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FISCAL IMPACT REPORT

ORIGINAL DATE 02/14/10

SPONSOR Lopez LAST UPDATED _____ HB _____

SHORT TITLE Reduce Certain Property Taxes, CA SJR 17

ANALYST Clifford

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY10	FY11	FY12		
		(Indeterminate)	Recurring	Property Tax Recipients

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

Senate Joint Resolution 17 proposes to amend the Constitution to require the legislature to reduce the total amount of state and local property taxes levied upon owner-occupied residential property that has been occupied continuously for at least 15 years by the same individual as their principal residence. The reduction would be 5 percent of the taxes that would otherwise be levied on the property. For each additional year that the property has been continuously occupied by the individual, the reduction would be increased 5 percent up to a maximum reduction of 25 percent. The reduction may be authorized statewide or at the option of a local jurisdiction.

FISCAL IMPLICATIONS

TRD notes:

Provisions of the SJR-17 would impose no fiscal impacts unless approved by voters. Voter approval would, however, mandate a significant property tax reduction for perhaps ten to fifteen percent of New Mexico's population because the rate of home ownership in New Mexico is approximately 60 percent and the average length of home ownership is about seven years, although data on the average length of home ownership in New Mexico is limited. Since the measure mandates a reduction in taxes rather than net

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taxable value, provisions of the measure would likely cause revenue losses in many jurisdictions because no mechanism exists for rate adjustments in response to tax losses. Data that would allow precise estimates of fiscal impacts associated with the proposed legislation is not available to the Department.

SIGNIFICANT ISSUES

TRD notes:

Some taxpayers would likely object to provisions of the proposed measure because it would reward home ownership without regard to income or need. It would provide some very wealthy individuals substantial property tax reductions. Taxpayers with modest incomes that have not lived in their homes for at least fifteen years would not benefit from the tax reductions provided by the proposed resolution.

TC/mt