



NEW MEXICO
LEGISLATIVE
FINANCE
COMMITTEE

Parcel to Policy: Leveraging Parcel-Level Property Data for Smarter Tax Policy

Jennifer Faubion

Senior Economist, Legislative Finance Committee

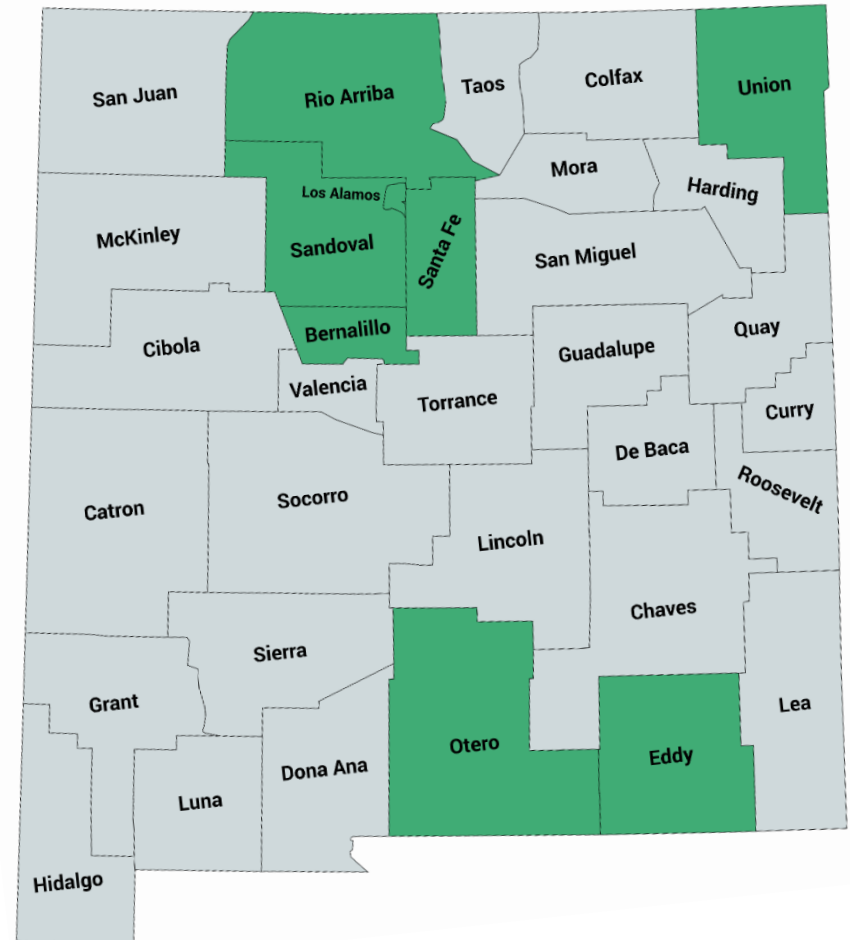
Presentation to the Revenue Stabilization and Tax Policy
Committee

October 27, 2025

Partnership

LFC partnered with the NM Association of Counties Assessors Affiliate to compile statewide dataset from each county assessor.

- So far, we have received data from Bernalillo, Eddy, Los Alamos, Otero, Rio Arriba, Roosevelt, Sandoval, Santa Fe, and Union Counties.



**NEW MEXICO
COUNTIES**
33 STRONG

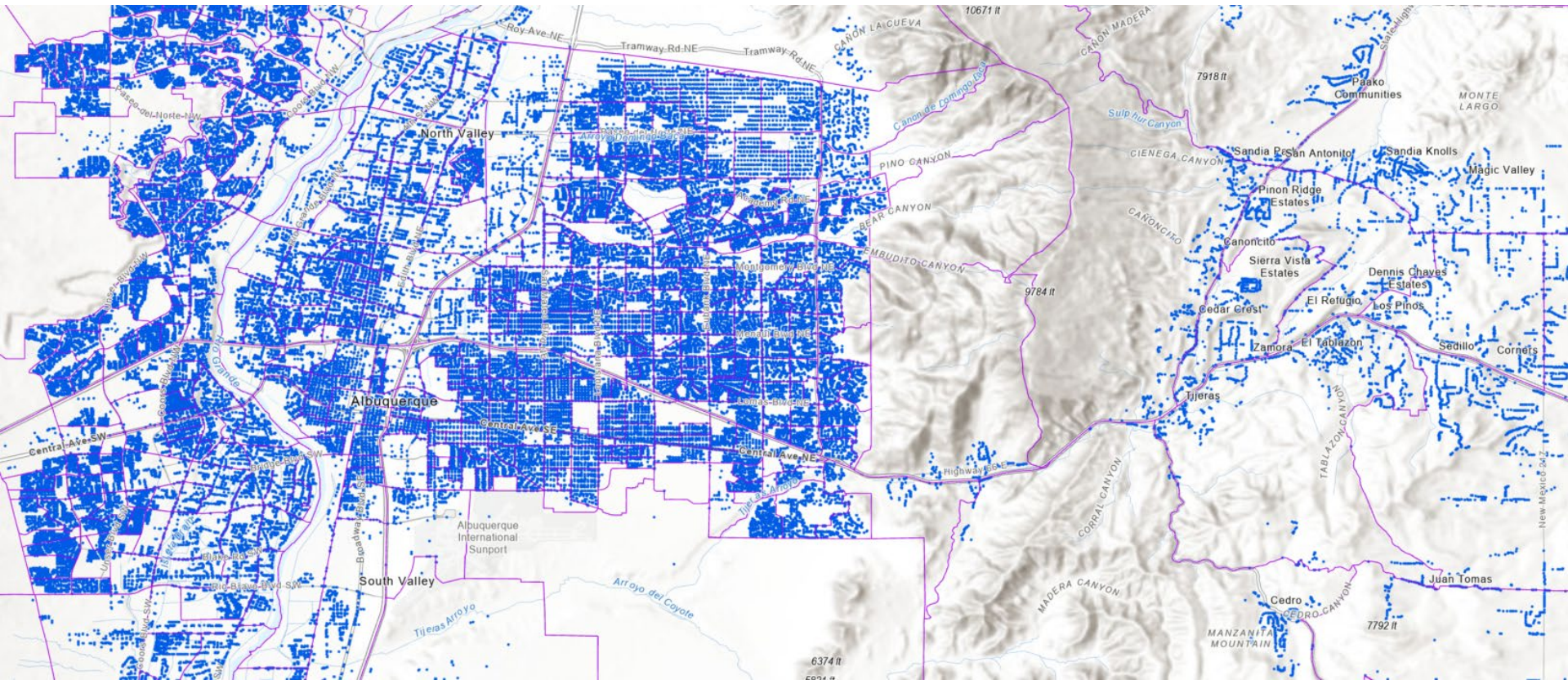


Data and Methodology

- Data Sources:
 - Assessor parcel files
 - Location
 - Market value
 - Assessed value
 - Owner mailing address
 - Exemption amounts
 - ACS 5-Year Estimates
 - Income
 - Race
 - Poverty
 - Rental/Ownership rates
 - Educational attainment
 - And more
- Geocode parcels and assign to Census block groups
 - Block groups = 300 to 600 residents
 - Allows for neighborhood-level analysis without compromising data availability

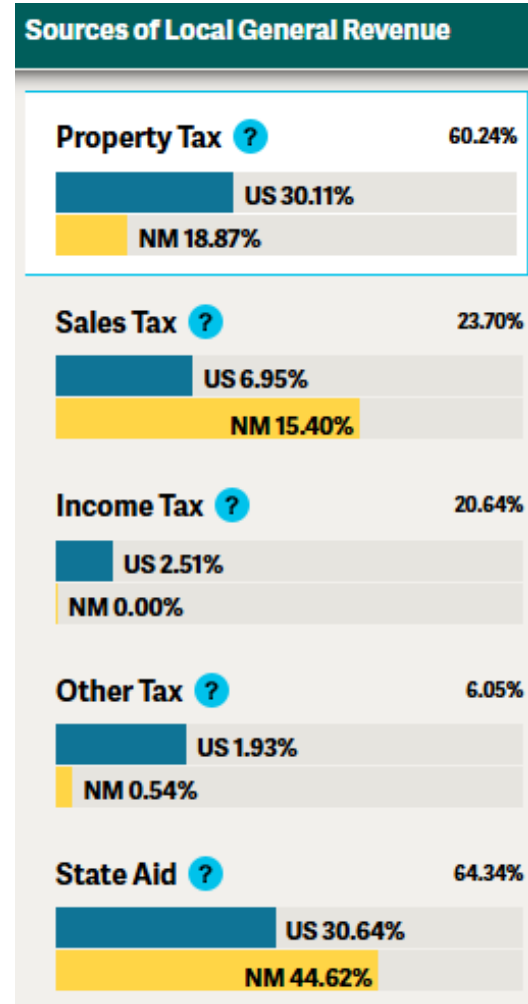


Methodology: Linking Parcels and Demographics



Why Parcel-Level Analysis Matters

- Property tax is a legislative hot-topic, but decision-makers are often working with incomplete knowledge or information.
- Parcel-level data allows for precise, spatially aware policy analysis.
- Goal: the Legislature uses real-world data to build policy reform (exemptions, circuit breakers, caps, etc.)



Scope of This Analysis

- Key Questions:
 - What is the lay of the land?
 - Descriptive statistics on exemptions, home values, assessment limit effects, etc.
 - Who bears the tax burden?
 - By tenure
 - By income
 - By home value
 - by residency (in vs out of state)
 - Where and how do state policies affect tax affordability?
 - Do assessment limits disproportionately affect certain households?
 - How are exemptions targeted and are there people left out of relief programs?
 - How would statewide changes affect homeowners and renters?



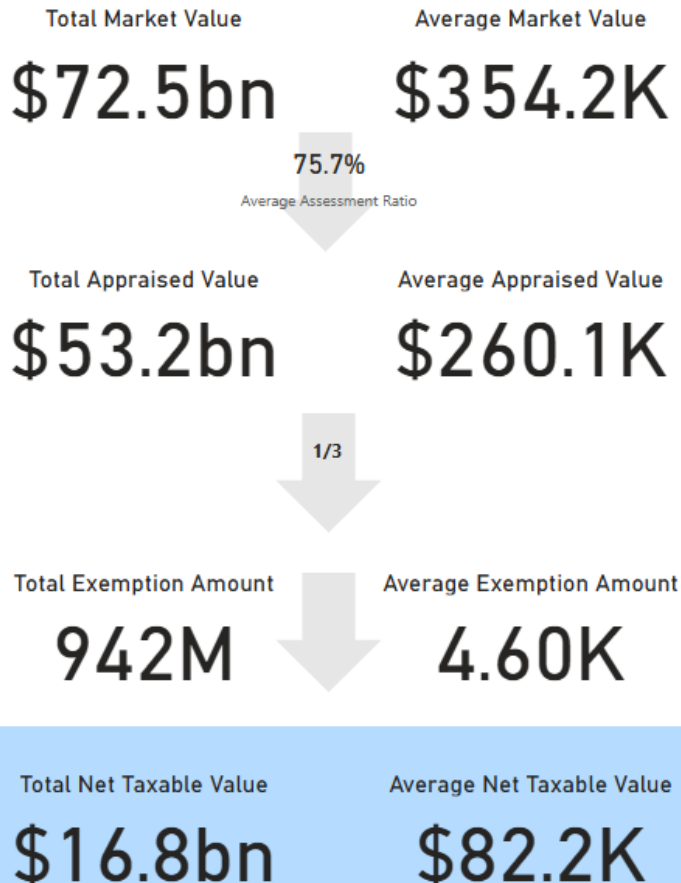
NM Property Tax System Refresher

- Valuation at market value
 - Apply assessment limits (3% growth cap and value freezes)
 - Divide by 3
 - Apply exemptions (head-of-household, veteran, etc.)
 - Net Taxable Value
 - Apply mill levy*
 - Tax amount
- *Mill Levy
 - Local government determines mill rate within constitutional limits
 - Each year, DFA determines “yield controlled” mill levy for each district
 - Revenue per district can only grow at rate of local government spending inflation or 5%

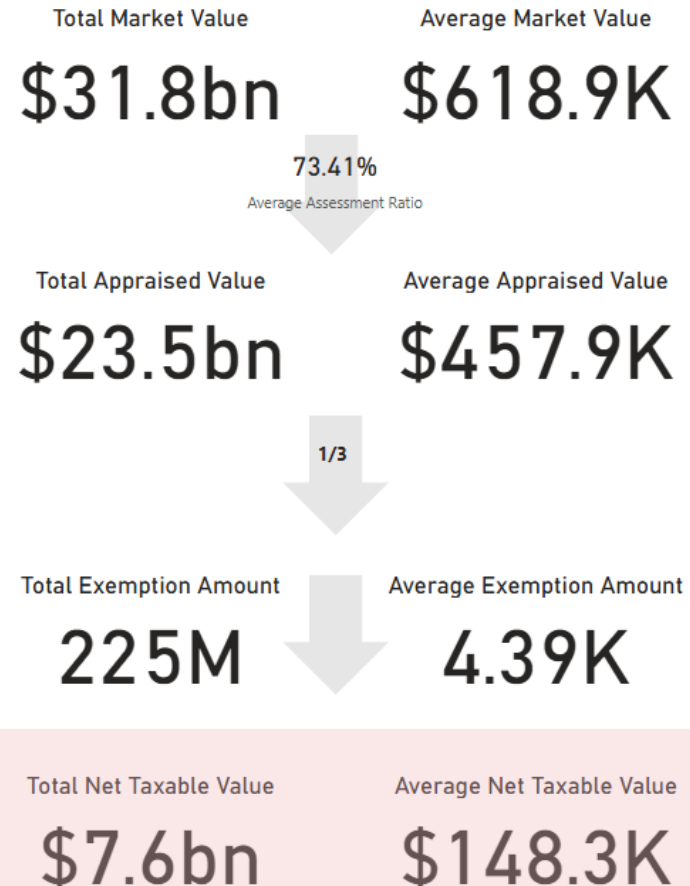


Residential Property Tax Valuation

Bernalillo



Santa Fe

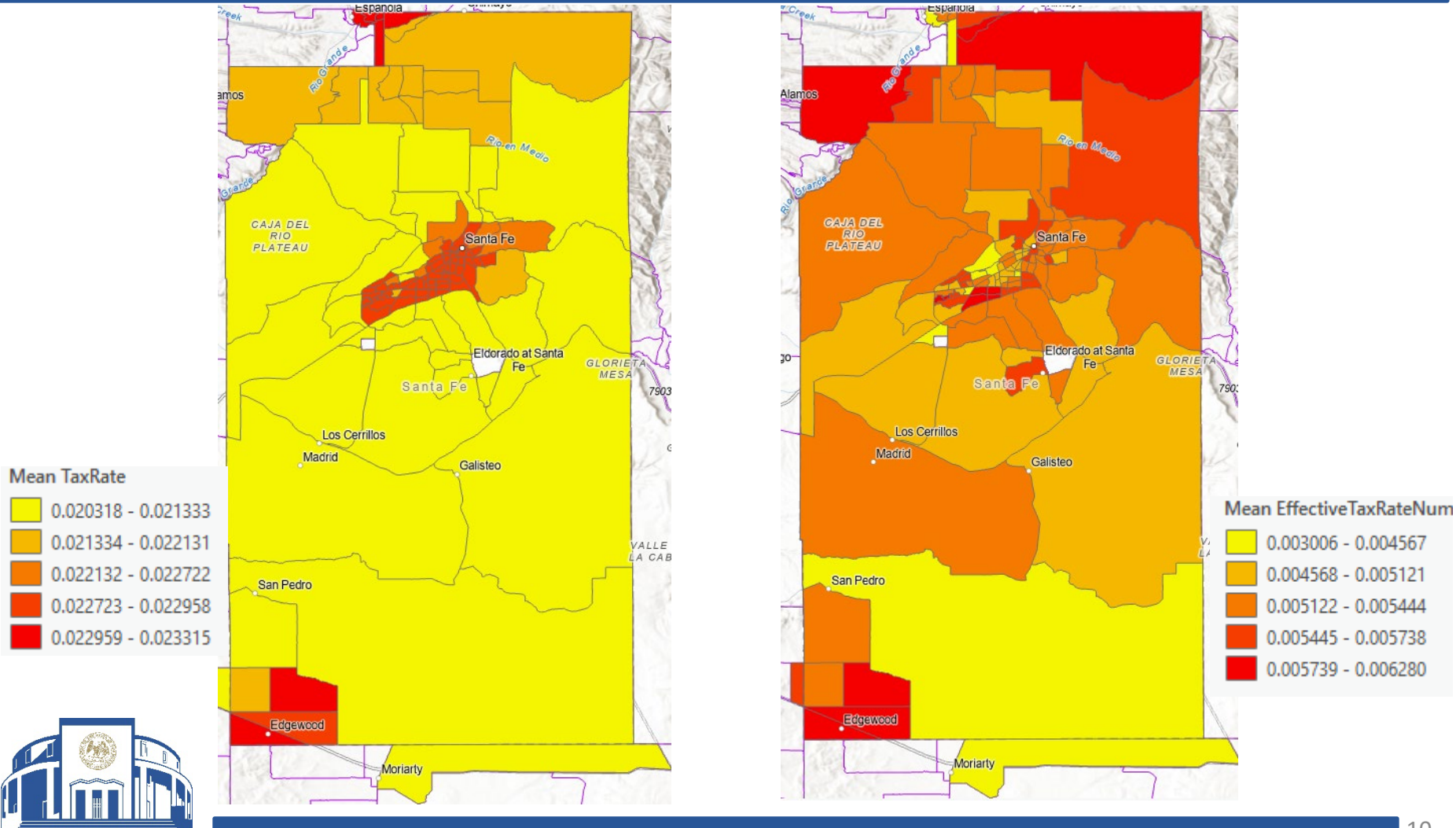


What is the effective tax rate vs the official tax rate?

- Effective tax rate is the tax owed over the market value of the property.
- Effective tax rate is a better measure of the real tax burden on any given property.
- Effective tax rate differs from the official tax rate imposed by local governments because of:
 - Yield control
 - Assessment Limits and Value Freezes
 - Exemptions (veterans, head-of-household, etc.)

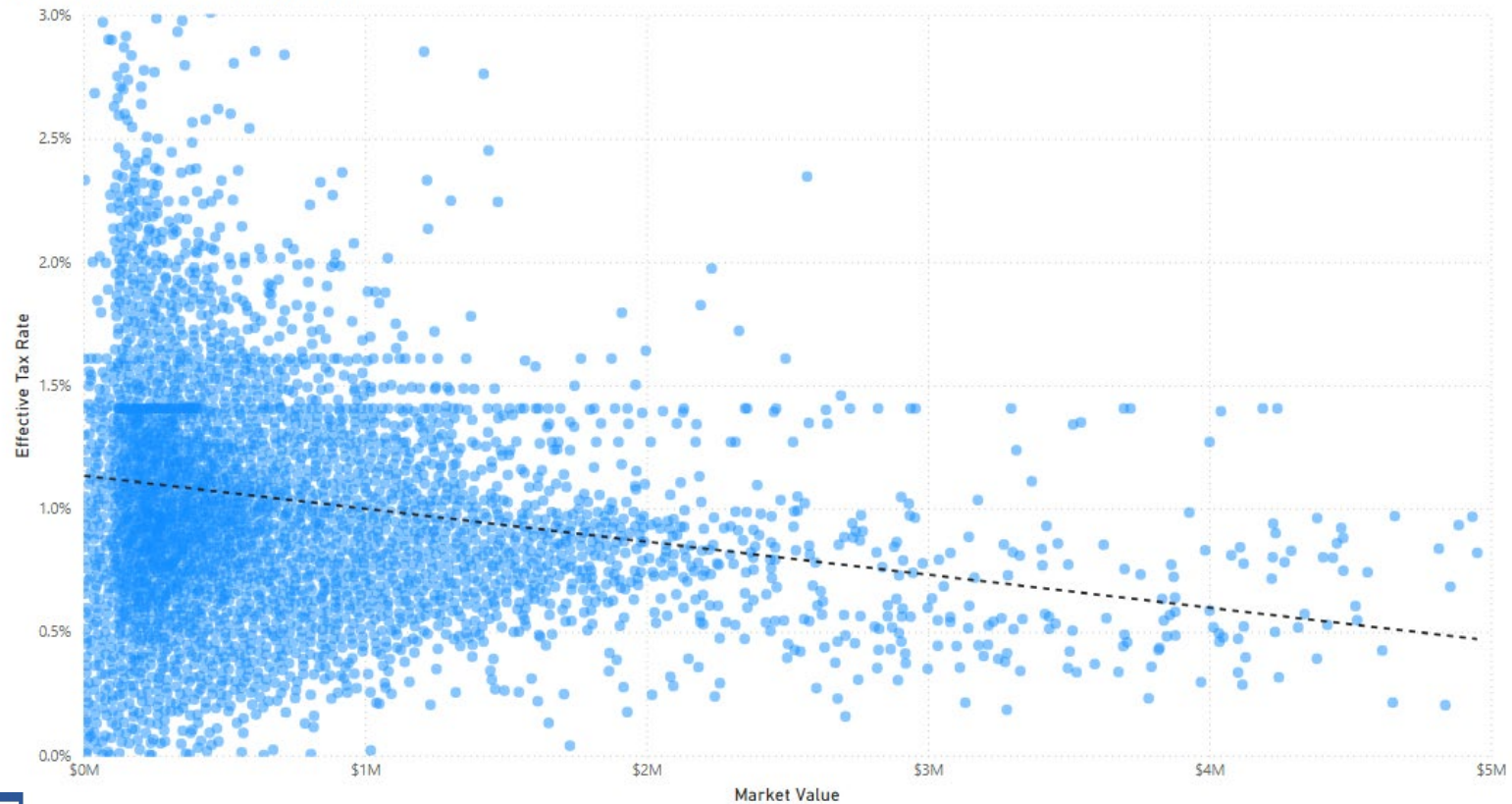


Mapping: Tax Rate vs *Effective* Tax Rate



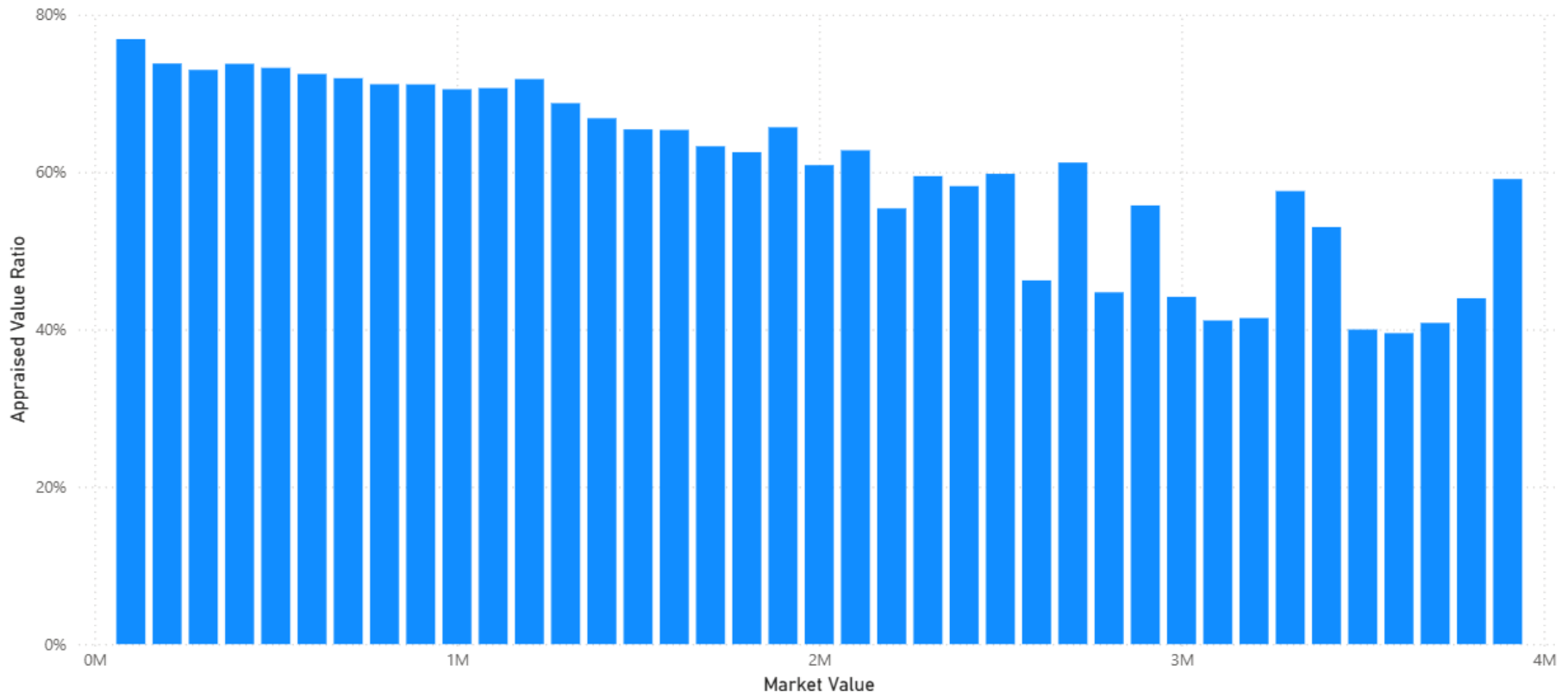
In Bernalillo, effective tax rate goes *down* as home value goes up.

Market Value and Effective Tax Rate



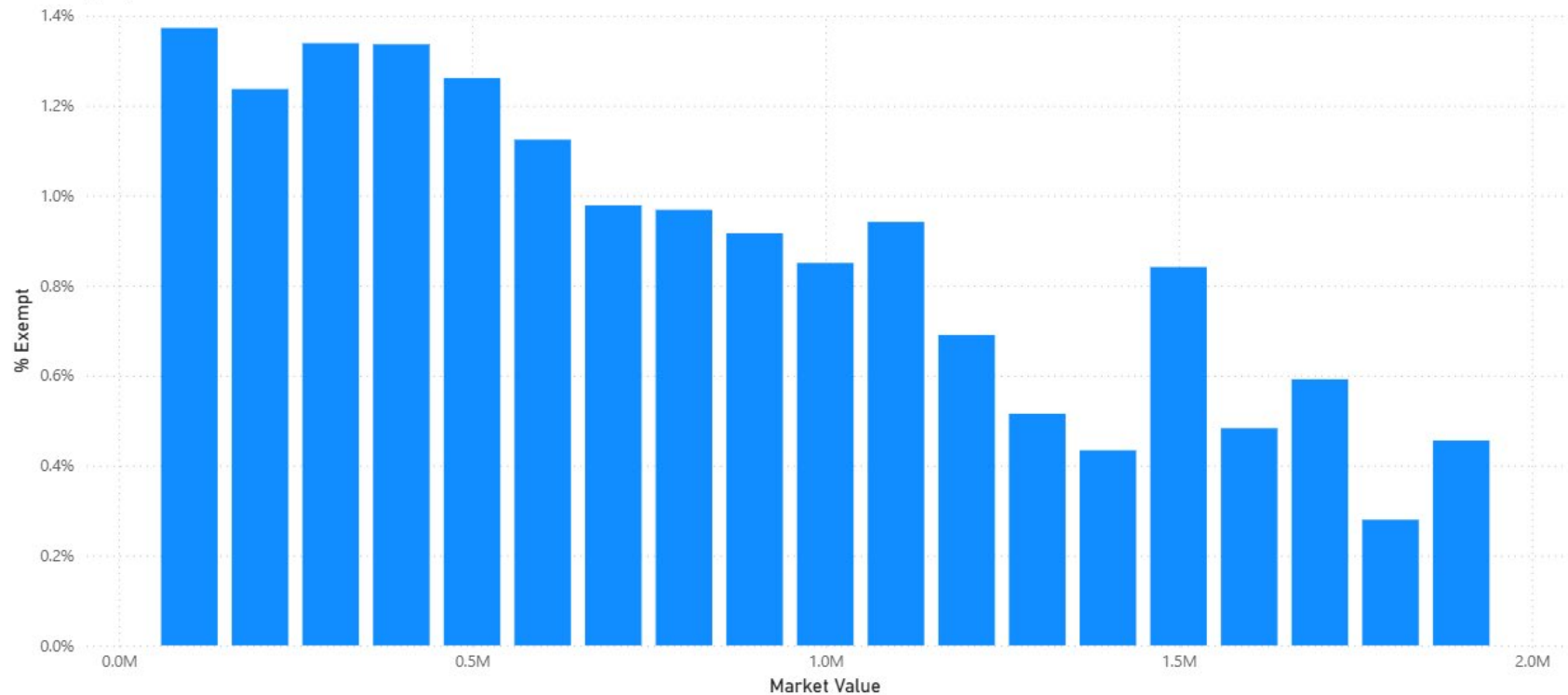
Primarily because of assessment limits or value freezes...

Appraised Value Ratio by Market Value



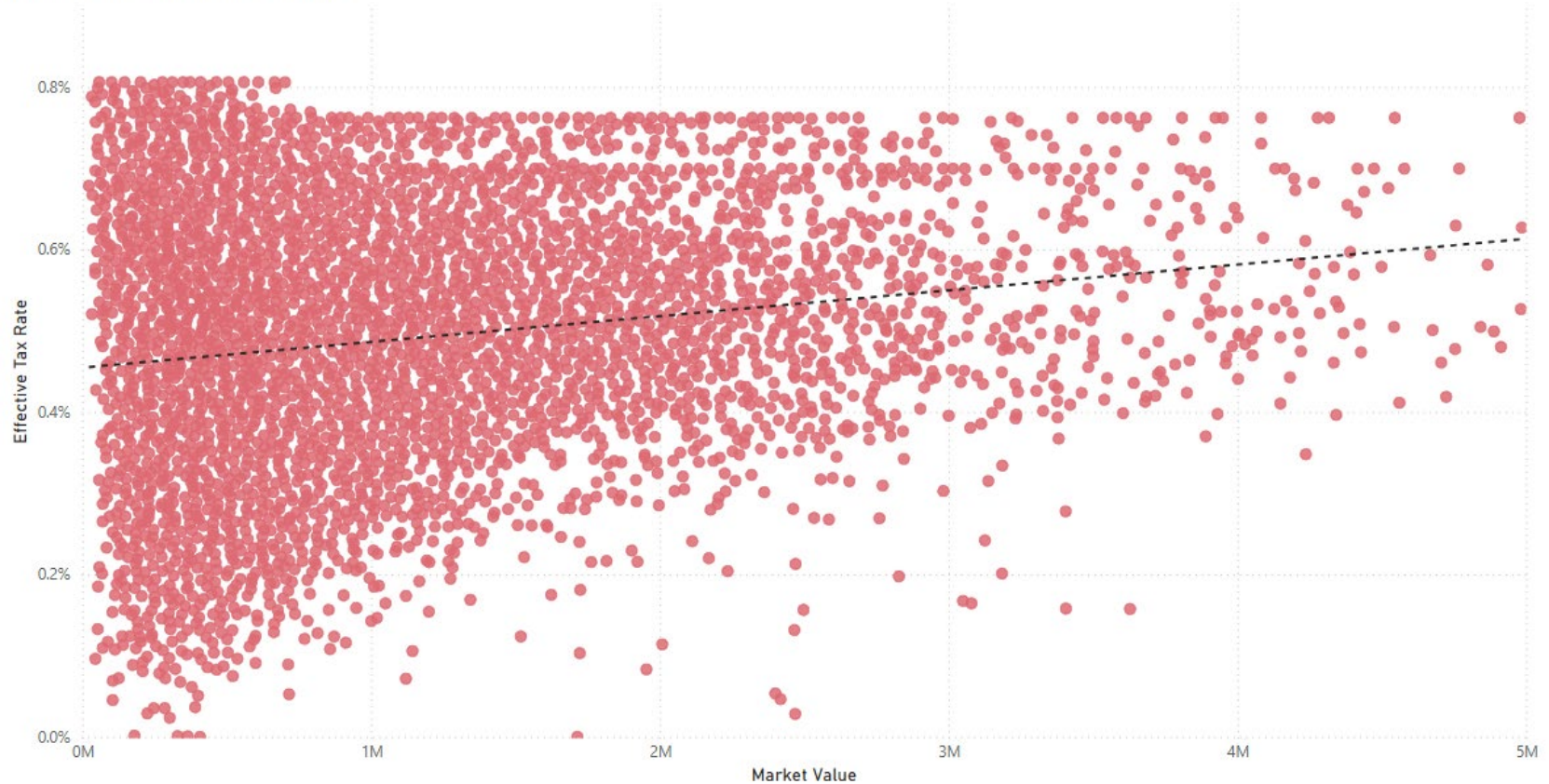
and not because of exemptions.

% Exempt by Market Value



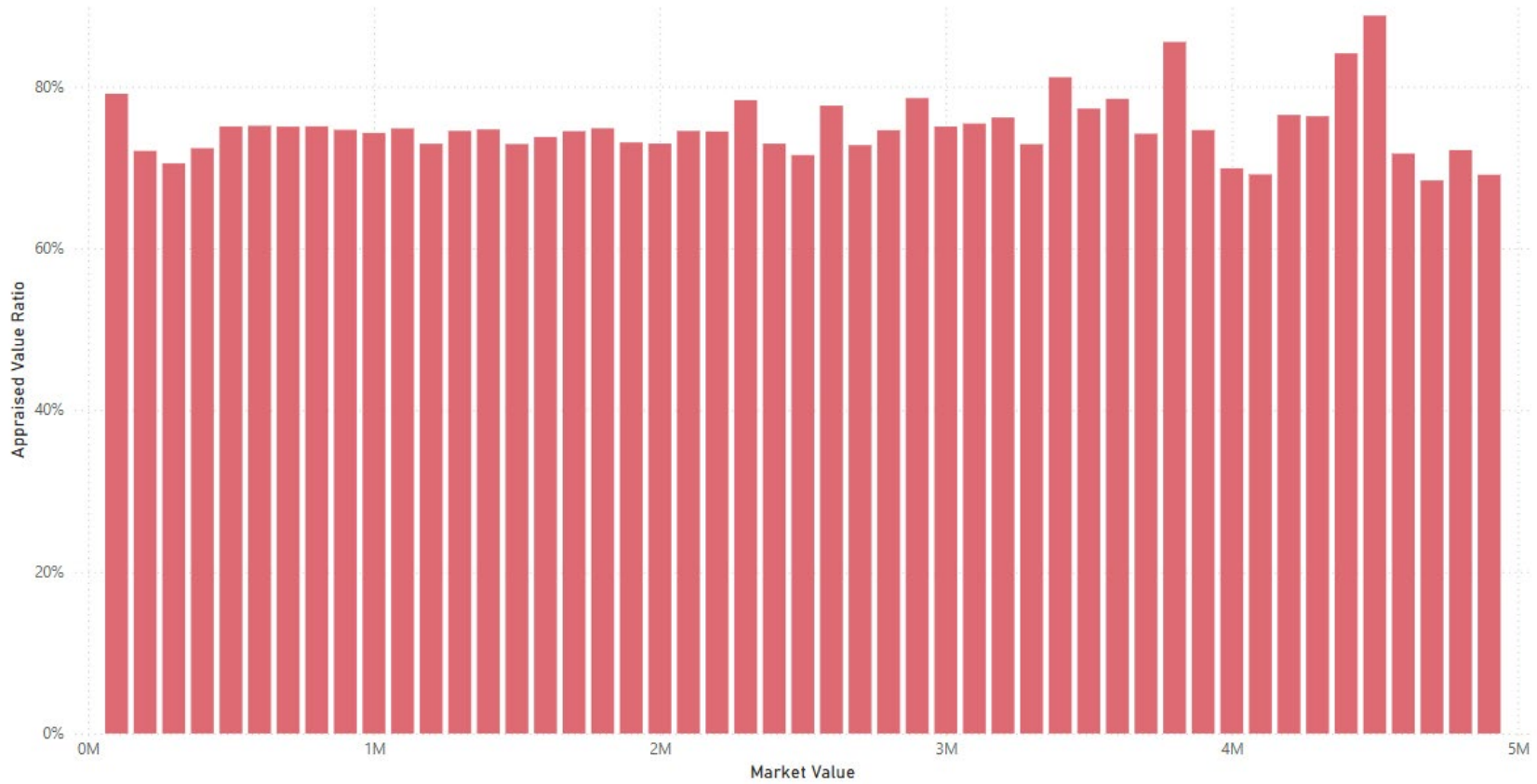
Conversely, effective tax rate goes *up* as home value goes up in Santa Fe.

Market Value and Effective Tax Rate



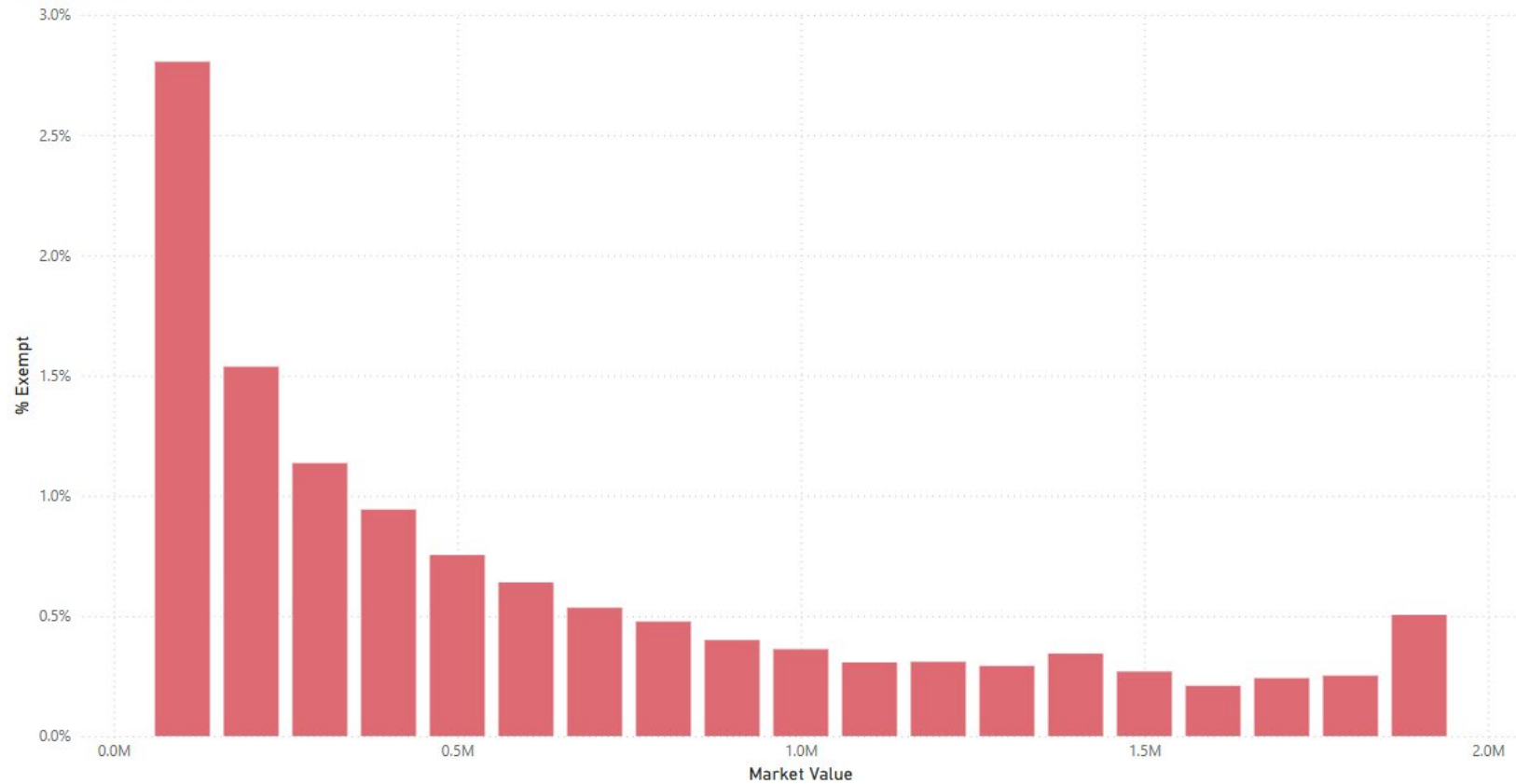
With no impact from assessment limits or value freezes...

Appraised Value Ratio by Market Value



...but maybe because of exemptions.

% Exempt by Market Value



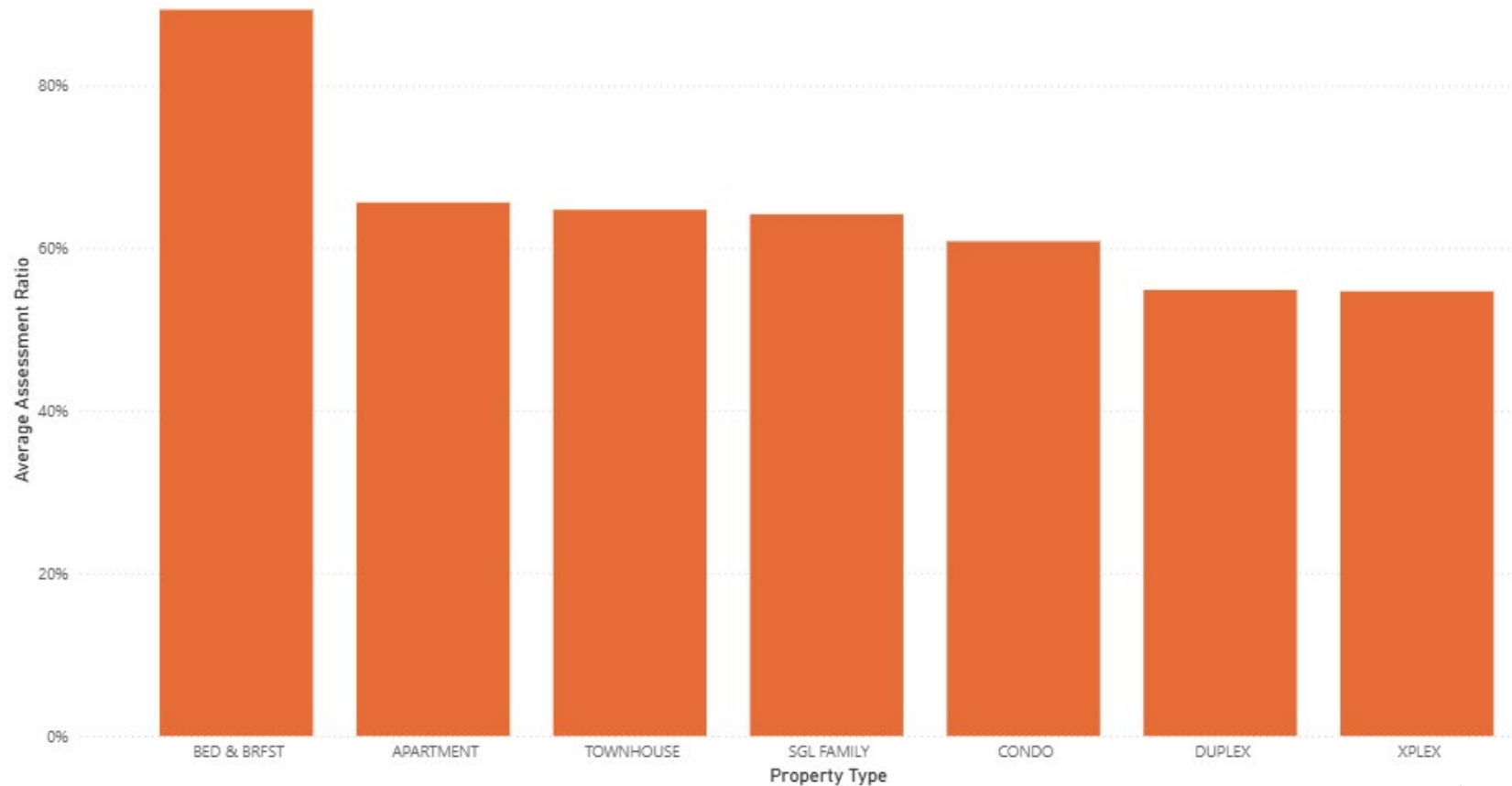
Assessment limits: market value vs assessed value

- The impact on a property from assessment limits can be measured by comparing the real market value and the assessed value of a property.
 - Assessed value includes the 3% annual cap on increases to assessed value.
- Residential assessment ratios:
 - Bernalillo: 75.7%
 - Santa Fe: 73.4%
 - Los Alamos: 66.8%



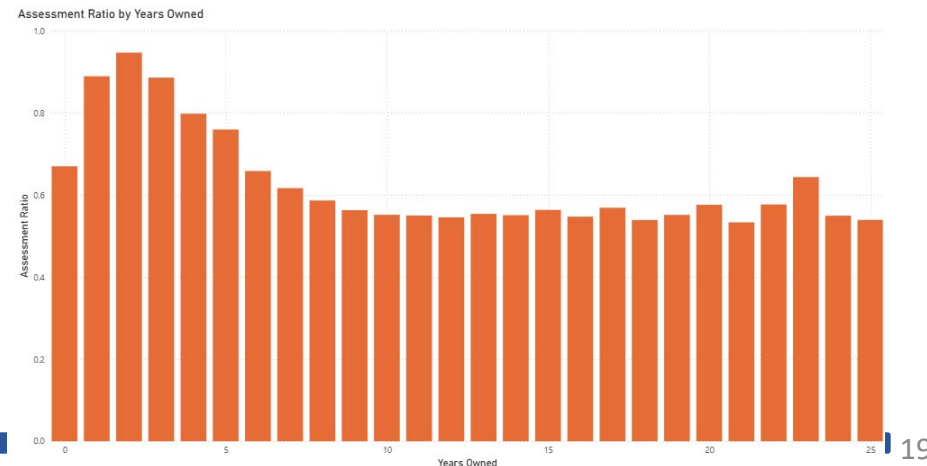
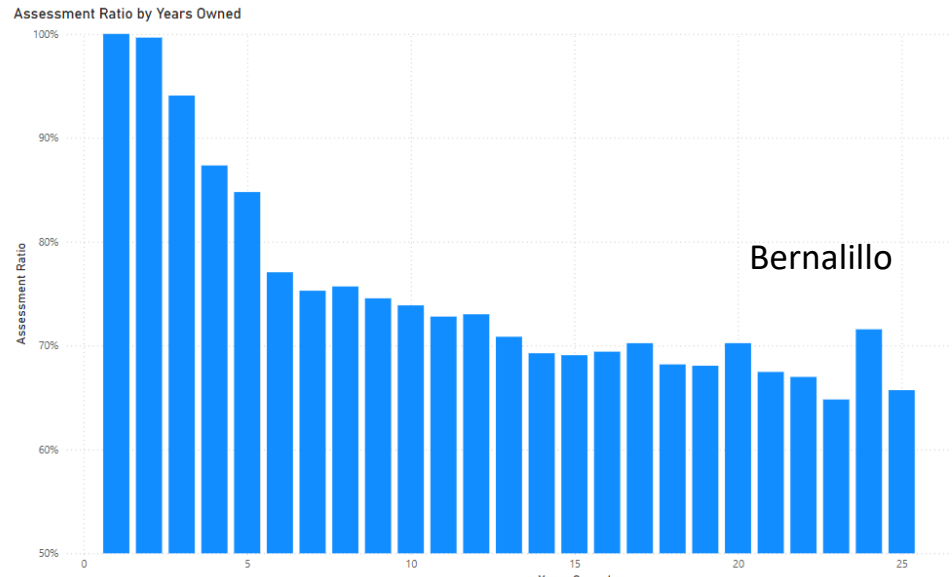
Assessment ratio varies by property type, likely due to 3% cap and challenges in assessment.

Average Assessment Ratio by Property Type



Longer-owned homes benefit most from assessment limits.

- Length of homeownership is one of the largest drivers of property tax discounts, although the magnitude of the impact can vary.



Exemptions can also significantly discount property taxes.

- Exemptions are applied after assessment limits and after the assessed value is reduced to 1/3.
- Average exemption amount:
 - Bernalillo: \$4,600
 - Santa Fe: \$4,400
 - Los Alamos: \$3,100
- Note: these will likely increase significantly with the rollout of the expansion of the disabled veteran exemption.



VETERANS EXEMPTIONS



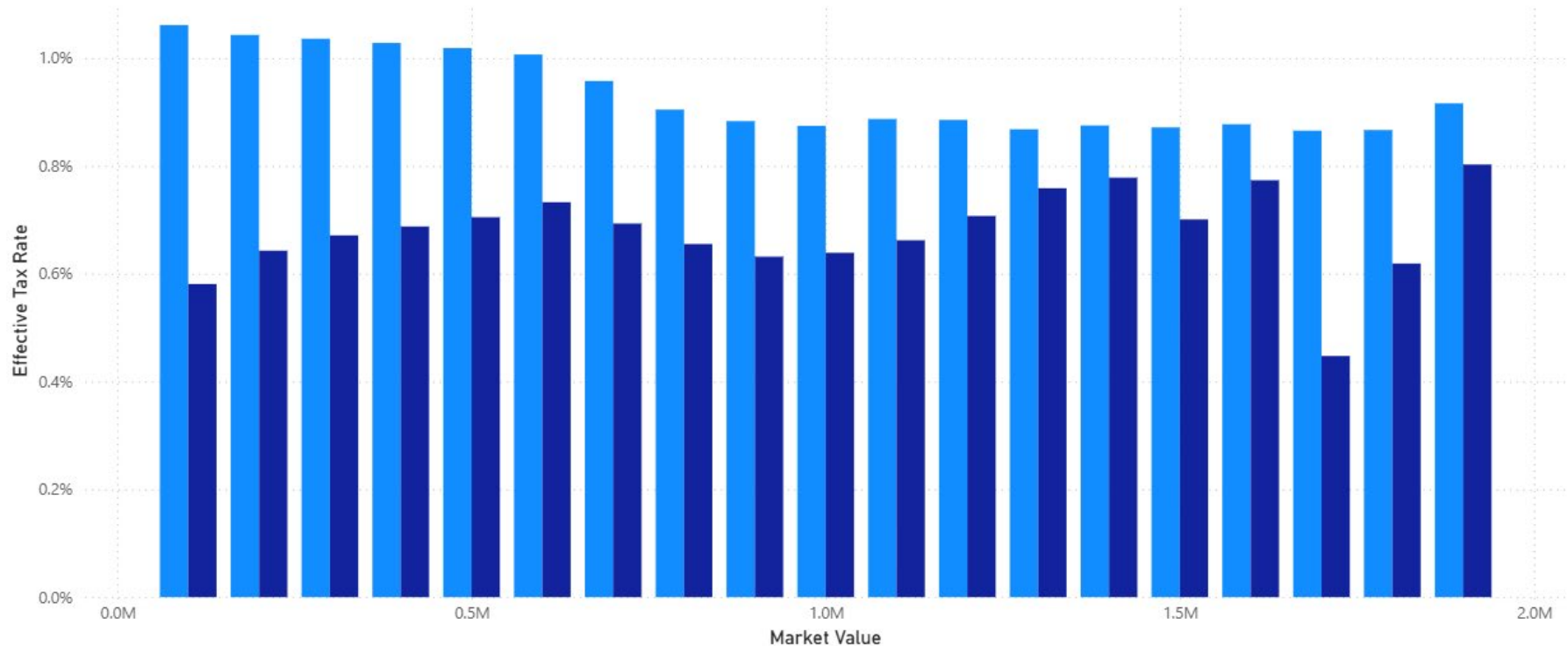
HEAD OF FAMILY



Veterans have significantly lower tax burdens than non-veterans.

Effective Tax Rate by Market Value and Veteran Status

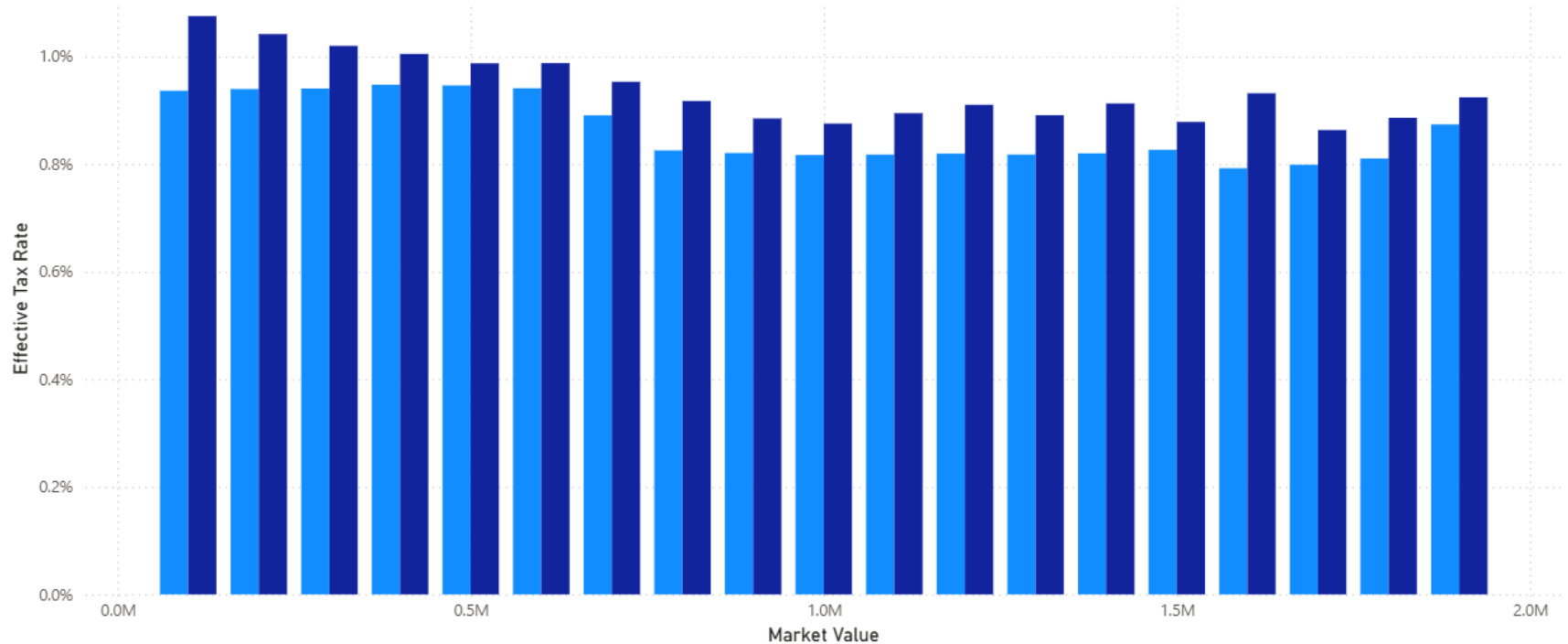
Veteran Status ● Non-Veteran ● Veteran



The head-of-household exemption barely makes a dent.

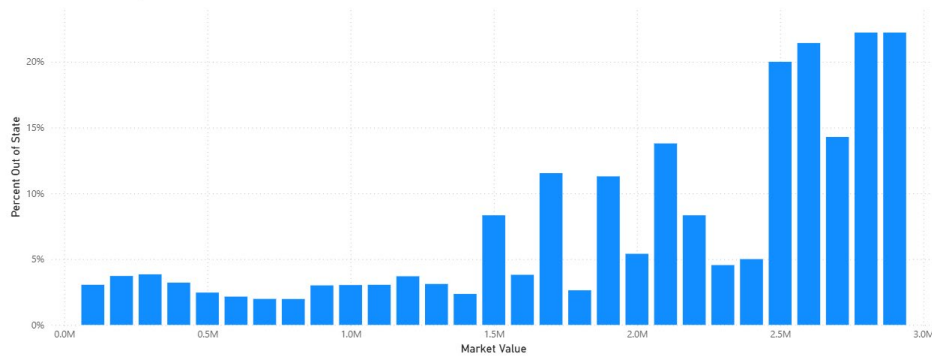
Effective Tax Rate by Market Value and Head of Household Status

Head of Household Status ● Head of Household ● Not Head of Household

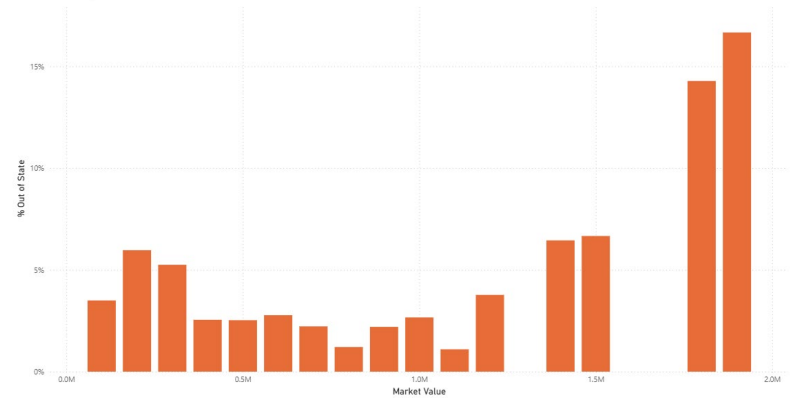


Out-of-state owners tend to own higher-value homes.

Percent Out of State by Market Value

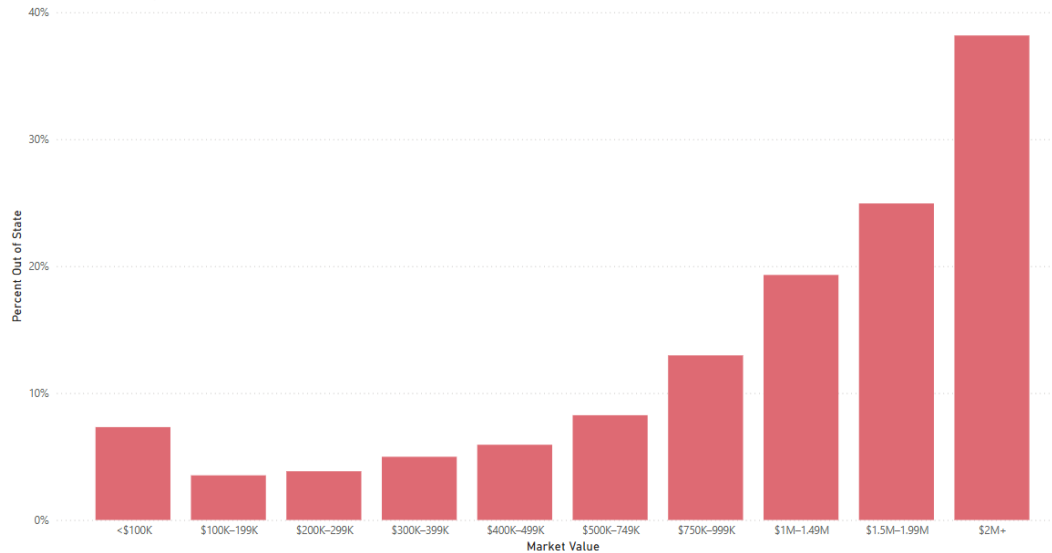


% Out of State by Market Value



Bernalillo

Percent Out of State by Market Value



Los Alamos

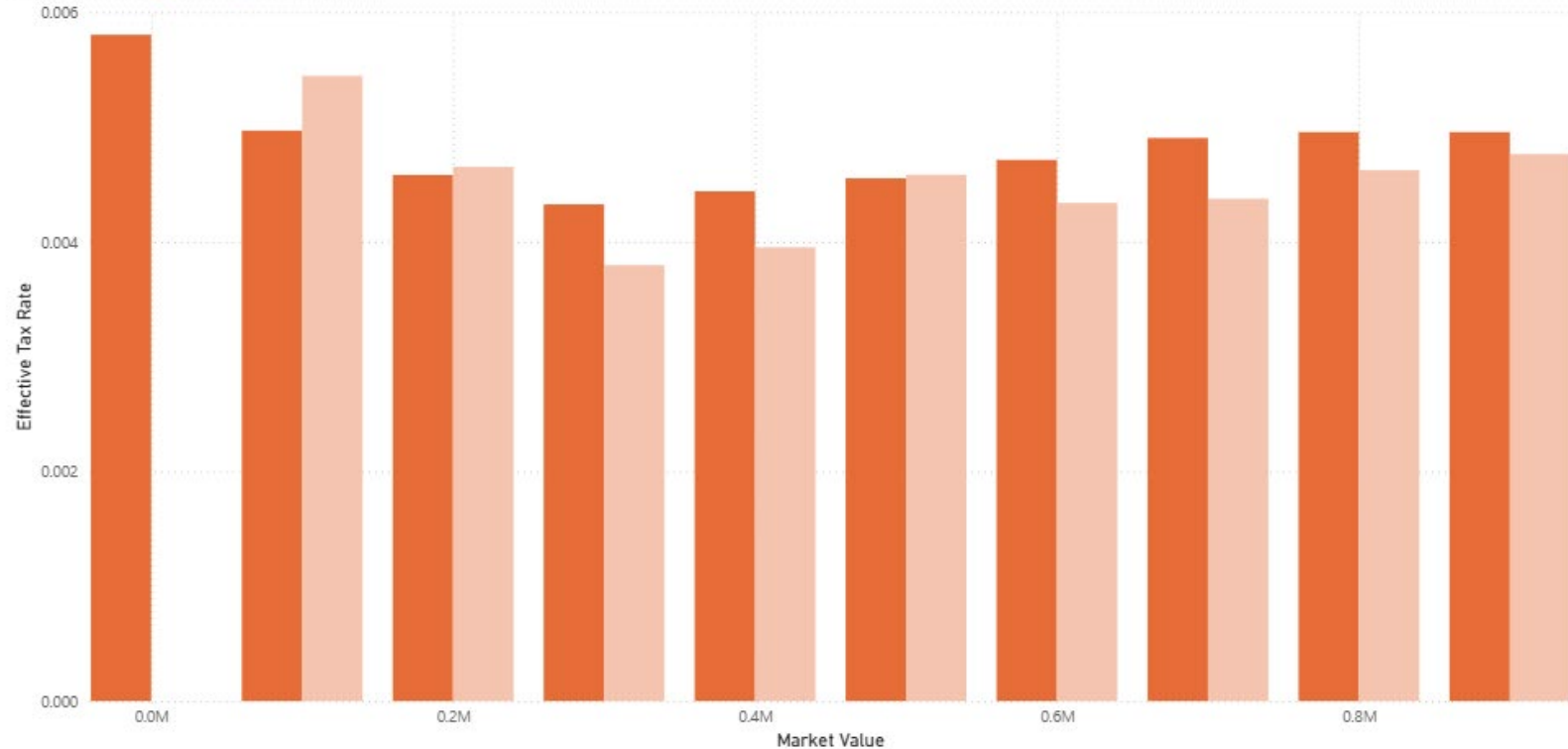
Santa Fe



And can have lower effective tax rates.

Effective Tax Rate by Market Value

Residency Status ● In-State ● Out-of-State



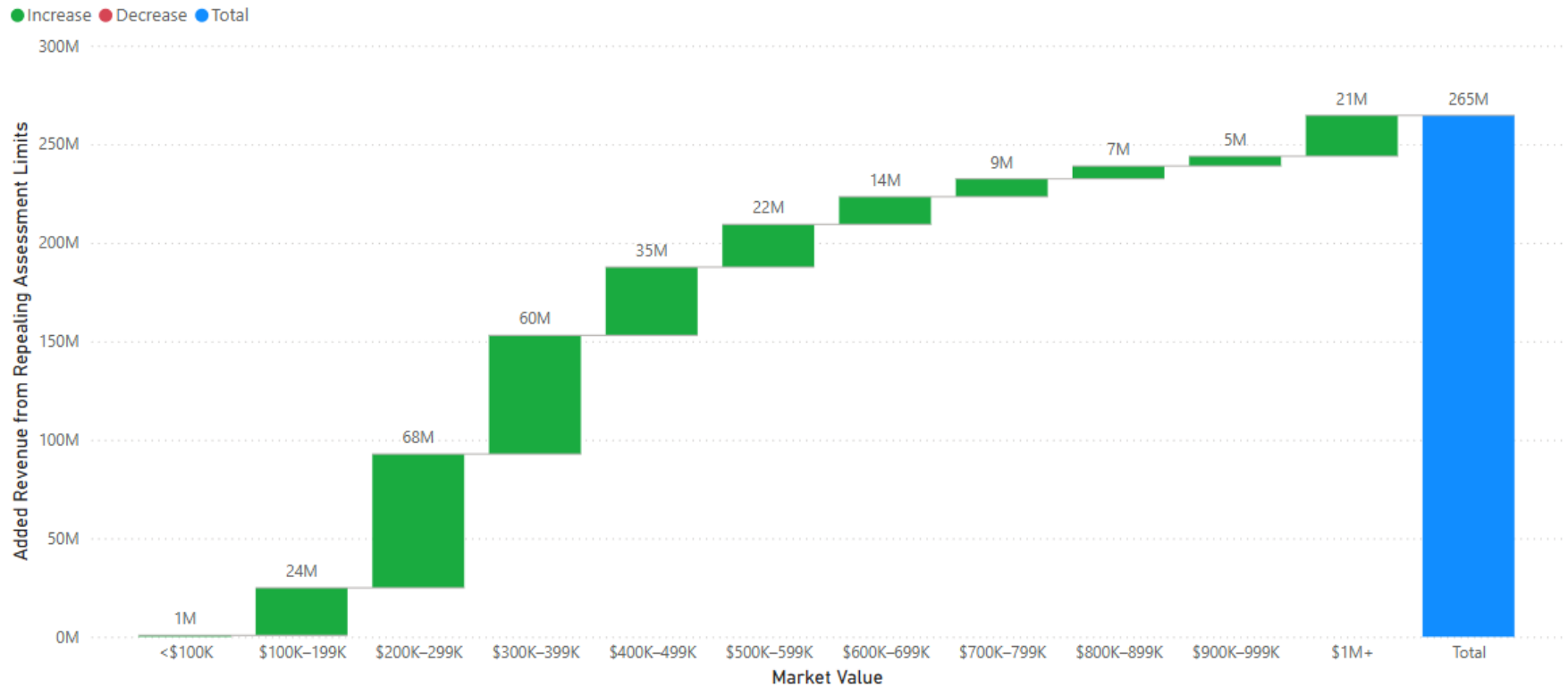
Modeling Policy Changes

- Example simulations:
 - Remove or cap exemptions
 - Reassess properties to market (removing assessment limit)
 - Implement circuit breakers for low-income households
- Show distributional impact using before/after maps, by income level, primary home status, in- vs out-of-state, etc.
- Measure real revenue impact by tax district or county.



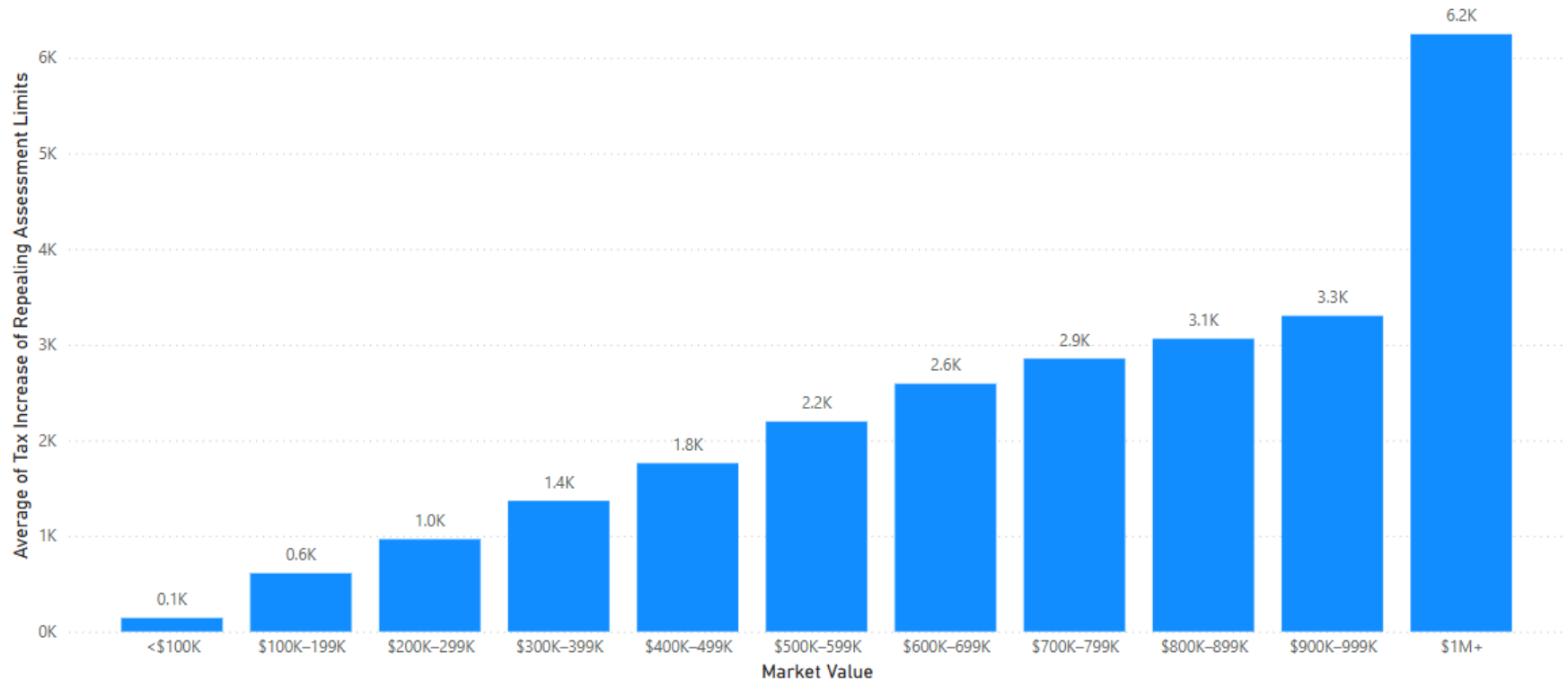
Modeling Policy Changes: Repeal Assessment Limits in BernCo

Added Revenue from Repealing Assessment Limits by Market Value



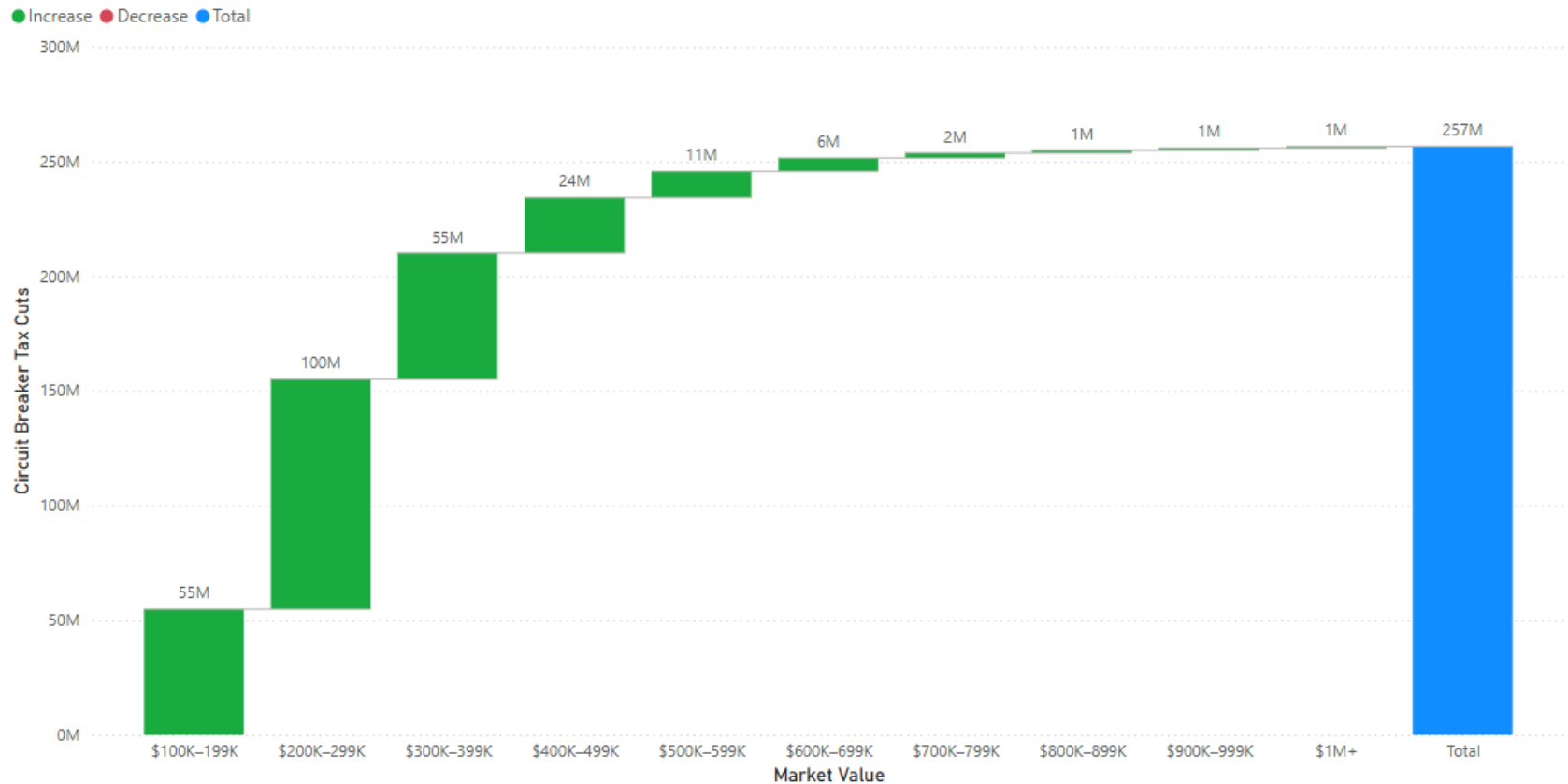
Modeling Policy Changes: Repeal Assessment Limits

Average of Tax Increase of Repealing Assessment Limits by Market Value



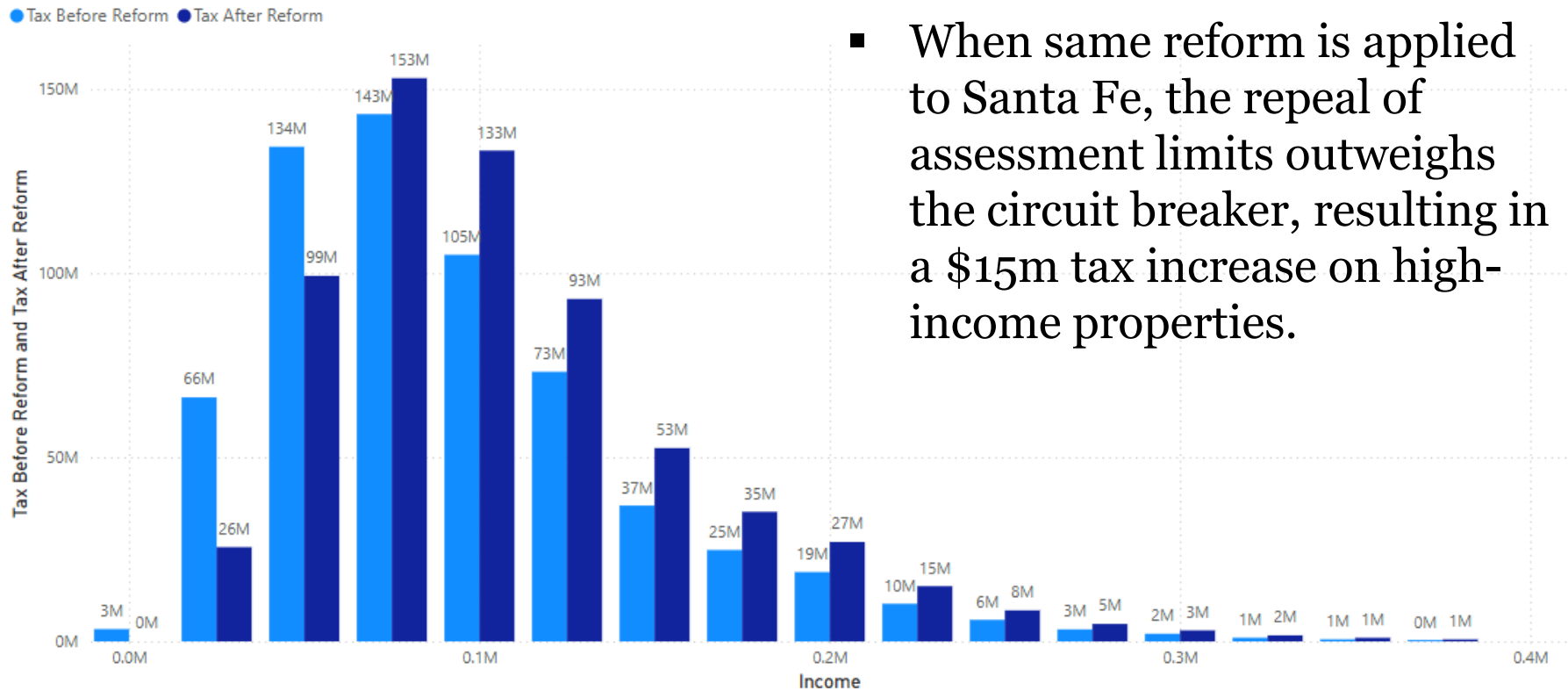
Modeling Policy Changes: Circuit Breaker

Circuit Breaker Tax Cuts by Market Value



Modeling Policy Changes: Circuit Breaker

Tax Before Reform and Tax After Reform by Income



- When same reform is applied to Santa Fe, the repeal of assessment limits outweighs the circuit breaker, resulting in a \$15m tax increase on high-income properties.



What This Means for Statewide Reform

- Data-informed policies can:
 - Improve fairness
 - Increase transparency
 - Guide targeted reform
- Expand analysis to other counties
- Work with stakeholders to simulate and evaluate reform paths
 - Who benefits
 - Precise local revenue impacts
 - Identify county or regional differences in reform impacts



Questions?

- What other questions should we be asking?
- How can this framework support policymaking?

Jennifer Faubion
Senior Economist, Legislative Finance Committee

Jennifer.Faubion@nmlegis.gov

