

LFC Requester:

## AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

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(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}

Date Prepared: 3/10/2025

Check all that apply:

Bill Number: HM52

Original ☒ Correction ☐

Amendment ☐ Substitute ☐

Sponsor: Rebecca Dow, Jonathan A. Henry

Agency Name and Code Economic Development Department  
Number: 41900

Short Title: SHORT-TERM RENTAL WORK GROUP

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### SECTION II: FISCAL IMPACT

#### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		

(Parenthesis ( ) indicate expenditure decreases)

#### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		

(Parenthesis ( ) indicate revenue decreases)

#### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:  
Duplicates/Relates to Appropriation in the General Appropriation Act

### **SECTION III: NARRATIVE**

#### **BILL SUMMARY**

Synopsis: In House Memorial 52 (HM52), the House of Representatives requests the Economic Development Department, Tourism Department, and Taxation and Revenue Department to establish a work group to study the economic impact, taxation, and regulatory framework of short-term rentals statewide. The work group includes representatives from these departments, the New Mexico Short-Term Rental Association, the New Mexico Association of Realtors, and the New Mexico Counties Assessors' Affiliate to ensure a collaborative, data-driven policy evaluation.

Short-term rentals play a vital role in New Mexico's tourism economy, providing essential accommodations for visitors and traveling workers. About 85 percent operate part-time or semi-full-time, serving as supplemental income for homeowners rather than large-scale business ventures. However, some county assessors have begun reclassifying short-term rental properties as nonresidential, affecting property tax rates, regulatory compliance, and creating economic and legal consequences for homeowners.

In response, the work group will evaluate taxation policies, nonresidential property tax classifications, zoning and permitting regulations, and potential regulatory frameworks for short-term rental operators and local communities. Findings and recommendations will be reported to the appropriate interim legislative committees by December 1, 2025.

Until the study is complete, county assessors are requested to suspend further reclassification of short-term rental properties from residential to nonresidential.

#### **FISCAL IMPLICATIONS**

The requested work group in HM52 is likely to create the need for additional resources, including new FTEs for the Economic Development Department, Tourism Department, and Taxation and Revenue Department.

#### **SIGNIFICANT ISSUES**

#### **PERFORMANCE IMPLICATIONS**

#### **ADMINISTRATIVE IMPLICATIONS**

#### **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

#### **TECHNICAL ISSUES**

#### **OTHER SUBSTANTIVE ISSUES**

#### **ALTERNATIVES**

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL  
AMENDMENTS**