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## FISCAL IMPACT REPORT

ORIGINAL DATE 03/08/11

SPONSOR SCORC LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE \_\_\_\_\_ SB 612/SCORCCS

ANALYST Graeser

### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY11	FY12	FY13		
	***	***	Recurring	County property tax revenue

(Parenthesis ( ) Indicate Revenue Decreases)

\*\*\*Impacts would depend on whether any counties use the new schedule for property tax relief. As of tax year 2009, the Department paid out a total of \$344,249 in property tax rebates for residents of Los Alamos and Santa Fe Counties, which are the only counties currently providing the rebate.

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Taxation and Revenue Department (TRD)

### SUMMARY

#### Synopsis of Bill

Senate Corporations and Transportation Committee Substitute for Senate Bill 612 provides counties with an alternative schedule for low-income property tax rebate table. Under current law, a taxpayer eligible to claim this rebate can have a maximum modified gross income of \$24,000. This bill would allow a county to choose an alternate rate table with a maximum modified gross income amount of \$16,000. Both tables are elective for the counties.

**Effective Date:** Not specified; 90 days following adjournment (June 17, 2011). Applicable to taxable years for income tax purposes and property tax years beginning on or after January 1, 2011.

### SIGNIFICANT ISSUES

TRD reports that "...the proposal builds on an existing policy that uses the income tax system to provide property tax relief. This is probably the most efficient way of targeting property tax re-

lief to low-income households. In addition to the county-option property tax relief being amended in this bill, the state also uses the income tax code to provide property tax relief to low-income seniors (Section 7-2-18), and to provide comprehensive tax relief to low-income households through its LICTR (Section 7-2-14).

### **ADMINISTRATIVE IMPLICATIONS**

TRD reports a minimal administrative impact on the Department. Upon election by a county, forms, instructions and publications will need to be revised as part of the annual revision of the forms for the personal income tax program. Upon adoption by any County, the Department will have to engage in Taxpayer and Department employee education. Tax processing system will have to be programmed to accommodate and additional tax rebate table if the local option is enacted.

### **POSSIBLE QUESTIONS**

Is it likely that any counties will adopt this elderly property tax rebate with the lower modified gross income limits?

Is it likely that Los Alamos or Santa Fe Counties will adopt the lower limits rather than the higher limits adopted pursuant to current statute?

LG/bym