



**STATE OF NEW MEXICO**  
**DEPARTMENT OF FINANCE AND ADMINISTRATION**  
**BOARD OF FINANCE**  
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**MEMORANDUM**

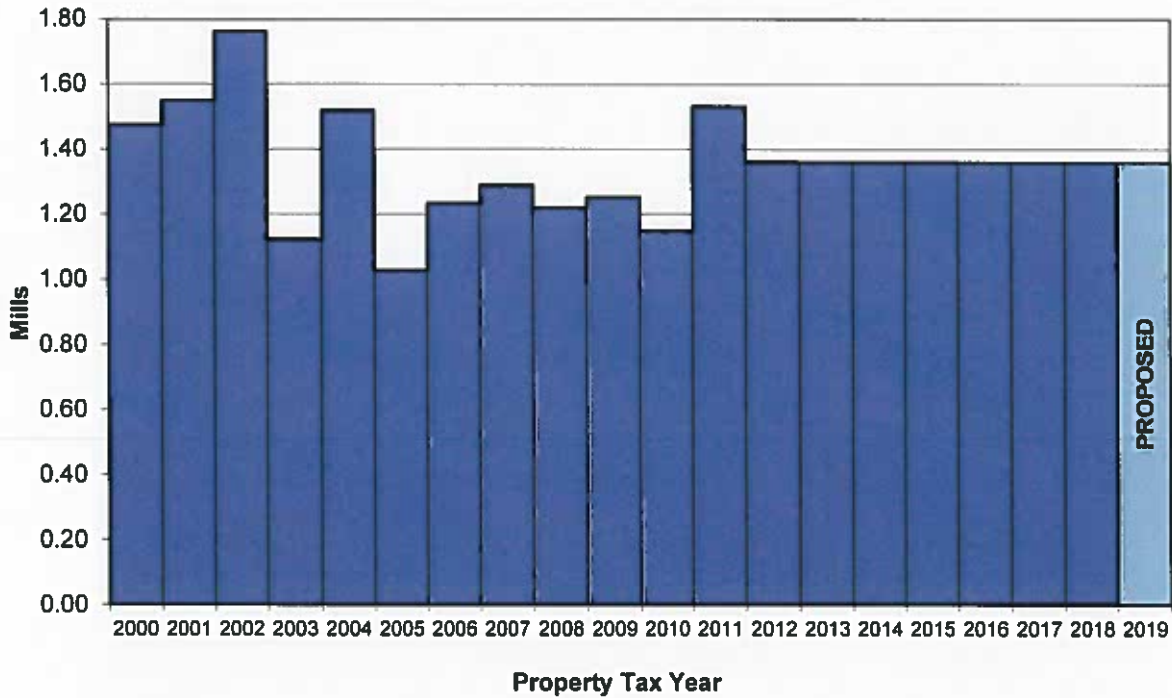
**TO:** Olivia Padilla-Jackson, DFA Cabinet Secretary  
 Honorable Tim Eichenberg, State Treasurer  
 Donnie Quintana, Director, DFA Local Government Division

**FROM:** Marcos B. Trujillo, Deputy Director, State Board of Finance

**DATE:** September 6, 2019

**SUBJECT:** Mill Levy Recommendation for Property Tax Year 2019

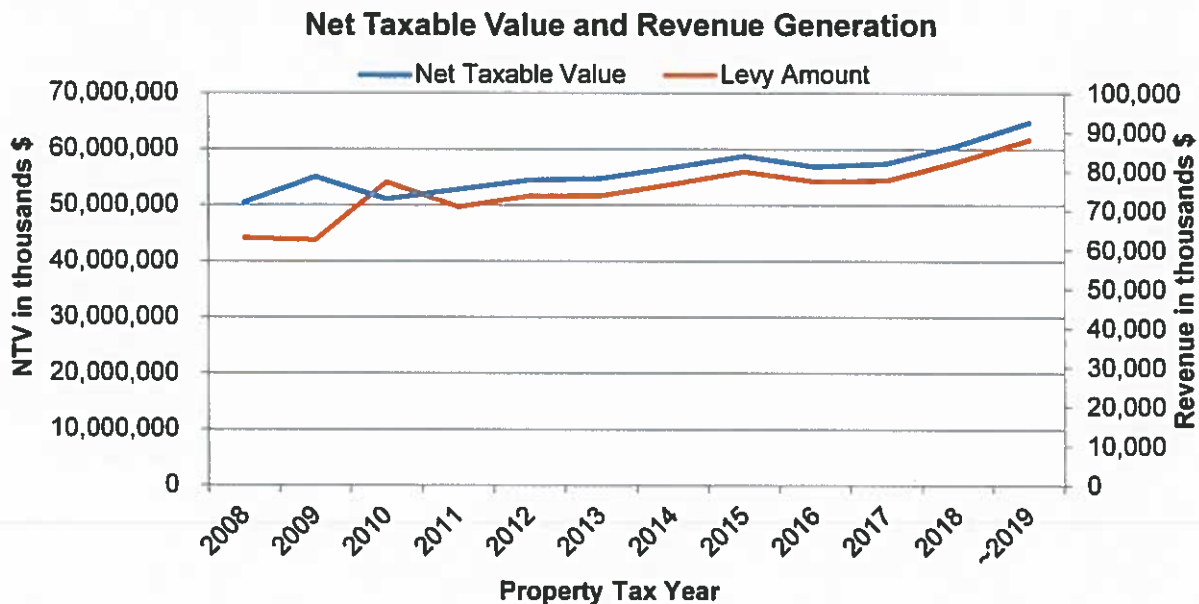
**New Mexico State Property Tax Mill Levy**



Attached is the property tax mill levy recommendation for the State of New Mexico for Property Tax Year (PTY) 2019. The mill levy is set at a rate that is projected to generate sufficient revenue to cover General Obligation Bond debt service payments and to provide a reasonable cash balance reserve. These obligations of the State are established by voter approval of biennial General Obligation Bond ballot measures. The next General Obligation Bond issuance is expected to occur in March 2021, after voter approval in November 2020.

To ensure the state has sufficient funds to make its required payments and to support stability in the mill rate, the cash balance projections used in the mill rate-setting model are expected to provide positive cash balances in the general obligation debt service accounts at the time of debt service payments for 2020 and 2021. The model assumes an increase in net taxable value of all property of 9.6 percent in PTY 2019, with a 3.7 percent increase of residential property assessments and a 4.3 percent increase of non-residential property assessments. The component projections are an estimated growth of real property values of 3.9 percent, an increase in oil and gas values of 59.3 percent, and a decrease in copper values of 10.9 percent.

If adopted, the mill levy for PTY 2019 will remain unchanged from PTY 2018 at 1.360 mills. The 15-year average is 1.328 mills (the mill levy has remained flat since PTY 2011). In PTY 2018, actual property tax remittances were 98 percent of the amount expected based on the final property tax valuations.



The following pages provide documentation for all of the data and assumptions that go into this mill levy recommendation. Below is a brief explanation of the supporting documents to assist in your understanding of the recommendation packet. Please contact the State Board of Finance staff if you have any questions about this recommendation.

**Explanation of Mill Levy Packet Documentation:**

**Table 1: Cash Flow Analysis Spreadsheet (Page 5)**—The purpose of the cash flow analysis is to project availability of sufficient cash to make scheduled debt service payments. The model begins with current cash balances, estimates revenue accrual throughout the year, and deducts debt service payments.

**Table 2: Cash Balances Table (Page 6)**—This table lists the current cash balances and known future adjustments to the General Obligation Bond accounts, which feed into the cash flow analysis.

**Table 3: Revenue Accrual Model (Page 7)**—The factors on this sheet represent the average percentage of accrual of annual property tax revenues by month over the past 10 years. These monthly revenue accrual percentages are used to estimate the timing of revenue collection in the cash flow analysis.

**Table 4: Net Taxable Value and Mill Table (Page 8)**—This table places the current year's property valuations, mill levy rate, and amount of levy for the state portion of property taxes in historical perspective.

**Table 5: Assessed Valuations Table (Pages 9-11)**—This table lists the valuations of property statewide upon which the mill levy for the state portion of property taxes is imposed. These values are assembled by the Local Government Division of the Department of Finance and Administration.

**Table 6: Debt Service Worksheet (Pages 12-13)**—This worksheet identifies the General Obligation Bond debt service payments that take place during the cash flow modeling period and are used in the cash flow analysis.

**Table 7: Debt Service Tables (Page 14-17)**—These tables include schedules of all General Obligation Bond payments due, first in summary, including all outstanding series, and then by individual series (each individual series is labeled by year in which it was issued).

**Tables 8: Monthly Operating Transfers Worksheets (Pages 18-19)**—These worksheets contain the monthly remittances of property tax revenues to the Department of Finance and Administration from the counties during the past and current fiscal years. While these worksheets are provided largely for informational purposes, they also feed into the revenue accrual model.

**Fund Balance Reports (Pages 20 onward)**—Accounting reports of all cash balances in State Treasurer's Office accounts available for General Obligation Bond uses.

MILL LEVY RECOMMENDATION FOR THE STATE OF NEW MEXICO

DATE: September 1, 2019

TO: Brenda Suazo-Giles, Local Government Division, DFA

We request that you set the Mill Levy that will generate the following revenue to be used for the upcoming debt service for General Obligation Bonds of the State.

Amount of Levy for Property Tax Year 2019	\$90,523,000.00
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DATE REVIEWED 9/6/19

BY: [Signature]  
DFA, BOARD OF FINANCE DIVISION

DATE REVIEWED 9/6/19

BY: [Signature]  
DFA, CABINET SECRETARY

DATE REVIEWED 9/10/19

BY: [Signature]  
DFA, LOCAL GOVERNMENT DIVISION

DATE APPROVED 9/9/19

BY: [Signature]  
STATE TREASURER, Tim Eicher

\*Please review attached documentation.