

LFC Requester:	Laird Graeser
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**AGENCY BILL ANALYSIS
2015 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, EMAIL ANALYSIS TO:

LFC@NMLEGIS.GOV

and

DFA@STATE.NM.US

{Include the bill no. in the email subject line, e.g., HB2, and only attach one bill analysis and related documentation per email message}

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	<input type="checkbox"/>	Amendment	<input type="checkbox"/>	Date	<u>2 March 2015</u>
Correction	<input type="checkbox"/>	Substitute	<input checked="" type="checkbox"/>	Bill No:	<u>SB 112/SCCS</u>

Sponsor:	<u>SCC</u>	Agency Code:	<u>Attorney General's Office</u>
Short Title:	<u>Define Agricultural Use for Property Tax</u>	Person Writing	<u>Luis Carrasco, AAG.</u>
		Phone:	<u>827-6040</u>
		Email	<u>LCarrasco@nmag.gov</u>

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY15	FY16		

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY15	FY16	FY17		

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY15	FY16	FY17	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

This analysis is neither a formal Attorney General’s Opinion nor an Attorney General’s Advisory Letter. This is a staff analysis in response to an agency’s, committee’s, or legislator’s request.

BILL SUMMARY

Synopsis:

Senate Conservation Committee Substitute for Senate Bill 112 (“SCCSSB112”) is an act that primarily expands the existing definition of the term “agricultural use” for the purpose of making property tax valuations. Lands designated as agricultural use lands are eligible to be valued on the basis of the land’s capacity to produce agricultural products. SCCSSB112 amends NMSA 1978, Section 7-36-20 (2013) to include within the definition of “agricultural use” the resting of land to maintain its capacity to produce agricultural products, including resting of land as the direct result of a designation of a drought disaster area by the United States Secretary of Agriculture. If SCCSSB112 were to be approved, land used for these purposes would fall within the category of lands eligible to be valued as an agricultural use land. SCCSSB112 also provides a previously non-existent definition of the term “agricultural products” which includes plants, crops, trees, forest products, orchard crops, livestock, poultry, captive deer or elk, or fish, and clarifies that lands used for the production of agricultural products are among the uses eligible to be valued as an agricultural use land. Finally, SCCSSB112 makes clear that its provisions would apply only to 2016 and subsequent tax years and makes other non-substantive edits.

FISCAL IMPLICATIONS

Enactment of SCCSSB112 would increase the types of properties eligible for valuation as an agricultural use land, which may have a detrimental effect on property tax revenues generated, resulting in a potential diminishment of funds available for the operation of government and various governmental functions and services.

SIGNIFICANT ISSUES

SCCSSB112 provides no definition for or elaboration upon what “resting of land to maintain its capacity to produce agricultural products” might include. The legislature may wish to consider providing more guidance as to what is contemplated in such resting of land. The new definition of “agricultural products” conflicts with an existing definition for that term found at 3..6.5.27(D) NMAC, which provides a more inclusive definition. Providing a narrower statutory definition which excludes products otherwise listed in regulation will likely disqualify those products from classification as agricultural products.

PERFORMANCE IMPLICATIONS

N/A.

ADMINISTRATIVE IMPLICATIONS

N/A.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

SCCSSB112 may conflict with SB 330 and HB 112, which propose different provisions for dealing with resting agricultural land and drought.

TECHNICAL ISSUES

None noted.

OTHER SUBSTANTIVE ISSUES

None noted.

ALTERNATIVES

N/A.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The status quo will remain, and the resting of land to maintain its capacity to produce agricultural products, including resting of land as the direct result of a designation of a drought disaster area by the United States Secretary of Agriculture will not be eligible for valuation as agricultural use lands for property tax purposes.

AMENDMENTS

See SIGNIFICANT ISSUES above.