

BILL ANALYSIS AND FISCAL IMPACT REPORT
Taxation and Revenue Department

February 5, 2024

Bill: SB-237 Rev

Sponsor: Senators Greg Nibert and Joseph Cervantes

Short Title: Revised Uniform Unclaimed Property Act

Description: This bill repeals the Uniform Unclaimed Property Act (1995) and enacts a revised Uniform Unclaimed Property Act.

Effective Date: January 1, 2026. Applicability – The provisions of Section 69 of this act apply to contracts entered into on or after January 1, 2026.

Taxation and Revenue Department Analyst: Lucinda Sydow

Estimated Revenue Impact*					R or NR**	Fund(s) Affected
FY2024	FY2025	FY2026	FY2027	FY2028		
--	--	(Unknown but likely negative)			R	General Fund

* In thousands of dollars. Parentheses () indicate a revenue loss. ** Recurring (R) or Non-Recurring (NR).

Methodology for Estimated Revenue Impact: The proposed repeal of the current Unclaimed Property tax law and its substitution with the proposed language may have fiscal implications. However, Tax & Rev does not have sufficient data to assess the impact of the proposal.

Policy Issues: The Revised Uniform Unclaimed Property Act creates numerous new definitions, procedures and requirements for the Taxation and Revenue Department (Tax & Rev). Tax and Rev will require certain fiscal, system, and staff resources to implement fully.

[Section 5]: The definition of property on page 13, line 19 changes the current definition of property from 7-8A-1.13 NMSA 1978 changing what may be excluded. Spousal or medical support received by the child support enforcement division of the Human Services Department [Healthcare Authority Department], is no longer an exclusion. This may have an adverse impact for the state agencies that were previously excluded.

Technical Issues: [Section 17]: In the new Section 7-8B-210 NMSA 1978, on page 32, lines 13 through 17, the definition of an “oral communication” is not a method that substantiates an owner’s interest. Tax & Rev recommends this section is stricken or required to be documented in writing for reporting purposes by the holder or their agent.

[Sections 83 and 85]: These two sections provide a loophole for “locators” as defined in Section 83 to be assigned an “agent” of the apparent owner as defined in Section 85 and would not require the locator to adhere to provisions in Section 83. The word “agent” is mentioned 54 times in the bill and appears to be used interchangeably with “locator.” Tax & Rev recommends that the language is stricken for Section 85 and/or further definitions are added for what an “agent” of the apparent owner entails and means. This language should explain and clarify the difference between a “locator” and an “agent” of the apparent owner who might be an attorney, or other licensed professional.

Other Issues: [Section 58]: This new section is an extremely high impact for Tax & Rev’s Revenue Processing Division (RPD). This section will require system enhancements, compliance, potential

operating transfers, and functionality that does not currently exist within the business unit or any business unit at RPD. Further, the current unclaimed property unit has a fast-track claim process which has revolutionized the claim process for owners, increased process efficiency, and created a satisfactory customer experience for single owners who claim less than \$500 of unclaimed property.

Adding an element which requires the administrator to seek liabilities owed for enforceable debt for child support arrearage, civil or criminal fine or penalty, court costs, and state taxes requires a memorandum of understanding (MOU) and data exchange with agencies within the state. Some of these are already established through agreements for the Tax Refund Intercept Program Act (<https://nmonesource.com/nmos/nmsa/en/item/4340/index.do#7-2C-1>) However, the language differs from current law which requires information from additional sources for court fees and costs.

Because the unclaimed property program is not in GenTax, the tax system of record, this data would need to be reviewed manually or a systematic solution may be necessary to upload the same data for the unclaimed property system of record. A systematic solution is ideal to keep the fast-track claim process available. Otherwise, the claims require manual review and check for outstanding liabilities to complete the claim.

[Sections 89,]: The proposed act contains confidentiality provisions on behalf of the holder which may conflict with the Inspection of Public Records Act (IPRA), and should be considered against the IPRA. Unclaimed Property is traditionally conspicuously a “government in the sunshine” activity and not a tax program, even though it happens to be administered by Tax & Rev in this state.

Administrative & Compliance Impact: Changes to this act will result in reorganization of RPD, updates to forms, publications, and claim and holder websites, update to the system of record will be required and a reduced funded vacancy rate for RPD. Tax & Rev will need an additional 8 full-time equivalent (FTE) staff to support the new compliance and reporting requirements and other unfunded mandates in the bill. The FTE costs are based on a 3 management analysts advanced, data analyst, and a full legal FTE or contract attorney. In addition, 1 current Line Manager II would be classified upward, for \$21,240 annual costs. Tax & Rev will incur costs to perform system enhancements for compliance and reporting, costing \$100,000. Tax & Rev will need to contract for updates to all related publications, forms and website resources, costing \$200,000. **[Section 18]:** The new Section 7-8B-211 NMSA 1978 requires access and review of the “death master file” requiring system processing changes to analyze this database and annual licensing fees. This is estimated at \$10 thousand in recurring costs.

Estimated Additional Operating Budget Impact*				R or NR**	Fund(s) or Agency Affected
FY2024	FY2025	FY2026	3 Year Total Cost		
--	--	\$375	\$375	R	Tax & Rev – RPD - FTEs
--	--	\$22	\$22	R	Tax & Rev – RPD Reduction in forced vacancy Upward Reclassifications
--	\$100	\$100	\$200	NR	Tax & Rev – RPD System of Record Upgrade
--	\$200	\$200	\$400	NR	Tax & Rev – RPD Contractual for publication revisions
--	\$10	\$10	\$20	R	Tax & Rev – RPD – Systems and Licensing

* In thousands of dollars. Parentheses () indicate a cost saving. ** Recurring (R) or Non-Recurring (NR).

Related Bills: Similar to HB-165 (2023)