based on information from the New Mexico Tax and Revenue Department. Additional information was provided by the Bernalillo County Tax Assessor's office.

ARGUMENTS FOR

1. Reducing the property tax paid by honorably discharged members of the armed forces and their widowed spouses supports property-owning veterans and their widows or widowers and might help them maintain homeownership. This exemption, however, is not specific to owner-occupied primary residential property.
2. Increasing property tax exemptions for honorably discharged veterans demonstrates New Mexico's support for and appreciation of members of the armed forces who risked their lives and served their country honorably.
3. A decrease in property tax could provide an incentive for veterans of the armed forces to move to or buy property in New Mexico, which may increase the state's population and tax base, if a veteran chooses to move here.
4. By adjusting the amount of the exemption for inflation, the amount of the exemption for veterans will increase without requiring a future constitutional amendment, which is a challenging, lengthy and costly process.
5. The increased exemption amount is fairer to veterans and their spouses in 2024. The current exemption was set in 2002 and, since then, the value of the dollar has increased approximately 72% while property values have increased by approximately 80%.

ARGUMENTS AGAINST

1. Congress should be responsible for providing veterans' benefits. It is inappropriate for homeowners and other residential property owner and local governments to bear the expense of providing extended benefits to veterans in return for their service in a branch of the United States armed forces. If more generous benefits are due to veterans and their spouses, Congress should provide those benefits.
2. Exemption could benefit those who chose to enlist. Special property tax benefits should not be extended to someone who makes the choice to work in a branch of the United States armed forces.
3. Unfair to other property taxpayers who will pay more property taxes due to exemption increase. An increase in this property tax exemption will shift the tax burden, and the tax bills of all other New Mexico property owners will increase, including low-income senior citizens and people with a disability on the value freeze program.
4. Tax relief measures should be based on need. There is no evidence that veterans have lower incomes or a greater need for property tax relief than other taxpayers. It is possible that, with the passage of the proposed constitutional amendment, veterans who are financially stable and who own large, high-value homes will be relieved from contributing their property tax share.
5. Exemption for special groups of property taxpayers could set precedent for other individuals to seek tax relief. Property tax is based on the value and nature of the property, not the personal characteristics

of the owner. Creating an exemption for certain individuals is a departure from the underlying principle of property taxation and could set a precedent for other groups to seek similar exemptions.

6. The exemption amount only benefits a portion of veterans as it only applies to veterans who are residential property owners and will exclude veterans who are institutionalized, homeless or renters.

7. Inflation provision would increase property taxes even more for non-veteran property taxpayers. The proposal to index the amount of exemption for inflation may continue to erode the property tax base and annually increase the property tax bills for those who are not eligible for the property tax exemption

8. The head of family exemption that applies to only one property of a household, typically the owner occupied primary residence, is set at \$2,000 and is not adjusted for inflation, which means that this exemption meant to help maintain homeownership will be insignificant in the future.

Pro/Con arguments provided by the State of NM Legislative Council Service. Arguments were edited and shortened by the LWVCNM.