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

SPONSOR Lujan **DATE TYPED** 2-5-04 **HB** 570

SHORT TITLE Tax Department Property Tax Provisions **SB**

ANALYST Neel

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY04	**FY05**			
		NFI		

(Parenthesis ( ) Indicate Revenue Decreases)

Duplicates: SB 490, Property Tax Code Changes

SOURCES OF INFORMATION

LFC Files

Response Received From
Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

House Bill 570 amends statue to:

Section 1: Eliminates reference in Section 7-35-2 NMSA 1978 to a section of NMSA 1978 that has been repealed, and clarifies that alpacas are subject to taxation as livestock.

Section 2: Removes the obligation listed in Section 7-35-4 that the Department "prepare, issue and periodically revise" valuation manuals and similar documents to counties. Under the proposed statute, the Department would merely be required to provide the manuals, rather than prepare, issue and revise them.

Section 3: Requires applications to limit the value of single family dwelling occupied by low-income owners over sixty-five years of age to be filed with the assessor within 30 days after the assessor notice of valuation has been mailed;

Section 4: Allows the transferor of residential property to use an authorized agent for recording affidavits with the county clerk. The amendment to Subsection B removes the requirement that the Department *develop* the affidavits, and substitutes the requirement that the Department must *approve* the affidavits. It also makes it clear that "terms of sale" – financing arrangements when properties are sold on contract – must be disclosed. The proposed amendment to Subsection C would require county assessors to return a copy of the affidavit marked with the date of receipt to the individual presenting the affidavit. Subsection D is amended to clarify that the affidavits will not be required for deeds transferring nonresidential property.

Section 5: Prohibits interest accrued for unpaid property taxes to be waived by the state or its subdivisions.

Section 6: Prohibits waiving penalties for delinquent taxes excepts under specific circumstances.

Section 7 Enacts a new section of the property tax code to required the county treasurer to issue a receipt upon receipt for delinquent taxes and to distribute the property revenue to the respective government entities.

Section 8: Enacts a new section of the property tax code to require county treasurers to prepare monthly reports on property tax payments, penalties, interest, and cost received on properties. The report will be submitted to TRD.

Section 9: Requires delinquent taxes to be paid or installment agreement be entered into by the date and time rather than 5:00 pm the prior day. It requires the owner of property that will be sold for delinquent taxes be notified 20 days prior to the sale. Currently the address of the most current property tax schedule is advised. Also this section requires notices of the total amount of taxes owed be sent to the delinquent owner as reflected on the delinquency list, the owner of record according to the county clerk and others holding a lien on the property. Notice of sale for delinquent taxes published in local papers will include (1) the delinquent owners name (2) the legal description of the property (3) minimum sale price (4) approximate location of the property. The section repeals provisions allowing the department to divide property with the owner's permission to in order to pay delinquent property taxes. Last, TRD is able to prohibit a successful bidder that fails to make full payment for a delinquent property by the close of a public auction from bidding at future auctions.

Section 12: Prevents the Department from entering into installment agreements for payment of delinquent taxes, penalty, interest and sale costs on manufactured homes, unless they are real property for valuation purposes. The proposed amendment stipulates that the Department may not enter into an installment agreement after commencement of the scheduled sale for delinquent taxes, and that the property may not be removed from the sale list unless the requirements to enter into an installment are met prior to commencement of the scheduled sale of the real property

Section 13: After receiving payment for delinquent taxes, the department would issue a receipt to the purchaser, that the purchaser has no property rights or right to enter the property until the department delivers a deed consummating the sale. The Department would, within six weeks after the sale, after determining that the sale complied with the Property Tax Code, mail a deed to the purchaser. Moreover, the state deed would have the same effect of a quitclaim deed and not a warrant title. The section would also create a new paragraph stating that if a deed is cancelled, only the amount paid for the property would be refunded; no interest or other payments would be provided to the buyer irrespective of the basis for cancellation.

Section 14: Current statutes indicate how sale proceeds are distributed and stipulate that balances remaining after various other distributions have been made are to be paid to the former owner of the property or designative by court order. The proposed amendment simply clarifies that the owner must be the owner of record of the property recorded on the deed with the county clerk's office in which the property is located.

Significant Issues

TRD notes the following significant issues:

The most significant materials provided to county governments by the Department consist of Marshall and Swift cost-estimation data. Private and public appraisers commonly employ the Marshall & Swift information in appraising by summing costs of various components of properties to estimate market values of properties. The Marshall and Swift estimating materials are commonly available paper manuals and estimator software. The materials are advertised on the web at http://www.marshallswift.com/index.asp. Representatives of the Department's Property Tax Division currently prefer to provide the Residential Estimator and Marshall Valuation Service Handbook (http://www.marshallswift.com/index.asp) to counties. These publications contain data on costs of residential, commercial and agricultural properties. Marshal and Swift and other vendors offer many other valuation products. Since the types and numbers of properties appraised by each county vary greatly, it is probably appropriate for the Department to provide a basic set of material to each county and assign responsibility for acquiring additional products to county governments.

FISCAL IMPLICATIONS

No significant fiscal impact is noted.

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TECHNICAL ISSUES

TRD states:
Section 7 of the proposal should probably state that counties should distribute taxes, penalties and interest as provided by law, rather than as stipulated by the DFA.

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