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## FISCAL IMPACT REPORT

LAST UPDATED 2/5/24

SPONSOR Sanchez/De La Cruz/Lujan/Castellano ORIGINAL DATE 2/3/24

BILL House Memorial

SHORT TITLE Property Assessment Disparity Correction NUMBER 44

ANALYST Graeser

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT\*

(dollars in thousands)

Agency/Program	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
TRD/PTD	Indeterminate but minimal	Indeterminate but minimal			Nonrecurring	General Fund
DFA/LGD	Indeterminate but minimal	Indeterminate but minimal			Nonrecurring	General Fund
County Assessors	Indeterminate but minimal	Indeterminate but minimal			Nonrecurring	County Funds
NM Counties	Indeterminate but minimal	Indeterminate but minimal			Nonrecurring	NMC operating

Parentheses ( ) indicate expenditure decreases.

\*Amounts reflect most recent analysis of this legislation.

Duplicates Senate Memorial 10

### Sources of Information

LFC Files

Agency Analysis was Solicited but Not Received From

Taxation and Revenue Department (TRD)

Department of Finance and Administration/Local Government Division (DFA/LGD)

New Mexico Counties (NMC)

## SUMMARY

### Synopsis of House Memorial 44

House Memorial 44 requests that New Mexico Counties (NMC) convene statewide meetings to discuss and address disparities in assessment practices and recommend legislation, particularly addressing inequity in the treatment of residential and nonresidential property owners and valuation increases.

Further, the memorial suggests that farmers, ranchers, business owners and managers, commercial appraisers be recruited for this study and recommendation effort.

This memorial would become effective on signing by leadership in the House. The memorial does not suggest when a report should be presented the interim Revenue Stabilization and Tax

Policy Committee and an interim committee that deals with economic development.

## FISCAL IMPLICATIONS

This request, if honored, would create a cost for participant individuals, state agencies, New Mexico Counties, and county assessors. These costs likely can be absorbed within existing resources.

## SIGNIFICANT ISSUES

A county-by-county review shows the extreme variations between relative tax burdens between municipal areas and county areas and between residential, nonresidential, and oil, gas and copper properties. This disparity can be most easily seen by comparing the only common rate—the 0.5 mills for school operations. All school districts have imposed this 0.5 mills, but, because of yield control, the relative burden between residential property and nonresidential property is extreme. In general, because of yield control, residential tax burdens are significantly less than the share of net taxable value.

	Net Taxable Value %			Tax Burden %		
	Residential	Nonresidential	Oil and Gas & Copper	Residential	Nonresidential	Oil and Gas & Copper
STATE TOTAL	58.3%	28.6%	13.1%	42.8%	38.8%	18.3%
BERNALILLO COUNTY	79.6%	20.4%	0.0%	67.3%	32.7%	0.0%
IN	79.4%	20.6%		67.0%	33.0%	
OUT	80.6%	19.4%		69.1%	30.9%	
CATRON COUNTY	62.6%	37.4%	0.0%	58.9%	41.1%	0.0%
IN	46.4%	53.6%		44.9%	55.1%	
OUT	63.4%	36.6%		59.7%	40.3%	
CHAVES COUNTY	55.5%	42.2%	2.3%	39.6%	57.3%	3.1%
IN	67.4%	32.6%		52.1%	47.9%	
OUT	36.3%	57.8%		22.8%	70.0%	
CIBOLA COUNTY	43.2%	56.8%	0.0%	36.0%	64.0%	0.0%
IN	49.9%	50.1%		42.5%	57.5%	
OUT	36.3%	63.7%		29.8%	70.2%	
COLFAX COUNTY	65.1%	32.5%	0.0%	56.9%	40.1%	2.9%
IN	76.0%	24.0%		69.2%	30.8%	
OUT	45.8%	47.6%		36.8%	55.5%	
CURRY COUNTY	63.3%	36.7%	0.0%	62.1%	37.9%	0.0%
IN	74.7%	25.3%		73.8%	26.2%	
OUT	37.1%	62.9%		35.7%	64.3%	
DE BACA COUNTY	19.2%	80.8%	0.0%	20.4%	79.6%	0.0%
IN	51.2%	48.8%		53.2%	46.8%	
OUT	13.8%	86.2%		14.8%	85.2%	
DONA ANA COUNTY	71.9%	28.1%	0.0%	63.1%	36.9%	0.0%
IN	72.2%	27.8%		63.6%	36.4%	
OUT	71.4%	28.6%		62.3%	37.7%	
EDDY COUNTY	12.9%	33.9%	53.2%	9.4%	35.2%	55.4%

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IN	54.7%	45.0%		45.6%	54.1%	
OUT	4.3%	31.6%		3.0%	31.9%	
GRANT COUNTY	58.6%	25.7%	15.7%	44.3%	35.0%	20.7%
IN	70.6%	29.4%		57.3%	42.7%	
OUT	52.3%	23.7%		38.1%	31.3%	
GUADALUPE COUNTY	20.4%	79.6%	0.0%	14.9%	85.1%	0.0%
IN	33.9%	66.1%		26.1%	73.9%	
OUT	13.5%	86.5%		9.5%	90.5%	
HARDING COUNTY	8.8%	74.6%	16.7%	6.6%	76.1%	17.3%
IN	54.3%	45.7%		47.6%	52.4%	
OUT	6.0%	76.3%		4.5%	77.3%	
HIDALGO COUNTY	14.3%	85.7%	0.0%	11.4%	88.6%	0.0%
IN	34.0%	66.0%		28.9%	71.1%	
OUT	9.6%	90.4%		7.3%	92.7%	
LEA COUNTY	9.9%	25.6%	64.6%	5.2%	26.9%	67.9%
IN	56.7%	36.2%		40.0%	50.2%	
OUT	3.1%	24.0%		1.6%	24.4%	
LINCOLN COUNTY	69.6%	30.4%	0.0%	59.9%	40.1%	0.0%
IN	70.0%	30.0%		61.3%	38.7%	
OUT	69.2%	30.8%		58.3%	41.7%	
LOS ALAMOS COUNTY	87.5%	12.5%	0.0%	80.9%	19.1%	0.0%
LUNA COUNTY	41.7%	58.3%	0.0%	42.5%	57.5%	0.0%
IN	51.0%	49.0%		51.7%	48.3%	
OUT	33.6%	66.4%		34.3%	65.7%	
McKinley COUNTY	37.6%	62.4%	0.0%	27.5%	72.5%	0.0%
IN	58.8%	41.2%		47.3%	52.7%	
OUT	17.8%	82.2%		12.0%	88.0%	
MORA COUNTY	54.2%	45.8%	0.0%	42.8%	57.2%	0.0%
IN	43.3%	56.7%		34.2%	65.8%	
OUT	54.6%	45.4%		43.2%	56.8%	
OTERO COUNTY	68.1%	31.9%	0.0%	56.5%	43.5%	0.0%
IN	74.7%	25.3%		65.2%	34.8%	
OUT	60.3%	39.7%		46.0%	54.0%	
QUAY COUNTY	37.2%	62.5%	0.3%	30.9%	68.8%	0.3%
IN	50.2%	49.8%		43.5%	56.5%	
OUT	23.7%	75.7%		18.4%	81.0%	
RIO ARRIBA COUNTY	53.2%	31.5%	15.2%	37.0%	38.0%	25.0%
IN	53.4%	46.6%		44.2%	55.8%	
OUT	53.2%	28.7%		35.9%	35.3%	
ROOSEVELT COUNTY	30.5%	68.0%	1.5%	27.5%	71.0%	1.5%
IN	69.0%	26.7%		65.8%	29.5%	
OUT	14.4%	85.3%		12.8%	86.9%	
SANDOVAL COUNTY	78.9%	20.0%	1.1%	65.4%	32.6%	1.9%
IN	84.1%	15.9%		73.8%	26.2%	
OUT	59.9%	35.0%		38.1%	54.0%	
SAN JUAN COUNTY	43.8%	46.0%	10.2%	34.4%	53.7%	11.9%
IN	66.2%	33.6%		56.9%	42.9%	
OUT	27.3%	55.1%		20.3%	60.5%	

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SAN MIGUEL COUNTY	67.2%	32.8%	0.0%	47.0%	53.0%	0.0%
IN	68.6%	31.4%		47.8%	52.2%	
OUT	66.3%	33.7%		46.4%	53.6%	
SANTA FE COUNTY	81.3%	18.7%	0.0%	57.3%	42.7%	0.0%
IN	77.5%	22.5%		51.0%	49.0%	
OUT	87.1%	12.9%		68.0%	32.0%	
SIERRA COUNTY	57.4%	42.6%	0.0%	57.4%	42.6%	0.0%
IN	66.4%	33.6%		66.4%	33.6%	
OUT	48.1%	51.9%		48.1%	51.9%	
SOCORRO COUNTY	53.7%	46.3%	0.0%	41.8%	58.2%	0.0%
IN	70.6%	29.4%		60.1%	39.9%	
OUT	40.7%	59.3%		29.5%	70.5%	
TAOS COUNTY	64.2%	35.8%	0.0%	56.7%	43.3%	0.0%
IN	53.7%	46.3%		48.8%	51.2%	
OUT	69.6%	30.4%		61.2%	38.8%	
TORRANCE COUNTY	45.8%	54.2%	0.0%	41.5%	58.5%	0.0%
IN	47.6%	52.4%		43.3%	56.7%	
OUT	45.4%	54.6%		41.1%	58.9%	
UNION COUNTY	24.9%	72.6%	2.5%	19.4%	77.9%	2.7%
IN	55.2%	44.8%		47.9%	52.1%	
OUT	15.8%	80.9%		11.6%	84.9%	
VALENCIA COUNTY	69.5%	30.5%	0.0%	48.9%	51.1%	0.0%
IN	73.2%	26.8%		52.8%	47.2%	
OUT	65.2%	34.8%		44.9%	55.1%	

This memorial points out two areas of unfairness in the property tax: (1) Residential property sales have been disclosed since 2004, but nonresidential sales prices are not disclosed to the county assessor; and (2) Farming and ranching communities may be at particular risk of inequity because nonresidential properties bear a disproportionate burden of the overall property tax.

The property tax in New Mexico has been criticized as unfair, possibly as a result misunderstanding of the 3 percent assessment limit, yield control, homeowner’s and veteran’s exemptions, agricultural special method, central assessment, and several other features that advantage one taxpayer group and disadvantage everyone else. The average homeowner or non-residential property owner only knows that property taxes increase every year and that some neighbors bear relatively less burden than the property owner.

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

Duplicates Senate Memorial 10.

LG/rl/hg/ne