

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

## FISCAL IMPACT REPORT

SPONSOR Garcia, MP ORIGINAL DATE 02/26/09  
LAST UPDATED \_\_\_\_\_ HJR 25  
SHORT TITLE Property Tax Exemption for Disabled, CA SB \_\_\_\_\_  
ANALYST Gutierrez

### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY09	FY10	FY11		
	NFI	NFI	Recurring	Local Governments

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

LFC Files

No Response Received From

Taxation and Revenue Department (TRD)

### SUMMARY

#### Synopsis of Bill

House Joint Resolution 25 amends Article 8 of the constitution and would exempt from taxation the property of a low-income permanently disabled person. The burden of proving eligibility for the exemption is on the person claiming the exemption.

If enacted, the amendment would be submitted to the voters for approval at the next general election.

### FISCAL IMPLICATIONS

As with other property tax exemptions, the fiscal impact is borne by those property owners who are not exempt as their rates would rise to meet the revenue requirements imposed primarily by general obligation debt. If a community has a large population of low-income permanently disabled persons, there may be revenue impacts if the local government decides it cannot raise rates.

### SIGNIFICANT ISSUES

The provisions of the proposed measure would *require* the legislature to exempt a low-income permanently disabled person from property taxation rather than allowing the legislature to consider the issue and subsequently enact enabling legislation.

## ADMINISTRATIVE IMPLICATIONS

There will be minor impacts on the Taxation and Revenue Department if voters approved the proposed amendment.

## CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

There are several property tax proposals being considered in the 2009 session:

Bill Number	Title	Description
HB34/SB564	PROPERTY TAX INFORMATION DISCLOSURE	Disclosure of certain information regarding property tax to home buyers
HB132/SB115	EDUCATIONAL PROPERTY TAX EXEMPTIONS	Property leased to a public school district or public school and used exclusively for educational purposes is exempt from property tax
HB160/SB181	NO REEVALUATION OF PROPERTY UPON SALE	Repeal the provisions of Section 7-36-21.2 that provide for revaluation of real property when it is sold and prohibit the value from exceeding the higher of 103 percent of the value in the previous tax year or 106 percent of the value in tax year two years prior to the tax year in which the property is being valued
HB251	UPDATING PROPERTY VALUES WITH DECREASES	County assessors shall include reductions, to reflect decreases in market value, when updating property values
HB261	ESTIMATED FUTURE PROPERTY TAX INFO TO BUYERS	Requiring disclosure of estimated future property taxes to a buyer of residential real property
HB269	COMPUTER-ASSISTED MASS APPRAISAL SYSTEMS	Make an appropriation to TRD (FY10 & FY11) for the property tax division to establish a statewide network for county assessors and state agencies
HB297	PROPERTY TAX ON MUTUAL DOMESTIC ASSOCIATIONS	Exempting the personal property of nonprofit mutual domestic water associations from property taxation
HB429	FEDERAL EMPLOYEE PROPERTY TAX INCOME CREDIT	A credit against PIT liability for those who are employed at a federal law enforcement facility within 20 miles of the Mexican border.
HJR1	VETERANS' ORGANIZATION PROPERTY TAXES, CA	Exempt certain property from valuation.
HJR3	HEAD OF FAMILY PROPERTY TAX EXEMPTION, CA	Increased head of family exemption from \$2,000 to \$20,000
HJR4	NATIONAL GUARD VETERAN PROPERTY TAXES, CA	Include national guard veterans in military veteran exemption
SB32	LAND GRANT PROPERTY CONVEYANCE TAX CREDITS	Allowing land grants operating as political subdivisions of the state to be eligible for tax credits available for certain conveyances of real property
SB110	PUBLIC IMPROVEMENT DISTRICT ELECTIONS	Provide for owners and residents to elect a district board and to provide for limitation of property tax levies to pay debt service on bonds
SB209	EXPAND AFFORDABLE HOUSING TAX CREDITS	Permit NMFA to issue an investment voucher to a person who has made an investment of materials for an affordable housing project and eliminates limitation of populations of less than 100,000.
SB457	2005 VALUE FOR CERTAIN TRANSFERRED PROPERTIES	Property that changed ownership during the CY05-09, shall be reassessed for the 2010 tax year at the 2005 value.
SB537	PROPERTY TAXATION & VALUTATION UPON SALE	Removes the valuation of property upon sale and has all property reassessed in 2010 tax year.
SJR3	LIMIT REAL PROPERTY TAXES TO ONE PERCENT, CA	Imposes maximum total tax levy of no more than 1 percent of current and correct tax value.

## TECHNICAL ISSUES

This bill does not define “low-income”.

BLG/svb

***The Legislative Finance Committee has adopted the following principles to guide responsible and effective tax policy decisions:***

- 1. Adequacy:*** revenue should be adequate to fund government services.
- 2. Efficiency:*** tax base should be as broad as possible to minimize rates and the structure should minimize economic distortion and avoid excessive reliance on any single tax.
- 3. Equity:*** taxes should be fairly applied across similarly situated taxpayers and across taxpayers with different income levels.
- 4. Simplicity:*** taxes should be as simple as possible to encourage compliance and minimize administrative and audit costs.
- 5. Accountability/Transparency:*** Deductions, credits and exemptions should be easy to monitor and evaluate and be subject to periodic review.

***More information about the LFC tax policy principles will soon be available on the LFC website at [www.nmlegis.gov/lcs/lfc](http://www.nmlegis.gov/lcs/lfc)***