



Property Tax: New Mexico Comparison to Other States

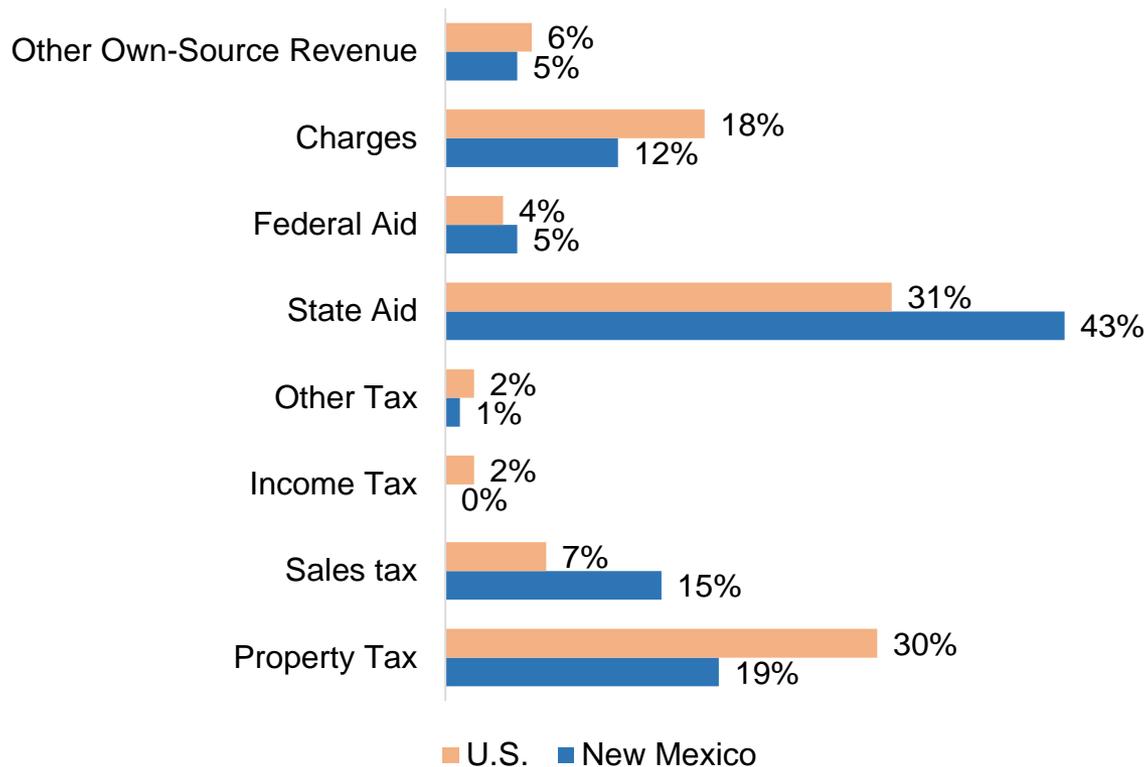
Presentation to the Revenue Stabilization & Tax
Policy Committee

Jennifer Faubion, Economist, LFC

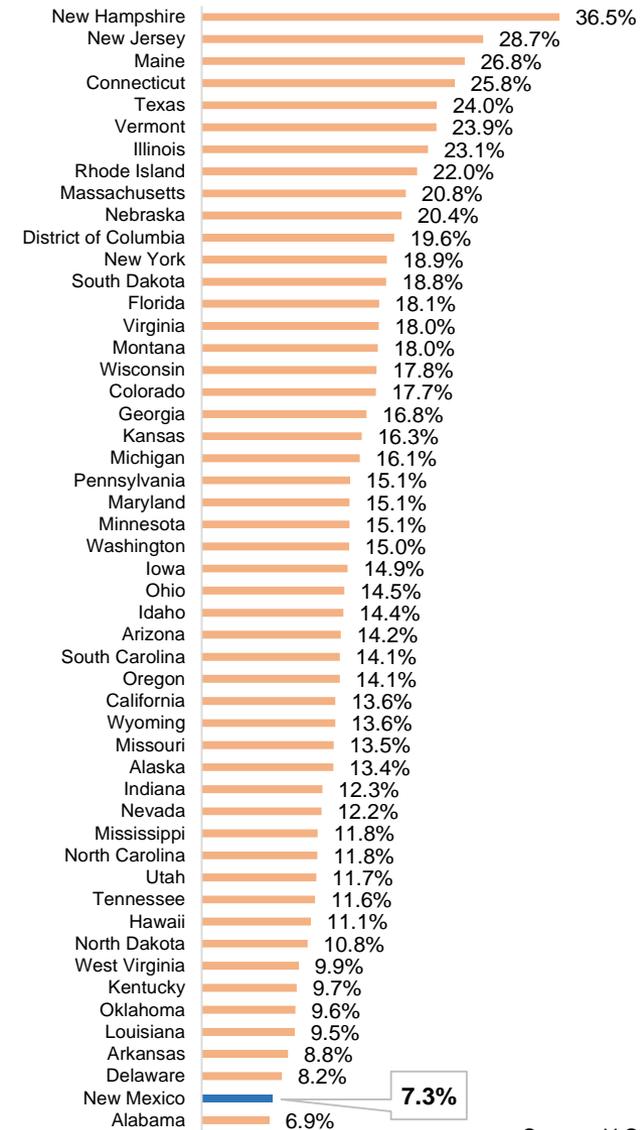
July 6, 2022

State and local governments in New Mexico rely less heavily on property taxes than most states.

Sources Of Local General Revenue, New Mexico and U.S., 2019



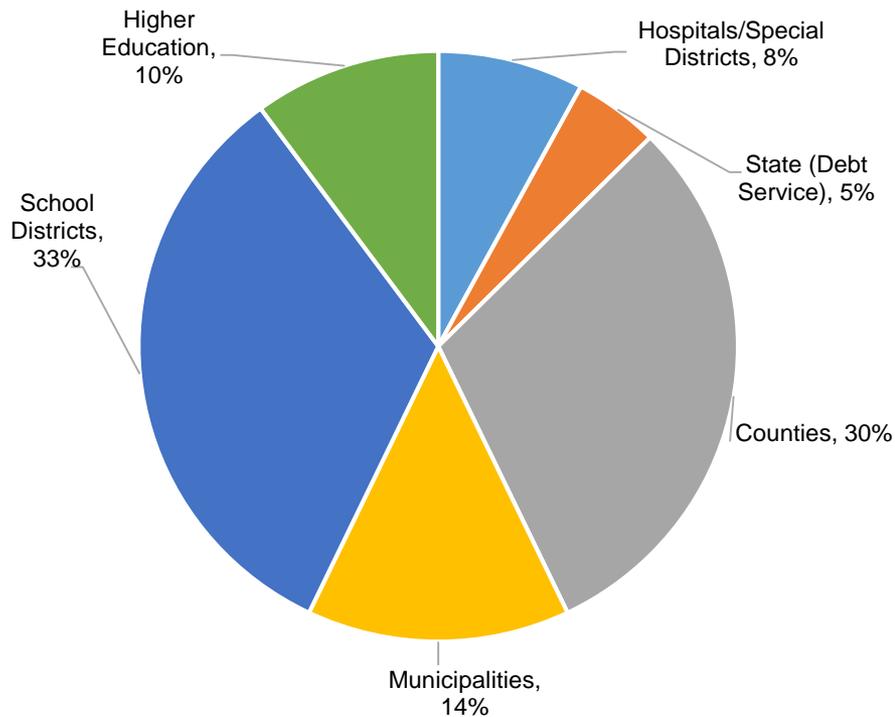
Property Tax as a Percent of State and Local General Revenue, 2019



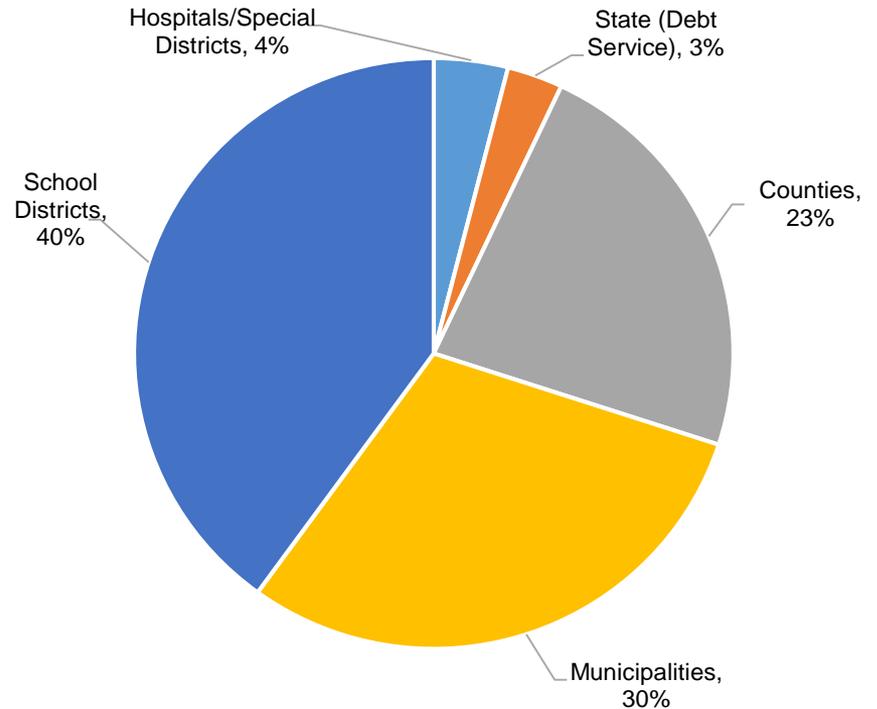
Source: U.S.

Distribution of Property Taxes

New Mexico, 2020



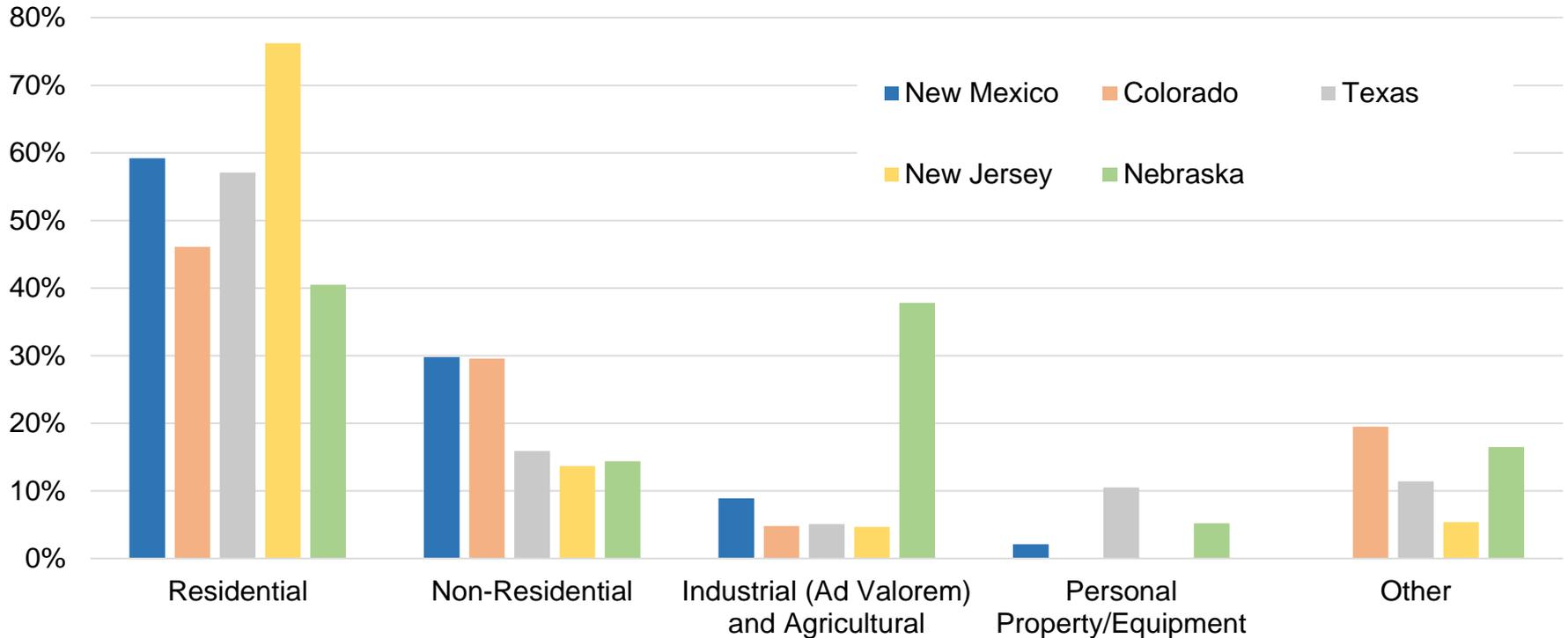
National Average, 2017



Source: U.S. Census Bureau, DFA Property Tax Facts

Share of Property Tax by Property Type

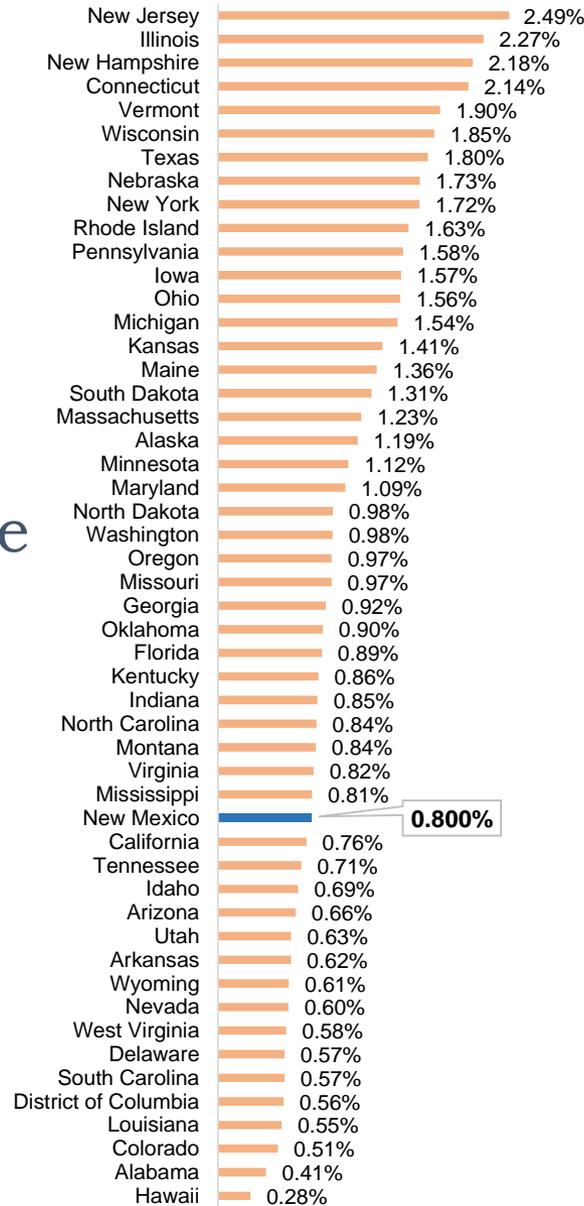
Tax Revenue by Property Type



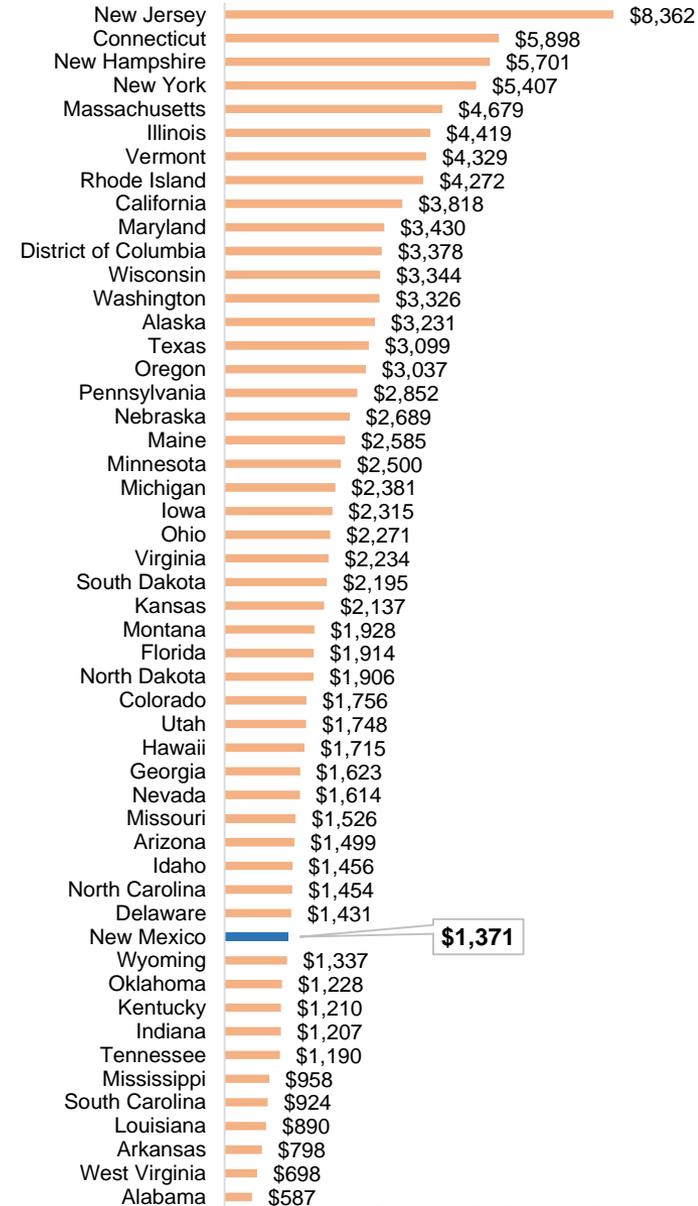
Source: Lincoln Institute of Land Policy, DFA Property Tax Facts

The amount of property taxes paid by New Mexicans is moderately low, measured as a rate on the home value and as an absolute value.

Effective Tax Rate on Median Home Value, 2019



Median Annual Property Tax, Owner-Occupied Home, 2019



Source: DFA Property Tax Facts

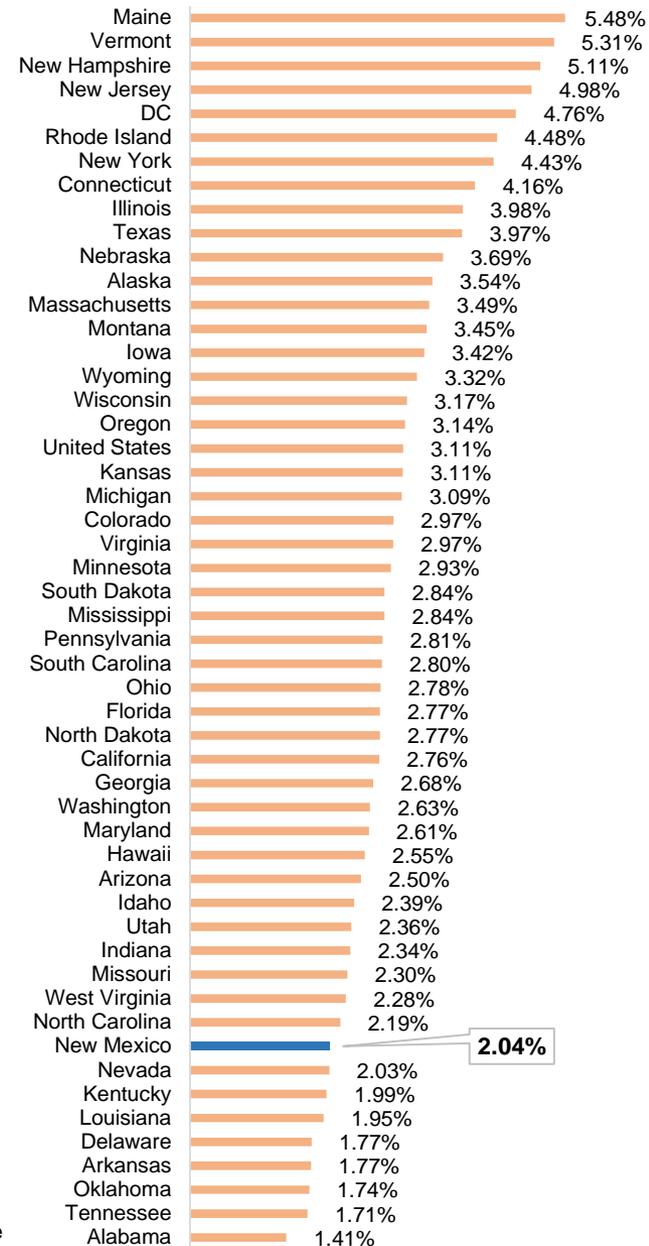
On average, property taxes account for 2.04 percent of income in New Mexico. The share of income increases at lower incomes and decreases at higher incomes.

PROPERTY TAX IN NEW MEXICO

Share of Family Income



Property Tax as Share of Income, 2019



Source: ITEP, Lincoln Institute

National Property Tax Trends

- Circuit-breakers
- Shifting tax base
- Repealing assessment limits

PIT Rebate for Excess of Elderly Taxpayers Maximum Property Tax Liability

Fiscal Year	2017	2018	2019	2020	2021
Claims	16,152	16,081	15,796	14,373	14,156
Expenditure (thousands)	\$3,340	\$3,358	\$3,307	\$3,036	\$2,988

Recent Legislation

- Real Estate Transfer Taxes
 - HB 158 in the 2022 regular session
- Special treatment of non-primary residences
 - HB 71 in the 2022 regular session
- Expanding the disabled veteran exemption
 - HJR 6 in the 2022 regular session

HB 158 (2022 Regular Session): Proposed Real Estate Transfer Tax

Property Value	Tax Rate
\$0 - \$499,999	0.00%
\$500,000 - \$750,000	0.5%
\$750,001 and greater	1.2%

In summary, New Mexicans have low income taxes relative to other states.

	New Mexico	U.S. Average	Rank (of 51) <i>1 is highest</i>
Per capita property tax	\$884	\$1,758	46
Property tax percentage of personal income	2.0%	3.1%	43
Total property tax as percentage of state-local revenue	7.3%	16.6%	50
Median owner-occupied home value ²	\$171,400	\$217,500	34
Median real estate taxes paid for owner-occupied home ²	\$1,371	\$2,471	40
Effective tax rate, median owner-occupied home ³	0.8%	1.1%	35

Source: Lincoln Institute