Roswell, NM – September 2024
00:00
Damian Lara
I baked a lot. Sure. Sorry guys, I just got on. If you guys can all mute yourselves, please. I appreciate it. So with that, I just kind of want to recap some of the discussions that have had over the past several stakeholder meetings that we've had. We've also had a lot of good feedback from various interested parties, independent property owners that have come out and reached out different developers through various different county assessors as well as through the property tax division. And so just kind of wanted to recap a little bit some of the points for discussion that have been brought up and then just kind of bring that through. And I'm happy to stop to take questions or go from there.

00:57
Damian Lara
Some things, for example, like the short term rental stuff, we got a lot of feedback, but not very much as in the way of what could we work on or what can we change? Senator Wirth had a small bill that was looking at amending the definition that didn't go anywhere. We reached back out and he was like, well, let's see what comes of it. So we haven't gotten anything concrete on some of those. That doesn't mean we're closed to the idea of looking at different topics or looking at different solutions or discussions. Can we close the back doors as well, please? So with that, I want to start off with the three main points or topics that the assessors affiliate brought before NM counties. Of course, equitable disclosure is one of those.

02:03
Damian Lara
Not just a recommendation, not just an endorsed initiative, but NM priorities for NM counties as a whole. And just to summarize, that would be requiring non residential property owners to be under the same standard as residential. So right now, if you're a homeowner, you buy or sell your house. Your realtor or somebody will tell you, hey, you have to fill out this sales transfer affidavit and it has to go to the county assessor's office. That's true. If it's a single family dwelling or 100 apartment unit complex, that is not true. If Walmart decides to buy a piece of land or a warehouse or Amazon or any of those, and the county assessors and NM counties as a whole believes that is a major priority for this year to ensure that commercial business owners are held to the same standard as regular homeowners are.

03:09
Damian Lara
If, you know, if a homeowner can do it and send that information, we believe that commercial business owners are sophisticated enough and should be held to the same standard and be equal under the law. And so we're calling that equitable disclosure. It is just simply treating property owners the same whether you're a residential or a non residential property owner. And that is an NM priority bill to move forward. Some of you may have seen Senate Bill 338 introduced by Senator Naville in the 2023 regular session. That is sort of our starting point and working off of that bill going forward. The other priority is addressing, and this will be a bit of a tangent, the two constitutional amendments that are up for voter approval this November, 1 of them is to take the veterans exemption from four thousand dollars to ten thousand dollars.

04:10
Damian Lara
The other one is to allow for a percentage of tax savings based on the veterans service connected disability percentage. We don't have a lot of information on those statistics. Legislative finance committee staff is trying to work to get better staff. We've done some initial reviews for Bernalillo county and I know that the League of Voter Women's has also tried to do some analysis on this one. Estimates range from dollar 25 to dollar 175 to dollar 150 per, you know, unit per $100,000 worth in value. All of you will understand a little bit better that a million dollar house is probably going to see a higher tax implement tax incident than, for example, $100,000 house. So it is really hard, especially for the disability veterans. That's what the legislature decided to put up before the voters.

05:20
Damian Lara
Our preference probably would have been to do one and then see how that goes and how it affects county revenues, city revenues, school board revenues, all that, and then maybe put it up to the voters for the second one. But legislative finance committee staff has indicated that about 22 of the 33 counties in New Mexico are probably going to see a real dollar hit based on these two constitutional amendments. And of course, homeowners are all going to see an increase in the tax rates because of those two constitutional amendments for our purposes. Specifically, in

2023, the deadline for 100% disabled veterans to apply for their exemption was removed. And this was when it simply said disabled veterans.

06:08
Damian Lara
And so if the constitutional amendments pass, it probably means that, for example, in Bernalillo county, the 23,000 disabled veterans that we think are in the county can come in at any time during the year to apply and get an exemption for the entire year. And that's going to affect mill rates. Maybe not for the larger taxing authorities, but for the smaller ones, the soil and water districts, Malfa some. Those probably will get impacted if there is a significant amount of veterans in their area. This is probably not so much for the other counties. But Albuquerque also has a large number of pids, kids, sads and everything else. And if there's, you know, two or three veterans in that area, that means that small taxing district is also going to see a big jump to pay for those services in those specific areas.

07:07
Damian Lara
So we would like to see striking of the section H in the 730 817, which is the statute that provides for extensions and deadlines for exemptions, and replace that with the Senate bill 300 from the 2023 session and limit that to 100% disabled veterans. So we understand, and we want to ensure that a veteran who already has the exemption can transfer that exemption to a new house when they purchase or move it forward. And I don't think anybody would disagree with that, but we believe that's a better, more manageable way to ensure that county assessors can do their jobs, that the treasurer can get tax bills out in time, and that all of the taxing authorities throughout the state have a good estimate of what their budgets are going to look like and what revenues are going to come in.

08:14
Damian Lara
If they can't depend on that, then I guarantee you that they're going to ask for more money that they need. DFA is probably going to increase the mill rate so that they get the money that they need, and then if it doesn't turn out right, then they rather have a surplus of money rather than a shortfall. And so that would also impact tax rates for property owners. And we don't think that's a good solution to not having a deadline for disabled veterans, then. The third one is also a qualified assessor's affiliate of priority endorsed by NM counties, but not a priority like equitable disclosure is. And that is to increase the head of family exemption for all residents or all head of families that you use, that you only get one per county.

09:11
Damian Lara
So you've got to choose, most property owners choose their primary residential property. The reason for this is, again, because estimates show that with the passage of the two constitutional amendments for veterans, that means that their tax base is going to shrink a bit and revenues are going to go up or tax rates are going to go up because revenues aren't going to go down. It's really unlikely that counties, cities, school boards and all of the other taxing authorities are going to say, well, veterans need a tax break. So that means that we're not going to provide the critical public safety, fire safety, water and wastewater services that we provide. So that means that everybody else is going to have to pick up that share of the burden.

10:03
Damian Lara
Again, I can only really speak for Bernalillo county, but for the 100% disabled veterans going to a percentage of disability. We're looking at over a $10 million loss in taxes, not taxable value, not full value, lost dollars in tax revenue for Bernalillo county. That means those $10 million have to be spread out to the other 250,000 residential properties. That includes senior citizens on a fixed income that currently receive the value freeze. Assessors will know this more than others, but every time a taxing authority increases a mill rate, we get the call from the little old lady on canyon roads that says, hey, you guys messed up. I'm on the value freeze and my taxes went up, and all we can do is say, I'm sorry, your value stayed the same.

10:58
Damian Lara
The tax rate went up, and then we get, you know, you've all heard this, the 80 year old woman who's stressed out about her monthly payments, going up, trying to make the groceries, trying to get her prescriptions, and she's been in her house for 60 years and doesn't want to lose it, but is afraid she can't make the tax payments because we're giving this tax breaks to veterans. I'm not saying they don't deserve it, but it's going to impact those senior citizens on a fixed income that are on value freeze. It's going to affect people with disability that are on the value freeze. It's

going to affect the homeowners, and especially the first time homeowners. And with a $2,000 head of family exemption that hasn't been touched or moved since the late eighties, nineties, also not indexed for inflation.

11:57
Damian Lara
So that's something else that the legislature put forward, is saying that these $10,000 veterans exemptions should also be indexed for inflation. Great idea, but that means that the $2,000 head of family exemption that isn't indexed for inflation is going to shrink because that veteran exemption is going to keep going up higher and higher. And that means that the savings you get as a homeowner for your one property is going to be less and less every single year. So we're working out with all of the other counties. I'm a county assessor. I say I don't. It's not my job to look at the revenues. It is the county commissioners, it is the county managers to look at the revenues. But many county assessors here have expressed concerns about what an additional exemption is going to do to those revenues.

12:53
Damian Lara
So we want to make sure that we have a good plan for how to either implement an increase. What that increase might look like. Just to let you know, I did meet and presented with Jennifer in front of the legislative finance committee. And the number that they threw out was $30,000 for homeowners. Right. They said that's what would be required to really have homeownership to give the incentives for first time homer. That's probably too high. But what that number is, you know, we don't know yet. We've started off somewhere just south of $30,000. So we'll go from there, and as we have more discussions, we'll have those. So those are the three legislative priorities that the assessors affiliate has put forth to NM counties. All three have been endorsed, and the equitable disclosure has actually become an NM priorities.

13:57
Damian Lara
That means that there will be lobbying for it. Our commissioners and our board members and lobbyists will all be at the roundhouse making sure that gets passed. We've also received. I'll take a break there. Any questions from anybody in the audience on that? The difference between an endorsement and a priority from NM counties, that stuff adjacent, who's going to provide what? Okay, I'm sorry, David. Was that David? David, if you can mute yourself, we'd appreciate it over here on this side, if you're not asking questions. Thank you. Okay, so then one of the other big things that we've heard.

14:49
1John
Is what.

14:50
Damian Lara
Qualifies under the 3% cap and what doesn't, what should and what shouldn't. One of the things is that short term rentals should stay as residential property. We've got, you know, representatives from Lincoln county here, and I'll defer to them or please correct me if I misstate something, but I believe that this was a protest that was already filed. A district court judge has already ruled on it. It was appealed to the court of appeals, and I think the court of Appeals declined to hear it. Is that okay? Okay. And did the property owner pay the fees or. No, didn't go back? Maybe not. So, as far as we know, law of the land is short term rentals are non residential property. They compete with hotels, motels, bed and breakfasts in residential neighborhoods and all that stuff.

15:56
Damian Lara
So we haven't received any good feedback as far as, like, how to either keep them on the cap or not, how to treat them differently from other income producing properties. I think right now were using the. And would continue to use the substantially and primary use of the property. If it's. If the substantial and primary use of the property is short term rental, then that means that you're non residential, you get the non residential tax rate, you don't get the 3%, captain. If it's a second home or if it's a casita, or it's all this kind of stuff. If we can establish that the substantial and primary use of the property is as a residence, then it stays as a residential property and it stays on the 3% cap. Did I get that? So really, no legislative changes for that one.

16:49
Damian Lara
We have been hearing again about all of the fires, the loss of homes. Many assessors are removing the improvements of the tax rolls because the home has burnt down. And again, it's not just this year. It was up north the year before that. We've got FEMA coming in, we've got declared emergencies. Now the concern from property

owners is, hey, I'm going to start getting my FEMA money. I'm gonna start getting this stuff. I wanna rebuild my cabin, I wanna rebuild my family home that's been there for generations. Am I gonna be on the 3% cap or is that a new construction that goes to current and correct?

17:39
Damian Lara
So we are suggesting a change that if the improvements are strictly to replace the, those improvements that were destroyed by a declared state of emergency or disaster as defined by law, then those would be those, just those improvements that are replacing the ones that were destroyed should go back to that 3% cap year over year. Like we compound that, there's a whole set of questions that have already come up. Again, this is just for a topic for discussion. Probably no additional square footage. We're probably going to have to eat it on the depreciation that isn't lost and all those kind of things. And just.

18:23
Damian Lara
But those are, again, topics of discussion that were asked by a lot of property owners whose properties, homes were damaged or completely destroyed in natural disasters like the fires we've had, both in the southeast as well as in northern New Mexico. Any questions on that? Yes. So it would be a new sub paragraph of paragraph two of section 7336 21.2. And it would say that the 3% cap doesn't apply for physical improvements, except for physical improvements that are, for one, solar energy installments, which is already in state law. But then they would also, we would also not add or keep it for replacement of physical improvements destroyed by a declared state disaster or emergency as that term is defined in 12, 10, 11.1. That's the one that I thought was most appropriate.

19:34
Damian Lara
But you know, there's other couple of other ones that we may look at as well. Right? Yeah. Okay. So I think the suggestion is to put reproduction instead of replacements. Okay. Yeah. Yes. Okay. Well, probably some of the property owners would say that they would want it to be replacement, but I think reproduction will probably be the more appropriate one. Okay, good. That's why we have these conversations. Thank you. Yes, sir.

21:01
1John
If we're in Lincoln county and I have a 2000 square foot cabin, and I'm going to like, what are the parameters of that cabin? If went by originally you said square feet cabin, but it has now it's not a long structure. Right. $69,000 now to build a $2 million 2000 square foot house. Is that reproduction or is that replacement? Yes, reproduction is replacing the chat. I'm playing the bill. If I'm on the homeowner's side. Well, yeah. Now I'm going to go build. Okay. How do we keep that in? Like, we got to make sure because at the end of the day, you're talking, can I go build a 2000 square foot house cabin for $69,000? That's where as a homeowner. Yeah, I'm just pointing out what happened.

22:10
Damian Lara
Yeah.

22:17
1John
You know, and then you have this, these old infrastructures.

22:28
Damian Lara
Yeah. It's an equity issue as well.

22:33
1John
These people still have the same size land.

22:35
Damian Lara
Right.

22:47
1John
So it's not like they can go too much bigger, less too much. It's quite interesting.

22:57
Damian Lara
So definitely something that we can need to continue talking with property owners as well. Yeah. Yeah. Either definitions and statute or. I know that PTD is currently looking at revamping a lot of the regulations, which we really do appreciate. It was a long time coming and so that's also an avenue that we can go through. Reproduction versus replacement square footage and all those stuff. That's probably more something that is better handled between the director and public comments than trying to get something snuck in a 60 day session even. But we're open to it for sure. I do want to take a quick break and recognize Madam president. Annie, thank you so much for joining. Yeah. Do you want to say a few words?

23:54
Damian Lara
All right, well, thank you for coming and you missed my whole spiel and gratitude to NM counties and you and everybody for making this a priority. But thank you again and thank you for being here and showing that support closely related to the equitable disclosure and sort of not the 3% cap per se, but a cap for non residential property to try and ease some of the concerns from commercial, industrial and other business owners that own non residential property is a phased in approach to getting to current and correct some counties. Bernalillo county in particular, from what we can tell from the information that we have property values for non residential property are under assessed. I'll give you just super prime example, right? We had a property that we reassessed. It was like at 200,000 or something like that.

25:13
Damian Lara
We doubled the value almost to 400,000. Just so happens that this nonprofit got money from the state legislature. Bernalillo county became the fiscal agent, and they're like, hey, that property would be great for what we're doing. I see it on the agenda, and I see $925,000 to buy that property. And I'm like, wait a minute. I just reassessed that at 400,000. What the heck? That's the information that I got from Costar was that was the price and this and that. And so I obviously raised the issue with the county commission, and they're like, well, we're going to do an appraisal on it. The appraisal came back for $925,000. Obviously, that property is owned by the county now. It's going to go off the tax rolls.

26:10
Damian Lara
But that's just a prime example that, at least in Bernie Leo County, I need to do a better job of figuring out how to assess commercial property, especially because, again, for the constitutional amendments that are increasing, that's a not, that's a residential right. So, so all of us as homeowners are going to help pick up the tab for our veterans, but that is not a non residential tax rate. So business owners will not pick up the tab for the tax savings that veterans are more than likely going to be approved by voters this November. So that's yet another reason for why we should be able to have this information. Again, it is treating them the same as all homeowners.

27:02
Damian Lara
I don't think that's too much to ask for a commercial property owner to be held to the same standard and to be treated equal under the law as a homeowner. But we understand that, you know, probably jumping values 200, 300% in one year is probably not the best approach. So what were thinking was to limit those increases to 25% over year, so compounded year over year to give property owners stability and to have them know and sort of plan out what's going on.

27:44
Damian Lara
And in all reality, even if were starting to get sales transfer affidavits on non residential properties today, it would still take us about two to three years of sales just to be able to get a good sales ratio, study good amount of information that is statistically significant for us to be able to calibrate correctly the values for non residential property, because, again, yes, sir. No, it would be a new section. Yeah. Just a completely new section of law. A temporary provision that would sunset after the three years. So that'll be at the bottom of page two that's in front of you.

28:25
Damian Lara
So for the 2026 tax year, again, hoping that this gets passed in 2025, we would start doing the work during 2025 to send out notices for 2026, we would cap it on the greater of the 225 percent over the 2025 assessed tax. Full value,

or 50%. Right. So, again, this is really mainly, I think, more for Bernalillo county. Some of the properties, I think, are probably going to be even lower than 50%. Great for them. They've been getting a tax savings for the past years, but they need to get brought up. And so in addition to capping it at 25%, we're also allowing for properties that are 75% below market to get up there over the time as well. Again.

29:19
Damian Lara
So bringing them up to at least 50% in the first year, bringing them up to at least, 75% the following year, or that would be 25% over the 2026 year, or 156, 2500 percent. So that's the compounded year. So it's not just an additional 50%. Right. Like, if you compound 25 over 25, it's 56.25%. And that is just because some counties, I think, might still be on a two year cycle. I don't know. But the 3% cap works the same way. So I just use the same thing. Right. Like, you can. You can go up 3% or you can go up 6.110 percent or 13% or whatever in two years, same thing here. And then in 2025, then it would go to current and correct and then repeal itself in 2028.

30:31
Damian Lara
So we would have those three years to gradually bring up residential property up to Kern and correct. And that way it provides some stability, some continuity and some predictability to property owners, which is what we heard was the most concern for commercial property owners. And then, of course, a repeal in 2029. Yes, sir.

30:58
1John
So given your earlier example, commercial property, $200,000. Assessor figures out that it's worth 925,000. That property would go to $450,000. Given this exempt would go to the 50%.

31:21
Damian Lara
Correct.

31:24
1John
It's at $200,000. So he's going to see that land, that owner would see an increase of 200,000, 450,000.

31:32
Damian Lara
Correct. So a minimum of 50% of fair market value. Yeah. Yeah. So the top of non residential property value shall be valued at its current incorrect in accordance with the property tax, provided that the assessed value shall not exceed the higher of. And then it goes a, b, c. And that's sort of the same structure that the 3%, captain is structured the same way. So courts can that have already ruled on. We were just talking about this, right when no cap, what was implemented. We do have some court of appeals that have already ruled on similar language. And so based on the current language that we have for the 3% cap, the case law that's already been put in Bernalillo county, oddly enough, on how you apply this and how you do that from the courts, then we model that.

32:35
Damian Lara
So we have a good guidance and framework on how to do that. Just some of the questions that IrA was talking about. And again, it is about fair and equitable. It's no secret that I'm a laissez faire, free hand of the market economic development director. Look, businesses, more than anything, want a level playing field. And what I hear, at least from my property owners in Berlin, Leo county, and even those that own multiple properties, hey, I've got similar properties. You've got one at 25% and you got the other one at 70. Like, come on, what's going on with that right now? Imagine that's a different property owner and saying, hey, I'm competing in business with this guy either across town or in my neighborhood or whatever.

33:24
Damian Lara
You're assessing me at 70, 60%, and this guy's at 2020, 5%, like, and you just want to raise everything 25% max. No, you gotta, you know, assessors, it's ingrained in us that we have to be fair and equitable in our treatment, and that is not fair and equitable. And the reason, at least in Bernalillo county, from what we can tell, is the lack of data. And so what we want to do is not just have a uniform rising tide that brings everybody up the same. That's not going to fix the inequity, right? That's not going to fix the level playing field that we need for business owners. So, yeah, that second one is to bring everybody up to a base and then bring everybody and then treat everybody at the same. Assessors will know this.

34:11
Damian Lara
But, you know, it doesn't matter if you assess everybody at 25% or you assess everybody at 95%, they're still going to pay the same amount of taxes because the taxing authorities still need the same amount of money. Regardless, the disparity comes when you're assessing some at 25 and some at 95. Right. So that's where the disparity comes in. That's where yield control doesn't kick in. That's where property owners are paying their fair share, more than their fair share or less than their fair share. So this is going to just, what we're trying to do is to make sure that we level the playing field for non residential property owners.

34:51
Damian Lara
And again, anybody that has a good understanding of yield control and how budgets are made, it doesn't matter if you're at 25% or 100% of value, as long as everybody is treated the same, they're all going to pay the same amount of taxes. If the market crashes and property values drop, don't think that you're not going to pay taxes. Right. You're still going to pay taxes whether your house is worth $25,000 or $225,000, because schools, soil and water districts, counties, cities, they all still need to pay for critical services. And that's how yield control works. So what we're trying to do is that, yeah, I mean, yeah, you're going to double, but really you've been getting tax savings for the past however many years. And so it's just trying to level the playing field on that one.

35:49
Damian Lara
That's my take, but I'm happy to take questions on that.

35:54
1John
Yes, I have a question.

35:56
Damian Lara
Give me just a minute. We've got somebody here. And then we'll go to first, if you can just identify yourself.

36:04
1John
32 taking. But what we're also.

37:21
Damian Lara
I think it's.

37:21
1John
Very rare, so that way I have a better value with my property. So just on both sides.

37:41
Damian Lara
Excellent. So we think it's a very fair area as well. So thank you. Before I go to you, John, give me 1 second. One more person here, and then I'm going to go to the phone. Yes, ma'am. Thank you, Commissioner.

38:08
1John
In order to be fair.

38:24
Damian Lara
Yes, I believe they are taxing. So the New York, who was. Oh, if that was Fabian at the IAO presentation in Denver. So I. Yes, my understanding that several states have already started to do that. Yes.

38:52
1John
That'S why the good. So I think it's great. This is why the citizens and the taxpayers of the state of New Mexico have paid your taxes for how many years? And it's time for. I know my decisions are all the time, so it is very clear.

So thank you. The one issue we're going to have is our very amazing set. We're looking at a lot of places. Last time, I'm a sin to make sure.

41:08
Damian Lara
Absolutely. And so in that. Yeah. Thank you so much for that, commissioner. And, you know, we'll do a better job of coming up with some of that. But, you know, we do have these special events. The Reno airfield stuff is a great example. Balloon fiesta is another one. The markets in Santa Fe or, you know, some limited times in Taos for ski seasons and even in redo. So. Right. If that house is your house for the majority of the time, but for the two weeks that the Air races are going to be in town, you decide to Airbnb that out. You want to Airbnb your house for those two weeks, that's still going to be your primary residential. The other 50 weeks out of the year. You live in that's going to stay residential.

41:59
Damian Lara
And so you can do that because the primary and substantial use of that property and if you want to go stay with your relatives or you want to go do something else and Airbnb that for those two weeks where we are going to have people coming in and we want to be able to accommodate the tourism that's going to stay on a 3% cap. Yes, sir.

42:20
1John
Yeah.

42:29
Damian Lara
They already are. They are so state, the state legislature has already. So they do pay a lodgers tax. Many cities have asked them to do business registrations. Some counties have also done business registrations for them as well. Yeah. So that's already been done. Yeah. Let me go to John because he's been patiently waiting and then we'll come back to it. Go ahead, John. Please identify yourself and then ask your question.

42:59
1John
Right.

42:59
1John
My name is John Chavez. I'm the CFO of Sandia Peak tram company, and we have investments in real estate in Bernalillo county. And I have a question. First of all, thanks for having this meeting and letting us participate. Really appreciate you reaching out just for the audience that's there for you. I cannot hear, I don't know if the other participants that are online cannot hear their questions, so if you're answering, maybe you could repeat them because we don't really get the full picture of what's going on.

43:36
Damian Lara
Okay. So I'll try to recap. Both the legislators, representative and business owner, and the commissioner here say that these plans of doing a three year phased in approach is fair and should be good for commercial business owners. Great.

43:55
1John
Great. Thank you. In your comments, you're explaining a lot about the disparity between non residential and how you're, you're trying to make it more equitable between the two. One of the differences that we see, especially in older properties and unfortunately, a lot of properties in New Mexico, Bernardo county and other counties are older properties. And in the commercial business, they depend more on the economics of the property. What do you plan to do with a property that is underperforming your data that you have and can prove that they're underperforming in terms of valuation?

44:34
Damian Lara
Okay, so by state law and just generally, industry standards for appraisal, we do not reward good management or we don't punish bad management. Right. Or vice versa. So the three approaches to valuation in state law are the cost, which is cost replacement, less depreciation, market sales and income. All of those are income driven. So just

because we say income doesn't mean that we're going to take your actual income. We have to take the market income. So if there is a property that is underperforming compared to the market, we may be able to take into account condition, grade, depreciation, life of the property a little bit more. But we're not just going to take your actual income, just like we don't take your actual sales price.

45:43
Damian Lara
And that is something that maybe if you're not an appraiser or an assessor, property tax director, that you necessarily may not completely be able to wrap your head around. But, for example, in 2022, 2023, there was a mini bubble. People were buying properties sight unseen, 25,000, $50,000 over asking price. We're not going to punish that property owner because they paid $50,000 more in their, on their property with higher taxes because you say, well, you bought it for 275,000, everybody else got it for 225, but so we're going to put you at a higher price. Right? Similarly, if a savvy or good negotiator or somebody just got lucky and said, hey, a similar house I got for 200,000, and everybody else is buying their houses for 200 5275. We're not going to say, hey, you, because you were such a great negotiator.

46:44
Damian Lara
We're going to charge you and assess you at 200,000 while we assess everybody else at 200 5275. We're not going to reward that property owner for getting a really good deal on their property. And it is similar with the income approach. Right. We have to look at what the market income potential might be. We have to look at what the market vacancy is going to be. We have to look at what the market expenses are going to be, and we can't reward bad management like, you know. So we just had this one. It's a. Right, hey, well, if not renting it is going to reduce my property taxes, then I won't rent it. You could see how very quickly that is a disincentive to keep economic productivity going.

47:26
Damian Lara
So no, by law, we are not allowed to say, we're going to take your actual income and assess you based on the actual income of that property. We can take it into account as part of the market. But no, we're not going to say, well, this property only makes $1,000 a month, so we're going to value it. If the potential for that property is to make more than 1000 or 2000 or whatever it is, I'll just elaborate.

47:54
1John
A little bit on that.

47:57
1John
As appraisers, as Demjana saying, our hope is to figure out the property's ability to produce an income, and if we find something with your property is not producing an income similar to the market, we want to identify those factors. And as Damiana is saying, if it's.

48:18
Damian Lara
Due to.

48:20
1John
Management, I don't know, maybe they have a hotel and it's not big enough or not big enough. That's not a good example. Or they're utilizing a property for a specific purpose, but isn't its highest and best use? Right. That would be a management issue. However, if we have a certain situation where you have a hotel and you have 300 rooms or keys and you can't rent 100 of them because they are not currently able to be rented out, because they need to be remodeled and they can't be rented out, well, we will look at those situations and we'll look at a cost secure and identify and make those adjustments.

49:04
1John
I imagine this is all happening under the protest assumption that step of the process.

49:11
Damian Lara

But the majority, I think, probably happens under the protest. And just so you know, John, New Mexico is a self rendering state. So by the last day in February, the law requires that property owners, residential and non residential alike, report all of this information to the county assessors. Very few, if any, people do that. So then, yeah, so then your next best opportunity is to look at your notice of value and then file a protest. Provide as much information as you possibly can. You know, financials and all of that kind of stuff is confidential. The county assessor's office is not allowed to share that with anybody else. It's exempt from IPRA. So your competitors can be like, hey, give me, you know, Sandia's financials, and I want to see what, you know, what kind of proprietary information. They can't do that.

50:05
Damian Lara
And then, you know, most county assessors want to work with the property owner? I would say probably all of them. We are all elected. We all work for you. We all work for the property owners, right. So we want to do what's in the best interest of the property owner. But it's not just you individually, it's all property owners as a whole. And of course, our bosses, property tax division and the appraisal bureau come and audit us and they make sure that we follow the law. And if not, we're removed from officer of six months in jail and can't ever get elected again and all that other good stuff. So we take it very serious not.

50:44
1John
To take up too much time, but the valuations going from, we're kind of scared. The idea of 25% increase in a second year, 25% increase to get you up to the hundred percent. That idea is a little bit scary to some businesses. I mean, that's a lot of money in one year. Compare, especially compared to the idea of trying to keep it in par with the residential, which is 3%. So what, has there been any thought of a longer period, a five year or seven year?

51:18
Damian Lara
So we're doing three years. So maybe I wasn't very clear. So we want to get everybody up. So in 2025, you've got all of this year and all of 2025 to plan. Figure it out. Again, we're not dumb. We know, you know, what your property is worth and we know, you know, you're under assessed. Right. So, as was you may not have heard it, but most business owners, and we're happy to help, to kind of, you know, tell you what ahead of time, what we believe the assessment might be, and then you can, you know, sort of plan accordingly. We don't hide anything, but most savvy business owners know what their, what they would sell their property for. They would know what they can generate on income. They know what it should be worth. And so you would be planning.

52:06
Damian Lara
So for this, the rest of this year and for all of 25, you should be planning for that. In 2025, you should know for 2026, you're going to only go up 25%. So that's two year, three, two and a half years out from now, or 50%. And again, I think that's fair. If you were below 50%, you should at least come up to 50%. The following year, you're going to go up to 75% or an additional 25%, and that's going to be for the 2027 tax year. And it's not until 2028 that you're looking at going to current and correct. So you're actually looking at four years before you're looking at getting close to current and correct. You got all of 25. All of 26, 27, 28. Yeah, four years.

53:05
1John
I understood it. I just didn't. The question that I had was there a consideration for a longer phase in period? Because quite. I'm not sure our business even falls in with that. You mentioned us, but. But when you're in business, it's quite often when you see dramatical changes like that. And 25% is a big number in anything, John, that's a longer time period might be considered.

53:32
Damian Lara
I don't mean to cut you off, and I'm glad you're on. Wish you could have been here in person. So the other thing is that I don't think that a lot of business owners understand the way that yield control works. So simply because assessments are going up doesn't mean your taxes are going to go up. Right. So September 1, Bernalillo county got the tax rates. County commission should have approved them or acknowledged them yesterday. Look at what the tax rates are doing more than the value. It's what the tax rates are doing that impacts what you're paying in taxes. So again, if en masse on a whole, property values go up 300%, if it's on a whole, taxes are not going to go up 300%, they're going to go up the same two to 3% that they were going up year over year.

54:21

Damian Lara
If the market crashes and property values drop, you know, they plummet through the roof, you're not going to stop paying taxes next year. You're still going to pay the same two or 3% year over year that you were paying last year. Right. So I know that's sometimes a difficult concept to understand, but just because values go up doesn't mean your taxes are going to go up. Right? Yes, I absolutely understand. If somebody was assessed at 25% of market value and they're now at 50% and everybody else only went up 20%. Yeah. That one property owner who was severely undervalued is now on par with everybody else. Yeah, they're going to see an increase in their taxes, but that's a one off compared to everybody else who's coming up slowly and evenly. 25, 30 or 50%.

55:14
Damian Lara
It doesn't matter because we're doing it wholesale across all property, not just one or two different properties. So I'm giving a class on yield control for NM edge. You know, you might consider taking that. You see how the taxing authorities submit a budget, how DFA calculates the tax rates, and how the treasurer actually collects and distributes that, and how yield control ensures that property owners, commercial and I, industrial and homeowners alike, do not see massive and sudden increases in property taxes from one year to the next. Okay, thank you, John. I'm going to have to move on.

55:56
1John
Just on that.

55:57
Damian Lara
Okay, never mind. Isaiah wants to say something else just on that.

56:01
1John
I feel like that meets the alternative of what we currently have. Right. So you have assessors that have limited information where they're not able to run an income approach or sales prepared to approach. So they're going to just run a cost of the courts in. Oh, yeah, we all know right now the cost to construct is really high. So if we just run across, say, hey, that's the best information we have right now. And not only that, we're not basing it in, because currently new legislation, we don't have to face it in right now. We're going to base it to market.

56:29
Damian Lara
Yeah. So, and I'm sure that you've kind of been aware of that. I mean, it's no secret that many county assessors are increasing values across the state, Bernalillo included, and that we're looking at using the cost approach, which is cost to replace new, less depreciation. And it's no secret that supply chain issues, labor issues, post Covid stuff, it costs a whole lot more to rebuild the property that you could probably buy. So. Yeah. So the alternative is cost, which I would agree is probably higher than what a sales comparison approach would be. Okay, kimas, any other questions?

57:24
1John
I just have a comment.

57:25
Damian Lara
Yes, go ahead.

57:28
1John
So we recently changed classifications in Santa Fe for Airbnb. They're predominantly being utilized for short term rental. And we found that it's very difficult right now in this Airbnb market to be utilizing it substantially as an Airbnb. And we're finding that those people who are those individuals mostly who are looking at identifying certain markets. And it's a good market that has an Airbnb where there is not much government governing what they do. There is no change in taxes that they're going to pay, and they're identifying those markets to buy a property to create an income. And a lot of times, I'm not saying every time it is these out of state individuals who are identifying property.

58:14

Damian Lara
It isn't those individuals who are deciding.

58:17
1John
To say, hey, I'm going to rent it for four months, three months, the high traffic service time of year. So that's something that we started to see.

58:31
Damian Lara
Yeah, we've seen a similar one. So were in Bernalillo county only the city requires the registration and the licensing and the lodgers tax. The county in Bernalillo still hasn't had a similar statute. I believe Santa Fe is different because both the city and the county have the same sort of requirements for registration and licensing and that kind of stuff. So it took me a little bit longer to identify that stuff. But we did start identifying them. The first set of information that we sent out, I think we sent out to just under 4000 properties, kind of letting them know this is what's going to happen. This is what we're doing. You know, you've been identified both in the city and in the county, unincorporated areas, and kind of explain to them.

59:21
Damian Lara
And what we started hearing back was, well, I'm just going to rent this long term and say, you know, that's fine. You know, that you, we don't tell you how to use your property or what you use property. We're just trying to inform you. And so we've actually redid another sweep of all of this stuff. And we've seen now about, you know, just over 2000, it's like 2300 properties that are still Airbnb. And so we've seen a significant amount of those properties that were prior being Airbnb are now long term rentals for single family dwellings. And in Bernalillo county, that's actually a lot of people would say that's probably a good thing because we're adding housing for our residents who need to be there.

01:00:09
Damian Lara
The other point of discussion that I wanted to go over is that we have received at least I have feedback from apartment complexes. Right. And we're talking about, you know, not your duplexes or your single family, but multifamily. True, multifamily. What I would consider are ten units or more about the cost to build these things. Right. And right now that, yeah, that the cost is not worth it. You know, you're not going to get your investment back or it's going to take an additional ten to 15 years to capitalize that investment that normally is taking. And so there is a need, at least from what I've heard. And again, I rent out properties as well. And yeah, I put them on, whether it's on Zillow or Facebook or whatever. And I don't have any problems renting out properties in Bernalillo county within a month.

01:01:16
Damian Lara
So that does lead me to believe, along with all of the feedback that we're getting from the apartment association, from property owners, rental owners, is that there is a need for housing. But because they are on the 3%, captain, it is difficult to build and then be assessed at current and correct that first year and compete with everybody else that's been on a cap for ten to 15 years. It's difficult for investors to be like, hey, you know what? I'm going to buy that apartment complex and I'm going to fix it up. Because guess what? As soon as I buy that apartment complex, I go to Kern and correct. And now I'm competing with that. And so now do I have to, do I defer maintenance of this property? Do I? You know how? You know?

01:02:04
Damian Lara
So there is a lot of discussion on what should be done for these apartment complexes, whether it's affordable housing or just enough housing for workers, for residents to be there. There is no silver bullet. Again, we did have a big conference, international conference that was held in Denver. Many other states and counties are looking at the same situation. This is not an issue that is unique to New Mexico or to ours or our counties. Even Lee Chavez and all of these other counties that are seeing good oil booms right now. You need housing for workers. You have people coming in, and it's probably not appropriate. Maybe they do if they become long term residents, for them to become home owners. But there is a certain market for rental property and how we incentivize developers to build more property.

01:03:04
Damian Lara

Cook county has done a tiered system, and it's for us assessors, I know, don't cut my head off just yet. Right. But it is counterintuitive.

01:03:15
1John
It is.

01:03:15
Damian Lara
The more you put into your property, the more cost to cure or the more renovations or the more stuff you get in, the more of a tax break you get. And so they've taken, I believe it's like 20, 515 and 10% off the current valuation in those three years to, as many of us know, to get those properties rented up, to get them to a stabilized income where you're not getting tenants, losing tenants, and before you get to that sort of long term stable income coming in, and they're saying it takes about three years for them to do that.

01:03:56
Damian Lara
It is hard, again to build and then sell because you're going to get hit at the current incorrect valuation for the first year built, and then you're barely getting up and running, and then you're going to get hit again when you sell it in two or three years. And they're like, it's hard and I understand that. So I've taken a stab at it. The apartment association and many others are still having conversations if whether a developer discount is appropriate for multifamily or not, whether or not the 3% cap should stay on for large apartment complexes or not, whether or not a phased in approach for valuation is appropriate for them. And so they've gotten.

01:04:46
Damian Lara
And again, it's difficult because even within that industry, you've got people that are renting out single family dwellings, duplexes, quads, or maybe a quad with a casita in the back. Right. And so those interests are very different from the builders who are building 100 unit apartment complexes and then want to sell them. Right. And that's different from the guys that are property managers who are managing these and making sure they're not doing deferred maintenance and all that stuff. But I do believe that a good. Some sort of incentive, whether it's for affordable housing or whether it's for building or something like that, to get our housing stock up. And that's on here as well. That's at the bottom of page three in your handouts as well. And again, I used very loosely the model. That's Cook county.

01:05:47
Damian Lara
That's Chicago, Illinois, for those of you who don't follow county stuff, like the rest of us assessors do. So, yeah, it would be 25% off the full value in the first year, 15% off in the second year, and tend to off in the third year again, to allow for that phased in approach and for that stabilized income to go forward. And, you know, again, we're welcome to have more discussion on that. We're waiting to hear back from the apartment association, but I did have some really good meetings with them, and they're getting back with their members and giving some really productive and constructive feedback about what they are seeing are some of the challenges to ensuring that we have more housing available and that, you know, again, you increase supply, demand goes down, prices go down.

01:06:43
Damian Lara
I mean, that those are, I don't know how many of us took basic economics or civics, but that's, you know, that's the idea behind that one. Yes, sir.

01:06:55
1John
These investors, some of these out of state revenue taxes, do income producing. That is another.

01:08:26
Damian Lara
That's a great point. We appreciate. Yeah, I think we made note of that one as well. Yes, sir.

01:08:31
1John
Question, Cook county. Are they doing so specifically historical housing?

01:08:36
Damian Lara
Yes. Correct. So they have.

01:08:47
1John
Two.

01:08:49
Damian Lara
Major requirements. One of them is that they're using what's referred to as the medium, the area medium income set by HUD, and I'm sure most residential property owners are familiar with that term. It's defined, 20% of the unions are rented to individuals who are at 60% or below the area, medium income. We already have an affordable housing valuation that Isaiah was letting me know about. The feedback that we've heard back is that the way that affordable housing valuation is set in statute, it's based off of the federal, state, county, or municipal subsidy, right. So think, if my tenant is on section eight a housing, right, did I get that right? Then. Then I can reduce that value based on the fact that they're receiving housing subsidy, right. But if. If I'm just, you know, at 60%, I don't quite make, you know, I don't.

01:09:58
Damian Lara
I make more than what the subsidy is, but I still am less than the median income. Then there's really that sort of gap that is not taken up by those types of subsidy. Section eight or veterans housing or some of those other ones that feds, states, or counties can do. And then it's my understanding in the rural areas, and I'll defer to the county assessors that are here, that it's hard for them to calculate that, or they don't have the information in the rural counties. And really, that's where we see most of those affordable housing apartments being done in that area. And so this would be sort of an easier approach where you don't have to provide that federal subsidy and justify it. And then, well, you guys put up that state application that they check off of.

01:10:52
Damian Lara
And so this would be, you know, most assessors know what the fair market value or the full value is. And it's just kind of easier to say, well, yeah, I see your rents, you know, bring me your rental income, like you were saying. You show me what your leases are. And, yeah, you're. You're charging, you know, affordable rents. So I'm going to take 25% off of what I think the building is worth, and I don't have to do a whole lot of calculations. Next year, I'll take 15% off. The year after that, I'll take ten, and then you'll go to current and correct.

01:11:20
1John
So that's my. In the rural counties are trying to apply under some type of. You can't get the. Can't get the program.

01:11:31
Damian Lara
Exactly. Yes. Yeah.

01:11:36
1John
So with this, apply to Lincoln county. In Lincoln county, somebody comes in and just wants to build part of us, they're not affordable housing. They're not in any program with this applied.

01:11:50
Damian Lara
More than likely, yes, I mean I'd have to take a, I mean there are some requirements. I mean like I'm sorry I forgot your like Jerry was saying you don't just want to offer something else on something that's already going to happen. Like if they've already got all of these other stuff or they've got all of these things that are going forward, then you want to, you would want to make sure that you're not just sort of stacking incentives on top of incentives that would otherwise come in this requirement. 20% would go to the residents in the area who are filing their income taxes here, their pit, you know, their personal income tax and that can show that they're at 60% or below the area median income. And then they would get this incentive.

01:12:33

1John
Speaking on behalf of rural counties.

01:12:35
Damian Lara
Yes, please do. Okay.

01:12:39
1John
They don't qualify. They don't get it. They won't get the residence programs in the rural counties. So I think we should look at it then.

01:12:49
Damian Lara
Yeah. Maybe we adjust that or remove it out. Yeah. And I don't know, again, I don't know enough and I haven't received enough feedback from. And maybe we need to reach out to them. I know that there's a couple of players in the rural areas that do build apartments and maybe we reach out to them and see how we're able to make that happen. But yeah, I agree. I think it's something that is necessary particularly on our rural areas and it's a good transition to putting down roots and it's definitely necessary. So yeah, this is just. Yeah. Like and if that's not the right then we should change it or get rid of it. Yeah. Yeah. Mortgage finance authority.

01:13:53
1John
And there are incentives for.

01:14:07
Damian Lara
Area. Median american minkin.

01:14:08
1John
Yeah. Other federal but they have.

01:14:27
Damian Lara
Okay.

01:14:28
1John
Maybe it's a challenge in rural areas, especially ones when you don't have, they have all those qualifications.

01:14:39
Damian Lara
Yes. Yeah.

01:14:48
1John
So you build, you have a grocery store over here, hospital over here. So wherever you build, if you build near the hospital you're not going to grocery store. Those are kept coming too. And there's a lot of those communities that need the housing but there's no help for them. You just go build apartments, hope everybody rents it and make money off it or all those incentives don't require. When you get into affordable housing, whole nother. They don't need much qualifications to say ones that require and they are specific but they have to be careful because they have developers. Yeah.

01:16:05
Damian Lara
We can probably work in some flexibility and in conjunction. Remember property taxes are state stuff. So I think some of those flexibility stuff are better off in the areas you're talking about, Jerry. So. So that we can continue to have uniformity property tax assessments across the state. You know, we are assessors and just generally very worried about saying, well, we'll provide this incentive in this county, but not that incentive in that county. And then you're like, oh, you know, like. And. And it's the same thing. Why we do things across the entire county, regardless of whether you have one or two villages or two cities or those kind of stuff. Right. Because you don't.

01:16:46
Damian Lara
We want to get away from this idea of, well, if I just move to the village of Ranchos, I'll pay less taxes than if I'm in the incorporated areas of Albuquerque. So, you know, like, it's just. Yeah, a good balancing act. There is no silver bullet. But the more conversations we have, and thank you for that feedback, we may want to reach out to MFA and see what they're looking at and how we collaborate with them on those issues as well, Ira, as well. So, anything else? And then. So just the other couple of things that I put on here for points of discussion were more what I would consider property tax code cleanups. One of them is the pay for board members. I'm talking about the county protest boards.

01:17:41
Damian Lara
They currently get like $80, which if you're talking about an $80 80 for a eight hour day, what is it, like dollar ten? Which is. Yes, sir.

01:17:56
1John
So, in discussions of this, so board members go to each county commission, selects board members, appoints board members, and they get $80 a day. I was thinking, could we tie this to the state mileage or the per diem, instead of putting that dollar amount in there, could we tie it to the state?

01:18:14
Damian Lara
Yes, we definitely can. The. So I did look at the per diem act, and there's thresholds of how much per diem you get for how many hours. So, like, if it's less than 4 hours, you get a certain amount of per diem. If it's more than 4 hours, but less than 8 hours, you get a certain amount of per diem. If it's 8 hours, then you get the full per diem. And in Bernalillo county, I know that sometimes you lose the entire day, but you're not always there the full 8 hours. You may show up for one hearing, or we had 20 scheduled, but only three show up. And so you get them done in 2 hours. Sometimes one property owner takes 4 hours to do something, and then you got it. You know, so I figured.

01:18:59
1John
I agree with that. Yeah, leave it as is. They get paid $80 a day. They can be 2 hours or twelve. Yes, leave the wording. Exactly. But the amount of pay is equal to whatever rate.

01:19:12
Damian Lara
So that's what I'm telling you. So what I. Yes. So what I had done, I set it for the current maximum, which is 125. And then I had that the department, you guys would index that 125 for inflation every year. Kind of like how you do with the minimum income for the senior citizens value freeze. But we can do both. It's just going to be hard. Or we can do it, but, like, when I was reading through it was hard for me to be like, what per diem definition am I getting? But if you. I mean, you guys are the ones that pay them. So if you think you can figure it out, then I'm happy to just tie it back to the per diem act.

01:20:19
1John
The problem we're having at the state level, hey, we need three programs, right? So you reach out and try to find your assessor or former assessor. People are entitled to anybody that has experience real estate. And some people show some interest for a week and leave your business. Some people may show up or may not. Yeah.

01:20:51
Damian Lara
Right. Yeah. Very few people.

01:20:55
1John
And that's happening across the state. Every county is calling saying you can't get organized. So we've got to incentivize these people somehow. And we wanted. We want quality people there overseeing, being able to protest. I'm saying this wrong.

01:21:11

Damian Lara
No, you're saying it right.

01:21:12
1John
So from Birmingham county to London county and anywhere between, we're having the same problem. So it's even 125.

01:21:22
Damian Lara
It may not be. Yeah, you're right. But that's that. That was what the current per diem was. So I just took that one.

01:21:30
1John
We've got to do something. $80 a day. People are just mad. I don't want to.

01:21:43
Damian Lara
How much do you guys pay your coworkers, Annie? 400 it is.

01:22:00
1John
Hang on a minute. I gotta check over. Thank you. I have a board member of nonprofits, gay volunteers. I think it's only going to drive us to have more qualified people in other positions if we incentivize them correctly. But not too much.

01:22:50
Damian Lara
Yeah.

01:22:56
1John
And maybe I was having that out.

01:23:06
Damian Lara
Yeah. Especially if you're driving out in rural counties. Like, I mean. Right? Like, how many times do you guys have to drive everywhere? And $80 doesn't cut. Yeah. $80 doesn't cover the cost of fiat, doesn't cover the cost of gas.

01:23:24
1John
It's there. It's budgeted in. Why don't I use it? Because I can't expect the $25 hours rate of order, you know? Yeah, definitely the right quality of people.

01:23:49
Damian Lara
Oh, so the cap plus per diem. So how do you handle.

01:24:08
1John
Yeah.

01:24:09
Damian Lara
Mileage and Perdue mileage might be good because of the. Of the rural counties. So.

01:24:35
1John
Most of the board members, if they're coming from Ruidosa, they're going to be driving.

01:24:38
Damian Lara

Yeah. So read that to me again. Okay. And just read it to me again real quick. That. Would you just finish reading? No, May. No more than. Or something like that. We construct that. So we. I like that. We can. We can strike the secretary of. Secretary of state and put the property tax director. So you would set the rate as long as it's not less than minimum wage and no more than $400. Yeah. Yeah.

01:25:53
1John
Well, maybe we need to go because there's so many scenarios to think of. So many guys in. They're there for 30 minutes. That's what the $80 means when they come there for one.

01:26:02
Damian Lara
Oh, I see what you're saying. Yeah. Yes. Yes. I see what you're saying. Yeah. Okay. Yeah. Let's go back to the drawing board on that one. But we. Let's. Let's definitely. I think most everybody here agrees you want confident board members hearing the property owner and knowing what they're doing. So we need. We do need to raise that. How we do that is. Is a good question. And you're right. You're right. And that's. And that was why I didn't use the per diem, because the per diem is the same thing. You get half. If it's less than 4 hours, you get more. Yeah. So.

01:26:46
1John
If there. You get a minimum of this amount.

01:26:48
Damian Lara
Yeah. A minimum of something. Just show up. Yeah.

01:26:54
1John
We'Re having hearing. You showed up. Nobody showed up.

01:26:57
Damian Lara
You still get amount. Yeah. Yeah. Because you also don't want to disincentivize the county assessors from being like, well, we're here. We could probably settle it before we get into the board hearing, but we're not going to. So. So the board members get paid. Right. You don't want. You don't want that either. Yeah, let's. Let's. A minimum and then a rate per diem and a cap. Okay. I'm writing that down. Okay. That's pretty good. Any other questions on that? Thank you. That was super helpful. And then the only other thing was, I know that some of us have been having issues with our 1% fund where did I put the 1% fund? Oh, I think that's on top of page three. So just some clarification stuff that I think most counties are kind of already doing that, but some counties aren't.

01:27:51
Damian Lara
So those of us who have surpluses in our, which really, you should be working to have some surplus or some balance in case of an emergency or breakdown in software, or your camera system gets bought out by somebody else and then they're not supporting it anymore, or they discontinue. You should have, you know, something there, you know, minimum, like $2 million, I'm thinking. But I don't know. Well, that's what I mean. I couldn't find a cheaper camus system. Like, I don't. I don't know if you know those counties that are ten years, well, then maybe they should look at getting more money. But. So the income from investments made should go back into the re. Your 1% fund. My county actually puts it into the general fund, which I don't think it's appropriate.

01:28:52
Damian Lara
My county also sells assets purchased with the 1% fund and puts them into the general fund, which. Well, yeah, I would think so. But they said, no, we're not doing anything contrary to statute. So I would like to change that statute to say if you bought it with the 1% fund and you sold that asset, put it back into the 1% fund. Yeah, we got your support. Thank you. Tacit consent approved, you know.

01:29:31
1John
Yes. I mean, in general, and it's just.

01:29:34

Damian Lara
That those two things I think are important. We do have the memo that DFA put out. I am also giving out a class for NMH on the budget and the 1% fund and DFA's memos. I'm sorry, do you do that or does DFA do that? Does DFA on the 1% fund? That's what I'm saying. That DFA was the last one that put out that memo in 2000. We're still using that one. And then was it Eddy county who sued their commissioners? Yeah, that one. Where, again, the Supreme Court was pretty clear whether or not your county managers or your county commissions pay attention to it. But, yeah, no expenditure can come out of the 1% fund without the say so of the county assessor. That. I mean, the Supreme Court of the law has said that. That's how it interprets it.

01:30:30
Damian Lara
You, as the county assessor, are the one that presents the budget to the county commission and said, these are the expenditures for the year. They either say yay or Nayden. They don't say, well, I'm going to line item veto this one, and I'm going to no, it's yay or no, or yay or yes or no. And then you go from there. If there is some disagreement and you guys can't come to an agreement, then you write a letter to DFA and say you're not getting what you need to do your job, and then you guys all meet or something like that. Right? I don't know what the implementation of that is. Okay.

01:31:06
1John
So I made the commitment this year to work with any and all counties on building your budget, working with finance, and working with your treasurer, county manager. I came from county government, county manager. So I know we're. And so I want to be able to work with a lot of counties that are not doing one, presenting a plan. That fund is created for a reimbursable plan. And so how do you create a plan and how do you present the finance? And I think it's ongoing. It's not, it doesn't start January 1, start July. It starts every day. You create that and you're working towards your budget. And if you're working with finance commission, that we can wanna help them be able to transition to work. When I create a plan and I present commission, I have revenue.

01:32:10
1John
My anticipated revenue is gonna be, I'm gonna use a small county and $200,000 revenue with that revenue, I'm gonna go reappraise this city. Here's my five year plan. And then next year, it's gonna be here and here, ever evolving and present that. And with that, we're going to save 50,000 out of there, because we know we're going to need chemist system. We're going to be present that, then how to work that, how do you spend it? How do you do it throughout the year? And then it's already ready for the next year. So that's kind of what I want to help any.

01:32:49
Damian Lara
Excellent.

01:32:52
1John
I'm going to be talking about the county managers, commissioners, that they have to rethink this. They have to. It's not, here's your budget. Take it. Run. Well, statutorily, assessors have, they have to present this program and said they have to present, here's what my budget is to do. This thing would better together to get these things done than just saying.

01:33:23
Damian Lara
So.

01:33:23
1John
That's kind of looking out a lot of expenses. Everyday expenses are coming out. No, that's nothing. That's what we're working on right now.

01:33:52
Damian Lara
Yeah, I got a very stern recommendation in my evaluation as well. So you're not alone. Not as much. Not as much. I mean, but again, Bernalillo county has a ton of Grt, right. So it's easy for them to say, well, we're just going to take another five eight that the state says we can apply in the county area, or in some cases, it's in the county, which includes the incorporated area. So then, you know, GRT jumps up. It's harder in rural counties where there is not

that much GRT in all your rule, you know, even in Bernalillo County, 40% of the operating budget comes from property taxes, 40% of. Of operations, which is the day to day stuff that isn't supposed to be footed by the 1% fund.

01:34:45
Damian Lara
That's 40%, and that's not including the geo bonds and all of the other debt service that gets paid out of property taxes. So I understand how smaller counties who don't have a lot of GRT activity or being sourced back into it are going to depend more heavily on property taxes to run services.

01:35:23
1John
I didn't think of. If you think of let's go to play account, it wouldn't cover. There are few people that are in the bottle. Yeah. So it has to be. I don't know exactly.

01:35:37
Damian Lara
Yeah, that's something.

01:35:38
1John
Our first step is to start working and make sure that everybody's following at least the 1%.

01:35:44
Damian Lara
Yeah. Right. Yeah. Because the county is supposed to, like, again, the county and county commission, just like they fund the treasurer, just like they fund the clerk, just like they fund the probate judge. They're supposed to fund operations for the county assessor as well. Right. The 1% fund really was created so that you could do your reappraisal, your valuation, maintenance plan, and do that well year after year.

01:36:14
Damian Lara
And I think over time, it's been easy, depending on how much money comes in or doesn't come in, for a county to say, well, you guys got this money and you're pay for operations, pay for, you know, whatever it is, rather than saying, hey, you need a flyover, so you can do that, or, hey, you need to do this city, or you need to get that, you need to drive out there, so you should buy a car, or you need a person to temporarily do some appraisal stuff, or, hey, you need to upgrade the cama system in three years or five years. I know that some counties are, you know, I think union is doing that. They're moving from triadic. I mean, from my understanding, triadic is basically a spreadsheet. Yeah. So, I mean, yeah, no, and I believe you know something. Yeah.

01:37:05
Damian Lara
I mean, you can't run mill rates. You can't run 3% caps and costs and full values off of a spreadsheet. I mean, you could do it, but I guarantee you're going to make errors. Like, I mean, there's just no two ways about it, especially if now you're going to be getting, like, hey, now you also got to apply another 10,000. And guess what? Now you got to do a percentage for these people, but not those people. And, yeah, I mean, I.

01:37:31
1John
It's.

01:37:33
Damian Lara
It's going to be tough. So I don't know if an additional 1% for operations is the answer, but I think I wrote, you know, I think most of us would love to take you up on that offer to be like, how do we work with our county managers? How do we work with our county commission to really say, operations does need to be founded by the general fund and let us work on what a healthy 1% budget looks like. Yeah. My understanding that the hold harmless is typically what we refer to them when the state, you know, gives money back to the counties. If there's no grt activity in the county, there's no grt money to give back. So, yeah, that, you know, and that's probably not an issue for Los Alamos.

01:38:36
Damian Lara

I don't think it's an issue for Bernalillo county, but it may be for some other ones. And then we've got centrally assessed pipelines and oil production and stuff that also brings in revenue. And so those counties, even though property taxes may be low or GRT may be low, you got a lot of business, personal property that makes up the difference. So, again, it's just kind of taking an idea, and that's why I think maybe taking a step back and seeing what is appropriate, how to put together a budget and work with your county commission to see what the best is, a good starting point. And I think these little clarifications make sure that everybody's on the same page. For the 1% fund, it's very minimal changes to it, but it does indicate where the income should come from.

01:39:27
Damian Lara
And again, I think it's just generally good business practices. If you buy something from one fund, that it's a dedicated fund for a specific purpose, that you then don't sell that asset and then say, like, oh, well, we sold it and we had money, so we're just going to put it into the general fund where we can do whatever we want with it. That's just my opinion.

01:39:51
1John
You have one that's R and D. Are you researching development? You have to get that. But the state thought about counties as another condition. Some counties are going to have to help, but I think they have to have the funds to run those departments with the oversight that is, seeing that they're doing jobs for them. I'm all about the oversight, but it does. You do have to put money into other places that can't support themselves to make sure that overall, the states.

01:40:45
Damian Lara
Yeah.

01:40:46
1John
Are we going to shut down water and roads in this county? You know what I mean? It's a hard thing to say as a, you know, just an overall view, not business would always have to come in R and D for development to further the business. That fund has to be. Yeah.

01:41:34
Damian Lara
I agree. I think that's it. Unless I missed anything. But again, we're happy to take. We're going to take some of these feedback already. Yes, ma'am.

01:42:09
1John
Because when they don't, shall they lose a fee? Right.

01:42:14
Damian Lara
No, they get paid. Right. Regardless of whether or not somebody shows up. Yeah. They get paid. Oh, right. Yes. So, yeah, so, good. Yeah. Protests. Yeah, yeah.

01:42:35
1John
And it's all ridiculous. Truly being.

01:42:54
Damian Lara
What do you think? I mean, we've. That's something else the county assessors have been talking about for decades.

01:43:07
1John
I see that. For your tax consultant, do a fee for them.

01:43:11
Damian Lara
Yeah.

01:43:15
1John
They just bought the property and they're.

01:43:18
Damian Lara
So how do you. Yeah, no, I. Yeah, I. I agree. I mean.

01:43:27
1John
How about.

01:43:27
Damian Lara
How about like, a registration fee for tax agents? Right? Not.

01:43:31
1John
Nothing.

01:43:32
Damian Lara
Not a per protest kind of thing, because we get property owners who file the protest themselves, and then they're thinking, oh, the assessor must be lying to me. Then they go and they hire the tax agent, and then the tax agent comes in and gets, you know, does another. Whatever. And then. So I don't charge him, but then I got to go back and charge him. And then. How do you know. How do you guys know that? And then. Yeah, and that's the thing, though. Yeah. So you lose it. Oh, man. Maybe we start off with a year and a $25 penalty. The 1% fund, you mean to call it by. What is. Do you. Is that something you think we could at least talk about? No.

01:45:10
1John
What was this country found personal property. And that's what I say. Start limiting people's rights to the deal. I mean, this administrator here. Start off. I know it's paint. I get it. There's. I like the idea.

01:45:34
Damian Lara
A refundable deposit. No, don't focus.

01:45:42
1John
I just like, entering the room and.

01:45:43
1John
Telling everyone, you know, probably text is one of the only taxes that you have.

01:45:52
Damian Lara
Danny.

01:45:59
1John
But do you have.

01:46:03
Damian Lara
Yeah. And it really is like. And I think this is the issue really is that, at least in my limited experience, it is the property tax consultants that file the same thousand protests year after year, whether or not it went up 3% or not, whether it's capped or not. And they just file all of them and then let the county assessor's office do the work and say, hey, I looked at this individually, no, I can't offer you. And then they're like, well, I'm not going to sign off on that one until you tell me. If you sign off on the other ones. And then you look at the other ones like, oh, yeah, on

this one, you know what? We actually did make a mistake. I can offer you a small reduction on this one. Right. And so we're stuck doing. I'm sorry. Yeah.

01:46:59
Damian Lara
This is double Eagle, New Mexico tax consultants. Orion is another big one. These are property. They're called property tax consultants. And most of them have a set number of clients that they file the same protests year after year, whether or not it went up in value, whether or not it went dropping. And then they. They make us do all the work and say, well, what did you come up with? Can I get a reduction on any of these? No, they don't. Let me go to Jerry real quick. Yes, sir.

01:48:05
1John
But if I wanted to follow an.

01:48:09
Damian Lara
Injunction with somebody.

01:48:21
1John
If we just put a key on it, that increases the business. That's supposed to be my taxes.

01:48:37
Damian Lara
Frivolous appeal. Yeah.

01:48:46
1John
So, yeah, the argument is, so one of our heroes, the last thing we want to do is optimize. You're taking somebody's family home. Yeah. And there's all sorts of people in between that are. It's not the family home. They will own the property. It's trying to steal from somebody. But I have to preserve the rights, the property ownership in the United States of America. Start charging these little fees. I like the idea where you can get money right back. Doesn't cost you anything that you're holding your.

01:49:34
Damian Lara
Yeah, we can do a subspense fund in the treasury.

01:49:40
1John
Maybe something within five days. You get a check back, something like that.

01:50:02
Damian Lara
Refundable deposit.

01:50:05
1John
Financial. I don't think the issue at all, to be honest with you, is that those who might for years of working with. Is it the fact they don't show it to unresponsive people.

01:50:20
Damian Lara
Yeah.

01:50:21
1John
So we don't need a fee. If you haven't responded for the last three days, why don't you say it's a sign up? I'd rather be. I'm just saying you have nothing.

01:50:36

Damian Lara
Oh, yeah, I like that. Mm. A refundable deposit with an indigent waiver for property, for individual property owners. I like that. That's a good one.

01:50:57
1John
So, like, isaiah don't have. There's not a lot of statute regarding protest process, right?

01:51:03
Damian Lara
No.

01:51:04
1John
So I like that. What if you put something somewhere and said, at this point, no response yet, this. There's no scheduled protest.

01:51:15
Damian Lara
Yes, the protest is deemed abandoned.

01:51:27
1John
But it has to be formal.

01:51:32
Damian Lara
Letter, certified. Yes. If you send a certified letter and they don't respond, your protest is deemed waived. Abandoned. Yeah, it's just one. Right? So here's what I'm thinking real quick. So if we go with Isaiah stuff, we have that mandatory 15 day certified letter that we have to send out to property owners. Most of us include the. No, were not able to make a change. Or, yes, were able to make a change. Here's what we're offering. Sign off or sign on the stuff, or you gotta actively return it, saying you will show up to the board hearing. If you don't show up, you lose your dollar 25 deposit. If you don't respond, your. Your appeal, is automatically abandoned. No, no. Well, it's got to be. Yeah. Okay. 30 days. That's a long. But again, that they were like, I like them both. Yeah.

01:52:36
Damian Lara
Time period. Yeah, on that. Okay. Okay. Well, that's why the indigent property waiver is in there. Okay. Abandoned and you can't file next year.

01:53:01
1John
Oh, no, but the time period. What's the time period?

01:53:11
Damian Lara
Everything.

01:53:14
1John
No, from every year. That's almost limiting us to change a value.

01:53:34
Damian Lara
Yeah. So we're back to the agent tax agent fee. Yeah, we're going to need time. Okay, well, let's circle back on this one. We can have this discussion. Yeah. Okay. Okay. Let's talk about this at our October affiliate meeting. Yes, you're welcome to come.

01:53:59
1John
Woo.

01:53:59
1John
Woo.

01:54:17
1John
So we respect what you do.

01:54:19
Damian Lara
Yeah, I know. Yeah.

01:54:21
1John
This is a fixed election.

01:54:22
1John
You're like, oh, my God.

01:54:27
Damian Lara
Oh, yeah, I. Yeah. No. So we're at the 11:00 mark. Any closing thoughts or remarks from anybody? Oh, yes, please do. Yeah.

01:55:14
1John
Former account manager to this position because I asked how many of you know what's required, what's the stat store duties, and probably most of them got half of them. How many of your commissioners, your current commissioners know it's required at the county session or trip. Let's just say how many of you actually have a commissioner that is actively involved and knows all those statutory duties, how the process works. I asked one commission that truly knew it was that process. Is that the commissioner's call? No, not necessarily. That's called education. We need accessories of the treasurer needs to step up more and be vocal about what is the cash flow dues and what's the requirements, how does it work? And that might lead us to better conversations when we get to that 1% funding your department. Those are better.

01:56:33
1John
I think that's better avenue to get to. It's. Can we start this conversation stuff at education? Some of that calendar day you're setting your budget. Absolutely. And it's, I don't want to set my toes. My accessor, my employer, my treasure.

01:57:29
Damian Lara
You're right. Right. Yeah.

01:57:55
1John
And two. Sorry.

01:57:59
Damian Lara
Yeah. Please, please come to our October affiliate.

01:58:04
1John
Yeah.

01:58:16
Damian Lara
Yeah, that's a good one. Yeah. And we need to work together.

01:58:49
1John
Assessors coming up. So I advise everybody should go to those. All he says is something, take my taxes.

01:59:17
Damian Lara
Yeah. Right.

01:59:36
1John
I want to say thank you, Isaiah. You guys, you guys have blessed us and we've got. When's our next one?

01:59:42
Damian Lara
So thank you for that. So October 1 in San Miguel County, Highlands University at the student union building. That's going to be October 1 again. 09:00 a.m. I'll try to do a little bit better job on the phone, but these are meant to be in person. And thank you all for coming in and doing that. Our final stakeholder meeting is going to be December 4. That's when we actually will want to have the draft bill ready to present and move forward. That's going to be in Santa Fe county at the commission chambers at 102 granite. Also starting at 09:00 a.m. So recap. October 1 at Highlands University Student union building. 09:00 a.m. December 4, Santa Fe County Commission chambers at 102 granite. December 4. 09:00 a.m. And from now until then is the time to give us your feedback, your information.

02:00:40
Damian Lara
We'll continue to have some discussions about what the legislative language looks like and what we want to put forth and move forward. A plug. I am teaching the budget for edge. I am teaching yield control for edge and certification for edge. And a couple of other assessor affiliate classes this month would love to have you attend the classes that goes out for all of the members out there who may want to have a better understanding of yield control certifications and how tax rates are calculated as well. Feel free to email me on that. Yes, they're all online. Yeah, those are the New Mexico edge classes are online. These are all the AOS or the assessor affiliate or assessor track courses. What else is there? All right, well, thank you all so much. Appreciate it for being here. Thank you, everybody online. We appreciate it.

02:01:43
Damian Lara
Look forward to getting your feedback.