

1 SENATE CORPORATIONS AND TRANSPORTATION COMMITTEE SUBSTITUTE FOR  
2 SENATE BILL 350

3 **53RD LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2017**

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10 AN ACT

11 RELATING TO PROPERTY TAX; CREATING A SPECIAL METHOD OF  
12 VALUATION FOR LAND PREVIOUSLY USED FOR AGRICULTURAL PURPOSES;  
13 PROVIDING FOR A RECAPTURE OF TAX SAVINGS IF THE LAND IS  
14 SUBSEQUENTLY SUBDIVIDED OR IS DEVELOPED FOR PURPOSES OTHER THAN  
15 FOR AGRICULTURAL USE; PROVIDING A PENALTY.

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

18 SECTION 1. A new section of the Property Tax Code,  
19 Section 7-36-20.1 NMSA 1978, is enacted to read:

20 "7-36-20.1. [NEW MATERIAL] SPECIAL METHOD OF VALUATION--  
21 LAND PREVIOUSLY USED FOR AGRICULTURAL PURPOSES--RECAPTURE--  
22 PENALTY.--

23 A. The value of land that, in the previous year,  
24 had been valued pursuant to Section 7-36-20 NMSA 1978 but is no  
25 longer eligible to be valued pursuant to that section shall be

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underscoring material = new  
~~[bracketed material] = delete~~

1 determined on the basis of the land's capacity to produce  
2 agricultural products multiplied by a factor of two; provided  
3 that the value shall not exceed fifty percent of the market  
4 value of the property.

5 B. Eligibility for the special valuation provided  
6 by this section requires that:

7 (1) the property shall be maintained in  
8 compliance with all local, state and federal environmental  
9 protection rules and regulations;

10 (2) the property is maintained in compliance  
11 with rules of the state and its political subdivisions  
12 regarding maintenance of property, including controlling  
13 noxious weeds, keeping community ditches or acequias in working  
14 condition and keeping the land free of nuisances; and

15 (3) to prevent blowing dust, a cover crop is  
16 planted and maintained to provide soil cover on the property if  
17 the soil would otherwise be bare.

18 C. If the land had been valued in the previous year  
19 pursuant to Subsection A of this section as grazing land, the  
20 land shall be deemed to carry the minimum livestock pursuant to  
21 rules established by the department for purposes of Subsection  
22 D of Section 7-36-20 NMSA 1978 and the owner of the land shall  
23 pay a tax equivalent to the value of the livestock pursuant to  
24 Section 7-36-21 NMSA 1978.

25 D. All improvements existing at the time of making

1 an application pursuant to Subsection E of this section, other  
 2 than those specified in Section 7-36-15 NMSA 1978, on land used  
 3 primarily for agricultural purposes shall be valued separately  
 4 for property taxation purposes, and the value of these  
 5 improvements shall be added to the value of the land determined  
 6 under this section. Any improvements made while the land is  
 7 valued pursuant to this section, other than for agricultural  
 8 purposes, shall be considered to be a change of use of the land  
 9 and the owner of the land shall report the change as required  
 10 by Subsection G of this section.

11 E. The owner of the land shall make application to  
 12 the county assessor in a tax year that is no more than three  
 13 years subsequent to the tax year in which the land was valued  
 14 pursuant to Section 7-36-20 NMSA 1978, or immediately following  
 15 the tax year in which the land had been valued pursuant to this  
 16 section under prior ownership. Application shall be made under  
 17 oath, shall be in a form and contain the information required  
 18 by department rules and shall be made no later than thirty days  
 19 after the date of mailing by the assessor of the notice of  
 20 valuation. Once land is valued under this section, application  
 21 need not be made in subsequent tax years as long as there is no  
 22 change in the ownership or use of the land.

23 F. If the owner of the land that is valued pursuant  
 24 to this section subdivides the land or develops the land for  
 25 purposes other than for agricultural use, the owner of record

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1 at the time the change of use occurs shall be liable for the  
2 difference between the taxes assessed against the land and the  
3 taxes that would otherwise have been assessed against the land  
4 for each of the number of years the land was valued pursuant to  
5 this section, up to a maximum of five years, to be collected  
6 and distributed in the same manner as other ad valorem levies.

7 G. The owner of land valued under this section  
8 shall report to the county assessor whenever the use of the  
9 land changes so that it no longer meets the requirements of  
10 this section. This report shall be made on a form prescribed  
11 by department rules and shall be made by the last day of  
12 February of the tax year immediately following the year in  
13 which the change in the use of the land occurs.

14 H. Any person who is required to make a report  
15 under the provisions of Subsection G of this section and who  
16 fails to do so is personally liable for a civil penalty in an  
17 amount equal to the greater of twenty-five dollars (\$25.00)  
18 or twenty-five percent of the difference between the property  
19 taxes ultimately determined to be due and the property taxes  
20 originally paid for the tax years for which the person failed  
21 to make the required report.

22 I. For the purpose of this section:

23 (1) "agricultural products" means plants,  
24 crops, trees, forest products, orchard crops, livestock,  
25 poultry, captive deer or elk, or fish; and

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1 (2) "agricultural use" means the:

2 (a) use of land for the production of  
3 agricultural products;

4 (b) use of land that meets the  
5 requirements for payment or other compensation pursuant to a  
6 soil conservation program under an agreement with an agency  
7 of the federal government;

8 (c) resting of land to maintain its  
9 capacity to produce agricultural products; or

10 (d) resting of land as the direct  
11 result of at least moderate drought conditions as designated  
12 by the United States department of agriculture, if the  
13 drought conditions occurred in the county within which the  
14 land is located for at least eight consecutive weeks during  
15 the previous tax year; provided that the land was used in the  
16 tax year immediately preceding the previous tax year  
17 primarily for a purpose identified pursuant to this  
18 paragraph."

19 SECTION 2. APPLICABILITY.--The provisions of this act  
20 apply to the 2019 and subsequent property tax years.

