

SANTA FE COUNTY

BOARD OF COUNTY COMMISSIONERS

SPECIAL MEETING

September 7, 2022

Anna T. Hamilton, Chair - District 4
Rudy Garcia, Vice Chair - District 3
Anna Hansen - District 2
Hank Hughes - District 5
Henry Roybal - District 1

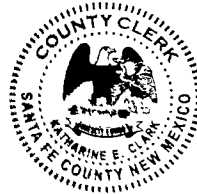
CLERK RECORDED 09/29/2022

COUNTY OF SANTA FE)
STATE OF NEW MEXICO) ss

BCC RESOLUTIONS
PAGES: 8

I Hereby Certify That This Instrument Was Filed for
Record On The 29TH Day Of September, 2022 at 01:15:49 PM
And Was Duly Recorded as Instrument # 1998560
Of The Records Of Santa Fe County

Deputy *Doreen Romero* Witness My Hand And Seal Of Office
Katharine E. Clark
County Clerk, Santa Fe, NM



SANTA FE COUNTY

SPECIAL MEETING

BOARD OF COUNTY COMMISSIONERS

September 7, 2022

1. A. This special meeting of the Santa Fe Board of County Commissioners was called to order at 2:00 p.m. by Chair Anna Hamilton in the County Commission Chambers, 102 Grant Avenue, Santa Fe, New Mexico. The meeting was conducted as a hybrid with in person and virtual attendance.

B. Roll Call

Roll was called by County Clerk Katharine Clark and indicated the presence of a quorum as follows:

Members Present:

Commissioner Anna Hamilton, Chair
Commissioner Rudy Garcia
Commissioner Anna Hansen
Commissioner Hank Hughes
Commissioner Henry Roybal [via Webex]

Members Excused:

None

C. Approval of the Agenda

There were no changes offered and upon motion by Commissioner Garcia and second by Commissioner Hansen the agenda was unanimously [5-0] approved as published.

2. MISCELLANEOUS (Action Items)

A. Request Approval of an Order Imposing Tax Rates on the Net Taxable Value of Property Allocated to the Appropriate Governmental Units within Santa Fe County for the 2022 Tax Year

YVONNE HERRERA (Finance Director): The request before you is approving the tax rates for tax year 2022. Pursuant to Section 7.38.3 of the New Mexico Statutes, the Secretary of the New Mexico Department of Finance and Administration is to issue a written order to set the property tax mill rates for the 33 counties within New Mexico by September 1st. In that same statute, it requires that the county commissioners

SFC CLERK RECORDED 09/29/2022

issue its own written order imposing the said tax rates on the net taxable value of property allocated to the appropriate government units.

The County received DFA's order on September 1st. The order and the certificate of property tax rates were attached to the packet for today's meeting. If you look at the memo as attached to the packet, within the memo we provided an example of what a taxpayer would see or how a taxpayer would be impacted – a Santa Fe County resident and non-resident. If a resident taxpayer would pay \$185.33 per \$100,000 and a non-resident taxpayer would see a bill of \$395.00 per every \$100,000 assessed. The memo also provide a summary of the tax entities and the rates for tax year 2022 residential verses non-residential as well as the two special districts within Santa Fe County.

What we also provided the Board within the packet was the impact of the tax rates, the 2022 tax rates versus the 2021 tax rates for the different taxing entities. As you can see on the screen, you'll see where we have mill rates that went down or mill rates that went up for the various tax entities. Most of that is going to be related to the – the calculation – yield control. So within the yield control they take into account inflation as well as the assessed properties that the assessor reported for the tax year. This year DFA ended up using the max inflation rate of 5 percent. At the same time, the values that the Assessor provided for tax year 2022 actually increased. When I looked it up before the meeting the taxable values for tax year 2021 were \$6.1 billion whereas the taxable values for tax year 2022 were \$8.5. So depending on the entity, the combination of those two actually increased the mill rate or decreased it. So basically, most entities saw a fluctuation of both. The operational mill rate went up or down and for the most part most of the debt service rates were consistent. Although, Santa Fe County tends to manage its debt to keep the debt service mill rate consistent from year to year.

The last attachment to show the Board would be the actual property tax rates that were provided by DFA. You'll see that the report is different than what was presented in the past. The new reports that DFA provided I think are a lot easier to read and they're broken out so you can actually see the actual taxing units impacted by the tax district and whether or not there is an actual tax unit within that district. On the first page we have the Pojoaque districts which in this case includes the Northern New Mexico College as well as the Pojoaque and Española School District. As you can see the rates are detailed within the report and it goes through the different districts. If you scroll down – you have the Pojoaque District and Santa Fe and Moriarty might be – the Pojoaque and then the Española School District and the next district is Moriarty and then the final taxing entity is Santa Fe School District. And with that, Madam Chair, I stand for any questions.

CHAIR HAMILTON: Great, thank you. Are there any questions?

COMMISSIONER GARCIA: Madam Chair.

CHAIR HAMILTON: Yes, Commissioner Garcia and then –

COMMISSIONER GARCIA: Thank you, Madam Chair. So then on Exhibit A, where on the spreadsheet is Moriarty or Santa Fe Public Schools?

MS. HERRERA: Chair Hamilton, Commissioner Garcia, on page 3 of attachment A, begins the Moriarty School District.

COMMISSIONER GARCIA: Okay.

MS. HERRERA: And that goes to page 4. So 3 and 4 is Moriarty and then page 5 and 6 is Santa Fe.

COMMISSIONER GARCIA: Thank you. Thank you, Madam Chair. So can you explain to me the difference between the yield control and the mill levy and how that works and what we're actually looking at and how it affects our taxpayer throughout the County?

MS. HERRERA: Chair Hamilton, Commissioner Garcia, the yield control – I apologize, I don't know that I know enough about it to provide an appropriate response. But the yield control is a function of the calculation that DFA uses to determine the mill rates. When I was looking at it earlier there were a bunch of components to the yield calculation which starts off with information from the prior tax year. It takes into account the collection rates of property taxes, inflations, the previous year's mill rate, the current year expected mill rate based upon specifically related to debt, whether or not an entity had new debt, whether or not they paid off debt – it's a pretty complicated spreadsheet calculation that goes through different steps in the process to determine the operational as well as the debt. To come up with the proposed mill levy that would be placed on the operating or for the operating rate and then separately for the debt service rate -- I unfortunately don't know enough about how the calculation works to provide anything else other than what I saw it do within the calculation.

COMMISSIONER GARCIA: Thank you, Madam Chair. So the yield control is actually based off of property valuations for all 33 counties. So every county in the State of New Mexico has a different mill levy based off of valuation.

MS. HERRERA: The valuation is, from what I saw, the valuation is specific to that taxing entity. So within the calculation the information that the assessor provides the state based upon the evaluation of the different districts. So for instance, looking at page 5, above the "tax district," you have C in R and C in NR which is county in resident, county in non-resident. Each of those has a separate taxable value and those individual values for those districts is what is included within the yield calculation. So it would be different, not only throughout the county, but throughout the state.

COMMISSIONER GARCIA: Thank you, Madam Chair. So our yield control it's safe to say it is based off of our valuation and that the state legislature actually through DFA creates the mill levy. The mill levy allows counties basically a borrowing power to go out there and borrow additional money if needed. So my question is, in the last year – so we're actually operating off of last year's valuations/budget. So this year the County Assessor's Office has picked up an additional billion dollars of valuation for Santa Fe County. So that's a valuation that my colleagues here and the entire county is actually going to be looking at – that's a lot of valuation. And we see Santa Fe growing. We see the city out, we see it growing.

And so do you know how this will actually affect us, my colleagues, the County, the taxpayer in the next years to come as into if our valuation has rose a billion dollars in valuation, how do they look at the yield control as well as the mill levy; do you know?

MS. HERRERA: Madam Chair, Commissioner Garcia, there's two components to the yield control if I understood what was previously explained to me. The yield control insures that the existing property valuations that are currently on the tax

rolls that if the values continue to rise and continue to rise, that yield control limits the taxable amount on the property so it doesn't just keep going up and up and up and up. But the yield control isn't applicable to brand new properties in that first year. So the clock kind of starts over. I don't know how much of that valuation that we saw this year is brand new property versus just increased prices because of how Santa Fe is growing, inflation or whatever happens to be. So I would expect it to be a component of those two within that valuation. You'd have to actually split out those two to determine how much of that is actually truly new valuation that is increasing that is helping with new revenue versus being limited because it is existing property and the valuation of that property keeps increasing but we're not going to keep taxing on that. So it's not up and down year to year.

COMMISSIONER GARCIA: So, Madam Chair, so what's happening in Santa Fe County other counties, Lincoln County, Curry County, there's no growth in those counties. So what's happening in Santa Fe County is there's a lot of growth out there. And so the billion dollars of new value – the value of the billion dollars is actually based off of the new construction, new properties. And so whenever prices, which is unfortunate, go from a \$300,000 house to a \$600,000 house by state law we can only, the tax assessor can only increase that individual by 3 percent, 3 percent, 3 percent every year. So if you sell your house for \$900,000 and you bought it for \$300,000 you can only be taxed 3 percent every year. And that's something that the state legislature is actually looking at.

So in a nutshell what I am trying to say is the more valuation that you have, and a great, great bond rating, and so Santa Fe County is doing very well. And thanks to our tax assessor and the employees of Santa Fe County. And I just wanted to make my colleagues actually aware of that because as we look into future programs in the next years to come, this is something where we need to start thinking, as we do, a little bit more outside the box as to how we can help our local communities. And as Commissioner Hughes knows, homeless stuff is out there. We can play and move around and work with our GRT tax as we have done and we are doing. We do have our cash reserves that are there and I think, you know, there was a presentation to the state legislature the other day in regards to the State of New Mexico has the highest death rates from alcohol. Higher than –

CHAIR HAMILTON: Is this all relevant to the mill levy that we're talking about?

COMMISSIONER GARCIA: Yes, because this is actually telling us by the mill levy actually being effective, it means that Santa Fe County can actually think outside of the box because we actually are doing very well on our valuation end.

That's what I have to say. Thank you, Madam Chair. So, yes, all of this actually has to do with the County's budget in reality. Thank you.

CHAIR HAMILTON: I'll go to Commissioner Hansen but I think Manager Shaffer has something in regards to what was just said.

GREG SHAFFER (County Manager): Thank you, Madam Chair. I just wanted to add to some of the observations that Finance Director Herrera had made. Yield control takes into account the growth and existing value as well as inflation in order to

constrain the amount of revenue that government can actually take in on existing value, in a nutshell is what yield control does. Inflation, however, is capped at 5 percent. So we've been experiencing higher levels of inflation but nonetheless for purposes of yield control it's capped by statute at 5 percent. So in a hyper-inflation environment like we experienced over the last year, the statute actually results in local governments being able to take in less revenue than is necessary to meet inflation. And that is by design.

There was some observations and discussions about actual new values and new constructions and as Yvonne explained that comes on to the tax rolls. It is not subject to yield control in the first year. That actually represents new money, if you will, to the County based upon that new value that comes on to the tax rolls. And then finally with regard to General Obligation Bond debt, that calculation doesn't run through yield control. That's a straight mathematical calculation of what your debt service requirements are versus on what your value is. All of the things being equal, if value goes up the debt service rate should come down. I just wanted to summarize a few of those points. Thank you, Madam Chair.

CHAIR HAMILTON: Commissioner Hansen.

COMMISSIONER HANSEN: Thank you, Madam Chair. From what I saw in the beginning here was that Santa Fe's tax rate will not be going up; am I reading this correctly?

MS. HERRERA: Madam Chair, Commissioner Hansen, correct. Santa Fe County itself we plan our debt service mill rate to be consistent from year to year and we actually are seeing a small decrease in our operational mill rate.

COMMISSIONER HANSEN: I just wanted to make sure that I was reading everything correctly. Thank you. And then in general terms and maybe you can't answer this and I understand that. And maybe this is a question for the Assessor; how much is the value of all of the properties in Santa Fe County?

MS. HERRERA: All of Santa Fe County?

COMMISSIONER HANSEN: Yeah.

MS. HERRERA: The taxable value or the assessed value?

COMMISSIONER HANSEN: The assessed value.

MS. HERRERA: I didn't actually write that down, I'm sorry.

COMMISSIONER HANSEN: What's the –

MS. HERRERA: Madam Chair, Commissioner Hansen, I wrote down \$8.5 billion in taxable value. Eight point five.

COMMISSIONER HANSEN: So it's obviously higher than that.

MS. HERRERA: Yes, yes.

COMMISSIONER HANSEN: And then my understanding and maybe I misunderstood Commissioner Garcia, is that the 3 percent stays on a house as long as you own it. Once you sell it then it goes to the new tax rate and then they have the 3 percent again. But it gets changed and raised when a house is sold. I just wanted to make sure that that was clear. Would you say that the assessed value is probably doubled or more?

MS. HERRERA: Madam Chair, Commissioner Hansen, I'm not sure.

COMMISSIONER HANSEN: Okay, I understand. I appreciate that, thank you.

CHAIR HAMILTON: I have a question on one of the answers, I know Manager Shaffer had some input on what was just said and then I'll go to Commissioner Hughes.

MANAGER SHAFFER: Thank you, Madam Chair and Commissioners, just a slight emphasis. What's capped if you are an owner of residential property is the value not the rate. I believe there may have just been a slight misstatement to say that you come to current value, I understood that was what was intended but I just wanted to make that clear for the record. Thank you.

CHAIR HAMILTON: Thank you. Is the net value of everything, taxable value of everything in Santa Fe County really only \$8.5 million

MS. HERRERA: Billion.

CHAIR HAMILTON: Sorry, thank you. It sounded like million twice to me and I was sure that was wrong.

COMMISSIONER HUGHES: Thank you. I think most of my questions have been asked and answered. But I did have one more. You motioned the taxable value last year of being \$6 something billion and \$8.5 billion this year; do you know how much of that difference is new properties coming on the rolls and how much is other things?

MS. HERRERA: Madam Chair and Commissioner Hughes, no I don't, sorry. I'd have to ask the Assessor.

CHAIR HAMILTON: But of course, if all of that was existing that increase would only be 3 percent. If it was all existing properties –

MS. HERRERA: Yes.

CHAIR HAMILTON: -- and all residential cause I think it will be different for business properties. Some of it has to be new and some of it has to be contributed by business.

COMMISSIONER HUGHES: Okay, thank you.

COMMISSIONER ROYBAL: Madam Chair.

CHAIR HAMILTON: Yes, Commissioner Roybal.

COMMISSIONER ROYBAL: Madam Chair, I just want to say that with how many people are buying and selling houses right now the individual that sold a new house those houses would come up to market value at that point. So a lot of it may be from the sales that we've had in Santa Fe County.

CHAIR HAMILTON: Absolutely. I was kind of counting that as new; anything that comes out from under control.

COMMISSIONER HUGHES: Right, anything that comes out from under the 3 percent control would be newly on the market.

CHAIR HAMILTON: Thank you, did you have more?

COMMISSIONER ROYBAL: Madam Chair, no, I was curious and I don't think the Treasurer is on, but I know that – I'm wondering given our circumstances we're in a high inflation right now and I wanted to kind of see if we could get an idea of how many houses and how many constituents are behind on taxes and how that would affect them. I think if it's an existing home of course they would go up 3 percent and it sounds like our mill levy really isn't changing as far as our taxes going up as I was

hearing from comments from Commissioner Hansen as well. But I am just concerned right now because I think people are struggling to pay their taxes. That's my only comment.

CHAIR HAMILTON: Thank you. Yes, Commissioner Hansen.

COMMISSIONER HANSEN: In response to Commissioner Roybal, I've asked our Assessor Gus Martinez to give a presentation sometime in October. And we have talked about that. I am also recognizing him with a proclamation in October so I think he can bring us up to speed on a lot of these questions that people have right now.

CHAIR HAMILTON: Excellent. Thank you. Are there further questions or what's the pleasure of the Board?

COMMISSIONER GARCIA: So moved. [Approval of an Order Imposing Tax Rates on the Net Taxable Value of Property Allocated to the Appropriate Governmental Units within Santa Fe County for the 2022 Tax Year]

COMMISSIONER HANSEN: Second.

CHAIR HAMILTON: Thank you. I have a motion and a second. Is there any further discussion?

The motion passed by unanimous [5-0] voice vote.

3. CONCLUDING BUSINESS

A. Announcements

None were presented.

B. Adjournment

Following motion by Commissioner Hansen and second by Commissioner Hughes, Chair Hamilton declared this meeting adjourned at 2:30 p.m.



ATTEST TO:

KATHARINE E. CLARK
SANTA FE COUNTY CLERK

Approved by:

Anna Hamilton, Chair
Board of County Commissioners

Respectfully submitted:

Karen Farrell, Wordswork