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## FISCAL IMPACT REPORT

ORIGINAL DATE 2/4/15

SPONSOR Gallegos, D/Sanchez, C LAST UPDATED \_\_\_\_\_ HB 218

SHORT TITLE Delinquent Tax Electronic Levy Warrants SB \_\_\_\_\_

ANALYST Graeser

### REVENUE (dollars in thousands)

| Estimated Revenue |      |      |      |      | Recurring<br>or<br>Nonrecurring | Fund<br>Affected                        |
|-------------------|------|------|------|------|---------------------------------|---|
| FY15              | FY16 | FY17 | FY18 | FY19 |                                 |   |
|                   | >0.0 | >0.0 | >0.0 | >0.0 | Recurring                       | GO Bond Fund                            |
|                   | >0.0 | >0.0 | >0.0 | >0.0 | Recurring                       | All Local Property Tax<br>Beneficiaries |

(Parenthesis ( ) indicate revenue decreases)

### SOURCES OF INFORMATION

LFC Files

Responses Received From  
Attorney General's Office (AGO)

### SUMMARY

Synopsis of Bill (Description provided by AGO for HB-135, a duplicate)

House Bill 218 amends Sections 7-1-31 and 7-1-32 NMSA 1978 to allow for the collection of delinquent property taxes by electronic warrant of levy. Aside from a number of non-substantive revisions (such as the substitution of gender-neutral language), the amendments effect one primary change and two minor changes:

First, the bill amends current law to allow for service of a warrant of levy in electronic format on a financial institution. (The current version is silent as to financial institutions.) Under the proposed amended version, a warrant of levy may be served on a financial institution as long as it complies with the Electronic Authentication of Documents Act and the Uniform Electronic Transactions Act.

In addition, the amendments contain the following minor changes to current law: (1) whereas current law requires "the secretary or secretary's delegate or any sheriff" to serve warrants of levy, the amendments expand this list to include a "certified law enforcement employee of the department of public safety"; and (2) the amendments allow for a warrant of levy (other than one

served on a financial institution pursuant to the Electronic Authentication of Documents Act and the Uniform Electronic Transactions Act) to be signed electronically.

The effective date of the act is July 1, 2015.

### **FISCAL IMPLICATIONS**

This bill will aid collection of delinquent property taxes, but will not result in a significant increase in the amount of property taxes collected from any particular delinquency. However, by making the collection process easier and more efficient, the TRD/PTD collectors may be able to work more delinquencies.

### **SIGNIFICANT ISSUES**

One indirect impact of this proposal will be to encourage delinquent taxpayers to negotiate with PTD for an installment agreement before the electronic levy against a bank account is made.

This is a good example of adapting State Government processes to a 21<sup>st</sup> century economy.

### **PERFORMANCE IMPLICATIONS**

This will aid the PTD in achieving a higher rate of delinquent accounts resolved through a negotiated installment agreement or a final levy.

### **ADMINISTRATIVE IMPLICATIONS**

Minimal. The procedures will have to be documented, but PTD collectors are well versed in manual procedures.

Expanding the list of persons allowed to execute seizure of property named in a warrant of levy to include a certified law enforcement employee of the department of public safety is unlikely to result in any significant increase in workload of State Police Division.

### **DUPLICATES**

HB135 and HB 218 are duplicates.

LG/je