

LFC Requester:

AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.gov

(Analysis must be uploaded as a PDF)

SECTION I: GENERAL INFORMATION

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

Date Prepared: March 7, 2025 *Check all that apply:*
Bill Number: HM 2 Original Correction
 Amendment Substitute

	Agency Name and Code	Tourism 418
Sponsor:	Number:	
Representative Rebecca Dow, Representative Jonathan Henry		
Short Title:	Person Writing	<u>Novela Salazar, GC</u>
SHORT-TERM RENTAL WORK GROUP	Phone: <u>5054907185</u>	Email <u>novela.salazar@td.nm.</u>

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
NFI	NFI	NFI	NFI

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
NFI	NFI	NFI	NFI	NFI

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	NFI	NFI	NFI	NFI	NFI	NFI

(Parenthesis () Indicate Expenditure Decreases)

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

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: House Memorial 2 requests the Economic Development Department, the Tourism Department, and the Taxation and Revenue Department to form a work group to study the economic impact, taxation, and regulatory framework of short-term rentals across New Mexico. The work group is to evaluate taxation policies, zoning, permitting, and regulatory frameworks, with a report due by December 1, 2025. HM 2 further requests that county assessors suspend reclassification of short-term rental properties until the study is completed.

FISCAL IMPLICATIONS

None.

SIGNIFICANT ISSUES

Potential regulatory or statutory changes stemming from the study could impact short term rental availability, affecting tourist accommodations in particularly high-demand areas such as Santa Fe, Taos, and Albuquerque. The growth of short-term rentals may impact housing availability and affordability for local residents. Long-term tourism development strategies will need to consider the benefit of short-term rentals to both the tourism sector and local communities.

The proposed moratorium in HM 2 will require county assessors who have already started reclassifying short-term rentals as nonresidential to halt this process, which may raise questions about reversing any reclassifications already completed before the suspension. Counties that anticipated increased property tax revenue from short-term rental reclassification will face delays in collecting tax rates.

PERFORMANCE IMPLICATIONS

The Tourism Department will have to gather and analyze data on the impact of short-term rentals, including visitor spending, tax revenue contributions, and their role in tourism development. Additionally, the Department must contribute to policy recommendations regarding short-term rental taxation, zoning, and regulation. By December 1, 2025, the work group will need to help compile and present findings to the appropriate interim legislative committees.

ADMINISTRATIVE IMPLICATIONS

The Tourism Department will have to gather and analyze data on the impact of short-term rentals, including visitor spending, tax revenue contributions, and their role in tourism development. This will require the allocation of staff, conducting research, and coordinating with the additional agencies in the work group in order to compile and present findings in the interim.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None.

TECHNICAL ISSUES

None.

OTHER SUBSTANTIVE ISSUES

None.

ALTERNATIVES

None.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status Quo.

AMENDMENTS

None.