

LFC Requester:

Julisa Rodriguez

**AGENCY BILL ANALYSIS - 2025 REGULAR SESSION****WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO****[AgencyAnalysis.nmlegis.gov](https://agencyanalysis.nmlegis.gov) and email to [billanalysis@dfa.nm.gov](mailto:billanalysis@dfa.nm.gov)*****(Analysis must be uploaded as a PDF)*****SECTION I: GENERAL INFORMATION***{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}***Date Prepared:** 3/10/25*Check all that apply:***Bill Number:** HM 52Original ☒ Correction ☐Amendment ☐ Substitute ☐

**Sponsor:** Rebecca Dow  
Jonathan A. Henry  
**Short** Short-Term Rental Work Group  
**Title:** \_\_\_\_\_

**Agency Name** 992 – New Mexico Mortgage**and Code** Finance Authority**Number:** (Housing New Mexico | MFA)**Person Writing** Robyn Powell**Phone:** 505-767-2271 **Email** rpowell@housingnm.org**SECTION II: FISCAL IMPACT****APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
NA	NA	NA	NA

(Parenthesis ( ) indicate expenditure decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
NA	NA	NA	NA	NA

(Parenthesis ( ) indicate revenue decreases)

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

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	NA	NA	NA	NA	NA	NA

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: N/A  
Duplicates/Relates to Appropriation in the General Appropriation Act: N/A

### **SECTION III: NARRATIVE**

#### **BILL SUMMARY**

**House Memorial 52** proposes establishing a work study group comprising of the Economic Development Department, the Tourism Department, and the Taxation and Revenue Department to analyze the economic impact and the tax framework of short-term rentals across New Mexico. The memorial requests a suspension of reclassification of short-term rental properties until the conclusion of the study. The goal of the work study group is to examine the economic contributions of short-term rental properties, while balancing it with the property tax classifications and zoning and permitting regulations. The memorial proposes the work group will also include representatives from the New Mexico Short-Term Rental Association, the New Mexico Association of Realtors, and assessor affiliates from the New Mexico Association of Counties. The work group will report its findings and recommendations to the legislative committees by December 1, 2025.

#### **FISCAL IMPLICATIONS**

Short-term rentals have become a larger part of the state's tourism economy, totaling over \$1 billion, which generated \$82 million in state and local tax revenues. Certain counties rely on the tourism economy which include short-term rental properties like Bernalillo County who generated \$11.6 million, Santa Fe County generated \$33.6 million, Taos County generated \$14.8 million, and Lincoln County generated \$14.6 million in tax revenues. Regulatory compliance and tax issues have emerged for homeowners or operators of short-term rental properties as some county assessors have begun reclassifying short-term rental properties as nonresidential for taxation purposes.

There is no major fiscal impact to Housing New Mexico | MFA.

#### **SIGNIFICANT ISSUES**

Short-term rental properties have become a large part of the tourism economy for counties including Bernalillo, Santa Fe, Lincoln, and Taos counties. A reclassification of short-term rental properties may lead to higher property taxes. The reclassification of short-term rental properties may hinder supplemental income for homeowners who utilize it to offset the mortgage, property tax and maintenance expenses. The memorial would place a pause on the reclassification of short-term rental properties which may prevent an instant financial strain on the homeowners. This working study group may lead to better data collection and analysis on short-term rental properties to better inform long-term policy decisions.

#### **PERFORMANCE IMPLICATIONS**

#### **ADMINISTRATIVE IMPLICATIONS**

#### **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

#### **TECHNICAL ISSUES**

**OTHER SUBSTANTIVE ISSUES**

**ALTERNATIVES**

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

**AMENDMENTS**