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FISCAL IMPACT REPORT

ORIGINAL DATE 2/1/08

SPONSOR Boitano LAST UPDATED _____ HB _____

SHORT TITLE Low Income Property Tax Rebate Eligibility SB 449

ANALYST Francis

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY08	FY09	FY10		
	* See Narrative			

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

Senate Bill 449 amends the low income property tax rebate allowing low income taxpayers with modified gross income of up to \$32,000 receive some rebate. The following table shows the change:

MGI		Percent of Property Tax Liability	
From	To	Current Law	SB 449
0	8000	75%	75%
8000	10000	70%	70%
10000	12000	65%	65%
12000	14000	60%	60%
14000	16000	55%	55%
16000	18000	50%	50%
18000	20000	45%	45%
20000	22000	40%	40%
22000	24000	35%	35%
24000	26000	0%	30%

MGI		Percent of Property Tax Liability	
From	To	Current Law	SB 449
26000	28000	0%	25%
28000	30000	0%	20%
30000	32000	0%	10%
32000		0%	0%

The change will be effective for tax years beginning on or after January 1, 2008.

FISCAL IMPLICATIONS

TRD:

Los Alamos is the only county currently offering this property tax rebate. Los Alamos taxpayers currently provide the rebates to approximately 65 people receiving rebates totaling approximately \$18,000, an average of approximately \$275 per taxpayer. This figure would likely increase by about 25% or 16 taxpayers. Hence the 16 taxpayers multiplied by the \$275 average rebate in Los Alamos suggests the rebate would add perhaps \$4,500 to the total amount of rebates that Los Alamos would be required to refund taxpayers if the proposed legislation were to be enacted. Los Alamos is the only entity likely to offer the rebate in the near future.

SIGNIFICANT ISSUES

TRD:

The reason counties are not opting for the rebates may stem from the fact that MGI is not reported to the Department except in cases where individuals are claiming some sort of rebate. Hence statewide MGI figures are not available to the Department for income ranges in excess of about \$24,000. Moreover, the Department does not have access to property tax obligations of the individuals that would likely qualify for the rebates. The Department is therefore unable to provide accurate estimates of rebates that would be paid by a county that is considering offering the rebates, and counties are probably likely not to offer them without knowing what the fiscal impacts would be. Basing the rebates on adjusted gross income and requiring counties to provide tax obligations of property owners with associated identification numbers would solve this problem. The Department could match tax obligations with adjusted gross income of taxpayers likely to qualify for the rebates and generate accurate fiscal impact estimates for counties.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB 618, which makes several revisions to the income tax code, changes the definition of modified gross income that is used in this section.

NF/mt