

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the Legislature. LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

## FISCAL IMPACT REPORT

SPONSOR Pirtle LAST UPDATED \_\_\_\_\_  
ORIGINAL DATE 2/14/23  
BILL \_\_\_\_\_  
SHORT TITLE Foreign Nation-Owned Property Taxes, CA NUMBER Senate Joint Resolution 8  
ANALYST Torres

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT\* (dollars in thousands)

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
			\$150-\$200		Nonrecurring	Secretary of State

Parentheses ( ) indicate expenditure decreases.

\*Amounts reflect most recent version of this legislation.

### Sources of Information

LFC Files

#### Responses Received From

New Mexico Attorney General (NMAG)

#### No Response Received

Taxation and Revenue Department (TRD)

## SUMMARY

### Synopsis of Senate Joint Resolution 8

Senate Joint Resolution 8 amends Article 8, Section 1 of the New Mexico Constitution to allow real property owned in whole or part by a foreign nation to be taxed at a rate higher than otherwise allowed in the New Mexico Constitution. Currently, the percentage of property value against which taxes are assessed is limited to 33.3 percent of the assessed value. This constitutional provision would eliminate limits on property value against which the property tax is applied for properties owned by a foreign nation.

## FISCAL IMPLICATIONS

It is unclear the total value of New Mexico property owned by foreign nations. Alone, this amendment will not affect property tax revenues, however future legislation to increase or decrease effective property taxes on foreign nation owned properties could affect revenues.

Under Section 1-16-4 NMSA 1978 and the New Mexico Constitution, the Secretary of State (SoS) is required to print samples of the text of each constitutional amendment in both Spanish and English in an amount equal to 10 percent of the registered voters in the state. SoS is also

required to publish the samples once a week for four weeks preceding the election in newspapers in every county in the state. The estimated cost per constitutional amendment is \$150 thousand to \$200 thousand depending on the size and number of ballots and if additional ballot stations are needed.

## **SIGNIFICANT ISSUES**

It is unclear if the allowance of tax discrimination based on nationality contained in this amendment is allowed under the U.S. Constitution. The U.S. constitution grants the U.S. Congress the power “to regulate commerce with foreign nations, and among the several states, and with the Indian tribes.” Implicit in this clause is referred to as the “dormant commerce clause” which refers to the prohibition against states passing legislation that discriminates against or excessively burdens commerce outside of the boundaries of the state. Of particular importance is the prevention of protectionist state policies that favor state citizens or businesses at the expense of non-citizens conducting business within that state.

Taxing property owned by a foreign nation at a higher rate than property owned domestically may be contrary to the LFC tax policy principle of equity.

IT/al/ne