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FISCAL IMPACT REPORT

ORIGINAL DATE 2/2/08

SPONSOR Payne LAST UPDATED _____ HB _____

SHORT TITLE Head of Family Property Tax Exemption, CA SJR 11

ANALYST Francis

REVENUE (dollars in thousands)

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

(Parenthesis () Indicate Revenue Decreases)

Relates to several bills – See table below

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of Bill

Senate Joint Resolution 11 proposes to amend the NM Constitution to change the amount of property value exempted for heads of family from \$2,000 to \$20,000. All changes to the constitution including SJR11 must be submitted to the people for a vote at the next general election.

FISCAL IMPLICATIONS

The intent of SJR11 is to give families relief on their property taxes by significantly increasing the head of household exemption to \$20,000. 258,792 taxpayers qualified for the exemption in 2005 for a total exemption of \$517.6 million. The need to maintain a level of funding for debt service and operational income, particularly for counties, means that rates will adjust upwards for all taxpayers. Lowering the valuation of property also affects the amount available for capital outlay for the state and local governments including school districts.

A taxpayer who qualifies for the head of family exemption would, outside of any upward rate revision, see a reduced tax bill of approximately \$170 annually.

SIGNIFICANT ISSUES

County government and school districts rely primarily on property tax revenues for operations and general obligation capital funding.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

There are several property tax proposals being considered in the 2008 session:

Bill Number	Title	Description
H229	END YIELD CONTROL ON SCHOOL MILL LEVY	Allow school districts to levy posted tax rate
H264	RESIDENTIAL PROPERTY TRANSFER AFFIDAVITS	Allow affidavits about property value to be used for county protests
H276/SB398	SUNCAL TAX INCREMENT PROJECT BONDS	10 percent diversion of Bernalillo County property taxes to tax increment district
H295/SB355/SB116	RAISE PROPERTY TAX LIMITATION INCOME LIMIT	Raise the income threshold for taxpayers over age 65
H324	CHARITABLE CARE PROPERTY TAX VALUATION	Exempt certain nursing homes from valuation
H388	REQUIRE DISCLOSURE OF REAL PROPERTY TAXES	Disclosure of estimated property tax to home buyers
H617	PROPERTY TAX ON COMMUNICATIONS SYSTEM LAND	Expand the definition of communication system land in exemption
HJR1	NATIONAL GUARD VETERAN PROPERTY TAXES, CA	Include national guard veterans in military veteran
HJR4	SENIOR CITIZEN PROPERTY TAX EXEMPTION, CA	Phase out property tax for seniors
HJR6	VETERANS' ORGANIZATION PROPERTY TAXES, CA	Exempt certain property from valuation
HJR10	STATEWIDE MILLAGE RATE FOR SCHOOL FUNDS, CA	Add additional 5 mills for education on statewide property tax
S449	LOW-INCOME PROPERTY TAX REBATE ELIGIBILITY	Expand income threshold for local government low income property tax rebate
S450	PROPERTY TAX VALUATION & REASSESSMENT	Revalue property that transferred in 2005/2006 to 2004 levels
S483	PROPERTY TAX ADMINISTRATIVE FEE THRESHOLD	Raise minimum amount of tax admin fee plus tax to \$15
S516	PROPERTY TAX DELINQUENCY NOTICES & TIMING	Extends the time limit property tax can be delinquent before sold.
SJR11	HEAD OF FAMILY PROPERTY TAX EXEMPTION, CA	Increases head of family exemption to \$20,000 from
SJR14	PROPERTY TAX LIMITATIONS, CA	Imposes maximum total tax levy of no more than 1 percent of current and correct tax value.

POSSIBLE QUESTIONS

What impact will this have on local government financing options?

NF/mt