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HOUSE BILL 71

**55TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2022**

INTRODUCED BY

Matthew McQueen and Jason C. Harper and Tara L. Lujan

AN ACT

RELATING TO TAXATION; PROVIDING A THREE PERCENT LIMITATION ON INCREASES IN VALUATION OF RESIDENTIAL PROPERTY THAT IS OCCUPIED AS A PRINCIPAL PLACE OF RESIDENCE; PROVIDING A TEN PERCENT LIMITATION ON INCREASES IN VALUATION OF RESIDENTIAL PROPERTY THAT IS NOT OCCUPIED AS A PRINCIPAL PLACE OF RESIDENCE.

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

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

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

A. Except as provided in Subsections B through F of this section, residential property shall be valued at its current and correct value in accordance with the provisions of the Property Tax Code. [~~provided that~~]

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underscoring material = new  
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1           B. For the 2001 ~~[and subsequent]~~ through the 2023  
2 tax years, the value of a property in any tax year shall not  
3 exceed the higher of one hundred three percent of the value in  
4 the tax year prior to the tax year in which the property is  
5 being valued or one hundred six and one-tenth percent of the  
6 value in the tax year two years prior to the tax year in which  
7 the property is being valued. ~~[This limitation]~~

8           C. For the 2024 and subsequent tax years, the value  
9 of a residential property that is occupied as a principal place  
10 of residence in any tax year shall not exceed the higher of one  
11 hundred three percent of the value in the tax year prior to the  
12 tax year in which the property is being valued or one hundred  
13 six and one-tenth percent of the value in the tax year two  
14 years prior to the tax year in which the property is being  
15 valued.

16           D. For the 2024 and subsequent tax years, the value  
17 of a residential property that is not occupied as a principal  
18 place of residence in any tax year shall not exceed the higher  
19 of one hundred ten percent of the value in the tax year prior  
20 to the tax year in which the property is being valued or one  
21 hundred twenty-one percent of the value in the tax year two  
22 years prior to the tax year in which the property is being  
23 valued.

24           E. The limitations on increases in value ~~[does]~~  
25 pursuant to Subsections B through D of this section shall not

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1 apply to:

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

4 (2) any physical improvements, except for  
5 solar energy system installations, made to the property during  
6 the year immediately prior to the tax year or omitted in a  
7 prior tax year; or

8 (3) valuation of a residential property in any  
9 tax year in which:

10 (a) a change of ownership of the  
11 property occurred in the year immediately prior to the tax year  
12 for which the value of the property for property taxation  
13 purposes is being determined; or

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

16 ~~[B.]~~ F. If a change of ownership of residential  
17 property occurred in the year immediately prior to the tax year  
18 for which the value of the property for property taxation  
19 purposes is being determined, the value of the property shall  
20 be its current and correct value as determined pursuant to the  
21 general valuation provisions of the Property Tax Code.

22 ~~[C.]~~ G. To assure that the values of residential  
23 property for property taxation purposes are at current and  
24 correct values in all counties prior to application of the  
25 limitation in Subsection ~~[A]~~ B of this section, the department

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

22 ~~[D.]~~ H. The provisions of this section do not apply  
23 to residential property for any tax year in which the property  
24 is subject to the valuation limitation in Section 7-36-21.3  
25 NMSA 1978.

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underscored material = new  
[bracketed material] = delete

1           ~~[E.]~~ I. As used in this section:

2                   (1) "change of ownership" means a transfer to  
3 a transferee by a transferor of all or any part of the  
4 transferor's legal or equitable ownership interest in  
5 residential property except for a transfer:

6                           ~~[1]~~ (a) to a trustee for the  
7 beneficial use of the spouse of the transferor or the surviving  
8 spouse of a deceased transferor;

9                           ~~[2]~~ (b) to the spouse of the  
10 transferor that takes effect upon the death of the transferor;

11                           ~~[3]~~ (c) that creates, transfers or  
12 terminates, solely between spouses, any co-owner's interest;

13                           ~~[4]~~ (d) to a child of the transferor,  
14 who occupies the property as that person's principal residence  
15 at the time of transfer; provided that the first subsequent tax  
16 year in which that person does not qualify for the head of  
17 household exemption on that property, a change of ownership  
18 shall be deemed to have occurred;

19                           ~~[5]~~ (e) that confirms or corrects a  
20 previous transfer made by a document that was recorded in the  
21 real estate records of the county in which the real property is  
22 located;

23                           ~~[6]~~ (f) for the purpose of quieting  
24 the title to real property or resolving a disputed location of  
25 a real property boundary;

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

1                    ~~[(7)]~~ (g) to a revocable trust by the  
2 transferor with the transferor, the transferor's spouse or a  
3 child of the transferor as beneficiary; or

4                    ~~[(8)]~~ (h) from a revocable trust  
5 described in ~~[Paragraph (7) of this subsection]~~ Subparagraph  
6 (g) of this paragraph back to the settlor or trustor or to the  
7 beneficiaries of the trust; and

8                    ~~[F. As used in this section]~~

9                    (2) "solar energy system installation" means  
10 an installation that is used to provide space heat, hot water  
11 or electricity to the property in which it is installed and is:

12                    ~~[(1)]~~ (a) an installation that uses  
13 solar panels that are not also windows;

14                    ~~[(2)]~~ (b) a dark-colored water tank  
15 exposed to sunlight; or

16                    ~~[(3)]~~ (c) a non-vented trombe wall."