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## FISCAL IMPACT REPORT

ORIGINAL DATE 02/04/09  
 SPONSOR Park LAST UPDATED 02/12/09 HB 251/aHHGAC  
 SHORT TITLE Updating Property Values with Decreases SB \_\_\_\_\_  
 ANALYST Lucero

### REVENUE (dollars in thousands)

| Estimated Revenue |          |          | Recurring<br>or Non-Rec | Fund<br>Affected                         |
|-------------------|----------|----------|-------------------------|--|
| FY09              | FY10     | FY11     |                         |  |
|                   | (\$0.01) | (\$0.01) | Recurring               | General Fund<br>and Local<br>Governments |

(Parenthesis ( ) Indicate Revenue Decreases)

Relates to SB181 “No Property Re-Evaluation Upon Sale”  
 Relates to Appropriation in the General Appropriation Act

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Taxation and Revenue Department (TRD)

### SUMMARY

#### Synopsis of HHGAC Amendment

House Health and Government Affairs Committee Amendment corrects the technical issue regarding the applicability of the bill. The provisions of the amended bill applies to the 2010 and subsequent property tax years.

#### Synopsis of Original Bill

This bill amends the Property Tax Code Section 7-36-16 NMSA 1978 pertaining to responsibility of county assessors to determine and maintain current and correct values of property. The bill clarifies that the general supervisory powers are those of the secretary of TRD.

The bill requires county assessors to include in their program of updating property values a process for reducing property values to reflect decreases in market value.

The provisions of the bill apply to the 2009 and subsequent property tax years.

**FISCAL IMPLICATIONS**

According to the Taxation and Revenue Department (TRD) the bill would impose at most a small fiscal impact on the State of New Mexico or local governments. Reductions in net taxable value would, for the most part, be offset by very minor property tax rate increases applicable to essentially all taxpayers.

**SIGNIFICANT ISSUES**

Under Section 7-38-20, assessors are required to mail valuation notices with the current year's value by April 1 of each year. Because the bill would become effective on June 19, 2009, well into the 2009 property tax valuation and assessment cycle, it would be very difficult for county assessors to apply the law for the 2009 tax year.

**OTHER SUBSTANTIVE ISSUES**

Municipalities rely on the accurate valuation of property for purposes of bonding and for assurance that property of a similar nature is valued in a similar manner.

**TECHNICAL ISSUES**

This bill will not be effective until June 19, 2009, well into the valuation and assessment cycle of the counties. In fact, under Section 7-38-20, the county assessor is required to mail notices of valuation by April 1. It will be difficult if not impossible to implement this law for the 2009 tax year.

**ALTERNATIVES**

Amend the bill to provide for implementation in 2010 tax year.

DL/svb:mt