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FISCAL IMPACT REPORT

ORIGINAL DATE 02/27/07

SPONSOR Fox-Young LAST UPDATED _____ HB HJR 15

SHORT TITLE Low-Income Disabled Person Property Tax, CA SB _____

ANALYST Hanika Ortiz

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY07	FY08	FY09		
		See narrative	Recurring	Local Governments

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

No Response Received From
Taxation & Revenue Department (TRD)

SUMMARY

Synopsis of Bill

House Joint Resolution 15, if approved by the voters, will amend Article VIII of the New Mexico Constitution to provide a property tax exemption for property owned and occupied by a low income person who is permanently disabled. The amendment also requires the property to have been adapted to the person's disability.

FISCAL IMPLICATIONS

There will be a negative impact to tax revenue and this will depend on how many individuals qualify and take this exemption. However, the debt service from property taxes will still have to be paid, so potentially rates will adjust to correct for any loss.

There could be significant impacts to some jurisdictions based on the concentration of those eligible to take the exemption and property tax rates. An analysis from the Taxation and Revenue Department will be necessary to determine these figures.

SIGNIFICANT ISSUES

The property exemption will include any community or joint property of a husband and wife. Any person claiming the exemption must be permanently disabled pursuant to either the Social Security Act or the Workers' Compensation Act; has income not exceeding two hundred percent of federal poverty guidelines; occupies the property as their principal place of residence; and, has specially adapted the residence to the person's disability.

The bill also allows the exemption for the widow or widower of an eligible person provided they continue to live in the specially adapted property.

TECHNICAL ISSUES

The bill appears to only provide for persons with physical disabilities; and, appears to not address low income permanently disabled persons with non-physical disabilities such as those with mental health disorders that may not necessarily need their residence modified.

There also appears to be no requirements that the home have a certain value or the land be of a certain size limitation; and, provides no guidelines as to what modifications to a property will meet the definition of being "adapted" to one's disability.

The bill also doesn't provide any direction as to how often one must apply to maintain the exemption, such as every four years.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Low-income, permanently disabled individuals may need to sell or lose their homes; and, this situation may result in an increased impact on State agencies in disabled and elderly services that might not otherwise have been needed.

AHO/csd