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## FISCAL IMPACT REPORT

ORIGINAL DATE 02/20/07

SPONSOR Zanetti LAST UPDATED 03/15/07 HB 732/aHCPAC/aSFI

SHORT TITLE Increase Homestead and Property Exemptions SB \_\_\_\_\_

ANALYST Hanika Ortiz/Baca

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY07	FY08	FY09	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
<b>Total</b>		unknown				various

(Parenthesis ( ) Indicate Expenditure Decreases)

#### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Attorney General's Office (AGO)

Administrative Office of the Courts (AOC)

#### SUMMARY

##### Synopsis of SFI Amendments

Senate Floor Amendments strike Consumer and Public Affairs Committee amendments 1 and 2, and change the homestead to \$60,000 from \$150,000 throughout the bill.

##### Synopsis of HCPAC Amendment

The House Consumer & Public Affairs Committee Amendment proposes to increase the amount of homestead exemption proposed in the bill from thirty thousand dollars (\$30,000) to forty thousand dollars (\$40,000); and, increases the amount of property exemption from two thousand dollars (\$2,000) to five thousand dollars (\$5,000).

##### Synopsis of Original Bill

House Bill 732 amends NMSA 1978, § 42-10-9 to increase the amount of homestead exemption from thirty thousand dollars (\$30,000) to one hundred fifty thousand dollars (\$150,000). It also amends NMSA 1978, § 42-10-10 to increase the amount of property exemption in lieu of homestead from two thousand dollars (\$2,000) to ten thousand dollars (\$10,000).

## **FISCAL IMPLICATIONS**

This bill does not affect property tax assessment and subsequent revenue collected by the state.

If an increased homestead exemption makes it more difficult for creditors to collect money owed; it may take more judicial resources to cope with motions to enforce judgments.

There will be a minimal administrative cost for statewide update, distribution and documentation of statutory changes. Any additional fiscal impact on the judiciary would be proportional to the additional judicial activity, if any, resulting from the proposed change in the law. New laws, amendments to existing laws and new hearings have the potential to increase caseloads in the courts, thus requiring additional resources to handle the increase.

## **SIGNIFICANT ISSUES**

Section 42-10-9 NMSA 1978 allows for a homestead exemption during attachment, execution or foreclosure proceedings for a dwelling occupied by a person provided the dwelling is owned, leased or being purchased by such person.

Section 42-10-10 NMSA 1978 provides for persons who do not own a dwelling to hold exempt real or personal property in lieu of a homestead exemption.

The AGO reports that current law provides for a homestead exemption of thirty thousand dollars (\$30,000); and, a property exemption in lieu of homestead of two thousand dollars (\$2,000).

## **PERFORMANCE IMPLICATIONS**

This bill may impact the courts' performance based budgeting measures, which may result in a need for additional resources.

## **ADMINISTRATIVE IMPLICATIONS**

It is unknown if this measure will result in additional pressure on judicial resources.

AHO/nt