

1 HOUSE BILL 247

2 **52ND LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2015**

3 INTRODUCED BY

4 Alonzo Baldonado

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10 AN ACT

11 RELATING TO TAXATION; CLARIFYING THAT A CHANGE IN THE MANNER OF
12 HOLDING TITLE IS NOT A CHANGE OF OWNERSHIP SUBJECT TO A
13 PROPERTY VALUATION, PROVIDED THAT THE PROPORTIONS OF BENEFICIAL
14 INTERESTS STAY THE SAME; DEFINING THE TERM "BENEFICIAL
15 INTERESTS".

16
17 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

18 SECTION 1. Section 7-36-21.2 NMSA 1978 (being Laws 2000,
19 Chapter 10, Section 2, as amended) is amended to read:

20 "7-36-21.2. LIMITATION ON INCREASES IN VALUATION OF
21 RESIDENTIAL PROPERTY.--

22 A. Residential property shall be valued at its
23 current and correct value in accordance with the provisions of
24 the Property Tax Code; provided that for the 2001 and
25 subsequent tax years, the value of a property in any tax year

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1 shall not exceed the higher of one hundred three percent of the
2 value in the tax year prior to the tax year in which the
3 property is being valued or one hundred six and one-tenth
4 percent of the value in the tax year two years prior to the tax
5 year in which the property is being valued. This limitation on
6 increases in value does not apply to:

7 (1) a residential property in the first tax
8 year that it is valued for property taxation purposes;

9 (2) any physical improvements, except for
10 solar energy system installations, made to the property during
11 the year immediately prior to the tax year or omitted in a
12 prior tax year; or

13 (3) valuation of a residential property in any
14 tax year in which:

15 (a) a change of ownership of the
16 property occurred in the year immediately prior to the tax year
17 for which the value of the property for property taxation
18 purposes is being determined; or

19 (b) the use or zoning of the property
20 has changed in the year prior to the tax year.

21 B. If a change of ownership of residential property
22 occurred in the year immediately prior to the tax year for
23 which the value of the property for property taxation purposes
24 is being determined, the value of the property shall be its
25 current and correct value as determined pursuant to the general

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1 valuation provisions of the Property Tax Code.

2 C. To assure that the values of residential
3 property for property taxation purposes are at current and
4 correct values in all counties prior to application of the
5 limitation in Subsection A of this section, the department
6 shall determine for the 2000 tax year the sales ratio pursuant
7 to Section 7-36-18 NMSA 1978 or, if a sales ratio cannot be
8 determined pursuant to that section, conduct a sales-ratio
9 analysis using both independent appraisals by the department
10 and sales. If the sales ratio for a county for the 2000 tax
11 year is less than eighty-five, as measured by the median ratio
12 of value for property taxation purposes to sales price or
13 independent appraisal by the department, the county shall not
14 be subject to the limitations of Subsection A of this section
15 and shall conduct a reassessment of residential property in the
16 county so that, by the 2003 tax year, the sales ratio is at
17 least eighty-five. After such reassessment, the limitation on
18 increases in valuation in this section shall apply in those
19 counties in the earlier of the 2004 tax year or the first tax
20 year following the tax year that the county has a sales ratio
21 of eighty-five or higher, as measured by the median ratio of
22 value for property taxation purposes to sales value or
23 independent appraisal by the department. Thereafter, the
24 limitation on increases in valuation of residential property
25 for property taxation purposes in this section shall apply to

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1 subsequent tax years in all counties.

2 D. The provisions of this section do not apply to
3 residential property for any tax year in which the property is
4 subject to the valuation limitation in Section 7-36-21.3 NMSA
5 1978.

6 E. The provisions of this section do not apply to a
7 transfer of residential property from a person to another
8 person that results in:

9 (1) a change only in the manner of holding
10 title; and

11 (2) the maintenance of the proportional
12 beneficial interests, in the property, held before the
13 transfer.

14 ~~[E.]~~ F. As used in this section, "change of
15 ownership" means a transfer to a transferee by a transferor of
16 all or any part of the transferor's legal or equitable
17 ownership interest in residential property except for a
18 transfer:

19 (1) to a trustee for the beneficial use of the
20 spouse of the transferor or the surviving spouse of a deceased
21 transferor;

22 (2) to the spouse of the transferor that takes
23 effect upon the death of the transferor;

24 (3) that creates, transfers or terminates,
25 solely between spouses, any co-owner's interest;

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1 (4) to a child of the transferor, who occupies
2 the property as that ~~[person's]~~ individual's principal
3 residence at the time of transfer; provided that the first
4 subsequent tax year in which that ~~[person]~~ individual does not
5 qualify for the head of household exemption on that property, a
6 change of ownership shall be deemed to have occurred;

7 (5) that confirms or corrects a previous
8 transfer made by a document that was recorded in the real
9 estate records of the county in which the real property is
10 located;

11 (6) for the purpose of quieting the title to
12 real property or resolving a disputed location of a real
13 property boundary;

14 (7) to a revocable trust by the transferor
15 with the transferor, the transferor's spouse or a child of the
16 transferor as beneficiary; or

17 (8) from a revocable trust described in
18 Paragraph (7) of this subsection back to the settlor or trustor
19 or to the beneficiaries of the trust.

20 G. As used in this section, "beneficial interests"
21 include:

22 (1) a stock interest, partnership interest or
23 other legal interest in an entity that holds legal title to a
24 property; or

25 (2) a legal or equitable interest in a

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1 property.

2 [F-] H. As used in this section, "solar energy
3 system installation" means an installation that is used to
4 provide space heat, hot water or electricity to the property in
5 which it is installed and is:

6 (1) an installation that uses solar panels
7 that are not also windows;

8 (2) a dark-colored water tank exposed to
9 sunlight; or

10 (3) a non-vented trombe wall."