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FISCAL IMPACT REPORT

SPONSOR Pinto ORIGINAL DATE 02/02/21
 LAST UPDATED _____ HB _____

SHORT TITLE Federal Gov't Payments In Lieu of Taxes SJM 2

ANALYST Hanika-Ortiz

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY21	FY22	FY23	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	NFI	NFI	NFI			

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of Bill

Senate Joint Memorial 2 requests the federal government to base federal payments in lieu of taxes to local governments for nontaxable federal lands within the boundaries of those jurisdictions, on a full property tax equivalency basis as committed to at the inception of the program.

SJM2 includes the following:

- New Mexico has 22,369,531 acres of land eligible for payments in lieu of taxes;
- New Mexico received \$41.4 million of federal payments in lieu of taxes in FY20;
- technology now exists to more accurately determine property tax equivalency values;
- in 1976, Congress agreed to make payments in lieu of taxes "to make up for the presence of nontaxable land" on a "tax equivalency" basis;
- this federal commitment is vital for New Mexico's children and communities and is particularly important during periods of fluctuating economic conditions;
- these federal payments are not the fair property tax equivalency value; and
- the current conditions have intensified the structural burden borne by New Mexico residents and communities to fund education and other government services.

SJM2 further resolves that the New Mexico Legislature call upon the U.S. Congress and president of the U.S. to coordinate expeditiously with willing states to adopt such laws, regulations and policies as are necessary to ensure all future payments in lieu of taxes are

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permanently made on a full property tax equivalency basis for children and communities in New Mexico and the nation.

FISCAL IMPLICATIONS

A memorial, either joint or simple, does not have the force of law and requires no action on the part of the governor; therefore, there is no fiscal impact if acted upon by both houses.

Tax equivalency means the amount that would have been received by local governments if the federal lands were privately owned.

SIGNIFICANT ISSUES

SJM2 further provides this memorial be transmitted to the president and vice president of the U.S., the majority and minority leaders of the U.S. senate, the speaker and minority leader of the U.S. house of representatives, the New Mexico congressional delegation and governor of New Mexico.

AHO/al