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FISCAL IMPACT REPORT

SPONSOR: Romero DATE TYPED: 3/18/03 HB _____

SHORT TITLE: Property Tax Exemption for Disabled SB SJR 13

ANALYST: Chavez

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
NFI	NFI		\$32.0	Non-recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to:

- HB 71 Expand Disabled Veteran Exemption,
- HB 73 Property Tax Increase Limitations,
- HB 85 Expand Disabled Vet Exemption Program,
- HB 184 Increase Veteran Tax Exemption,
- SB 188 Implement Increased Veteran Tax Exemption

SOURCES OF INFORMATION

Health Policy Commission (HPC)
 Attorney General's Office (AG)
 LFC Files

No response received from:

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

Senate Joint Resolution 13 proposes an amendment to Article 8 of the New Mexico Constitution to establish a provision to exempt from taxation the property of every person who is determined to be totally disabled.

Significant Issues

Property taxes are collected at the county level, and are used to fund a variety of state and local activities. No response was received from the Taxation and Revenue Department and thus, the impact to the state in terms of lost property tax revenue is indeterminate. It was stated by the Health Policy Commission (HPC) that there are approximately \$209,000 qualified disabled people in New Mexico. However, the term “totally disabled” is not defined in the language of the bill and further the bill does not state who is to make the determination of disability for purposes of this bill. Thus, it cannot be determined if the number provided by the HPC is an accurate estimate of the qualified disabled people in New Mexico.

The language providing for such a tax exemption is not written to the level of specificity found in Article 8, Section 15 of the Constitution of New Mexico pertaining to property tax exemption for disabled veterans.

After a determination is made regarding the number of individuals impacted by this legislation the counties may need to determine the property held by those individuals to fully determine the impact of this legislation. After a determination of the impact to the state is made, alternatives can/may be considered such as providing for a tax exemption for disabled individuals who are below a defined income level.

FISCAL IMPLICATIONS

No appropriation is contained in the bill. However, an estimated non-recurring cost to the general fund of \$32.0 is expected because of the cost to the Secretary of State for advertising and printing to place an item on the ballot. This non-recurring cost will likely be realized in FY05 since the next general election is in November 2004 unless a special election is held prior to the general election for this specific purpose.

ADMINISTRATIVE IMPLICATIONS

The counties would be affected by this legislation.

RELATIONSHIP

HB 71 Expand Disabled Veteran Exemption,
HB 73 Property Tax Increase Limitations,
HB 85 Expand Disabled Vet Exemption Program,
HB 184 Increase Veteran Tax Exemption,
SB 188 Implement Increased Veteran Tax Exemption

TECHNICAL ISSUES

1. Define the term “totally disabled.”
2. State who is to make the determination of disability.
3. May consider adding language which states who has the burden of proving eligibility.
(Article 8, Section 15 of the Constitution of New Mexico pertaining to property tax exemption for disabled veterans includes such language)

OTHER SUBSTANTIVE ISSUES

The voters of New Mexico voted down a proposed constitutional amendment that would have provided a property tax exemption just for disable veterans at the last general election.

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