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FISCAL IMPACT REPORT

ORIGINAL DATE 1/21/08
 LAST UPDATED 1/29/08 HB _____

SPONSOR Snyder

SHORT TITLE Computer-Assisted Mass Appraisal System SB 22/aSPAC

ANALYST Earnest

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY08	FY09		
	\$6,000.0	Non-recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Senate Public Affairs Committee Amendment

The SPAC amendment eliminates the reference to a ‘network’ of appraisal systems. The CAMA systems will not be networked but instead will be able to exchange information in a common language or system.

Synopsis of Original Bill

Senate Bill 22 appropriates \$6 million from the general fund to Taxation and Revenue Department for the Property Tax Division to establish a statewide network of computer-assisted mass appraisal systems so that the systems are available to all county assessors and state agencies needing access to the data and functions of that network.

FISCAL IMPLICATIONS

The appropriation of \$6 million contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2009 shall revert to the general fund.

SIGNIFICANT ISSUES

According to TRD:

State law requires assessors to determine property values for tax purposes in accordance with the Property Tax Code and update property values so that “current and correct” property values (essentially market values subject to statutory limitations) are maintained. The statute also requires the Taxation and Revenue Department’s Property Tax Division (PTD) director to implement a program of evaluating county assessors' valuation practices with emphasis on maintenance of current and correct values. Statutes require this because inequities in assessment generate inequitable property tax obligations. As discussed below, resources currently available to PTD, counties and various property tax recipients (municipalities, counties, school districts and others) make compliance with the law difficult. The proposed measure is intended to remedy this problem to some extent.

According to the Massachusetts Department of Revenue:

A computer-assisted mass appraisal (CAMA) system is an automated system for maintaining property data, valuing property, notifying owners, and ensuring tax equity through uniform valuations. Such systems were made possible by computers and have grown rapidly in functionality and price performance with improvements in computer hardware and software. CAMA systems were developed on mainframe computers, but now are available on mini-computers and PCs as well. CAMA systems can be designed to operate independently or on a stand-alone basis or can be part of an automated network, with the ability to interact electronically with other departments. There are four essential features of a CAMA system: data management, valuation, performance analysis, and administration. A good CAMA system will perform these functions in an effective, easy to use manner.

TRD also reports:

Recent New Mexico population growth and its resulting public finance information needs have made administering county assessment practices increasingly complex. In response to the need for improved information, the New Mexico Association of Counties Assessor’s Affiliate has asked for an appropriation of \$6.0 million to equip twenty-four counties that currently do not possess CAMA systems with these types of systems. This would allow all counties to share information with a central system housed at the Taxation and Revenue Department’s Property Tax Division.

- The proposed improvements are to be implemented by the end of 2009. They would allow the Property Tax Division to respond to property tax questions with greater accuracy and speed than is possible under the current system.
- A centralized CAMA system would also allow the Property Tax Division to monitor assessment problems and assist counties before revenues are adversely affected.
- The systems would allow assessors to track assessments and the extent that they reflect market values simultaneously, and thus decrease inequities in assessed values and tax obligations.
- Improving assessments would increase the property tax base, take pressure off tax rates and increase bonding capacity. Currently twenty-one counties have reached their

operating rate capacity, and several school districts have reached their bonding capacity.

- The proposed systems would reduce administrative costs at the county level by allowing assessors to implement changes in statutes, regulations or PTD Orders without revamping their entire operations.
- Statewide use of CAMA systems would automate the tax roll certification process and contribute to the speed and accuracy of tax rate calculation.
- A program of this type that centralized election procedures was implemented successfully by the county clerk's offices and the Secretary of State.

The Association of Counties reports that a CAMA would improve the uniformity of assessments, reduce reappraisal cycles, stabilize the cost of administration, and make available more information for “appraisal work, taxpayers, TRD, DFA, supporting appeals, state legislators, or any other sector, public or private.

PERFORMANCE IMPLICATIONS

For FY09, TRD will begin reporting quarterly on the percent of counties in compliance with the sales ratio standard of 85 percent of assessed value to market value.

ADMINISTRATIVE IMPLICATIONS

TRD finds that implementation of a CAMA system would substantially improve administration of New Mexico's property tax system.

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