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FISCAL IMPACT REPORT

ORIGINAL DATE
LAST UPDATED 1/29/11 **HJR** 13

SPONSOR Garcia, M.

SHORT TITLE Certain Persons Exempt from Property Tax **SB** _____

ANALYST Golebiewski

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY11	FY12	FY13		
	*	*	Recurring	Local Governments

(Parenthesis () Indicate Revenue Decreases)

*Please see Fiscal Implications below.

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department

SUMMARY

This joint resolution proposes an amendment to the New Mexico Constitution to exempt from taxation the property, including the community or joint property of a husband and wife, of a 100 percent permanently disabled person whose modified gross income is \$15,000 or less if the property is the person's principal place of residence.

FISCAL IMPLICATIONS

The bill would impose no fiscal impacts on the State of New Mexico or local governments unless voters approved the amendment it proposes. The reduction in the property tax base due to this exemption would cause tax rates to rise (where not already limited by caps or by yield control) to compensate for the loss in the base. The U.S. Census Bureau reports that roughly 10 percent of the population has a disability. The term "100 percent disabled" is used by the U.S. Department of Veterans Affairs to classify disabled veterans.

SIGNIFICANT ISSUES

House Joint Resolution 13, as well as HJR 14, would narrow the property tax base. Certain populations, specifically the low-income, disabled, would be exempted from the property tax.

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To compensate for the loss in base, the remaining population of property taxpayers would have an increased burden, as their property tax rate would increase as a result of the yield control determined by the Department of Finance and Administration.

ADMINISTRATIVE IMPLICATIONS

Relevant municipal, county and state agencies will need to verify and track the proposed exemptions if approved by voters.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to HJR 14, which proposes an amendment to the NM Constitution to exempt low-income elderly taxpayers from property taxes.

TECHNICAL ISSUES

“100% disabled” should either be defined, or TRD should be given the authority to define the classification. In the first sentence, “property” should be modified to specify residential real property.

JAG/bym