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## FISCAL IMPACT REPORT

SPONSOR: Garcia DATE TYPED: 03/04/01 HB 869/aHTRC  
 SHORT TITLE: Cap on Low Income Disabled Property Tax SB \_\_\_\_\_  
 ANALYST: Williams

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY01	FY02			
		NFI		

(Parenthesis ( ) Indicate Revenue Decreases)

Duplicates/Conflicts with/Companion to/Relates to HB 623, HB 718, and HJR 2

### SOURCES OF INFORMATION

LFC Files  
 Taxation and Revenue Department (TRD)

### SUMMARY

#### Synopsis of HTRC Amendments

Most of the HTRC amendments are technical or change the effective date to beginning with tax year 2002. The only substantive change is the definition of disabled to “permanently disabled with medical improvement not expected”.

#### Synopsis of Bill

The bill would increase the cap on the escalation of property value for single-family dwellings occupied by owners 65 years and older. The current cap applies to these taxpayers with a modified gross income of up to \$18,000, and the bill would authorize indexing the cap for inflation by using the consumer price index for urban consumers. The bill indicates the cap does not apply to new improvements to properties by individuals qualifying for the elderly low-income value cap.

The bill also expands the cap to disabled persons. A disabled person is defined as a person who is disabled or blind under the Social Security Act or who qualifies as permanently and totally disabled under the Worker’s Compensation Act.

Significant Issues

The provisions would become effective in property tax year 2002.

**FISCAL IMPLICATIONS**

The measure would have no significant fiscal impact on state or local governments. Property tax rates would shift accordingly, and the tax burden would shift away from the target group to other property tax payers. The valuation cap index provides tax relief averaging approximately \$20 per tax payer.

**ADMINISTRATIVE IMPLICATIONS**

No significant impacts on TRD.

**OTHER SUBSTANTIVE ISSUES**

TRD notes the freeze on property tax values for the disabled violates current provisions of Article 8, Section 3 of the New Mexico Constitution stating that: "... taxes shall be in proportion to the value thereof, and taxes shall be equal and uniform upon subjects of taxation of the same class." The current exception is limited to owner-occupancy, age or income.

AW/ar/njw