

What is the hospital mill levy, and how does it work?

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The Taos News, 2/11/2016

Holy Cross Hospital is asking voters to approve a mill levy to provide more funding for the hospital. But some Taos County residents are asking: “What is a mill levy?”

In the simplest terms, a mill levy is a property tax. On March 8, voters will decide whether the tax should be implemented.

If the measure passes, anyone who owns any property in Taos County will pay an additional tax that will go directly to the hospital. It will apply to all property, including homes, commercial units and vacant land.

Fourteen other counties across New Mexico already impose property taxes to support local hospitals or clinics. But the share of property tax revenue dedicated to hospitals has shrunk in the last few years, from 9 percent in 2013 to 8.5 percent in 2015, according to the Department of Finance and Administration.

Only a few counties have imposed gross receipts taxes to support local hospitals. And some counties collect gross receipts taxes to meet obligations for funding state programs for indigent patients. Taos County voters chose to repeal such a tax in 2014 amid changes in the program, though county commissioners replaced it with a tax of a similar amount for general budget obligations.

The hospital is asking voters to approve a 1-mill tax, which would “sunset” after four years. That means for every \$1,000 in taxable value (see graphic), the owner will pay \$1 toward the hospital.

For example, a home valued by the county at \$150,000 has a “taxable value” of \$50,000. A 1-mill levy comes out to an extra \$50 a year on that home.

It’s important to note that this is not a fixed amount. The county assessor’s office is regularly conducting “reassessments,” which re-evaluate what properties countywide are worth based on changes in the real estate market.

For instance, a piece of land worth \$150,000 in 2016 might be reassessed at \$200,000 in 2018. In that case, a 1-mill levy would equal \$66.66 a year.

The amount of the levy didn't change, but the property value did, so the taxes went up.

Conditions exist that may protect some from rising property values and the corresponding taxes. For example, low-income residents who are 65 and older can apply to "freeze" the value of their home to prevent taxes from increasing. Also, owners of agricultural land can apply for an agricultural classification, which significantly reduces the assessed value of the land, meaning lower taxes.

For more information on keeping property values low, call the county assessor's office at (575) 737-6360.

To find out how the hospital plans to use the additional funding from a property tax, visit taoshospital.org.

