

1 SENATE BILL 485

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

3 INTRODUCED BY

4 Steven P. Neville

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10 AN ACT

11 RELATING TO TAXATION; INCREASING THE LIMITATION ON INCREASES IN
12 VALUATION OF RESIDENTIAL PROPERTY TO ONE HUNDRED TEN PERCENT
13 OVER A THREE-YEAR PERIOD.

14
15 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

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

18 "7-36-21.2. LIMITATION ON INCREASES IN VALUATION OF
19 RESIDENTIAL PROPERTY.--

20 A. Residential property shall be valued at its
21 current and correct value in accordance with the provisions of
22 the Property Tax Code; provided that [~~for the 2001 and~~
23 ~~subsequent tax years, the value of a property in any tax year~~
24 ~~shall not exceed the higher of one hundred three percent of the~~
25 ~~value in the tax year prior to the tax year in which the~~

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1 ~~property is being valued or one hundred six and one-tenth~~
2 ~~percent of the value in the tax year two years prior to the tax~~
3 ~~year in which the property is being valued. This] the current~~
4 and correct value shall not exceed the following:

5 (1) for the 2016 tax year, one hundred five
6 percent of the value in the tax year prior to the tax year in
7 which the property is being valued;

8 (2) for the 2017 tax year, one hundred seven
9 percent of the value in the tax year prior to the tax year in
10 which the property is being valued; and

11 (3) for the 2018 tax year and subsequent tax
12 years, one hundred ten percent of the value in the tax year
13 prior to the tax year in which the property is being valued;
14 provided that residential property shall be valued at no less
15 than seventy-five percent of the current and correct value of
16 the property determined for property taxation purposes for the
17 2019 tax year and subsequent tax years.

18 B. The limitation [on increases] in value pursuant
19 to Subsection A of this section does not apply to:

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

22 (2) any physical improvements, except for
23 solar energy system installations, made to the property during
24 the year immediately prior to the tax year or omitted in a
25 prior tax year; or

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1 (3) valuation of a residential property in any
2 tax year in which [~~(a) a change of ownership of the property~~
3 ~~occurred in the year immediately prior to the tax year for~~
4 ~~which the value of the property for property taxation purposes~~
5 ~~is being determined; or (b)] the use or zoning of the property~~
6 has changed in the year prior to the tax year.

7 ~~[B. If a change of ownership of residential~~
8 ~~property occurred in the year immediately prior to the tax year~~
9 ~~for which the value of the property for property taxation~~
10 ~~purposes is being determined, the value of the property shall~~
11 ~~be its current and correct value as determined pursuant to the~~
12 ~~general valuation provisions of the Property Tax Code.~~

13 ~~C. To assure that the values of residential~~
14 ~~property for property taxation purposes are at current and~~
15 ~~correct values in all counties prior to application of the~~
16 ~~limitation in Subsection A of this section, the department~~
17 ~~shall determine for the 2000 tax year the sales ratio pursuant~~
18 ~~to Section 7-36-18 NMSA 1978 or, if a sales ratio cannot be~~
19 ~~determined pursuant to that section, conduct a sales-ratio~~
20 ~~analysis using both independent appraisals by the department~~
21 ~~and sales. If the sales ratio for a county for the 2000 tax~~
22 ~~year is less than eighty-five, as measured by the median ratio~~
23 ~~of value for property taxation purposes to sales price or~~
24 ~~independent appraisal by the department, the county shall not~~
25 ~~be subject to the limitations of Subsection A of this section~~

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1 and shall conduct a reassessment of residential property in the
2 county so that, by the 2003 tax year, the sales ratio is at
3 least eighty-five. After such reassessment, the limitation on
4 increases in valuation in this section shall apply in those
5 counties in the earlier of the 2004 tax year or the first tax
6 year following the tax year that the county has a sales ratio
7 of eighty-five or higher, as measured by the median ratio of
8 value for property taxation purposes to sales value or
9 independent appraisal by the department. Thereafter, the
10 limitation on increases in valuation of residential property
11 for property taxation purposes in this section shall apply to
12 subsequent tax years in all counties.

13 D.] C. The provisions of this section do not apply
14 to residential property for any tax year in which the property
15 is subject to the valuation limitation in Section 7-36-21.3
16 NMSA 1978.

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

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

24 (2) to the spouse of the transferor that takes
25 effect upon the death of the transferor;

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

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

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

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

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

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

22 F.] D. As used in this section, "solar energy
23 system installation" means an installation that is used to
24 provide space heat, hot water or electricity to the property in
25 which it is installed and is:

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- (1) an installation that uses solar panels that are not also windows;
- (2) a dark-colored water tank exposed to sunlight; or
- (3) a non-vented trombe wall."

SECTION 2. APPLICABILITY.--The provisions of this act apply to property tax years beginning on or after January 1, 2016.