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FISCAL IMPACT REPORT

SPONSOR Egolf **ORIGINAL DATE** 02/06/12
LAST UPDATED _____ **HB** 288
SHORT TITLE Tax Lien Extinguishment & Release Dates **SB** _____
ANALYST Smith

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY13	FY14	FY15		
NFI				General Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From
Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

House Bill 288 amends Section 7-1-38 NMSA 1978 to require that a notice of lien contain the date of assessment. Section 7-1-39 NMSA is also amended to provide that automatic release or extinguishment of a lien occur ten years after the date of assessment, rather than ten years after the date the lien was filed.

Effective Date: July 1, 2012

ADMINISTRATIVE IMPLICATIONS

Under current law, the Department may issue one lien to cover multiple assessments. If this bill is passed, one lien per assessment will need to be issued. This also will cause the county clerks to track more liens within their county court records.

This would require system changes to put the assessment date on the notice of lien letter.

The statutory changes proposed by HB-288 would make it clear that the Department's ability to take collection action is limited to 10 years from the date of the assessment and is in no way extended by the filing of the notice of lien at some subsequent date.

The passage of this bill will require significant changes in the collection procedures used by the Department.

TECHNICAL ISSUES

Two Decisions and Orders (D&O's) have been issued by the Department's hearing officers addressing the general issue. In the 2005 protest Sterling M. Kennedy, 05-17, the hearing officer held that the Department had no legal authority to release a filed lien simply because the statute of limitations on collections had expired. In the 2011 protest of Samuel O. Ponce, 11-23, the hearing officer held that the Department had no authority to have filed liens that extended beyond the Department's statutory time period allowed for collection.

SS/svb