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FISCAL IMPACT REPORT

ORIGINAL DATE 2/12/09

SPONSOR Boitano LAST UPDATED _____ HB _____

SHORT TITLE Valuation of New Residential Construction SB 458

ANALYST Gutierrez

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY09	FY10	FY11		
	(See Narrative)	(See Narrative)		

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

Senate Bill 458 establishes that the value of newly constructed residential property in the first year of valuation shall be 80% of the sales price of the property.

The provisions of this act apply to the 2010 and subsequent property tax years.

Because no effective date is provided in the bill, its provisions will become effective June 19, 2009, ninety (90) days after the 2009 legislative session adjourns.

FISCAL IMPLICATIONS

This bill would impose relatively minor fiscal impacts on the state of New Mexico or local governments. Changes in net taxable value caused by the change in assessed value of newly constructed residential property would, for the most part, be offset by very minor property tax rate increases applicable to essentially all taxpayers.

BLG/mt

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