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## FISCAL IMPACT REPORT

SPONSOR Griego DATE TYPED 2/15/04 HB \_\_\_\_\_

SHORT TITLE Raise NM Homestead Exemption Cap SB SM 22

ANALYST Wilson

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY04	FY05	FY04	FY05		
			NFI		

### SUMMARY

#### Synopsis of Bill

Senate Memorial 22 requests the Taxation and Revenue Department (TRD) and the Economic Development Department (EDD) to study and consider raising or eliminating the \$30 thousand cap per individual in the New Mexico Homestead Exemption Law in order to promote the protection of New Mexico families from economic devastation.

TRD and EDD must make recommendations regarding this situation and report their findings to the legislative leadership.

#### Significant Issues

Filings for bankruptcy within New Mexico have risen to unprecedented levels for three straight years, increasing from 8,669 in 2001 to 9,782 in 2003.

The national economy has shown some signs of revival but has been slow to create adequate employment opportunities for many New Mexico families.

Many retirees who live in New Mexico have suffered stock-market losses over the past three years, causing them to file for bankruptcy, and it is desirable and beneficial for retirees who live in New Mexico to have some protection from economic downturns.

The most valuable asset for most citizens is their home.

Current state law allows only \$30 thousand worth of protection per individual per home and only \$60 thousand worth of protection per couple per home, and the median price of a home in New

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Mexico, according to the 2000 federal decennial census, is \$108 thousand.

Other states, including Arizona, Florida and Nevada, have homestead exemptions offering greater degrees of protection than those found in New Mexico.

**DW/yr:dm**