

## How a Bill Becomes Law

<p style="text-align: center;"><b>Contents (page)</b>  Introduction (1)  The Legislature (1)  How a bill is passed (5)  Numbers of Bills Introduced and Enacted in Recent Years (6)  How to Find and Follow a Bill (7)  How Read a Bill (8)  Fiscal Impact Reports: An Easy Path to Understand What a Bill Does (10)  How to Testimony before a Legislative Committees (16)  Appendix (17)</p>
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### Introduction

As enactment of House Bill 366 in the 2001 legislative session that placed a three percent residential valuation limit increase illustrates, actions of the New Mexico Legislature can have very immediate and significant impacts on how assessor's offices function. It is therefore important that assessors understand how the legislative processes works and how they can influence the course of proposed legislation. This chapter therefore describes how laws are enacted in New Mexico, how assessors and others can understand what proposed legislation is likely to do, and how assessors may affect legislation via effective testimony before legislative committees.

### The Legislature

“... bicameral institutions first arose in medieval Europe where they were associated with separate representation of different estates of the realm. For example, one house would represent the aristocracy, and the other would represent the commoners. <http://en.wikipedia.org/wiki/Bicameralism>

As required by the New Mexico Constitution (Article IV, Section 3 shown in Exhibit 1 below) the New Mexico Legislature is bicameral i.e., based on two legislative chambers, and is composed of 112 members -- 42 in the Senate and 70 in the House of Representatives. Since approximately 2 million people live in New Mexico, each representative serves approximately 47,600 citizens (2 million ÷ 42) and each senator represents approximately 28,600 New Mexicans. Senators serve two-year terms. Representatives serve for four years (Article IV, Section 4). Unlike county officials, no term limits apply to members of the New Mexico Legislature. Legislators are paid per diem during the legislative session based on payments approved by the Internal Revenue Service (Article IV, Section 10).

Democrats tend to dominate the New Mexico Legislature. By the end of January, 2011, 24 senators, or roughly 64 percent were Democrats, while the remaining 15 (36 percent) were Republicans. Democrats also comprised a majority of members of the House of Representatives, although their margin was not as great in the Senate. 36 of the representatives were Democrats, while 33 were Republicans. One seat was vacant.

The Legislature meets in regular session on the second Tuesday in January of each year. The New Mexico Constitution limits the regular session to 60 calendar days in odd-numbered years – the long session, and 30 days in even-numbered years – the short session (Article V, Section 5). Issues considered during the short session are constitutionally restricted to fiscal matters, special issues designated by the Governor and bills that past in the previous year's Legislature, but were vetoed by the governor in the previous year.

The Lieutenant Governor is elected statewide separately from the governor and presides over the Senate i.e., the presiding officer, while the Speaker of the House is elected from the House by Representatives in a “closed door majority member caucus” and is the presiding officer in the House. The President of the Senate is the presiding officer of the Senate when the lieutenant governor is absent (Article 5, Section 8). The Governor and Lieutenant Governor are provided with the power in to assign members to committee within the chambers over which they preside. This power conveys considerable influence on the legislation that emerges from any particular legislative session.

The Governor may call the legislature into special sessions (Article IV, Section 6 of the Constitution). The legislature may call itself into special session under some circumstances. The Constitution imposes no limit on how long a special sessions last. During sessions called by the Governor, lawmakers may consider only issues chosen by the Governor and listed in the Governor’s “call,” or proclamation that convenes a special session. The Governor may, however, require the legislature to consider other issue after the session begins.

Bills passed by the legislature must be submitted to the Governor for approval prior to becoming law. If the Governor signs a bill it becomes law. If the Governor vetoes it, the Legislature may override it via a two-thirds majority vote. Bills approved passed by the Legislature takes effect 90 days after its passage unless two-thirds of each house votes to give the bill either immediate effect or earlier effect. The Legislature may provide for an effective date (i.e., when the bill’s provisions are enforced) that is before or after the 90th day.

### **Exhibit 1: New Mexico Constitution, Article IV, Section 1-6, 8, 10, 22 and 23**

Source: NM Compilation Commission, <http://www.nmresources.com/nmpublic/gateway.dll/?f=templates&fn=default.htm>

Section 1. [Vesting of legislative power; location of sessions; referendum on legislation.]

The legislative power shall be vested in a senate and house of representatives which shall be designated the Legislature of the state of New Mexico, and shall hold its sessions at the seat of government.

The people reserve the power to disapprove, suspend and annul any law enacted by the Legislature, except general appropriation laws; laws providing for the preservation of the public peace, health or safety; for the payment of the public debt or interest thereon, or the creation or funding of the same, except as in this constitution otherwise provided; for the maintenance of the public schools or state institutions, and local or special laws. Petitions disapproving any law other than those above excepted, enacted at the last preceding session of the Legislature, shall be filed with the secretary of state not less than four months prior to the next general election. Such petitions shall be signed by not less than ten per centum of the qualified electors of each of three-fourths of the counties and in the aggregate by not less than ten per centum of the qualified electors of the state, as shown by the total number of votes cast at the last preceding general election. The question of the approval or rejection of such law shall be submitted by the secretary of state to the electorate at the next general election; and if a majority of the legal votes cast thereon, and not less than forty per centum of the total number of legal votes cast at such general election, be cast for the rejection of such law, it shall be annulled and thereby repealed with the same effect as if the Legislature had then repealed it, and such repeal shall revive any law repealed by the act so annulled; otherwise, it shall remain in force unless subsequently repealed by the Legislature. If such petition or petitions be signed by not less than twenty-five per centum of the qualified electors under each of the foregoing conditions, and be filed with the secretary of state within ninety days after the adjournment of the session of the Legislature at which such law was enacted, the operation thereof shall be thereupon suspended and the question of its approval or rejection shall be likewise submitted to a vote at the next ensuing general election. If a majority of the votes cast thereon and not less than forty per centum of the total number of votes cast at such general election be cast for its rejection, it shall be thereby annulled; otherwise, it shall go into effect upon publication of the certificate of the secretary of state declaring the result of the vote thereon. It shall be a felony for any person to sign any such petition with any name other than his own, or to sign his name more than once for the same measure, or to sign such petition when he is not a qualified elector in the county specified in such petition; provided, that nothing herein shall be construed to prohibit the writing thereon of the name of any person who cannot write, and who signs the same with his mark. The Legislature shall enact laws necessary for the effective exercise of the power hereby reserved.

## Exhibit 1 (continued)

Sec. 2. [Powers generally; disaster emergency procedure.]

In addition to the powers herein enumerated, the Legislature shall have all powers necessary to the Legislature of a free state, including the power to enact reasonable and appropriate laws to guarantee the continuity and effective operation of state and local government by providing emergency procedure for use only during periods of disaster emergency. A disaster emergency is defined as a period when damage or injury to persons or property in this state, caused by enemy attack, is of such magnitude that a state of martial law is declared to exist in the state, and a disaster emergency is declared by the chief executive officer of the United States and the chief executive officer of this state, and the Legislature has not declared by joint resolution that the disaster emergency is ended. Upon the declaration of a disaster emergency the chief executive of the state shall within seven days call a special session of the Legislature which shall remain in continuous session during the disaster emergency, and may recess from time to time for [not] more than three days. (As amended November 8, 1960.)

Sec. 3. [Number and qualifications of members; single-member districts; reapportionment.]

A. Senators shall not be less than twenty-five years of age and representatives not less than twenty-one years of age at the time of their election. If any senator or representative permanently removes his residence from or maintains no residence in the district from which he was elected, then he shall be deemed to have resigned and his successor shall be selected as provided in Section 4 of this article. No person shall be eligible to serve in the Legislature who, at the time of qualifying, holds any office of trust or profit with the state, county or national governments, except notaries public and officers of the militia who receive no salary.

B. The senate shall be composed of no more than forty-two members elected from single-member districts.

C. The house of representatives shall be composed of no more than seventy members elected from single-member districts.

D. Once following publication of the official report of each federal decennial census hereafter conducted, the Legislature may by statute reapportion its membership. (As repealed and reenacted November 2, 1976)

Sec. 4. [Terms of office of members; time of election; filling of vacancies.]

Members of the Legislature shall be elected as follows: those senators from Bernalillo, Chaves, Curry, DeBaca, Grant, Lea, Lincoln, Luna, Sandoval, San Juan, San Miguel, Socorro, Taos, Torraine, Union and Valencia counties for a term of six years starting January 1, 1961, and after serving such terms shall be elected for a term of four years thereafter; those senators from all other counties for the terms of four years, and members of the house of representatives for a term of two years. They shall be elected on the day provided by law for holding the general election of state officers or representatives in congress. If a vacancy occurs in the office of senator or member of the house of representatives, for any reason, the county commissioners of the county wherein the vacancy occurs shall fill such vacancy by appointment.

Such legislative appointments as provided in this section shall be for a term ending on December 31, subsequent to the next succeeding general election. (As amended September 15, 1953, and November 8, 1960.)

Sec. 5. [Time and length of sessions; items considered in even-numbered years.]

A. Each regular session of the Legislature shall begin annually at 12:00 noon on the third Tuesday of January. Every regular session of the Legislature convening during an odd-numbered year shall remain in session not to exceed sixty days, and every regular session of the Legislature convening during an even-numbered year shall remain in session not to exceed thirty days. No session of the Legislature shall exceed thirty days.

B. Every regular session of the Legislature convening during an even-numbered year shall consider only the following:

(1) budgets, appropriations and revenue bills;

(2) bills drawn pursuant to session messages of the governor; and

(3) bills of the last previous regular session vetoed by the governor. (As amended November 5, 1940, November 5, 1946, and November 3, 1964.)

Sec. 6. [Special session; extraordinary session.]

“Special sessions of the Legislature may be called by the governor, but no business shall be transacted except such as relates to the objects specified in this proclamation. Provided, however, that when three-fifths of the members elected to the house of representatives and three-fifths of the members elected to the senate shall have certified to the governor of the state of New Mexico that in their opinion an emergency exists in the affairs of the state of New Mexico, it shall thereupon be the duty of said governor and mandatory upon him, within five days from the receipt of such certificate or certificates, to convene said Legislature in extraordinary session for all purposes; and in the event said governor shall, within said time, Sundays excluded, fail or refuse to convene said Legislature as aforesaid, then and in that event said Legislature may convene itself in extraordinary session, as if convened in regular session, for all purposes, provided that such extraordinary self-convened session shall be limited to a period of thirty days, unless at the expiration of said period, there shall be pending an impeachment trial of some officer of the state government, in which event the Legislature shall be authorized to remain in session until such trial shall have been completed. (As amended November 2, 1948.)

## Exhibit 1 (continued)

### Sec. 8. [Call to order; presiding officers.]

The senate shall be called to order in the hall of the senate by the lieutenant governor. The senate shall elect a president pro tempore who shall preside in the absence of the lieutenant governor and shall serve until the next session of the Legislature. The house of representatives shall be called to order in the hall of said house by the secretary of state. He shall preside until the election of a speaker, who shall be the member receiving the highest number of votes for that office.

### Sec. 10. [Compensation of members.]

Each member of the Legislature shall receive:

- A. per diem at the internal revenue service per diem rate for the city of Santa Fe for each day's attendance during each session of the Legislature and the internal revenue service standard mileage rate for each mile traveled in going to and returning from the seat of government by the usual traveled route, once each session as defined by Article 4, Section 5 of this constitution;
- B. per diem expense and mileage at the same rates as provided in Subsection A of this section for service at meetings required by legislative committees established by the Legislature to meet in the interim between sessions; and
- C. no other compensation, perquisite or allowance. (As amended November 7, 1944, September 15, 1953, November 2, 1971, November 2, 1982 and November 5, 1996.)

### Sec. 22. [Governor's approval or veto of bills.]

Every bill passed by the Legislature shall, before it becomes a law, be presented to the governor for approval. If he approves, he shall sign it, and deposit it with the secretary of state; otherwise, he shall return it to the house in which it originated, with his objections, which shall be entered at large upon the journal; and such bill shall not become a law unless thereafter approved by two-thirds of the members present and voting in each house by yea and nay vote entered upon its journal. Any bill not returned by the governor within three days, Sundays excepted, after being presented to him, shall become a law, whether signed by him or not, unless the Legislature by adjournment prevent such return. Every bill presented to the governor during the last three days of the session shall be approved by him within twenty days after the adjournment and shall be by him immediately deposited with the secretary of state. Unless so approved and signed by him such bill shall not become a law. The governor may in like manner approve or disapprove any part or parts, item or items, of any bill appropriating money, and such parts or items approved shall become a law, and such as are disapproved shall be void unless passed over his veto, as herein provided. (As amended September 15, 1953.)

### Sec. 23. [Effective date of law; emergency acts.]

Laws shall go into effect ninety days after the adjournment of the legislature enacting them, except general appropriation laws, which shall go into effect immediately upon their passage and approval. Any act necessary for the preservation of the public peace, health or safety, shall take effect immediately upon its passage and approval, provided it be passed by two-thirds vote of each house and such necessity be stated in a separate section.

## Exhibit 2: Excerpt from the Committee Handbook for the New Mexico Legislature

### SELECTION AND ORGANIZATION OF COMMITTEES

#### Selection

In the senate, the committees' committee makes all standing committee appointments. The following considerations enter into the making of such appointments: (1) the member's seniority; (2) the minority party's representation on each committee; and (3) when possible, the member's preference. Seniority is determined by continuous service in the senate. Appointments made by the committees committee are subject to the approval of the senate (Senate Rules 9-1-1, 9-1-3 and 9-1-4).

Senators serve on two standing committees, except members of the finance committee, who serve only on that committee. Service on the committees' committee or the senate ethics committee is not considered service on a standing committee (Senate Rule 9-3).

In the house, the speaker, as is the case in most state Legislatures, is the sole appointing authority for membership on committees, except when a committee is established by a resolution designating the committee membership.

All appointments made by the speaker must be announced in open session and recorded in the journal. Each house member is limited to service on two substantive committees. This does not bar a member's service on procedural committees (House Rules 9-1 and 9-3). <http://www.nmlegis.gov/lcs/lcsdocs/173522.pdf>

## **How a Bill is Passed**

Legislators are the only individuals allowed to submit bills for consideration in a legislative session. They do so for a variety of reasons, including requests by their constituents, industry lobbyists or occasionally representatives of a state agency. The first step to bill introduction occurs when legislators decide to sponsor a bill and attempt to make become it law – sometimes with cosponsors. They then discuss the type of legislation they wish to be drafted with representatives of the Legislative Council Service (LCS). LCF staff members, in response to the request, write a draft of the proposed bill and prepare it for introduction. Once written and approved by the legislator(s), the bill is presented to the chief clerk of the legislator’s chamber where it is assigned a number, e.g., Senate Bill 34. The presiding officer of the legislator’s chamber (Lieutenant Governor or President of the Senate in the Senate, or the Speaker of the House if the bill is introduced by a representative) then orders it printed and assigns it to legislative committees for consideration. Committees viewing the bill are typically committees that work with the legislation that is the subject of the bill. The number of committees that consider any particular bill varies, but most bills are considered by two or three committees. The hearings generally proceed as follows. The sponsor of the bill typically explains reasons for introducing the bill to the committee and why they should approve it. The sponsor often provides expert witnesses to answer questions asked by committee members. Once the case for the legislation is presented, the chairperson of the committee asks members of the audience to make comments on the legislation. They are allowed to express favor or opposition to the bill and explain their reasons for stating that it should or should not be passed. The discussions sometimes lead to proposals for modifying the measure via amendment. Committee members then vote for the measure. They can approve it (“Do Pass), reject it (“Do Not Pass”) make no recommendation. The bill can also be “tabled” and reconsidered at a later date. If approved by a majority of members of the committee, or committee members vote for no recommendation, the proposed bill is transferred to the next committee to which it has been assigned. Bills that are given a “Do Not Pass” are no longer considered by the legislature, although they can reemerge in modified form as, for example, amendments to other bills.

Bills that are passed by all committees they are assigned to in a particular chamber are transferred to the “full floor” of the chamber and discussed and voted upon by potentially all members of the chamber in which they are introduced. Testimony by the public or expert witnesses is not allowed on the floor of the House or Senate, although experts are sometimes invited to the floor discussion to answer questions on complex bills. Bills that are rejected by majority vote on the floor are no longer considered by the legislature. Legislation that is approved by a majority is transferred to the second chamber where the process is repeated. Bills are sometimes introduced in the House Senate at approximately the same time, and are referred to as duplicates. They can be considered by the House and Senate simultaneously. Differences in bills that result from amendment by either chamber are resolved via conference committees.

As indicated in Section 22, Article IV of the New Mexico Constitution in Exhibit 1 above, once bills are approved the House and Senate, they are transferred to the governor for consideration. The governor may sign a bill, veto it or take no action on it. If the governor does not act on a bill within three days after he receives it, the measure becomes law without his signature, unless the Legislature has adjourned within those three days. Governors must act on bills sent to the governor during the last three days of the session. If the governor fails to do so, the bills are considered vetoed – a process known as pocket veto.

## Numbers of Bills Introduced, Passed and Enacted in Recent Years

Legislative Council Service data showing numbers of bills introduced, passed and signed into law during the 2007 through 2011 legislative sessions is shown below. The annual number of bills introduced averaged 1,288 during the period. In recent long sessions in 2007, 2009 and 2011, the number of bills introduced averaged slightly under 1,800 – roughly 2.2 times the 803 average number introduced during the following even-numbered (short session) years. Similar numbers of bills were introduced in the House and Senate, although House introductions averaged approximately 12 percent more than Senate Introductions.

Of the 7,728 bills introduced during the period, 1,375 or 17.8 percent were passed, while 1,116 or 14.4 percent were enacted. 16.6 percent of the bills introduced in the House were passed, while 19.2 percent of the bills introduced in the Senate were passed. New Mexico Governors vetoed roughly 19 percent of the bills passed by the Legislature during the time period.

### Exhibit 3

#### Number and Percent of Bills Passed and Enacted in Recent New Mexico Legislative Sessions

Year	Chamber	Introduced	Passed	Vetoed	Enacted	Percent	
						Passed	Enacted
2012	House	324	46	6	40	14.2	12.3
Regular	Senate	329	31	7	24	9.4	7.3
Session	Total	653	77	13	64	11.8	9.8
2011	House	612	129	41	88	21.1	14.4
Regular	Senate	591	155	57	98	26.2	16.6
Session	Total	1203	284	98	186	23.6	15.5
2010	House	292	67	4	63	22.9	21.6
Regular	Senate	280	58	5	53	20.7	18.9
Session	Total	572	125	9	116	21.9	20.3
2009	House	907	165	18	147	18.2	16.2
Regular	Senate	702	158	16	142	22.5	20.2
Session	Total	1609	323	34	289	20.1	18.0
2008	House	642	49	4	45	7.6	7.0
Regular	Senate	543	58	10	48	10.7	8.8
Session	Total	1185	107	14	93	9.0	7.8
2007	House	1307	221	32	189	16.9	14.5
Regular	Senate	1199	238	59	179	19.8	14.9
Session	Total	2506	459	91	368	18.3	14.7

Information Source: compiled from Appendix data in various issues of "NM Session Highlights" published by the NM Legislative Council Service

## How to Find and Follow a Bill

Bills are extremely easy to locate in New Mexico due to the “Bill Finder” database that is accessible on the Internet. As shown in Exhibit 4 below, the software allows users to search for bills using the bill number, the sponsor, key words, chamber, subject (e.g., property tax) and other characteristics. Bills introduced in all the 1996 through 2012 legislative sessions are shown in the database. The systems provides copies of the original draft of a particular bill in Adobe Acrobat format, as well as fiscal impact reports generated by the Legislative Finance Committee staff which makes use of comments and discussions by various state agencies, including TRD. A useful exercise to readers might consist of finding SB-188, discussed below, which was introduced and enacted in the 2003 regular legislative session. Readers may also wish to list the committees the bill was referred to and the resulting votes.

The site also provides committee reports which are summaries of committee actions. The reports state whether the committee was approved (“Do Pass), was not approved (“Do Not Pass) and, if approved, what committee it was “referred” (transferred) to for additional consideration. Committee reports also indicate how many members of the committee voted for the bill, and how many voted against it. If a committee passes a bill with amendments, the amendments are also included in the report. This is important when tracking a particular bill, because legislation that emerges from a particular committee may bear little resemblance to the legislation that was first under consideration. After it has been amended, only feasible way to understand where what bill would do in often consists of 1) printing a hard copy of the initial proposal, then 2) making the amendments to it that are listed in a committee report. This can be extremely tedious and time consuming. Finally, when viewing committee actions on a particular report, the software has a link next to the heading “Actions” entitled Key to “Abbreviations” which is crucial to interpreting the report, e.g., DNP/a – DO PASS as amended, and abbreviations for various committees, for example HJC indicating the House Judiciary Committee.

### Exhibit 4: Bill Finder, New Mexico Legislature

The screenshot displays the New Mexico Legislature Bill Finder website. At the top, the header features the state seal and the text "New Mexico Legislature" in a large, stylized font. To the right of the header is a search bar with the label "SEARCH:" and a green "Go!" button. Below the header, the main content area is divided into several sections:

- Bill Finder:** This section contains two search options: "Number" (Find legislation by number.) and "Key Word(s)" (Search legislation by key word.). Below these are "Sponsor" (Find legislation by sponsor.) and "Subject" (Legislation listed by subject. (Updated weekly during session.)).
- Locator Reports:** Find legislation by location or status.
- Capital Outlay:** Capital outlay request forms. Search for projects by key word(s).

On the left side, there is a vertical navigation menu with the following items: Home, Members, Legislation, Capital Outlay, Committees, Agencies, Legislative Publications, and Other Resources. Below this menu is a "Quick Links" section with links to: El Portal – New Mexico State Library, Public Records Requests, Visitors, Site Index, FAQ, and Contact Us. At the bottom left, a browser address bar shows the URL: <http://www.nmlegis.gov/lcs/default.aspx>.

On the right side, there is a sidebar with the following information:

- Wednesday, October 17, 2012
- Upcoming Legislative Meetings
- 2012 Election Information
- 2012 Proposed Constitutional Amendments (Revised July 25, 2012)
- Webcasting of the New Mexico Legislature
- Redistricting Information
- Session Publications
- Highlights
- Session Dates
- Request For Bids -

The New Mexico Legislative Council Service also posts a document on the web entitled simply “Bill Locator” which displays the status of all bills introduced in a particular legislative session at any point in time. It can be accessed via the LCS home page – [www.nmlegis.gov/lcs](http://www.nmlegis.gov/lcs) by clicking on “legislative publications” then “Session Publications” then “Bill Locator” under the heading for any particular legislative session.

## **How to Read a Bill**

As shown in Exhibit 5, bills contain a number of “parts”, some of which must appear in all proposed legislation, while others only appear if necessary (optional). As shown in the LFC document, all bills must have a heading, title, enacting clause. The Drafting Manual contains a wide array of information indicating how legislation is drafted and various conventions, for example capitalization, used in bills. Readers interested in these types of issues should consult it in detail.

### **Exhibit 5: Legislative Drafting Manual, “Parts of a Bill”**

New Mexico Council Service: Legislative Drafting Manual, p. 20

A bill contains several parts. Some of the parts are mandatory, such as the heading, title, enacting clause and main provisions. Other parts are not required in every bill, but may be necessary or useful in certain cases. The parts of a bill are as follows and should be used in a bill in the order shown:

1. Heading (mandatory)
2. Title (mandatory)
3. Enacting Clause (mandatory)
4. Short Title
5. Legislative Findings/Purpose of Act
6. Definitions
7. Main Provisions (mandatory)
8. Penalty (should be in title if in text, but not mandatory)
9. Liberal Interpretation
10. Saving Clause
11. Temporary Provisions
12. Appropriation (must appear in title if in text)
13. Repeal
14. Severability
15. Applicability (primarily for tax bills)
16. Effective Date
17. Emergency Clause (must appear in title if in text)

The remainder of this chapter explains the uses and requirements of each part of a bill.

Parts of a bill are perhaps best understood by viewing a particular piece of legislation. An example of a bill that was enacted during the 2003 legislative session appears in the Appendix to this chapter. Notice that every line in the bill is numbered. This facilitates committee discussion by allowing legislators to rapidly identify specific provisions of a bill under discussion. It also is useful in committee reports containing amendments. A portion of a report containing an amendment might contain wording similar to “strike the word tax in line 3, page 4, and substitute the word tax expenditure in its place”.

The heading and title in all caps are on the top of the page, as is the bill number and the bill's sponsor. The enacting clause, beginning with "AN ACT" is a basic summary of what a proposed piece of legislation does, and must mention an appropriation if the bill contains one. SB-188 increased the veterans exemption as required by an amendment to the New Mexico Constitution and expanded the disabled veteran exemption. It also contained an emergency clause, as shown in the enactment clause and on the final page of the bill

Bill drafts basically 1) repeat existing legislation exactly as it appears in statute, 2) provide additions to existing text in statute indicated by underlines the draft documents, 3) delete some provisions of existing laws that is shown by strike throughs in the draft, and 4) list new material in statute, typically followed by the phrase "A new section of statute ...". They often also modify sections of statute other than the one that contains the primary substance of the proposal to make the other sections consistent with the primary section that is to be modified. An example of this occurred in the draft of House Bill 948, introduced by Representative Moore in 2003. HB-948 proposed to eliminate Section 7-37-7.1 of the Property Tax Code mandating yield control for property tax rate setting purposes. Since yield control applies to a very large number of rates, for example school operating rates, it was necessary for drafters to find all of the cases where rates were subject to yield control and eliminate provisions that required them be subject to yield control. As a result, HB-948 was a very long bill.

Bills that modify existing statute are perhaps best understood by 1) reading the associated statute that currently exists, 2) focusing on important changes to a particular legislation shown via underline, and 3) ignoring the often voluminous material that simply repeats existing statute. The unimportant parts should be ignored and often are routinely added to a proposed bill to make it consistent with current drafting conventions, for example, using language that is applicable to males or females, as opposed to the previous convention of using "his". In any case, SB-88 would have eliminated the existing \$2,000 exemption as indicated shown by strikethrough text. The phase-in to \$4,000 between 2003 and 2006 appears on page 2 of SB-88. Material on pages 3 and 4 simply repeat provisions of the disabled veteran exemption currently in statute. Material on page 5 clarifies that a veteran must be 100% disabled to qualify for the exemption and deletes the requirement that qualification for the exemption requires addition of certified modifications to the exempt property. Text on page 7 essentially repeats existing statute. Page 8 contains the emergency clause and effective date – tax years 2003 and successive tax years.

Readers experiencing difficulty in understanding what a particular tax bill is designed to accomplish should consult fiscal impact reports published by the Taxation and Revenue Department and available on the Internet. This true for a number of reasons, for example drafters often work under extreme pressure and make mistakes. The FIRS often point out the mistakes and suggest remedies. Fiscal impact reports generated by Legislative Committee staff are also very informative. LFC FIRS cover a much wider range of bills than TRD, and are therefore are useful to readers interested in impacts of non-tax bills.

## **Fiscal Impact Reports, an Easy Path to Understand What a Bill Does**

New Mexico Taxation and Revenue Department: New Mexico Legislative Summary: 2012:

*“During the legislative session Department employees analyze every bill likely to affect the Department and state or local revenues. Fiscal Impact Reports (FIRs) examine a proposed bill for its fiscal, legal, tax policy, and administrative impacts. The FIRs incorporate the professional economic, legal and administrative knowledge and experience of Department economists, lawyers, systems analysts and other specialists. The Department typically prepares FIRs on over 500 pieces of legislation during a 60-day general session held in odd-numbered years and on over 250 pieces of legislation during the 30-day fiscal session in even-numbered years. Copies of FIRs may be found on the Department’s web site...”*

[http://www.tax.newmexico.gov/SiteCollectionDocuments/Publications/FYI-Publications/B-100.24\\_Legislative%20summary%202012.pdf](http://www.tax.newmexico.gov/SiteCollectionDocuments/Publications/FYI-Publications/B-100.24_Legislative%20summary%202012.pdf)

Much of the material in this section has been adapted from a document that appears on the Taxation and Revenue website entitled “Overview of Fiscal Impact Reports”. It was presented to the Revenue Stabilization and Tax Policy Committee in August of 2002 by one of the authors of the current document. It can be accessed at: <http://www.tax.newmexico.gov/SiteCollectionDocuments/Tax-Library/Economic-and-Statistical-Information/Instructional%20Documents/FIRpresentationRaton.pdf>.

Fiscal impact reports (FIRs) are reports generated by analysts at government agencies. They discuss how a piece of proposed legislation is expected to affect taxpayers, the general public, public agencies and other institutions. As outlined below, they also indicate how difficult it would be for agencies to implement and administer proposed laws and for taxpayers to comply with them. And they identify potential defects in legislation, including conflicts with provisions of state and local constitutions, existing and proposed law. As the name suggests, FIRs also typically provide estimates of fiscal impacts of proposed statutes. The term “fiscal impact” has a fairly unique definition, however. *A fiscal impact for purposes of the New Mexico legislative process refers to likely increases or decreases in revenues expected in an existing or proposed fund* – most commonly the New Mexico General Fund, although FIRs list estimates of likely changes in essentially any public fund, for example, school district funds, as well as county and municipal general funds. Other economic impacts of proposed legislation, for example, how a change in personal income tax rates would impact various classes of taxpayers, are also often summarized in FIRs. These effects are not, however, listed as fiscal impacts in FIRs. What follows is a description of how FIRs are generated by the New Mexico Taxation and Revenue Department, although FIRs produced by analysts at the Legislative Finance Committee and other agencies employ similar procedures.

### **Bill Selection and Assignment**

TRD representatives examine essentially all bills introduced in a legislative session and determine which ones should be reviewed by TRD. After bills have been selected for review, representatives at the Tax Research Office (TRO) are notified and bills are assigned to various portions for the agency for review depending on their content. A typical bill is assigned to the Revenue Processing Division, the Audit and Compliance Division, Administrative Services Division, Legal Services Bureau and the Property Tax and Motor Vehicle Divisions when appropriate. Once assigned to divisions, depending on the nature of bills, they are transferred to specific individuals within divisions for review and comment.

The review process has traditionally been “blind” by nature wherein employees are provided with copies of bill drafts and essentially no other information. The reasoning underlying this approach is that reviews will

be more accurate if reviewers have no preconceptions regarding what a proposal does or does not do. The first task in generating a fiscal impact report is therefore typically to determine what a bill does, and why. Once they answer these questions, employees in various divisions of TRD evaluate the proposals and place comments on the network in a “division comments” folder on the TRD network. In unusual cases, they communicate with Tax Research employees via phone, FAX or e-mail. The comments range greatly, but usually center on administrative issues. Systems people, for example, indicate the extent of computer software changes necessary to implement the proposal, while auditors describe difficulties associated with enforcing the measure. These types of considerations typically appear in the “Administrative Impact” and “Technical Issues” section of reports described below. Tax Research staff then write report drafts. Major work of Tax Research economists consist of 1) describing the proposed legislation, or reviewing and editing descriptions written by other individuals employed by TRD, 2) calculating and describing fiscal impacts, 3) discussing policy issues associated with each measure, and 4) incorporating comments from various other groups in the Department pertaining to proposals. Most of the comments from individuals outside the Tax Research Office pertain to technical or administrative issues. The fiscal impact sections and are almost always performed completely by economists.

Once draft reports are complete, they are placed in a specific subdirectory on the TRD network. After Roundhouse staff – typically the Tax Policy Director and TRD Secretary -- have edited and prepared the final versions of FIRs, the FIRs are distributed to various individuals and agencies. They appear on the Department web site, and are sent via e-mail to any individual wishing to be placed on the e-mail distribution list. Copies are also delivered to bill sponsors. Legislative staff members at the Roundhouse then attend committee hearings and respond to questions regarding FIRs. In some cases TRD economists testify at committee hearings. This activity is generally minimized, however, due work demands on the economists in producing the large volume of reports submitted to them for review. New FIRs are typically prepared for amended versions of proposals and for substitute bills. Procedures for preparing reviews of amended versions of proposals and substitutes are similar to procedures for preparing other FIRs. Amended versions of bills often incorporate changes recommended in initial FIRs -- typically as technical or administrative comments. During the session’s final weeks, TRD often ceases writing reviews of amended legislation simply because action on measures becomes too rapid for the analysts to follow.

## **Sections of an FIR**

A fairly typical FIR performed by the Taxation and Revenue Department in 2011 is shown in Exhibit 6 – an analysis of proposed House Bill 75 proposing to amend existing geothermal ground-coupled heat pump tax credits against personal and corporate income tax obligations to make the credits refundable and adding to existing requirements for qualifying for the credits. A refundable credit is one that pays taxpayers the difference between tax obligations and credit amounts when a taxpayer’s income is insufficient to claim the credit.

As illustrated in the exhibit, FIRs contain a number of sections. The purpose of many of the sections is obvious, and therefore not discussed below. Some characteristics of FIRs that may not be clear to inexperienced viewers are, however.

### **Short Title**

This heading is in a sense a misnomer because it is not always the same as what is shown on draft legislation under the heading “ Short Title. In many cases, proposed legislation contains no short title. When this occurs, the reviewer typically invents one. The essential purpose of the short title section is to provide

viewers with a brief summary of the measure's purpose. Short titles employed by TRD therefore are typically confined to a single line and provide very succinct indications of what the proposed measure does.

#### Description

This section provides a summary of substantive provisions of a bill - as discussed above, what the bill would do and why. In some cases – typically extremely long and complex proposals – a “section-by-section summary” is provided in an “Other Issues” section of an FIR. The review of HB-75, however, contained no “Other Issues” section.

#### Effective Date

The Effective Date section simply states when a measure becomes law. In the case of HB-75, the effective date was not specified in the legislation. Hence, in accordance with Article IV, Section 23 of the New Mexico Constitution (Exhibit 1 above) the effective date of HB-75 was ninety days following close of the legislative session.

#### Fiscal Impact

As shown in Exhibit 5, FIRS typically display estimates on fiscal impacts of a bill over a five *fiscal* year period in thousands of dollars and indicate whether the impacts are likely to be recurring or nonrecurring. Estimates are based on the difference between revenues that would result if the proposed bill were to be enacted and official forecasts of the revenues in question. Revenue estimates in FIRS consider the time it takes to implement a particular piece of legislation. In many cases, revenues during the first year will be substantially less than those following years. The most common example of the latter is imposition of a local-option gross receipts tax rate. It normally requires at least two months between the time gross receipts taxes are imposed and revenues begin flowing to various government funds following imposition of a gross receipts tax rate. Ten months of revenues are therefore received during the first year of imposition. The first year impact is therefore typically estimated as 10/12ths of the full-year impact for gross receipts tax revenues. As shown Exhibit 5, HB-75 was expected to reduce the State of New Mexico General fund by \$275 thousand in Fiscal Year 2012, and similar amounts through 2015 and successive years. The section below the revenue figures, as shown in Exhibit 5, typically describes methodology and various assumptions on which the fiscal impact estimates are based.

#### Administrative and Compliance Impact

Costs of administering the proposed measure are discussed in this section, as are indications of whether the measure can be performed with resources currently available to the Department, or other agencies, or whether an appropriation is needed to cover costs associated with implementing the measure. Descriptions of particular administrative changes that would be by the proposal are also provided. Difficulties and costs to taxpayers in complying with a proposed measure are also often described in this section.

#### Technical Issues

This section describes common drafting errors, e.g., spelling or grammatical errors or failure to list appropriate items in the measure's title, as well as more complex problems that may make implementing a proposal difficult. Examples of the latter consist of provisions whose intent is unclear and suggestions for improving clarity, unintended consequences of proposed legislation, characteristics of the proposal that may be contrary to its apparent intent, failure to define terms employed in the proposal, failure to specify distribution of a fund created by the measure and provisions in the proposal that are unnecessary due to similar provisions elsewhere in statute.

### Related Bills

This section lists related proposed legislation and indicates the nature of the relationship. It is not particularly precise. The material is often useful, however, because it allows individuals to follow, to a limited extent, relations between proposals. The number of bills listed in the section tends to grow as the session progress – thus making similar sections in FIRs of bills introduced early in the session incorrect in a sense. Hence the heading should probably be interpreted as “legislation that duplicates, conflicts with, or is a companion to the proposed measure that the reviewer is aware of at the time the FIR was written”.

### Policy Issues

Discussions of provisions of the proposed legislation relating to traditional tax equity and efficiency criteria are discussed in this section, as are potential benefits and costs of the legislation and groups of taxpayers that favor or oppose it and why.

### Other Issues

This heading is sometimes labeled “Substantive Issues”. The heading is used for a variety of purposes, including providing additional data or text. Sometimes “demonstrations” or “illustrations” are shown under “Other Impacts and Issues” which indicate effects of the proposal on particular jurisdictions. An example: a local option measure that counties would be able to impose, although counties that would impose it is not known. Illustration showing revenues generated in each county, assuming all counties enacted a proposed measure are common.

### Similarities between LFC and TRD Reports

TRD and Legislative Finance Committee (LFC) FIRs typically display the same impact numbers and oftentimes virtually never take information from LFC fiscal impact reports. LFC analysts, in contrast, routinely “cut and paste” information from TRD reports into LFC reports – presumably when they agree with information contained in TRD reports. Hence when the two types of reports often contain essentially identical language and numbers, the reader should assume that LFC analysts agree with material generated by the Taxation and Revenue Department.

LFC analysts often have no direct access to tax data and therefore have no precise methods of evaluating TRD reports. When LFC analysts discover what they believe to be an error in TRD reasoning, however, they typically contact TRD. If TRD analysts agree with the criticism, the estimate is promptly revised. In any case, when readers are in doubt regarding the origin of the analysis, they should compare TRD and LFC reports. If the two reports are essentially identical, assume the material came from TRD. When the reports differ, it might be wise to discuss the issue with LFC analysts to understand why they do not agree with TRD.

### Revisions

FIRs are revised for a number of reasons, sometimes more than once. The most common reason for revising an FIR is that an error is discovered in the original report. FIRs are often revised, however, because additional information has been discovered about an issue, say from the measure’s sponsor or a lobbyist interested in the outcome. In some cases, analysts realize a particular measure is receiving considerable attention by the Legislature and initiate a revision simply for purposes of improving on the original report, even though the initial report was substantially correct. An example of this occurred when FIRs were written for various bills that proposed to expand the veteran’s exemption against property taxes. When the original FIR was written, data on the number of New Mexico veterans was not available to the analyst. The initial report was issued because the proposal was scheduled for committee hearing before the information was available. Once additional information became available, it was placed in a revised FIR along with an extensive description of how the proposal’s impacts were calculated.

## **Weaknesses in the Current FIR Preparation System**

### **Dynamic Scoring**

TRD and LFC analysts typically estimate fiscal impacts employing what is known as “comparative static” analysis. Comparative static methodology compares revenues or other fiscal variables that exist prior to some event, for example a tax rate change, to what is expected to revenues that would be generated years after the proposed legislation is enacted. This type of analysis typically does not describe how the system moves from one state, e.g., current year revenues, to what occurs after the proposed event occurs. However, as employed in New Mexico, the fiscal impact estimates typically do account for the fact that total impacts of a proposed change require time to implement, which are reflected in the revenue impact estimates.

Legislators and other interested parties, however, are often interested in dynamic effects of a proposed change that may alter the state of the economy and therefore revenues. Suppose, for example, a reduction in New Mexico personal income tax rates encourages business to locate in New Mexico, which generates additional jobs, personal and corporate income and therefore additional public revenues from many sources, including personal and corporate income taxes as well as gross receipts tax revenues. Incorporating these types of impacts into revenues would improve the quality of analysis available to legislators and other officials. Dynamic analysis is, unfortunately, extremely difficult and costly to employ, and usually employs methodology called general equilibrium analysis. Although New Mexico has made efforts to develop a general equilibrium model, cost considerations have prevented use of this type of analysis as an ongoing part of the fiscal impact report analysis. Other states, for example, California, Texas and Oregon, have employed dynamic revenue analysis with varying degrees of success. Dynamic revenue estimation procedures are also employed by several federal agencies, including the Congressional Budget Office and the Joint Committee on Taxation.<sup>1</sup>

### **Results Sometimes Not Checked**

Revenue estimators often make no attempt to discover whether results predicted are accurate. This procedure would, however be difficult and costly in many cases because other events make isolating impacts of a particular change in statute unfeasible in most cases. An example would be the change in the apportionment factor applied to corporate income tax revenues in the early 1990’s. Corporate revenues are typically so unstable, hence determining effects of the apportionment factor change would not be feasible.

### **Insufficient Time for Analysts to Consider Proposals**

Analysts often view a proposal for the first time within several days or even hours that a report is expected by a particular legislative committee. It is therefore inevitable that some proposals receive insufficient analysis during legislative sessions. Use of interim committees and providing proposals to LFC and TRD staff prior to regular legislative sessions would mitigate this problem.

### **Failure to Make Technical Corrections**

TRD analysts routinely review proposals that are essentially identical to measurers introduced during prior sessions containing technical errors that were discussed in original bill reviews, but not corrected in subsequent drafts of legislation. Analysts therefore routinely point out the same technical problems year after year. Eliminating this problem would reduce costs of FIR preparation and make additional resources available for that purpose.

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<sup>1</sup> “Overview of Dynamic Revenue Forecasting” Joint Legislative Budget Committee, State of Arizona: <http://www.azleg.gov/jlbc/m-RevForecasting>.



## **How to Testify before Legislative Committees**

Any statute is unsuccessful if it cannot be implemented in accordance with its intent. Assessors and their staffs are in unique positions to influence legislation because they are the actual implementers of much of property tax policy. Assessors and their staffs therefore play a vital role in communicating problems with existing tax law as well as suggesting improvements to it. Some suggestions for effective testimony include:

- Prepare thoroughly; develop a strong knowledge of existing tax law, and issues likely to be considered by any particular committee, including proposed legislation. FIRs on the legislative website are very useful in this regard.
- Dress appropriately and speak clearly.
- If possible, bring plenty of copies of documents associated with your testimony to the committee meeting, including the amount requested by the LFC and one for each member of the likely audience. Be sure to number all exhibits and pages in the handout in order to make them easily to reference during presentations.
- Stand, and state your affiliation if you are in the audience and are asked to participate in the discussion or do so voluntarily.
- Try not to express views that are negative in any way.
- Answer questions succinctly and do not volunteer information unless it is really pertinent to the question being addressed by the committee. To do otherwise will tend to waste the committee's valuable time.
- Although committee discussions are almost always very polite, legislators are sometimes critical of presenters who express views that are contrary to their own. If that happens to you, do not take the criticism personally; continue with your presentation in an unemotional and professional manner.
- If a question is directed to you that you are unable to answer, acknowledge that you are unable to answer it and promise to provide the information to the questioner in the near future. Then do so as soon as possible.
- The general protocol in answering committee questions is roughly as follows. Questions posed by legislators to presenters are typically directed through the committee chairman, e.g., Senator Jones: "Mr. Chairman, I would like to know how many residential properties are in XY Z County". Responses are directed to particular legislators through the committee chairman, for example: Respondent: "Mr. Chairman, Senator Jones", or "Mr. Chairman, members of the committee".. "I am Sam Smith, the Assessor of XYZ County. There are 20,000 residential properties in XYZ County in Tax Year 20XX."
- To address legislators by name requires becoming familiar with legislators likely to appear in committee. Familiarity with appearance and interests of particular legislators is extremely useful in testimony. The committee composition as well as images of various legislators is available on the web. Hence for a new assessor, some time devoted to visiting various committees is time well spent.

**Appendix**

SENATE BILL 188

**46TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2003**

INTRODUCED BY

Richard M. Romero

AN ACT

RELATING TO PROPERTY TAXES; IMPLEMENTING THE INCREASED TAX EXEMPTION FOR VETERANS REQUIRED BY ARTICLE 8, SECTION 5 OF THE CONSTITUTION OF NEW MEXICO; IMPLEMENTING THE EXPANSION OF THE DISABLED VETERAN EXEMPTION REQUIRED BY ARTICLE 8, SECTION 15 OF THE CONSTITUTION OF NEW MEXICO; DECLARING AN EMERGENCY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 7-37-5 NMSA 1978 (being Laws 1973, Chapter 258, Section 38, as amended) is amended to read:

"7-37-5. VETERAN EXEMPTION.--

A. ~~[Two thousand dollars (\$2,000)]~~ Up to four thousand dollars (\$4,000) of the taxable value of property, including the community or joint property of husband and wife, subject to the tax is exempt from the imposition of the tax if the property is owned by a veteran or the veteran's unmarried

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1 surviving spouse if the veteran or surviving spouse is a New  
 2 Mexico resident or if the property is held in a grantor trust  
 3 established under Sections 671 through 677 of the Internal  
 4 Revenue Code of 1986, as those sections may be amended or  
 5 renumbered, by a veteran or the veteran's unmarried surviving  
 6 spouse if the veteran or surviving spouse is a New Mexico  
 7 resident. The exemption shall be deducted from taxable value  
 8 of to determine net taxable value of property. The exemption  
 9 allowed shall be in the following amounts for the specified tax  
 10 years:

11 (1) for tax years prior to 2003, the exemption  
 12 shall be two thousand dollars (\$2,000);

13 (2) for tax year 2003, the exemption shall be  
 14 two thousand five hundred dollars (\$2,500);

15 (3) for tax year 2004, the exemption shall be  
 16 three thousand dollars (\$3,000);

17 (4) for tax year 2005, the exemption shall be  
 18 three thousand five hundred dollars (\$3,500); and

19 (5) for tax year 2006 and each subsequent tax  
 20 year, the exemption shall be four thousand dollars (\$4,000).

21 B. The veteran exemption shall be applied only if  
 22 claimed and allowed in accordance with Section 7-38-17 NMSA  
 23 1978 and regulations of the department.

24 C. As used in this section, "veteran" means an  
 25 individual who:

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1 (1) has been honorably discharged from  
2 membership in the armed forces of the United States;

3 (2) served in the armed forces of the United  
4 States on active duty continuously for ninety days, any part of  
5 which occurred during a period specified in Paragraph (3) of  
6 this subsection; and

7 (3) served in the armed forces of the United  
8 States during one or more of the following periods of armed  
9 conflict under orders of the president:

10 (a) any armed conflict prior to World  
11 War I;

12 (b) World War I, which, for the purposes  
13 of this section, is defined as the period April 6, 1917 through  
14 April 1, 1920;

15 (c) World War II, which, for the  
16 purposes of this section, is defined as the period December 7,  
17 1941 through December 31, 1946;

18 (d) the Korean conflict, which, for the  
19 purposes of this section, is defined as the period June 27,  
20 1950 through January 31, 1955;

21 (e) the Vietnam conflict, which, for the  
22 purposes of this section, is defined as the period August 5,  
23 1964 through May 7, 1975;

24 (f) the Grenada conflict, which, for the  
25 purposes of this section, is defined as the period October 13

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1 through December 31, 1983; or

2 (g) the Persian gulf conflict, which,  
 3 for the purposes of this section, is defined as the period  
 4 August 2, 1990 through the date upon which the president of the  
 5 United States or a competent military authority declares  
 the  
 6 conflict to be ended, but in no case earlier than July 1, 1992.

7 D. For the purposes of Subsection C of this  
 8 section, a person who would otherwise be entitled to status as  
 9 a veteran except for failure to have served in the armed forces  
 10 continuously for ninety days is considered to have met that  
 11 qualification if he served during the applicable period for  
 12 less than ninety days and the reason for not having served for  
 13 ninety days was a discharge brought about by service-connected  
 14 disablement.

15 E. For the purposes of Paragraph (1) of Subsection  
 16 C of this section, a person has been "honorably discharged"  
 17 unless he received either a dishonorable discharge or a  
 18 discharge for misconduct.

19 F. For the purposes of this section, a person whose  
 20 civilian service has been recognized as service in the armed  
 21 forces of the United States under federal law and who has been  
 22 issued a discharge certificate by a branch of the armed forces  
 23 of the United States shall be considered to have served in the  
 24 armed forces of the United States."

25 Section 2. Section 7-37-5.1 NMSA 1978 (being Laws 2000,  
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1 Chapter 92, Section 1 and Laws 2000, Chapter 94, Section 1) is  
2 amended to read:

3 "7-37-5.1. DISABLED VETERAN EXEMPTION.--

4 A. As used in this section:

5 (1) "disabled veteran" means an individual  
6 who:

7 (a) has been honorably discharged from  
8 membership in the armed forces of the United States or has  
9 received a discharge certificate from a branch of the armed  
10 forces of the United States for civilian service recognized  
11 pursuant to federal law as service in the armed forces of the  
12 United States; and

13 (b) has been determined pursuant to  
14 federal law to have a one hundred percent permanent and total  
15 service-connected disability; and

16 (2) "honorably discharged" means discharged  
17 from the armed forces pursuant to a discharge other than a  
18 dishonorable or bad conduct discharge.

19 B. The property of a disabled veteran, including  
20 joint or community property of the veteran and the veteran's  
21 spouse, is exempt from property taxation if it is occupied by  
22 the disabled veteran as his principal place of residence [~~and~~  
23 ~~has been especially adapted to his disability using a grant for~~  
24 ~~specially adapted housing granted to the veteran by the federal~~  
25 ~~government based on his permanent and total service-connected~~

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1 ~~disability~~]. Property held in a grantor trust established  
 2 under Sections 671 through 677 of the Internal Revenue Code of  
 3 1986, as those sections may be amended or renumbered, by a  
 4 disabled veteran or the veteran's surviving spouse is also  
 5 exempt from property taxation **if** the property otherwise meets  
 6 the requirements for exemption in this subsection or Subsection  
 7 C of this section.

8 C. The property of the surviving spouse of a  
 9 disabled veteran is exempt from property taxation **if**:

10 (1) the surviving spouse and the disabled  
 11 veteran were married at the time of the disabled veteran's  
 12 death;

13 (2) the property was exempt prior to the  
 14 disabled veteran's death pursuant to Subsection B of this  
 15 section; and

16 (3) the surviving spouse continues to occupy  
 17 the property continuously after the disabled veteran's death as  
 18 the spouse's principal place of residence.

19 D. The exemption provided by this section may be  
 20 referred to as the "disabled veteran exemption".

21 E. The disabled veteran exemption shall be applied  
 22 only **if** claimed and allowed in accordance with Section 7-38-17  
 23 NMSA 1978 and the rules of the department.

24 F. The New Mexico veterans' service commission  
 25 shall assist the department and the county assessors in

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1 determining which veterans qualify for the disabled veteran  
2 exemption."

3 Section 3. APPLICABILITY.--The provisions of Section 2 of  
4 this act are applicable to property tax year 2003 and  
5 subsequent property tax years.

6 Section 4. EMERGENCY.--It is necessary for the public  
7 peace, health and safety that this act take effect immediately.

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