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FISCAL IMPACT REPORT



SPONSOR: Lujan DATE TYPED: 1-28-02 HB 131

SHORT TITLE: Property Tax Rebate SB _____

ANALYST: Neel

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY02	FY03			
		NFI		

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files
Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

House Bill 11 makes minor modifications to statutes establishing two programs counties may employ to assist low-income taxpayers in paying their property tax bills. Each program makes use of rebates provided by the State of New Mexico through the personal income tax program. Proposed changes in statute are designed to improve the manner in which the Taxation and Revenue Department is able to administer the programs.

Significant Issues

Section 7-2-14.3 NMSA 1978, Tax Rebate of Part of Property Tax Due From Low - Income Taxpayer.

Section 7-2-14 allows counties to rebate between 35 and 75 percent of county and municipal property taxes imposed for operating purposes paid by individuals eligible for the rebates. According to TRD, the statute requires counties wishing to participate in the rebate program to do so by adopting ordinances. Ordinances adopted by counties must specify the first tax year to which rebates are applicable. By July 1 of the year immediately following the first year in which the rebate program is in

effect and by July 1 each subsequent year in which the rebate program is in effect, the Taxation and Revenue Department must inform counties of rebates paid due to the program. Counties must reimburse the State of New Mexico for costs of the rebates.

The proposed changes in statute:

- 1) require county ordinances to indicate all, rather than simply the first, tax years in which rebates are to apply; and
- 2) change the date by which the Department must notify counties of costs of the program from July 1 to December 31 of years in which the program is applicable.

TRD states that the effect of the first proposed change would be to clarify to TRD when the rebate programs are to apply. The second proposed change would allow TRD to recoup revenue lost from returns filed after July 1.

Section 7-2-18 (J) NMSA 1978

HB 131 also proposes to modify Section 7-2-18 (J) NMSA 1978 allowing counties to extend the property tax rebate for elderly individuals to taxpayers with modified income between \$16,000 and \$25,000. In absence of the county option, taxpayers with incomes up to \$16,000 are eligible for the rebates. Under the county option rebate program, counties must notify TRD of their intentions to allow the rebate because 1) the Taxation and Revenue Department distributes the rebates via the state's personal income tax system, and 2) counties are required to reimburse the State of New Mexico for the cost of rebates. According to TRD, statute requires counties to adopt a resolution authorizing the rebates and notify the it by no later than September 1 of the taxable year in which the resolution first applies. Statutes do not, however, require language specifying the period of time for which he rebate may be claimed. Absence of this type of language in statute has produced some confusion among counties and the Department regarding the length of time rebates are to be in effect. The proposed change adds clarifying language to the existing statute.

FISCAL IMPLICATIONS

TRD cites no fiscal impact.

Effective Date - January 1, 2002

SN/njw:ar