F I S C A L I M P A C T R E P O R T

SPONSOR:	Feldman	DATE TYPED:	01/31/00	HB	
SHORT TITLE:	Property Tax Deferral for Elderly			SB	173
				ANALYST:	Williams

REVENUE

Estimated Revenue		**Subsequent Years Impact**	**Recurring or Non-Rec**	**Fund Affected**
FY00	**FY01**			
		NFI		State GO Bonding

(Parenthesis ( ) Indicate Revenue Decreases)

Duplicates/Conflicts with/Companion to/Relates to HB 82

SOURCES OF INFORMATION

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

Authorizes persons seventy years or older to annually defer the date certain residential property taxes are due. The deferment would be available for the portion of property taxes due for the person's primary residence and only for tax due associated with an increase in value of the property. The person must also qualify for the maximum exemption from income tax for persons sixty-five and older or blind; the income limit ranges from $15,000 to $30,000 depending on filing status. Further, only one claimant would be permitted for each principal residence in the event that two or more individuals are eligible to claim the deferral. The taxes deferred would become due upon:

1. No longer using the home as a principal residence;

2. Sale or transfer of the home;

3. The county determines ineligibility or

4. Upon the taxpayer's death.

The deferral is capped in that if the total of deferred taxes plus total unpaid indebtedness and all other encumbrances on the home exceed 85% of the property's value for property tax purposes, then the taxpayer can no longer get the deferral. Amounts of the change in net taxable value used to calculate an amount of taxes for deferral would be developed and included in the property tax value reporting process. It is the responsibility of the claimant or his representative to notify the county of an event which would end the deferment, with potential for fine or penalty for non-compliance. Effective date would be property tax year 2002.

Significant Issues

TRD notes the bill may violate the New Mexico Constitution by postponing an obligation or liability owed to the state.

FISCAL IMPLICATIONS

TRD estimates the proposal would not have any fiscal impact on state general obligation bond funding and would have insignificant impacts on municipalities, counties, school districts and others. State debt service rates would adjust in response to a slight reduction in net taxable value; bonding capacity growth would probably be slightly deferred, but with no significant impact.

ADMINISTRATIVE IMPLICATIONS

The program could have potentially large administrative costs to establish and maintain a system to account for each claimant, changes in claimant status and balances over time as well as verification of eligibility.

AW/njw:gm