NOTE: As provided in LFC policy, this report is intended for use by the standing finance committees of the legislature. The Legislative Finance Committee does not assume responsibility for the accuracy of the information in this report when used in any other situation.

Only the most recent FIR version, excluding attachments, is available on the Intranet. Previously issued FIRs and attachments may be obtained from the LFC office in Suite 101 of the State Capitol Building North.

F I S C A L I M P A C T R E P O R T

SPONSOR:	Lujan	DATE TYPED:	02/13/00	HB	366/aHTRC/aHFL#1/aSWMC/
SHORT TITLE:	Limiting Increases in Assessed Values				/aSFl
of Residential Properties				ANALYST:	Williams

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY00	FY01			
		No Fiscal Impact - See Narrative		

(Parenthesis ( ) Indicate Revenue Decreases)

Duplicates/Conflicts with/Companion to/Relates to HB 239.

SOURCES OF INFORMATION

LFC Files

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of SFl Amendment

The amendment strikes the Senate Ways and Means Committee amendment.

Synopsis of SWMC Amendment

The Senate Ways and Means Committee amendment eliminates the House Floor amendment, effectively reinstating the HTRC amendment. The amendment also deletes all the sections of the bill regarding presentation of an affidavit with information regarding transfer of property, including total consideration paid.

Synopsis of HFl#1 Amendment

House Floor Amendment #1 eliminates the HTRC amendment entirely.

Synopsis of HTRC Amendment

House Taxation and Revenue Committee amendment modifies the limitations for counties where the ratio of property tax value to sales price is less than 85% for tax year 2000. In this case, the year-over-year increase in valuation is limited to 5% of the prior year value of the property plus the value of any new improvements.

Synopsis of Original Bill

This bill would limit increases on valuation of residential property beginning in property tax year 2001. The value of an existing residential property would be limited to the higher of 103% of prior year tax value or 106.1% of the property tax value from two years prior. There are certain exemptions from the limitation including physical improvements, change in ownership and change in use/zoning. If a county has a ratio of property tax value to sales price of less than 85% for tax year 2000, then this limitation would not apply. The county would be required to reassess its residential property. In this case, total value of existing properties is limited to 3% of prior year residential value, and there cannot be an increase in value more than 5% of prior year plus net value of improvements.

The bill would also require submission of an affidavit with information regarding transfer of property, including total consideration paid for the property. Certain transactions would be exempt from this requirement. This portion of the bill would become effective 90 days after adjournment.

FISCAL IMPLICATIONS

According to TRD, the fiscal impacts of this proposal are uncertain, but the bill is expected to generate revenues similar to the current property tax system. This estimate is based on the following: 1) Current acquisition prices would probably be higher than in current system; 2) Unsold properties would probably see lower rate increases than currently. Counties with significant in-migration with resultant home acquisition would be impacted differently than counties with more stable population patterns.

AW/sb:gm