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FISCAL IMPACT REPORT

ORIGINAL DATE 02/27/13
 SPONSOR SCORC LAST UPDATED 03/08/13 HB _____
 SHORT TITLE Disabled Veteran Exemption for Assessments SB 517/SCORCS
 ANALYST Smith

REVENUE (dollars in thousands)

Estimated Revenue					Recurring or Nonrecurring	Fund Affected
FY13	FY14	FY15	FY16	FY17		
NFI						

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department (TRD)
 Department of Finance and Administration (DFA)

SUMMARY

Synopsis of Bill

Senate Bill 517 adds language to Section 73-20-46 NMSA 1978, to clarify that the exemption for disabled veterans applies to all property tax assessments.

FISCAL IMPLICATIONS

This legislation has no fiscal impact.

SIGNIFICANT ISSUES

As of February 1, 2013, there are a total of 4001 active disabled veteran exemptions throughout the state with the majority, 1316 certificates, in Bernalillo County.

The U.S. Department of Veterans Affairs (USDVA) reports that there are 172,085 veterans in the State of New Mexico as of September 30, 2012 with 33,911 that have a disability rating from 0 percent to 100 percent.

This bill does not make it clear if those widows of veterans who were rated at 100% by the USDVA would also qualify for this exemption. Under current statute, the widow does qualify for the disabled veteran certificate.

TECHNICAL ISSUES

The Attorney General’s Office states in regard to the constitutionality of applying any property tax to the qualified real property of disabled veterans. As follows:

“As discussed below, the constitutional exemption implemented by Section 7-35-5.1 of the Property Tax Code effectively applies to all property taxes in the constitutional sense regardless of whether the taxes are imposed under or outside the Property Tax Code. This makes it unnecessary to enact a separate exemption for veterans with a 100 percent disability for each property tax.”

Special benefit assessments, however, are not considered property taxes by the Attorney General’s Office who finds that:

“The New Mexico Supreme Court has held that limitations and exemptions specified in article VIII of the State Constitution do not apply to “special benefits assessments” for improvements that are applied upon property that is specially benefited by the improvements.”

Does the bill meet the Legislative Finance Committee tax policy principles?

1. **Adequacy:** Revenue should be adequate to fund needed government services.
2. **Efficiency:** Tax base should be as broad as possible and avoid excess reliance on one tax.
3. **Equity:** Different taxpayers should be treated fairly.
4. **Simplicity:** Collection should be simple and easily understood.
5. **Accountability:** Preferences should be easy to monitor and evaluate

SS/svb:blm