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F I S C A L I M P A C T R E P O R T

SPONSOR:	Sandoval	DATE TYPED:	02/09/00	HB	479
SHORT TITLE:	Defer Property Tax Due Date for Seniors			SB	
			ANALYST:	Williams	

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY00	**FY01**			
		No Fiscal Impact		State GO Bond Fund
		Insignificant		Other GO Bond Issuers

(Parenthesis ( ) Indicate Revenue Decreases)

Duplicates/Conflicts with/Companion to/Relates to

SOURCES OF INFORMATION

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

Authorizes persons seventy years or older to annually defer the date certain residential property taxes are due. The deferment would be available for the portion of property taxes due for the person's primary residence and only for tax due associated with an increase in value of the property, not rate increases. If the value of the property has increased by more than 20% from the prior tax year, then the taxpayer is eligible for the deferral. The person must also qualify for the maximum exemption from income tax for persons sixty-five and older or blind; the income limit ranges from $15,000 to $30,000 depending on filing status. Further, only one claimant would be permitted for each principal residence in the event that two or more individuals are eligible to claim the deferral. The taxes deferred would become due upon:

1. No longer using the home as a principal residence;

2. Sale or transfer of the home;

3. The county determines ineligibility or

4. Upon the taxpayer's death (not explicit on page 10, Section C)

The deferral is capped, in that if the total of deferred taxes exceed 20% of the property's value for property tax purposes, then the taxpayer can no longer get an additional deferral. Amounts of the change in net taxable value used to calculate an amount of taxes for deferral would be developed and included in the property tax value reporting process. It is the responsibility of the claimant or his representative to notify the county of an event which would end the deferment, with potential for fine or penalty for non-compliance. The provisions would be applicable beginning property tax year 2002.

Significant Issues

TRD notes the bill may violate Section 14, Article VIII of the New Mexico Constitution by postponing an obligation or liability owed to the state.

FISCAL IMPLICATIONS

TRD estimates the proposal would not have any fiscal impact on state general obligation bond funding and would have insignificant impacts on municipalities, counties, school districts and others. State debt service rates would adjust in response to a slight reduction in net taxable value; bonding capacity growth would probably be slightly constrained, but with no significant impact.

ADMINISTRATIVE IMPLICATIONS

For TRD and DFA, there would be some administrative impacts. For local governments, the program could have potentially large administrative costs to establish and maintain a system to account for each claimant, changes in claimant status and balances over time as well as verification of eligibility. A new set of appeal procedures is also created in the bill.

TECHNICAL ISSUES

TRD suggests proposed Section 7-38-38.7(c) should contain a time period to bring action in district court.

AW/gm