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## FISCAL IMPACT REPORT

SPONSOR Youngberg ORIGINAL DATE 02/01/08  
LAST UPDATED \_\_\_\_\_ HM 41  
SHORT TITLE Study Valuation Of Unimproved Property SB \_\_\_\_\_  
ANALYST Hanika-Ortiz

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY08	FY09		
	No appropriation		

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

### SUMMARY

#### Synopsis of Bill

House Memorial 41 requests the New Mexico Legislative Council to assign the appropriate interim committee to review the implications of capping for property tax purposes the assessed valuation of unimproved property.

The Memorial further resolves that copies of the memorial are to be transmitted to the co-chairs of the New Mexico Legislative Council.

### FISCAL IMPLICATIONS

The data necessary to accurately estimate effects of capping the assessed value of unimproved property for property tax purposes is not available to this analyst and would need to be obtained from TRD before the first interim committee meeting.

Any direct fiscal impact to the State will be determined by recommendation made by the committee and acted upon by the State.

### SIGNIFICANT ISSUES

The Memorial provides for the following:

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- Homeowners' property tax bills have been relatively stable over the last several years as increases in assessed valuation for property tax purposes have been capped at three percent a year.
- The legislature properly acted to cap increases in assessed valuation to mitigate against the shocking effects of "tax lightning", which resulted as the real estate market drove up the potential, but unrealized, gains in property values.
- Capping increases in the assessed valuation of residential property also had the effect of shifting more of the property tax burden to unimproved property, the owners of which do not enjoy a cap on increases in assessed valuation.
- Owners of unimproved property face many of the same financial challenges as homeowners who previously faced sharp and sudden increases in their property tax bills.

### **PERFORMANCE IMPLICATIONS**

The Memorial resolves that the New Mexico Legislative Council be requested to assign the appropriate interim committee to review the policies and implications associated with similarly capping increases in the assessed valuation of vacant property, and then report its findings and recommendations, if any, to the first session of the forty-ninth legislature.

AHO/nt