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FISCAL IMPACT REPORT

ORIGINAL DATE 1/22/08
 LAST UPDATED 2/1/08 HJR 1/aHVEC

SPONSOR Barela

SHORT TITLE National Guard Veteran Property Taxes, CA SB _____

ANALYST Francis

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY08	FY09	FY10		
	NFI – See Narrative			

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department (TRD)

Department of Veteran’s Services (DVS)

SUMMARY

Synopsis of HVEC Amendment

The House Voters and Elections Committee amended House Joint Resolution 1, striking the word “honorably” allowing members of the National Guard who are just discharged receive the property tax exemption. Members discharged for misconduct are still ineligible.

Synopsis of Original Bill

House Joint Resolution 1 proposes to amend the NM Constitution to include members of the National Guard who are honorably discharged unless the member was discharged for misconduct under the definition of “member of the armed services” in Article 8, Section 5. The exemption is currently \$4,000.

If enacted, the question would be put to the voters at the next general election.

FISCAL IMPLICATIONS

Assuming there are 600 National Guard members honorably discharged each year and they have a similar homeownership rate as New Mexicans in general, 420 would receive the exemption of \$4,000. At an average residential property tax rate of \$26.62 per \$1000 of assessed value, the exemption would be worth \$106.50 per member for a combined total of approximately \$45,000

statewide. However, overall property tax revenue is a complicated formula and so other taxpayers rates would likely go up to make up the difference and there would be no net fiscal impact.

SIGNIFICANT ISSUES

VSD:

Currently, members of the NM National Guard who have not been called up to active duty, do not qualify for this benefit. In the last few years, we have seen more and more national guard members being called up in support of OEF/OIF. These members would qualify for the exemption once they are discharged from active duty. There are still some who have done all their duty as members of the National Guard without being called up. Although they still have “worn the uniform” they do not qualify because their units have not been activated.

NF/mt