

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: February 1, 2025

Check all that apply:

Bill Number: SB 112

Original X Correction
Amendment Substitute

Sponsor: Sen. Peter Wirth

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

Person Writing

Short Title: HIGHER ED HOUSING FACILITY PROPERTY TAX

Analysis: Peter James O’Connor

Phone: 505-537-7676

Email: legisfir@nmag.gov

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
Total						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: None identified.

Duplicates/Relates to Appropriation in the General Appropriation Act NA

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:

SB 112 seeks to amend NMSA 1978 Section 7-36-4 (B) (1) to include tax exemptions for the value added to fractional interests of a nonexempt entities in the real property of exempt entities so long as the improvements meet three criteria: (1) the improvement be residential housing for students or medical residents of an exempt institution of higher learning, (2) the improvement be located on land owned by the institution, and (3) leased by the exempt institution to a nonexempt entity to operate or assist the exempt institution in operating the residential housing.

FISCAL IMPLICATIONS

Note: major assumptions underlying fiscal impact should be documented.

Note: if additional operating budget impact is estimated, assumptions and calculations should be reported in this section.

SIGNIFICANT ISSUES

Under Article VIII, Section 3 of the New Mexico Constitution, "all property used for educational or charitable purposes," as well as property of the state, "shall be exempt from taxation." However, any property "acquired and used for educational or charitable purposes" that would have been, prior to the transfer of ownership subject to tax for the purposes of bond indebtedness, the property "shall not be exempt . . . from the payment of such taxes[.]" To the extent SB112 would exempt such property from taxation, it would raise possible constitutional concerns under Article VIII, Section 3.

PERFORMANCE IMPLICATIONS

None.

ADMINISTRATIVE IMPLICATIONS

None.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None.

TECHNICAL ISSUES

None.

OTHER SUBSTANTIVE ISSUES

None.

ALTERNATIVES

None.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS

Status quo.

AMENDMENTS

Status quo.