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## FISCAL IMPACT REPORT

SPONSOR: Lujan DATE TYPED: 02/26/03 HB 299/aHTRC

SHORT TITLE: Property Tax Disclosure Information SB \_\_\_\_\_

ANALYST: Hayes

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
	NFI			

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

Response Received From  
Taxation and Revenue Department (TRD)

### SUMMARY

#### Synopsis of HTRC Amendments

On page 6, the House Taxation and Revenue Committee approved two amendments which changed the following sentence in sub-section B: The affidavit shall contain at least the following information to be used only for analytical and statistical purposes ~~only~~ in the application of appraisal methods.

On page 9, sub-section B is amended to include reference to statutory confidentiality requirements (Section 7-38-4) and when such confidential information can be revealed, such as during a tax protest proceeding (Section 7-38-24).

#### Synopsis of Original Bill

House Bill 299 amends Section 7-36-21.2 NMSA 1978 and adds new material, Section 7-38-12.1, requiring that, after January 1, 2004, an affidavit must be filed with the county assessor within 30 days of a residential property transfer/sale and signed by the transferors or their authorized agents or the transferees or their authorized agents in a form developed by the Property Tax Division which contains the value and a description of personal property that is included in the

sale price. The affidavit must also disclose the full consideration, including money or any other thing of value, paid or exchanged for the transfer/sale.

Additional new material, Section 7-38-12.2(A), imposes penalties for anyone who intentionally refuses to make a required report within the required time period or who knowingly makes a false statement on the affidavit. The violation constitutes a misdemeanor, and upon conviction, shall be fined up to \$1,000.

Paragraph B of the additional new material states that the TRD secretary, current and former employees, or any other person subject to the provisions of Section 7-38-12.1 who willfully releases information in violation of that section, is guilty of a misdemeanor and shall be fined not more than \$1,000.

The effective date of the provisions of this legislation apply to the 2004 and subsequent property tax years.

### Significant Issues

1. The intent of this legislation is to provide disclosure of residential sales prices information for property taxation purposes. Because there are provisions requiring the information on the affidavit to be kept confidential, the outcome of this legislation could be viewed as “partial disclosure.”
2. Upon receipt of an affidavit and recording the date of receipt, the county assessor must retain the original affidavit as a permanent confidential record and also as proof of compliance with the provisions proposed in the new material.
3. Each county assessor will be required to index the affidavits in a manner that permits cross-referencing to other records in the county assessor’s office regarding property identified in the affidavits.
4. The affidavit and its contents are not part of the valuation record of the county assessor. This ties back to the issue of keeping the information confidential.
5. HB 299 refers to the TRD secretary, employees or any other person subject to the provisions of Section 7-38-12.1 who break confidentiality of information on the affidavit shall be guilty of a misdemeanor and fined up to \$1,000. “Any other person” means county assessors and their staff.

### **ADMINISTRATIVE IMPLICATIONS**

County assessors will be required to ensure that affidavits are filed as required in this bill and that they are filed within the 30-day time limit.

Prior to November 1, 2003, the Taxation and Revenue Department must print and distribute affidavit forms to each county assessor for distribution to the public as needed.

**OTHER SUSTANTIVE ISSUES**

According to TRD, the proposed legislation would significantly improve New Mexico property tax administration by increasing market data available to county assessors and decreasing the cost of acquiring this type of information for assessors, property tax administrators and taxpayers. It essentially requires property owners to tell county assessors what their property is worth rather than forcing assessors to determine market value via unreliable methods. Most of this type of data is currently available to private real estate professionals and indirectly to potential home purchasers through multiple listing services. However, assessors are typically denied access to multiple listing service data.

Another outcome of this bill would be to substantially improve sales/assessment studies conducted by the department for the purpose of evaluating assessor performance and the extent to which assessed values reflect sales prices, as required by present law.

**QUESTIONS**

1. What are the benefits of disclosure versus non-disclosure of sales prices for residential property?

**CMH/yr:njw**