

LFC Requester:

Laird Graeser

### AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

#### SECTION I: GENERAL INFORMATION

*{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}*

**Date Prepared:** Feb. 8, 2025

*Check all that apply:*

**Bill Number:** HB 295

Original  Correction   
Amendment  Substitute

**Sponsor:** Rep. Nathan P. Small

**Agency Name and Code Number:** 305 – New Mexico Department of Justice

**Person Writing**

**Short Title:** TAX ON PROPERTY OWNED BY NM RETA

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#### SECTION II: FISCAL IMPACT

##### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		

(Parenthesis ( ) indicate expenditure decreases)

##### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		

(Parenthesis ( ) indicate revenue decreases)

##### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>						

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:  
 Duplicates/Relates to Appropriation in the General Appropriation Act

**SECTION III: NARRATIVE**

*This analysis is neither a formal Opinion nor an Advisory Letter issued by the New Mexico Department of Justice. This is a staff analysis in response to a committee or legislator’s request. The analysis does not represent any official policy or legal position of the NM Department of Justice.*

**BILL SUMMARY**

Synopsis: This bill proposes to amend NMSA 1978, § 7-36-4. Specifically, the bill proposes to add language to § 7-36-4(1)(B), and also to add two subsections, (a) and (b), to § 7-36-4(1)(B).

The statute addresses the taxability of fractional interests in improvements made on land owned by the New Mexico Renewable Energy Transmission Authority (RETA) when the fractional interest in the improvement is held by a nonexempt entity.

Under § 7-36-4(1)(B), when a nonexempt entity owns a fractional interest in the real property of an exempt entity, the fractional interest is exempt from property taxation, EXCEPT FOR:

- (1) improvements that are owned or leased by a nonexempt entity. Fractional interests in such improvements owned or leased by a nonexempt entity are subject to property taxes.

HB 295 proposes to add language to § 7-36-4(1)(B)(1) to identify one situation where a nonexempt fractional ownership in an improvement to land owned by RETA is exempt from property taxation.

Under the proposed language in § 7-36-4(1)(B)(a) and (b), fractional interests in improvements consisting of “electric transmission and interconnected storage facilities and all related structures” owned by RETA and that qualify as eligible facilities under the RETA Act; AND that are leased by RETA to a nonexempt entity to assist RETA in constructing or operating the facility, are exempt from property taxation.

In short, the proposed amendment exempts from property taxation those fractional interests held by nonexempt entities in electric transmission and storage facilities, when the facility has been acquired by RETA and leased to the nonexempt entity to assist in constructing or operating the facility.

**FISCAL IMPLICATIONS**

N/A

**SIGNIFICANT ISSUES**

None noted.

**PERFORMANCE IMPLICATIONS**

None noted.

**ADMINISTRATIVE IMPLICATIONS**

None noted.

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

This bill does not duplicate or conflict with any other currently proposed bills.

HB 218 (“TAX CHANGES”) appears to propose extensive changes to NMSA Chapter 7. Taxation (§ 7-1-1 to § 7-42-5), but does not propose any changes to § 7, Article 36 (Valuation of Property).

**TECHNICAL ISSUES**

None noted.

**OTHER SUBSTANTIVE ISSUES**

None noted.

**ALTERNATIVES**

N/A

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

Status quo

**AMENDMENTS**

N/A