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FISCAL IMPACT REPORT

SPONSOR:	Gorham	DATE TYPED:	02/10/00	HB	
SHORT TITLE:	Residential Property Valuation			SB	415
				ANALYST:	Williams

REVENUE

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

(Parenthesis () Indicate Revenue Decreases)

Duplicates/Conflicts with/Companion to/Relates to HB 239, HB 366, SB 391

SOURCES OF INFORMATION

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

The bill would limit increases in residential property tax values. The bill indicates properties should be valued at "current and correct" in accordance with the Property Tax Code. Beginning property tax year 2001, the increase in the value of a property is limited to the higher of 3 percent of its value in the prior tax year or 6 percent of the value two years prior plus the value of improvements. The limitation would not be imposed on properties being valued for the first time or on those properties in which the use or zoning has changed.

FISCAL IMPLICATIONS

TRD indicates the fiscal impacts are uncertain, but revenues produced under the proposal are expected to be similar to that of the current system. The program would probably restrict growth in total property tax revenues.

OTHER SUBSTANTIVE ISSUES

TRD notes the bill would make it extremely difficult for certain counties to approach current market value, because of the limitation in the bill. For example, Socorro County currently is at an average of 65 percent of market value. TRD recommends allowing substantial reassessments in counties currently assessed at less than market value prior to imposing any limitations on value increases.

AW/jsp