

LFC Requester:	
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**AGENCY BILL ANALYSIS
2024 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:

AgencyAnalysis.nmlegis.gov

{Analysis must be uploaded as a PDF}

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute, or a correction of a previous bill}

Check all that apply:
Original **Amendment**
Correction **Substitute**

Date 1/30/2024
Bill No: SB 207

Sponsor: P. wirth
Short Title: LODGERS' TAX, AFFORDABLE HOUSING & RENTALS

Agency Name and Code DFA- 341
Number: _____
Person Writing Cordelia Chavez
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
HB247- Property Tax Forms & Changes

Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Senate Bill 207 (SB207) relates to personal and real property eliminating the definition of “Residential Property” in the Property Tax Code” on identified property by the County Assessor; amending the Lodgers’ Tax Act requiring local government to impose an additional Occupancy Surtax on Short-Term rentals through local government ordinances. The surtax shall not exceed two and one-half percent gross taxable rent of single-family rentals. Proceeds of the surtax will contribute to the cost of affordable housing.

Effective date is July 1, 2024

FISCAL IMPLICATIONS

Fiscal implications will remain with the vendee passing the additional GRT Occupancy Surtax to the short-term rental client.

SIGNIFICANT ISSUES

- Local Governments will have to monitor short-term vacation rental websites such as Airbnb, ARBO, etc. to capture all the short-term rentals in their area; to register them as a rental business.
- Local Governments will impose the additional Occupancy Surtax through a Municipal or County Ordinance; not exceed two and one-half percent gross taxable.
- Local Governments will have the authority to constitute a lien in favor of the Municipality or county upon the personal and real property of the vendor providing lodging if they violate the municipality or county ordinance.
- County Assessor’s will prescribe the valuation form to notify the property owners of any amendments to their property, changing the property category from residential to nonresidential; County Assessor will have to work closely with local governments to attain all the rental businesses on file with each Municipality and County.
- Local Governments will have the authority to constitute a lien in favor of the Municipality or county upon the personal and real property of the vendor providing lodging if they violate the municipality or county ordinance.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

- The Lodgers Tax Advisory Board to the Local Government shall create procedures for their local government to implement yearly random audits on the vendees collecting the additional occupancy surtax; ensuring the vendees are following the Audit Rule and the correct amounts are being collected and submitted to the municipality or county.
- The Taxation & Revenue Department shall create procedures for their monthly Combined Reporting System (CRS) reporting to include the additional occupancy surtax.
- A district court may issue a writ of mandamus (*a written order from a higher court to a lower court, or to a government official, office, or corporation, commanding that a specified thing be done*) or order an injunction or other appropriate remedy to enforce the provisions of the Lodgers' Tax Act.
- The governing body of the municipality or county imposing and collecting an occupancy surtax shall report quarterly financial reports to the local government division of the department of finance and administration, local government, budget, and finance department (DFA-LGD-BFB) to include surtax funds pursuant of Sections 3-38-15, 3-38-15.1 and 3-38-31 NMSA 1978.

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS