

LFC Requester:

Jennifer Faubion

**AGENCY BILL ANALYSIS - 2026 REGULAR SESSION****WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO****[AgencyAnalysis.nmlegis.gov](https://www.legis.nm.gov/AgencyAnalysis) 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:** 1/26/2026*Check all that apply:***Bill Number:** HB 103Original ☒ Correction ☐Amendment ☐ Substitute ☐**Agency Name****and Code**995 NMC**Number:****Sponsor:** Cristina Parajon**Short** RESIDENTIAL PROPERTY**Person Writing** Hannah Kase Woods**Title:** VALUATION INCREASES**Phone:** 505-820-8102 **Email** hwoods@nmcounties.org**SECTION II: FISCAL IMPACT****APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		

(Parenthesis ( ) indicate revenue decreases)

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

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>						

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:

Duplicates/Relates to Appropriation in the General Appropriation Act

## **SECTION III: NARRATIVE**

### **BILL SUMMARY**

#### **Synopsis:**

### **FISCAL IMPLICATIONS**

Counties are on the front lines of delivering essential public services, including public safety, infrastructure, and health. Sustainable and equitable revenue systems are critical to ensuring these services continue without interruption. Legislative proposals to add exemptions directly affect a county's ability to provide these critical services.

"Hold Harmless" provisions designed to maintain local government revenues by offsetting the effect of legislative deductions, credits, or distributions have been historically repealed as the reality of the fiscal impacts become evident. Fiscal impact reports often undervalue the true fiscal impact of these decisions. This example has been clearly demonstrated by HB625 (2004) repealing the GRT on food and health care practitioner services estimated at a \$31.4 million loss for local governments. As the county and municipal fiscal impacts increased to over \$130 million, HB641 (2013) began a fifteen-year phase out of the hold harmless payments to local governments beginning in 2016.

### **COUNTY REVENUES**

County governments are highly reliant on both gross receipts taxes (GRT) and property taxes as their primary revenue sources. Depending on the specific county, this percentage can fluctuate dramatically statewide:

#### **ESTIMATED PERCENTAGE OF RELIANCE ON GRT & PROPERTY TAXES**

<b>COUNTY</b>	<b>% GRT</b>	<b>% Property</b>
<b>Bernalillo County</b>	66%	34%
<b>Catron County</b>	40%	60%
<b>Chaves County</b>	65%	35%
<b>Cibola County</b>	65%	35%
<b>Colfax County</b>	30%	70%
<b>Curry County</b>	56%	44%
<b>De Baca County</b>	30%	70%
<b>Dona Ana County</b>	58%	42%
<b>Eddy County</b>	77%	23%
<b>Grant County</b>	64%	36%
<b>Guadalupe County</b>	41%	59%
<b>Harding County</b>	36%	64%
<b>Hidalgo County</b>	40%	60%
<b>Lea County</b>	60%	40%
<b>Lincoln County</b>	32%	68%
<b>Los Alamos County</b>	93%	7%

<b>Luna County</b>	58%	42%
<b>McKinley County</b>	75%	25%
<b>Mora County</b>	64%	36%
<b>Otero County</b>	60%	40%
<b>Quay County</b>	63%	37%
<b>Rio Arriba County</b>	61%	39%
<b>Roosevelt County</b>	48%	52%
<b>San Juan County</b>	69%	31%
<b>San Miguel County</b>	60%	40%
<b>Sandoval County</b>	45%	55%
<b>Santa Fe County</b>	62%	38%
<b>Sierra County</b>	56%	44%
<b>Socorro County</b>	54%	46%
<b>Taos County</b>	64%	36%
<b>Torrance County</b>	61%	39%
<b>Union County</b>	38%	62%
<b>Valencia County</b>	62%	38%

## GROSS RECEIPT TAXES

County GRT revenues are extremely volatile, with many counties only now returning to pre-pandemic levels. In any given year, a natural disaster, significant industry change, contract with a major employer, or legislative exemption can significantly impact a county's budget:

## COUNTY GRT FY 24 – FY 25 AND PERCENTAGE FLUNCTUATION

COUNTY	2023-2024	2024-2025	% OF CHANGE
<b>Bernalillo County</b>	\$311,433,967.89	\$324,928,052.96	4%
<b>Catron County</b>	\$1,266,479.35	\$1,081,504.80	-15%
<b>Chaves County</b>	\$20,184,589.74	\$20,638,015.79	2%
<b>Cibola County</b>	\$6,958,199.63	\$7,964,858.55	14%
<b>Colfax County</b>	\$2,836,997.25	\$3,191,339.77	12%
<b>Curry County</b>	\$14,074,996.65	\$13,842,703.23	-2%
<b>De Baca County</b>	\$725,747.11	\$437,005.49	-40%
<b>Dona Ana County</b>	\$75,093,080.61	\$80,428,544.55	7%
<b>Eddy County</b>	\$102,023,642.42	\$110,665,583.90	8%
<b>Grant County</b>	\$10,422,932.16	\$10,985,811.65	5%
<b>Guadalupe</b>	\$2,309,096.37	\$1,580,581.14	-32%
<b>Harding County</b>	\$367,836.44	\$356,730.48	-3%
<b>Hidalgo County</b>	\$1,150,527.14	\$1,530,857.96	33%
<b>Lea County</b>	\$48,275,303.84	\$49,656,015.01	3%
<b>Lincoln County</b>	\$3,245,920.72	\$4,586,109.67	41%
<b>Los Alamos County</b>	\$102,020,036.10	\$80,447,933.21	-21%
<b>Luna County</b>	\$9,189,779.29	\$10,662,691.30	16%
<b>McKinley County</b>	\$21,646,794.94	\$21,940,043.60	1%
<b>Mora County</b>	\$2,453,741.22	\$2,900,483.47	18%
<b>Otero County</b>	\$15,815,256.71	\$18,920,825.26	20%
<b>Quay County</b>	\$3,700,470.44	\$4,338,288.35	17%
<b>Rio Arriba County</b>	\$12,025,333.11	\$12,775,339.54	6%
<b>Roosevelt County</b>	\$6,232,597.65	\$6,852,940.17	10%

San Juan County	\$52,967,585.19	\$59,108,909.18	12%
San Miguel County	\$7,363,373.68	\$8,377,347.91	14%
Sandoval County	\$32,121,774.61	\$28,931,720.14	-10%
Santa Fe County	\$101,773,041.62	\$106,016,330.13	4%
Sierra County	\$5,293,608.06	\$5,352,848.16	1%
Socorro County	\$4,186,809.44	\$4,632,001.90	11%
Taos County	\$20,333,385.37	\$26,233,177.31	29%
Torrance County	\$6,602,975.40	\$9,936,446.08	50%
Union County	\$1,429,472.96	\$1,270,960.60	-11%
Valencia County	\$28,637,431.31	\$29,420,899.28	3%

Source: TRD Monthly Local Govt. Distribution Reports (RP-500)

## PROPERTY TAXES

Property tax revenues are traditionally more stable for county governments even with the 3% cap on residential growth, but new fiscal pressures have emerged from voter-approved veteran exemptions passed in the November 2024 election.

- Local taxing entities anticipate a revenue loss of over \$30 million beginning in FY27 due to the expansion of the disabled veteran property tax exemption. HJR5 (2023) and the subsequent Constitutional Amendment 1 expanded the disabled veteran exemption from only those 100% disabled veteran with a service-connected disability between 10%–100%, allowing deductions proportional to their disability percentage. This increased the number of eligible individuals from roughly 16,000 to more than 53,000. The total fiscal impact is still unknown.
- Local taxing entities anticipate a revenue loss of over \$7.6 million beginning in FY26. HJR6 (2023) and the subsequent Constitutional Amendment 2 increased the standard veteran exemption from \$4,000 to \$10,000 off net taxable values.

COUNTY	2023	2024	% OF CHANGE
Bernalillo County	\$ 157,761,457	\$ 164,077,490	4%
Catron County	\$ 1,720,159	\$ 1,655,911	-4%
Chaves County	\$ 10,928,916	\$ 10,961,309	0%
Cibola County	\$ 3,985,296	\$ 4,328,086	9%
Colfax County	\$ 7,088,934	\$ 7,326,219	3%
Curry County	\$ 10,653,882	\$ 11,063,352	4%
De Baca County	\$ 1,014,328	\$ 1,037,749	2%
Dona Ana County	\$ 55,534,218	\$ 58,147,768	5%
Eddy County	\$ 33,013,345	\$ 32,360,639	-2%
Grant County	\$ 6,016,182	\$ 6,190,034	3%
Guadalupe County	\$ 2,187,624	\$ 2,269,762	4%
Harding County	\$ 634,377	\$ 646,147	2%
Hidalgo County	\$ 2,228,247	\$ 2,275,700	2%
Lea County	\$ 30,263,022	\$ 33,084,786	9%
Lincoln County	\$ 10,216,731	\$ 9,902,243	-3%
Los Alamos County	\$ 5,639,934	\$ 5,857,508	4%
Luna County	\$ 7,528,816	\$ 7,586,398	1%
McKinley County	\$ 7,559,400	\$ 7,361,052	-3%
Mora County	\$ 1,585,623	\$ 1,636,402	3%
Otero County	\$ 12,268,001	\$ 12,832,649	5%

<b>Quay County</b>	\$ 2,403,538	\$ 2,506,176	4%
<b>Rio Arriba County</b>	\$ 7,648,518	\$ 8,035,472	5%
<b>Roosevelt County</b>	\$ 7,595,409	\$ 7,402,163	-3%
<b>San Juan County</b>	\$ 25,608,661	\$ 26,765,447	5%
<b>San Miguel County</b>	\$ 5,517,244	\$ 5,639,322	2%
<b>Sandoval County</b>	\$ 33,772,936	\$ 35,849,789	6%
<b>Santa Fe County</b>	\$ 62,389,504	\$ 66,126,970	6%
<b>Sierra County</b>	\$ 3,917,917	\$ 4,287,691	9%
<b>Socorro County</b>	\$ 3,720,677	\$ 3,875,437	4%
<b>Taos County</b>	\$ 14,404,045	\$ 14,827,364	3%
<b>Torrance County</b>	\$ 6,292,971	\$ 6,470,527	3%
<b>Union County</b>	\$ 2,011,744	\$ 2,052,023	2%
<b>Valencia County</b>	\$ 16,012,337	\$ 17,676,224	10%
<b>County Totals</b>	<b>\$ 559,123,993</b>	<b>\$ 582,115,809</b>	<b>4%</b>

Source: DFA Property Tax Facts

## **SIGNIFICANT ISSUES**

## **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**