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FISCAL IMPACT REPORT

SPONSOR:	Burpo	DATE TYPED:	02/02/00	HB	239
SHORT TITLE:	Method of Valuation for Residential Property			SB	
				ANALYST:	Williams

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY00	FY01			
		See Fiscal Impact Narrative		

(Parenthesis () Indicate Revenue Decreases)

Relates to HB366

SOURCES OF INFORMATION

LFC Files

Taxation and Revenue Department (TRD) (analysis is not yet available)

SUMMARY

Synopsis of Bill

The bill would authorize a new method for determining the value of residential property and limit valuation increases. If the residence has not been sold, then the value would be determined by the prior year value multiplied by a percentage change P, plus the value of improvements less the decrease in value of the property from the preceding tax year. If a county has a sales ratio below .85, then the assessor must use existing statutory authority for valuation for property tax year 2001. Then, the assessor shall use the previously outlined methodology.

The percentage change P is defined as the annual percent change of various indexes, including:

1. New Mexico repeat sales house price index
2. Consumer price index-all urban
3. Implicit price deflator index for state and local government purchases of goods and services
4. Average annual weekly earnings for private sector employees in the county
5. Any other measure developed by the county to accurately reflect housing value changes

The index percentage change must be between 0 and 5 percent. The county must establish the index by August 1, 2000 for tax years 2001 through 2005. The Secretary of Taxation and Revenue must approve or disapprove the proposal. If disapproved, the county has until December 1, 2000 to develop an alternative index. The index would be set every five years.

If the new valuation method results in a higher level of valuation, the county can apply to TRD for an order to authorize the assessor to reassess all residential property in the county or apply a percentage adjustment to reduce all residential valuations. The county can also apply for an order to change the valuation of residential property if there are special or unusual circumstances.

FISCAL IMPLICATIONS

TRD analysis of the bill is in progress, but is not yet available. The fiscal impact section will be updated upon receipt of that analysis.

CONFLICT/DUPLICATION/COMPANIONSHIP/RELATIONSHIP

Relates to HB366.

AW/gm