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Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

ORIGINAL DATE 3/04/09

SPONSOR Maestas LAST UPDATED _____ HJR 28

SHORT TITLE Longterm Homeowner Property Tax Reduction, CA SB _____

ANALYST Gutierrez

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY09	FY10	FY11		
	(Indeterminate)	(Indeterminate)	Recurring	State and Local Governments

(Parenthesis () Indicate Revenue Decreases)

Relates to several bills – See below for table of property tax bills considered in 2009 session

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

House Joint Resolution 28 proposes a constitutional amendment to reduce property taxes for homeowners occupying the same residential property continuously for at least 15 years. The reduction shall be 5 percent of the property taxes for the first year and for each additional year the amount of the reduction shall be increased by an additional 5 percent up to a maximum reduction of 25 percent. If passed, the amendment will go to the voters at the next general election.

FISCAL IMPLICATIONS

The bill would impose no revenue impacts on the State of New Mexico or local governments unless voters approved the amendment it proposes. The reduction in the property tax base due to this exemption would cause tax rates to rise, where not already limited by caps or by yield control, to compensate for the loss in the taxes from homeowners occupying the same residential property for at least 15 years.

SIGNIFICANT ISSUES

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

RELATIONSHIP

Other property tax related bills being considered in 2009 session

BLG/mt

Bill Number	Title	Description
HB34/SB564	PROPERTY TAX INFORMATION DISCLOSURE	Disclosure of certain information regarding property tax to home buyers
HB132/SB115	EDUCATIONAL PROPERTY TAX EXEMPTIONS	Property leased to a public school district or public school and used exclusively for educational purposes is exempt from property tax
HB160/SB181	NO REEVALUATION OF PROPERTY UPON SALE	Repeal the provisions of Section 7-36-21.2 that provide for revaluation of real property when it is sold and prohibit the value from exceeding the higher of 103 percent of the value in the previous tax year or 106 percent of the value in tax year two years prior to the tax year in which the property is being valued
HB251	UPDATING PROPERTY VALUES WITH DECREASES	County assessors shall include reductions, to reflect decreases in market value, when updating property values
HB261	ESTIMATED FUTURE PROPERTY TAX INFO TO BUYERS	Requiring disclosure of estimated future property taxes to a buyer of residential real property
HB269	COMPUTER-ASSISTED MASS APPRAISAL SYSTEMS	Make an appropriation to TRD (FY10 & FY11) for the property tax division to establish a statewide network for county assessors and state agencies
HB297	PROPERTY TAX ON MUTUAL DOMESTIC ASSOCIATIONS	Exempting the personal property of nonprofit mutual domestic water associations from property taxation
HB429	FEDERAL EMPLOYEE PROPERTY TAX INCOME CREDIT	A credit against PIT liability for those who are employed at a federal law enforcement facility within 20 miles of the Mexican border.
HJR1	VETERANS' ORGANIZATION PROPERTY TAXES, CA	Exempt certain property from valuation.
HJR3	HEAD OF FAMILY PROPERTY TAX EXEMPTION, CA	Increased head of family exemption from \$2,000 to \$20,000
HJR4	NATIONAL GUARD VETERAN PROPERTY TAXES, CA	Include national guard veterans in military veteran exemption
HJR24	PROPERTY TAX EXEMPTION FOR CERTAIN PEOPLE, CA	Would exempt from taxation the property of a low-income person of at least 75 years of age
HJR25	PROPERTY TAX EXEMPTION FOR DISABLED, CA	Would exempt from taxation the property of a low-income permanently disabled person
SB32	LAND GRANT PROPERTY CONVEYANCE TAX CREDITS	Allowing land grants operating as political subdivisions of the state to be eligible for tax credits available for certain conveyances of real property
SB110	PUBLIC IMPROVEMENT DISTRICT ELECTIONS	Provide for owners and residents to elect a district board and to provide for limitation of property tax levies to pay debt service on bonds
SB209	EXPAND AFFORDABLE HOUSING TAX CREDITS	Permit NMFA to issue an investment voucher to a person who has made an investment of materials for an affordable housing project and eliminates limitation of populations of less than 100,000.
SB457	2005 VALUE FOR CERTAIN TRANSFERRED PROPERTIES	Property that changed ownership during the CY05-09, shall be reassessed for the 2010 tax year at the 2005 value.
SB537	PROPERTY TAXATION & VALUTATION UPON SALE	Removes the valuation of property upon sale and has all property reassessed in 2010 tax year.
SJR3	LIMIT REAL PROPERTY TAXES TO ONE PERCENT, CA	Imposes maximum total tax levy of no more than 1 percent of current and correct tax value.

The Legislative Finance Committee has adopted the following principles to guide responsible and effective tax policy decisions:

- 1. Adequacy:*** revenue should be adequate to fund government services.
- 2. Efficiency:*** tax base should be as broad as possible to minimize rates and the structure should minimize economic distortion and avoid excessive reliance on any single tax.
- 3. Equity:*** taxes should be fairly applied across similarly situated taxpayers and across taxpayers with different income levels.
- 4. Simplicity:*** taxes should be as simple as possible to encourage compliance and minimize administrative and audit costs.
- 5. Accountability/Transparency:*** Deductions, credits and exemptions should be easy to monitor and evaluate and be subject to periodic review.

More information about the LFC tax policy principles will soon be available on the LFC website at www.nmlegis.gov/lcs/lfc