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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

ORIGINAL DATE 1/23/09

SPONSOR Payne LAST UPDATED _____ HB _____

SHORT TITLE Limit Real Property Taxes to One Percent, CA SJR 3

ANALYST Gutierrez

REVENUE (dollars in thousands)

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

(Parenthesis () Indicate Revenue Decreases)

Relates to several bills – See below for table of property tax bills considered in 2009 session

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

Senate Joint Resolution 3 proposes a constitutional amendment to limit the total property tax to one percent of the “current and correct” value of the property. If passed, the amendment will go to the voters at the next general election.

FISCAL IMPLICATIONS

The limit in SJR-3 applies to “current and correct value” rather than “assessed value” (which is the current and correct value multiplied by 1/3, the uniform assessment ratio). Therefore, the effective limit on total combined property tax levies on real property is 30 mills (\$30 per \$1,000 of assessed value, which corresponds to \$3,000 of “current and correct value”). The only taxpayers that would be affected are those that live in a district with a tax rate higher than 30 mills. Most of the property that would benefit is nonresidential. Only Albuquerque, Grady, Sunland Park, Santa Rosa, Gallup, Grenville, and Los Lunas have residential rates higher than 30 mills. The constitutional amendment could cause the localities with higher rates on nonresidential to raise the rates on residential to maintain the amount of funds needed for debt service and operations.

SIGNIFICANT ISSUES

Rather than using the term “current and correct value,” it may be more appropriate to use “assessed value,” the term consistently used in Article 8, Section 2.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Other property tax related bills being considered in 2009 session:

Bill Number	Title	Description
HB34	PROPERTY TAX INFORMATION DISCLOSURE	Disclosure of certain information regarding property tax to home buyers
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
HB178	UNIFORM UNCLAIMED PROPERTY RECOVERY FEE CAPS	Provides for a fee of not more than ten percent of the value of the property recovered
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
HJR1	VETERANS' ORGANIZATION PROPERTY TAXES, CA	Exempt certain property from valuation
HJR3	HEAD OF FAMILY PROPERTY TAX EXEMPTION, CA	Increases head of family exemption to \$20,000 from \$2,000.
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
SB115	LEASED SCHOOL PROPERTY TAX EXEMPTIONS	Property leased to a public school district or public school and used exclusively for educational purposes is exempt from property tax
H264	RESIDENTIAL PROPERTY TRANSFER AFFIDAVITS	Allow affidavits about property value to be used for county protests

BLG/mt

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