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FISCAL IMPACT REPORT

ORIGINAL DATE 2/4/08
 SPONSOR HHGAC LAST UPDATED 2/4/08 HB 388/HHGACS
 SHORT TITLE Require Disclosure of Real Property Taxes SB _____
 ANALYST Cox

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY08	FY09		
	NFI		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of Bill

House Committee Substitute Bill 388 proposes the amending of NMSA 1978, Section 58-21A-1, known as the Home Loan Protection Act. This House Committee Substitute Bill shall apply to disclosure of property taxes as follows:

A. At least three days prior to the closing of any home loan and again at the time of closing, the title insurer who issued the title insurance policy on the real estate subject to the closing, or a title insurance agent acting on the title insurer's behalf, shall disclose to the borrower that:

(1) under New Mexico law, the rate of the annual increase in the assessed value of the real estate subject to the home loan has, in the past, most likely been limited to three percent;

(2) the limit on the annual increase in the assessed value will not apply during the first tax year following the change of ownership; and

(3) therefore, the assessed value of the real estate and the resulting property tax to be paid by the borrower may be substantially higher than previous property taxes paid on the real estate.

B. The superintendent of insurance shall promulgate such rules as are necessary to implement the provisions of Subsection A of this section, including rules ensuring that:

(1) the disclosure is in clear, conspicuous writing that the borrower is likely to notice; and

(2) the standards for the disclosure will be applied statewide in a uniform manner.

SIGNIFICANT ISSUES

This House Committee Substitute Bill strengthens the New Mexico property tax disclosures. It makes these disclosures stronger than federal requirements. It simplifies the original language of SB 388.

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