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## FISCAL IMPACT REPORT

ORIGINAL DATE 01/29/11

SPONSOR Garcia, M. LAST UPDATED \_\_\_\_\_ HJR 14

SHORT TITLE Certain Persons Exempt from Property Tax, CA 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 section 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 person seventy five years of age or older 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 6.1 percent of the population is age 75 and older. Approximately 70 percent of New Mexico residents own and occupy their homes, and approximately 30 percent of the population reports a modified gross income or its equivalent of less than \$15,000. Roughly 1.3 percent, then, would be eligible for the proposed exemption based on the statistics listed above. However, as TRD notes, the figure is likely an overestimate since this population is less likely to own and occupy their residences, as many live in nursing homes or assisted living arrangements.

**SIGNIFICANT ISSUES**

House Joint Resolution 14 as well as HJR 13 would narrow the property tax base. Certain populations, specifically the low-income, elderly, would be exempted from the property tax. 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 13, which proposes an amendment to the NM Constitution to exempt low-income disabled taxpayers from property taxes.

**TECHNICAL ISSUES**

In the first sentence, “property” should be modified to specify residential real property.

JAG/bym