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## FISCAL IMPACT REPORT

**BILL NUMBER:** House Memorial 62

**SHORT TITLE:** Study Tax, Rentals, Infrastructure & Funding

**SPONSOR:** Small

**LAST ORIGINAL**  
**UPDATE:** \_\_\_\_\_ **DATE:** 2/17/2026 **ANALYST:** Faubion

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

Agency/Program	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
	No fiscal impact					

Parentheses ( ) indicate expenditure decreases.

\*Amounts reflect most recent analysis of this legislation.

### Sources of Information

LFC Files

#### Agency or Agencies That Were Asked for Analysis but did not Respond

Taxation and Revenue Department  
Tourism Department  
NM Municipal League  
NM Counties

Because of the short timeframe between the introduction of this bill and its first hearing, LFC has yet to receive analysis from state, education, or judicial agencies. This analysis could be updated if that analysis is received.

## SUMMARY

### Synopsis of House Memorial 62

House Memorial 62 (HM62) requests that the Taxation and Revenue Department convene a task force to conduct a comprehensive statewide study of short-term rental (STR) taxation, classification, and economic impacts. The memorial highlights the economic role of STRs in supporting tourism, small businesses, and supplemental household income, while noting concerns regarding inconsistent county property tax classifications and uneven local capacity to collect lodgers' tax and gross receipts tax.

The task force, to be coordinated with the Tourism Department, the New Mexico Municipal League, and the New Mexico Association of Counties, would evaluate: (1) the feasibility and fiscal impacts of centralized collection and remittance of local lodgers' and gross receipts taxes related to STRs; (2) development of a uniform statewide classification framework for STR properties; (3) the broader economic contributions of STRs; and (4) whether centralized revenue

structures could enhance funding for rural infrastructure and essential services. The memorial also requests that county assessors pause new or ongoing STR property reclassifications until study findings are presented, and requires the task force to report recommendations to interim legislative committees by October 1, 2026.

## **FISCAL IMPLICATIONS**

Memorials do not contain appropriations and are not enforceable as state law. The study requested in this memorial is within the normal operations of the agencies involved and is unlikely to result in significant costs.

## **SIGNIFICANT ISSUES**

Short-term rental (STR) tax administration and property classification practices vary significantly across counties and municipalities. Lodgers' tax collection is locally administered, and some jurisdictions may lack the administrative capacity, audit resources, or platform agreements necessary to ensure consistent compliance. As a result, similarly situated STR operators may face different enforcement environments, and some local governments may experience revenue leakage. These disparities provide context for examining whether centralized collection of lodgers' tax and gross receipts tax could improve uniformity, compliance, and equity across jurisdictions.

The memorial builds on, and possibly partially replicates, prior legislative and executive efforts to study the STR sector. In 2025, House Memorial 52 directed the Economic Development Department (EDD), in coordination with the Tourism Department and the Taxation and Revenue Department, to convene a work group to evaluate the economic contributions, tax treatment, and property classification of short-term rentals statewide. That legislatively directed effort reflects ongoing concerns regarding inconsistent local practices, tax administration challenges, and the broader economic role of STRs in tourism-dependent communities. Nationally, the National Conference of State Legislatures (NCSL) has examined centralized tax collection models and uniform STR frameworks adopted in other states, particularly where state-level administration has improved compliance, reduced administrative burdens on local governments, and enhanced revenue consistency. This memorial reflects continued legislative interest in aligning property tax classification, lodgers' tax administration, and economic development policy through a more coordinated statewide approach.

The request that county assessors pause new or ongoing property tax reclassifications of STR properties has policy and administrative implications. A temporary freeze may provide stability for property owners and prevent disparate treatment while the study is underway. However, it may also delay assessor efforts to apply existing statutory definitions and maintain uniform valuation practices within counties. To the extent reclassifications are currently occurring in response to perceived commercial use, a pause could result in short-term revenue impacts for local governments and create uncertainty regarding the application of existing property tax law. The memorial does not modify statute but signals legislative interest in reconsidering how STRs are classified and taxed statewide.