

**Constitutional Amendment No. 1**

“Proposing an amendment to Article 8, Section 15 of the Constitution of New Mexico to extend a property tax exemption, currently only allowed for one hundred percent disabled veterans and their widows and widowers, to veterans with less than a one hundred percent disability and their widows and widowers and basing the amount of the exemption on a veteran’s disability rating.”

For \_\_\_\_\_ Against \_\_\_\_\_

**Analysis** is based on current information. Constitutional amendments No. 1 and No. 2 both relate to property tax reductions for veterans and their spouses. These amendments are additive. For instance, if both amendments pass, the effect on households in Bernalillo County that are not eligible would be a recurring property tax increase of \$50 – \$100.

Residential property taxes are used to pay a large part of the expenses of New Mexico’s schools, public health facilities, and local governments.

The NM Legislative Finance Council’s “rough conclusion” in 2023 was that the new exemption would create an annual average property tax reduction of \$767. These savings would be in addition to the standard veteran property tax exemption of \$4,000 available to all veterans who own residential property.

The NM Taxation and Revenue Department has concluded that the new exemption “would represent a significant erosion of the local property tax base, on which most local governments rely for their budgets and operations.” It estimates that \$27.2 million in 2026 and \$29.2 million in 2027 will be shifted to non-qualifying property owners.

The proposed amendment also requires an automatic increase in residential property taxes for those not eligible for the new exemption to make up approximately 40 per cent of the revenue lost due to the new exemption. The language of the amendment does not require non-residential or commercial business property owners to pay additional taxes to make up any of the difference.

Local government bodies and schools would bear most of the loss of revenue from passage of the amendment, and the LWVCNM has not located any description of how or when the shortfall in revenue might be recovered by government entities.

	<b>State of New Mexico</b>	<b>Bernalillo County</b>	<b>Sandoval County</b>	<b>Torrance County</b>	<b>Valencia County</b>
Number of qualifying veterans with service-connected disability	35,118	10,560	2,375	291	1,658
Shift of property tax from service-connected disability to others	More than \$22.5 million	More than \$10 million	Nearly \$2 million	More than \$100,000	More than \$900,000

## **ARGUMENTS FOR THE AMENDMENT**

1. The exemption is intended to provide disabled veterans protection from rising property taxes. Allowing the property tax exemption for veterans with a permanent service-connected disability will support property-owning disabled veterans and their widowed spouses in an amount proportional to the percentage of the veteran's disability rating.
2. The new property tax exemption sends the message that anyone who suffers a disability while serving in the armed forces deserves to be taken care of equitably, regardless of the severity of the injury.
3. The amendment is intended to express the support of the state for veterans.
4. The amendment assumes a decrease in property tax could provide an incentive for veterans of the armed forces to move to and buy property in New Mexico, which might increase the state's population and tax base.
5. The amendment assumes the estimated cost of an additional annual per capita tax burden for the general population of the state is low compared to the benefit provided for the service-related disabled veterans with property tax liability.

## **ARGUMENTS AGAINST THE AMENDMENT**

1. The new exemption could be seen as disproportionately benefiting those who do not need financial assistance. If the purpose is to relieve the financial burden on those who are unable to pay property taxes due to their disability, then the exemption should target those with limited incomes.
2. Financial assistance is already available for disabled veterans through a number of programs. Numerous state, federal and nonprofit programs serve veterans, including programs to assist disabled veterans with living expenses.
3. Non-disabled-veteran property taxpayers, including seniors and persons who have a non-service related disability, will pay more due to the new exemption.
4. A property tax is traditionally based on the value and nature of the property, not the personal characteristics of the owner. Creating an exemption for certain individuals would be a departure from the underlying principles of property taxation and could set a precedent for other groups to seek a similar exemption.
5. The federal government should help disabled veterans, not the state. If voters believe that more compensation is due to disabled veterans and their spouses, then they should ask their representatives in Congress to address the issue.

6. Property tax benefits for veterans already exist in the Constitution of New Mexico. There is a \$4,000 exemption for all honorably discharged veterans.

7. The exemption excludes other property taxpayers who are disabled due to work-related injuries. There are many dangerous but necessary occupations with a high chance of disability from injury, so it is unclear why disabled veterans warrant preferable treatment in comparison to other disabled persons.

[Background information was obtained from the NM Taxation and Revenue Department, the Legislative Finance Committee 2023, the Legislative Council Service 2023, and the Bernalillo County Assessor's office. More detailed financial information is available at the League of Women Voters of Central New Mexico website at [LWVCNM.org](http://LWVCNM.org).]