



This bill contains an emergency clause and would become effective immediately on signature by the governor.

## **FISCAL IMPLICATIONS**

Because the bill does not increase the exemption amount, broaden the class of eligible taxpayers, or alter the underlying tax base, it is not expected to have a material fiscal impact on state or local government revenues. Any effects would be limited to administrative efficiencies or improved compliance, which are not anticipated to result in a measurable change in property tax collections.

This bill primarily addresses administrative and procedural aspects of the disabled veteran property tax exemption rather than expanding eligibility or increasing the value of the exemption itself. The bill clarifies existing statutory language related to occupancy requirements, ownership interests, documentation, and protest procedures to ensure more consistent application of the exemption by county assessors. These changes are intended to reduce ambiguity in current law and improve administration and enforcement of the exemption, particularly in cases involving multiple owners, transfers of property, or pending eligibility determinations.

## **SIGNIFICANT ISSUES**

New Mexico's disabled veteran property tax exemption has historically been intended to provide tax relief to veterans with service-connected disabilities and, in certain cases, their surviving spouses. Over time, the exemption has been expanded and refined, including a constitutional amendment approved by voters in 2024 that broadened eligibility beyond veterans who are 100 percent disabled to include veterans with partial service-connected disabilities, with the exemption scaled to the percentage of disability. While these changes increased access to the exemption, they also introduced additional administrative complexity for county assessors, particularly related to verifying eligibility, occupancy, ownership interests, and the timing of claims.

This bill responds primarily to these administrative challenges rather than making substantive policy changes to the exemption itself. The bill clarifies the exemption applies only when the disabled veteran continuously occupies the property as the veteran's principal place of residence, resolving ambiguity in prior statutory language that could be interpreted more broadly. It also addresses properties with multiple ownership interests by specifying that, when more than one disabled veteran qualifies for an exemption on the same property, the exemption is calculated using the highest disability percentage among eligible owners. This clarification reduces uncertainty for assessors and helps prevent inconsistent application of the exemption across counties.

In addition, the bill refines procedures for claiming the exemption and for protesting denials or pending claims, aligning those processes more clearly with existing valuation and classification protest provisions in the Property Tax Code. These changes are intended to improve due process for taxpayers while providing clearer guidance to assessors on documentation, deadlines, and enforcement. The bill also clarifies how the exemption may be maintained or transferred within a tax year when a qualifying veteran or surviving spouse changes principal residence, which may

reduce inadvertent loss of the exemption due to timing or procedural issues.

Overall, the significant issue addressed by the bill is administrative clarity and consistency. By tightening definitions and procedures without expanding eligibility or increasing exemption amounts, the bill seeks to preserve the policy intent of the disabled veteran exemption while reducing confusion, compliance issues, and uneven administration at the local level.

New Mexico Counties notes the 2024 constitutional amendment expanded the veteran property tax exemption to all veterans with service-connected disabilities between 10 percent and 100 percent, increasing the estimated eligible population from about 16.5 thousand to more than 51 thousand individuals. House Bill 47 in 2025 provided the enabling legislation for this amendment, with implementation beginning in FY27. According to New Mexico Counties, this expansion substantially increased the administrative complexity of the exemption and created uncertainty for local taxing entities.

NM Counties identifies this bill as a priority measure to clarify how the expanded exemption is applied, particularly for properties with multiple disabled veteran owners and for cases involving pending disability certifications. The association emphasizes the bill is critical to helping assessors and local governments implement the constitutional amendment consistently, manage fiscal impacts more accurately, and avoid budget uncertainty, refunds, amended tax rolls, or potential audit findings. They also note the fiscal impact of the exemption remains inherently uncertain until a veteran with a specific disability percentage claims the exemption on a specific property.

NM Counties highlights two key clarifications in the bill. First, for properties owned by more than one qualifying disabled veteran, the exemption would be based on the highest disability percentage among eligible owners, ensuring that a 100 percent disabled veteran receives a full exemption on the entire property rather than on only a fractional ownership share. Second, the bill clarifies timelines and protest procedures for veterans with pending disability certifications, explicitly allowing a pending exemption claim to be protested, providing up to 180 days during the protest period to obtain certification, and applying certifications received after that period to the following tax year. NM Counties indicates these changes are necessary to ensure disabled veterans can access the exemption while allowing counties, municipalities, and special districts to finalize tax rolls within existing statutory timelines needed for budgeting and financial planning.

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